

AD HOC COMMITTEE ON PROPOSED ECONOMIC
COMMISSION FOR LATIN AMERICAFACTORS BEARING UPON SCOPE AND FUNCTIONS OF PROPOSED
ECONOMIC COMMISSION FOR LATIN AMERICA

(Paper by the Delegates for Chile, Cuba, Peru, and Venezuela)

At the second meeting of the ad hoc Committee on Proposed Economic Commission for Latin America, it was suggested by the representative of the United States that if some of the members of the Committee were prepared to present a working paper on the need for and the functions and responsibilities of the proposed Commission, this would greatly aid the Committee's work. The delegates of Chile, Cuba, Peru and Venezuela prepared a draft paper which was discussed at the Committee's third and fourth meetings. Certain clarifications were introduced as a result of this discussion. The following text presents the final form of this document.

I.

The delegates of the four countries consider that the following constitute the major factors from which as a rule arise serious economic maladjustments in Latin America:

1. Underdeveloped agricultural, non-industrial economies, which do not include the bulk of the peasant populations in the economic life of the countries, with the result that such populations are to a major degree economically inert;
2. Dependence upon extractive industries and/or monocultural production of crops, for which adequate markets only exist overseas;
3. The generally low level of national savings and of national investment in mining, industry, and large-scale agriculture, with its consequence of foreign investment in many of these large enterprises, results in a significant flow of profits overseas;
4. Primitive living conditions for the economically inactive population and inadequate living conditions (housing, clothing, health, diet, etc.) for the majority of the economically productive population, especially those in low-income brackets;
5. Largely undeveloped techniques in industry, agriculture, mining, finance, trade, and means of transportation;
6. Low income, low productivity, low purchasing power, and low employment (e.g. female population is largely unemployed) among populations which are economically active;

7. Maldistribution of the national income;
8. In most cases foreign debt is an outstanding item in the national liabilities, a fact which makes most of them debtor nations;
9. Latin American economies, with their competitive rather than complementary economies, are weakened by their lack of regional integration; their relative isolation from one another is revealed by the small volume of inter-Latin American trade;
10. Recurrence of unfavourable balance of payments in many countries, and in some countries recurrence of unfavourable balance of trade;
11. Fiscal, budgetary and tax systems are in most cases inadequate to meet the growing demands of the economies of these countries; the personnel of these systems are inadequate in numbers and in some cases insufficiently trained;
12. Latin American economies lack liquidity; savings and investments are low, and credit inadequately developed, thus the natural trend to increase income or accumulate capital is weak; high rates of interest prevail;
13. Evolving political, social and cultural conditions.

II.

The delegates of the four countries also note that as a direct consequence of the last war the Latin American economies have been afflicted with additional economic ailments which have greatly upset both their long-term planning and their efforts to achieve a smooth transition from war to peacetime economies. Amongst these ailments, some of them chronic, the principal are:

- (a) Serious and even crippling inflation;
- (b) Serious shortages of foreign exchange, capital goods, and consumer goods; likewise, serious deterioration and shortages of equipment;
- (c) Post-war imports have now to be paid for at world inflation prices.

III.

From their analysis of this background of serious economic maladjustments and the post-war ailments of the Latin American economy, the major factors of which are outlined above, the delegates of Chile, Cuba, Peru, and Venezuela consider:

1. That the economic problems sketched above are common to some or all of the twenty Latin American nations;
2. That the economic maladjustment of Latin America has been worsened by world wide economic dislocations arising out of the war;
3. That economic maladjustment in Latin America must have in the long run its inevitable reflection throughout the world economy;
4. The maintenance of world-wide conditions of stability and well-being will of necessity be delayed until Latin American economy is put on a sounder basis;

5. No attempt to

5. No attempt to remedy Latin American economic maladjustment can succeed unless it is based on a broad and co-ordinated policy of economic and social development which is to be directed towards raising the living standards of the Latin American population, diversifying their economies, promoting their international trade, advancing their agricultural, industrial, trade and transportation techniques, utilizing fully their natural resources, promoting inter and regional Latin American trade, encouraging the formation, availability, and utilization of capital.

IV.

The four delegates do not, prior to further Committee discussion, desire to present formal terms of reference, but submit below a statement indicating the need for, and the scope and functions of, the proposed Economic Commission for Latin America in the hope that this may facilitate the ad hoc Committee's work.

The four delegates consider:

1. That as a consequence of the war dislocations of the world economy, and also of the economic, political and military effort made on behalf of the United Nations during the last war, the Latin American nations as a whole find themselves suffering from a serious inflationary trend, together with considerable shortages of foreign exchange, consumer and capital goods;
2. That the above-mentioned ailments of the Latin American economies are further complicated by the presence of the following major and continuing economic maladjustments:
 - (a) An underdeveloped, agricultural, non-industrial economy of low living standards;
 - (b) Extractive industries and/or one-crop productions, the capitals, controls, ownership and markets for which are largely to be found overseas;
 - (c) Largely underdeveloped techniques in public administration;
 - (d) An inadequate distribution of land ownership, complicated by the problem of absentee ownership and a large population which is rendered in the main, economically inactive;
 - (e) The economies of the Latin American countries being competitive rather than complementary are weakened by their ensuing lack of regional integration;
3. That the economic problems sketched above are common to some or all of the twenty Latin American nations, and that any attempt to remedy Latin American economic maladjustments needs a co-ordinating and regional body which must aim at the raising of living standards, the industrialization and the diversification of the Latin American economies, the intensification and better distribution of their international trade, a better and broader utilization of their natural resources, and the

resources, and the further development of industrial, agricultural, trading, transportation and communication techniques;

4. That the economic maladjustment of Latin America must have in the long run its inevitable reflection throughout the world, and consequently, the maintenance of world wide conditions of stability and well-being, including such urgent problems as relocation of displaced persons, will be delayed until Latin American economy is put on a sounder basis;

5. Finally, the four delegates would recall that:

(a) The General Assembly during its present session has adopted the following statement of principals:

"With a view to the creation of conditions of stability and well-being to the promotion of social progress and better standards of life, taking account of the fact, well established by experience, that prosperity is indivisible and requires the co-operation of all Member States within the framework of the United Nations;"

and

(b) At its Fourth Session the Economic and Social Council, having in mind the need for economic reconstruction of devastated areas, established the Economic Commission for Europe and the Economic Commission for Asia and the Far East, with a view to the more rapid recovery of economic stability in these areas.

6. The four delegates consider that an Economic Commission for Latin America:

(1) (a) Should study, plan, adopt, and take part in the carrying out of measures necessary to facilitate common action designed to promote the economic development of Latin America, according to the principles contained in Part IV, paragraph 3, above. These measures, which cannot be implemented with respect to any particular country without consent of the Government of that country, will tend more particularly to promote the development of industry, agriculture, transport and communications, and trade; to improve the utilization of natural resources with a view to improving the living standards of the population and to strengthening the world economy at large;

(b) Should arrange for such surveys, investigations and studies to be made of economic and technical problems as it may deem proper and participate in the same;

(c) Should collect or cause to be collected, disseminate and standardize or assist in standardizing economic, technical and statistical data and records in the form that it may deem proper;

(d) Should arrange for expert assistance, and exchange of techniques

(2) Might address directly the States Members of the Commission, and members admitted in an advisory capacity, and the appropriate specialized agencies, those recommendations which it may deem proper on all questions

/concerning matters

concerning matters falling within its terms of reference.

(3) Should submit to the Council, for consideration, any proposals relating to its activities which may have serious repercussions on world economy as a whole.

(4) After consultation with the specialized agencies operating in the same field and with the approval of the Council, the Commission might create such subsidiary organizations as it may deem necessary to facilitate the performance of its work.

(5) Once a year the Commission should present to the Council a report on its activities and plans, including those of its subsidiary organizations, and present another report of a provisional nature at each session of the Council.

(6) Invite any Member of the United Nations organization, which is not a member of the Commission, to attend in an advisory capacity whenever a study is being made of any question of particular interest to that State.

(7) On the same terms the Commission would invite representatives of the Specialized Agencies and may invite representatives of any non-governmental institution to participate in discussions on matters of particular interest to those Specialized Agencies or institutions, in accordance with the practice of the Economic and Social Council.

(8) The Commission should take proper measures to maintain the necessary co-ordination with other organizations of the United Nations, with the Pan American Union, the Inter-American Economic and Social Council and the Inter-American system as a whole.
