



CONTENTS

	<i>Page</i>
Statement by the President on the position of Mr. López (Rapporteur on freedom of information)	89
Annual report of the Economic Commission for Latin America (E/2405 and Add.1 and Corr.1, and E/L.528 and Rev.1)	89

President: Mr. Raymond SCHEYVEN (Belgium).

Present:

The representatives of the following countries: Argentina, Anstralia, Belgium, China, Cnba, Egypt, France, India, Philippines, Poland, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Indonesia, Japan, Netherlands.

The representatives of the following specialized agencies: Food and Agriculture Organization of the United Nations, International Monetary Fnnd, Interim Commission of the International Trade Organization.

Statement by the President on the position of Mr. López (Rapporteur on freedom of information)

1. The PRESIDENT recalled the fact that, at the 705th meeting, the Council had decided to defer until the seventeenth session consideration of item 15 of its agenda, freedom of information. The Council had also, at its 706th meeting, requested him to get in touch with Mr. López, the Rapporteur, for that item, with a view to ascertaining the conditions under which he would be willing to present his report at the seventeenth session of the Council.
2. He had accordingly discussed the matter with Mr. López, and was glad to be able to report that immediate agreement had been reached on a possible solution, which he was now submitting to the Council for its consideration.
3. Mr. López was willing to present his report at the seventeenth session of the Council, and no financial implications for the United Nations would ensue provided Mr. López was in New York at the time when the Council was discussing his report.
4. It was therefore proposed that, to meet the eventuality of the United Nations' having to cover Mr. López' travelling expenses should he not be in New York at the pertinent time, the Secretary-General would, in submitting to the Council, at the end of the present session, the financial implications of the Council's decisions (item 38 of the agenda), include an appropriate heading,

in accordance with rule 34 of the Council's rules of procedure.

It was so agreed.

Annual report of the Economic Commission for Latin America (E/2405 and Add.1 and Corr.1, and E/L.528 and Rev.1)

[Agenda item 5]

5. Mr. PREBISCH (Executive Secretary, Economic Commission for Latin America), presenting the Commission's report (E/2405 and Add.1 and Corr.1) at the invitation of the PRESIDENT, drew attention to the growing emphasis placed by the Economic Commission for Latin America (ECLA) on economic development and, as a natural consequence, on the technique of programming. The intense interest taken by the Latin American countries in programming was due to a realization of the profound implications of economic development for the welfare of the entire region. Economic growth was not simply an increase in existing resonrces, but involved a process of structural change brought about largely by the divergent rate of growth in the demand for primary and manufactured products as *per capita* income increased. The rate of growth differed sharply as between countries whose main imports were primary products, and those whose principal demand was for manufactured and semi-manufactured goods. Thus, it had been demonstrated that, for every one per cent by which income increased in the United States of America, the demand for imports grew by 0.66 per cent, whereas the corresponding figure for Latin America was 1.8 per cent.

6. Experience during the last thirty years had shown that the periodic disequilibrium in balance of payments which afflicted Latin American countries was largely due to failure to foresee the effects of such structural changes, and, in particular, their repercussions on foreign trade. The work of ECLA had shown that, if such violent fluctuations were to be avoided, and if Latin America was not to be forced to slow down its economic progress by a drastic reduction of imports, some structural changes would have to be made, involving the substitution of domestic products for certain imports in order to allow for the growth of other imports. The products to be replaced were selected with the aim of securing the maximum output from the capital available to the economy as a whole, since the scarcity of capital in Latin America was the principal factor limiting the rate of economic progress.

7. Guided by those considerations, the ECLA secretariat, in document E/CN.12/292, had outlined a study of the projected economic development of Brazil and

Chile, two Latin American countries with widely differing experiences over the past thirty years; and similar studies, from which ECLA itself would derive great benefit, would be carried out as soon as resources in expert staff permitted. The secretariat had also prepared a study on the economic development of Ecuador (E/CN.12/295).

8. Recent achievements in raising Latin America's standard of living had been encouraging. It had been estimated that the net income per head of population was increasing at a rate of 2½ per cent per year. The corresponding increase in the United States of America over the past hundred years had been just over 2 per cent per year. That comparison might appear satisfactory at first sight, but the gilt disappeared from the ginger-bread when it was realized that it would take as long as two hundred years, at that rate of progress, for Latin America to attain a standard of living one-third as high as that of the United States of America should United States income continue to grow at its historical rate of 2 per cent per year per head.

9. To escape from that impasse, it was, he felt, necessary to rely initially on a steady flow of foreign capital, since the standard of living in Latin America was not high enough to permit the formation of an adequate volume of local savings. The stimulus thus given to domestic production would, it was hoped, eventually make it possible to reduce Latin America's dependence on foreign capital. Nevertheless, every possible step should be taken to increase the coefficient of national savings. This increase in the coefficient did not occur automatically; it had to be stimulated, or supplemented by budgetary savings undertaken by the Governments concerned. The secretariat had the question very much in mind, and would consider it in a report on monetary and fiscal policy in relation to economic development, to be presented to the Commission's sixth session.

10. At one time, a number of Latin American countries had placed great hopes on inflation as a means of enabling them to increase investment. It had now been demonstrated, however, that external factors—in the main the capacity to make external payments, in which the terms of trade have a prevailing influence—had been decisive in determining the rate of investment. Thus, capital formation would have proceeded at much the same rate, even if there had been no inflation, and, conversely, inflation had shown itself powerless to stimulate investment in conditions of stagnation. He was convinced that, if the rate of investment had recently increased beyond the rate prevailing before the world crisis, that was to be attributed chiefly to the improvement in the terms of trade in favour of Latin American countries.

11. A further problem closely linked with investment was that of intra-regional trade. It was essential that the greatest possible volume of trade should be promoted between countries in the region. It was unlikely that the countries of South America would find easy markets for their manufactured products outside that continent; indeed, it was possible that—at any rate at the outset—the production costs of those products might perforce

exceed world prices. In those circumstances, and given the narrow internal market in Latin American countries taken individually, the interchange of manufactured products between Latin American countries would greatly facilitate industrialization.

12. He wished to emphasize the point that he did not recommend industrial expansion as an infallible and dogmatic policy. For example, in the case of Ecuador, ECLA had come to the conclusion that there were ample opportunities for expanding exports, and in this way providing the means for promoting economic development, without putting undue emphasis on industrialization.

13. The intensification of intra-regional trade was a subject which Latin American countries as a whole and ECLA had very much at heart. It had been constantly discussed at the Commission's early sessions, and at the fourth session a resolution (20 (IV), E/2024) had been adopted, requesting the secretariat to carry out a special study of the matter. That study (E/CN.12/304) had been considered at the fifth session.

14. In the same spirit, close attention had been paid to the economic integration of the States of Central America, and a paper setting out progress achieved in that direction (E/CN.12/296) had been prepared.

15. Those were all hopeful signs. Nevertheless, he was well aware of the difficulties in the path of the industrialization of Latin America. The process of substituting home-produced manufactures for imports was relatively simple in the early stages—as for example in the textile industry. Some countries, however, had exhausted those possibilities, and had now run up against difficulties arising from the greater amounts of capital involved, the complexity of the organization and capital equipment, and the shortage of expert technicians. Nevertheless, if Latin America was not to be condemned to economic stagnation or violent fluctuations in its economic activity, the region must push ahead with its schemes for more extensive measures of industrialization, including even the manufacture of capital goods. The establishment of such industries was no mere autarkic whim, but a vital necessity. At the iron and steel meeting at Bogotá, experts from advanced countries had made an admirable contribution to the understanding of the problems of the steel industry in Latin America, and thereby supplied proof of the extent to which a new spirit of international economic co-operation was being promoted by the United Nations. The profit to be drawn from such consultations, however, was by no means one-sided, since they would enable industrialized countries to foresee the shifts in the evolution of the economies of the Latin American countries, and thus to switch the flow of exports to those countries from such items as textiles to capital and semi-capital goods.

16. In discussing relations with Headquarters and with other regional commissions, he emphasized the point that the secretariat had always benefited from the opinion and advice of the Department of Economic Affairs at Headquarters, and that this was especially valuable in matters relating regional to world considerations, in order to have a comprehensive view. He commented on the excellent co-operation with other

regional commissions, and looked forward to further developments in this field.

17. He was equally satisfied with ECLA's relations with the regional offices of the specialized agencies, such as the Food and Agriculture Organization (FAO), from which his Commission had derived great benefit at the Bogotá conferences. In practice, no difficulties about the precise limits of jurisdiction had arisen, since he had always adopted a practical approach to questions of overlapping, and had been very largely guided in the allocation of particular tasks by the availability and suitability of each organization's resources. That approach had proved consistently successful.

18. Finally, he wished to stress the strong and growing volume of support accorded to ECLA by Latin American countries. That response, in his opinion, was due to the secretariat's policy of concentrating on long-term and regional problems which individual governments, exposed to the pressure of day-to-day difficulties, were unable to analyse with the necessary detachment and thoroughness. A further consideration was that ECLA was established at a time when certain ideas of the efficacy of autarky as a means of achieving stability were waning. ECLA expressed another way of thinking which showed not only that economic development was compatible with economic interdependence, but that a vigorous development required new forms of economic interdependence and co-operation. ECLA, being a regional body of a world organization, was in a good position to help in the elaboration of such formulas. He hoped that ECLA's activities would commend themselves to the Council as much as they had done to the countries more directly benefiting from ECLA's work.

19. Mr. BUNGE (Argentina) said that ECLA's annual report was a valuable contribution to the progress and prosperity of Latin America. He was particularly impressed by such projects as those on possibilities for the development of the pulp and paper industry in Latin America (E/CN.12/294) and intra-regional trade (E/CN.12/304) and the "Economic Survey for Latin America, 1951-52" (E/CN.12/291). He paid tribute to the practical character of the work of ECLA, as exemplified by the programme for the economic integration of the Central American States (E/CN.12/296) and the meeting of the first Expert Working Group on the Iron and Steel Industry in Latin America at Bogotá, mentioned by the Executive Secretary. Those activities, and the studies prepared by ECLA, offered valuable guidance to Latin American countries for the orientation of their economic policy, and constituted one of the most fruitful examples of international co-operation within the framework of the United Nations. ECLA's quiet and unspectacular work had demonstrated that the hopes of the founders of the United Nations had not been unjustified.

20. If it was true that political economy reflected the social problems of each age, it was hardly surprising that current conceptions took account of the emergence from a state of subjection of vast masses of downtrodden humanity. The special attention paid by ECLA to economic development held out extremely hopeful

prospects of raising the standard of living of those awakening regions. The preliminary study of the technique of planning economic development was particularly relevant in that context.

21. He was wholeheartedly in favour of the new method of presentation seen in the "Economic Survey for Latin America, 1951-52" (E/CN.12/291), which covered economic growth from 1945 to the time of publication. He only regretted that certain of the data relating to Argentina to be found therein did not correspond to the facts; the appropriate corrections had been sent to the Executive Secretary. A perusal of the resolutions approved at ECLA's last session (pages 24 to 36 of the report) reflected the great importance attached by Latin American governments to ECLA's work. He wished to mention in particular resolutions 46, 47, 53, 55, 57 and 58 (pages 25-31 of the report). He looked forward with special interest to the information to be provided by the secretariat in its report under resolution 46 (terms of trade) and observed that the Economic Commission for Asia and the Far East (ECAFE) had adopted a similar resolution. It was clear, therefore, that overriding importance was attached to that issue in most parts of the world.

22. He paid a wholehearted tribute to the calm and far-sighted work of the Executive Secretary in his direction of ECLA's activities. He had desired, in token of his admiration, to table, in collaboration with the delegations of Cuba, Uruguay and Venezuela, the amendment in document E/L.528/Rev.1. He gathered, however, that it was customary to adopt a standard formula in such cases and, in order to avoid any embarrassment, he would, on behalf of all four delegations, withdraw the amendment. He requested, however, that the Council's appreciation of the important tasks being carried out by ECLA should be explicitly recorded in the summary records and in the Council's report to the General Assembly. His delegation would, in the circumstances, vote for the original draft resolution contained in the Commission's report (E/2405, page 36).

23. Mr. RAMIREZ (Venezuela) expressed keen admiration for ECLA's report, for the Executive Secretary's introductory statement and for his direction of ECLA's work.

24. He had been particularly struck by the detailed studies prepared by ECLA, such as the "Economic Survey for Latin America, 1951-52", the progress report on economic integration and reciprocity programmes in Central America (E/CN.12/296), and the study on the possibilities for the development of the pulp and paper industry in Latin America (E/CN.12/294), a subject which specially concerned Venezuela.

25. He also wished to commend the training of economists undertaken by ECLA (paragraph 26), the various conferences convened under its auspices to further the economic integration of Central American States (paragraphs 30-41), the Agricultural Credit Seminar in Central America (paragraph 59) and, above all, the meeting of the first Expert Working Group on the Iron and Steel Industry of Latin America held at Bogotá in October 1952 (paragraphs 42-46). He also mentioned the admirable co-ordination between ECLA's activities

and those of the Inter-American Economic and Social Council. He was pleased by the attention paid by ECLA to the development of agriculture, which had culminated in the studies with which the secretariat had been charged by Council resolution 62 (V) (page 32 of the report). In most Latin American countries, studies on country planning had been rather rare, and those on sheep farming, which was the basis of many national economies in that area, were much behindhand.

26. In connexion with the meeting of the iron and steel experts at Bogotá, he stressed the special relevance of their deliberations to his country, which was endowed with extraordinary reserves of iron ore and hydro-electric power. The need for such a step was underlined by the inability of the other countries concerned to meet their requirements in steel. Although he appreciated the extent of the capital investment required for large-scale steel production and the long period that must elapse before a return on it could be expected, he thought that investment might be justified on the grounds of the resultant saving of foreign exchange and the contribution it would provide to the attainment of a balanced national economy. His country was determined to go forward with it. He fully endorsed the Executive Secretary's reference, in his statement at the Commission's fifth session (section V, page 46, of the report) to the "exemplary fashion in which United States, Canadian and European experts contributed with their experience and technical know-how to the understanding of the steel industry's problems in [Latin American] countries" at the Bogotá meeting. If co-operation on those lines were pursued, the economy of the Latin American countries would be enabled to advance from the mere exploitation of raw materials to a more balanced and integrated structure which would be able to contribute to the economic and social well-being of his own nation and, indirectly, of all other nations.

27. His delegation would vote for the draft resolution in the ECLA report (E/2405, page 36).

28. Mr. CHEN (China) commended ECLA on its excellent report, and congratulated the Executive Secretary on his introductory statement. He had also been very interested in the Executive Secretary's statement at the fifth session of ECLA, which was reproduced as appendix B to the report. He would not comment in detail on the report, but wished to make a few remarks from the point of view of an under-developed country in the Far East.

29. The report estimated the average annual rate of gross investment in the Latin American countries at 16.5 per cent of the gross national income. He had been inclined to doubt whether that was adequate to offset the increase in the population and still to leave a margin for accelerating economic growth. His doubts had been partially, though not entirely, allayed by the Executive Secretary's statement that the *per capita* income increased at an average rate of 2.5 per cent each year. He assumed that the Executive Secretary had been referring to the gross *per capita* income, and in that case he wondered whether the rate of increase would be sufficient to make up for capital depreciation. He

had no intention of criticizing the Latin American economic development programme, and was simply emphasizing the magnitude of the task facing all under-developed countries, most of which would be unable to achieve even the 16.5 per cent rate of investment referred to in the report.

30. Like the other under-developed countries, those of Latin America had also encountered difficulties in their balance of payments. The Latin American countries were rather vulnerable in that respect, for they depended too much upon the export of a few agricultural and mineral raw materials, the prices of which were subject to violent fluctuations. Other exchange difficulties, however, were almost all the direct consequences of economic development—for example, the enormous purchases of capital equipment from abroad and the increased demand for imports for private consumption resulting from the rise in individual incomes consequent upon industrialization. The situation was aggravated still further by the elasticity of the demand, as the Executive Secretary had pointed out. Furthermore, additional foreign exchange was sometimes required by under-developed countries to offset the inflationary effects of deficit financing.

31. The ECLA report pointed out that the present outward remittance of interest exceeded in amount the inward flow of foreign capital. His country had faced a similar situation in the past, and had met it by encouraging the re-investment within the country of interest and dividends which would otherwise have been remitted abroad. Such re-investment was for all practical purposes as good as an increase in the inflow of foreign capital.

32. The question of markets was another important factor in determining the rate of economic development in the under-developed countries. The products of an infant industry could not be expected to compete with the products of the mature industries in the overseas market. On the other hand, the domestic market was often too limited. ECLA had adopted the logical solution of promoting what was referred to in the report as the progressive attainment of economic integration. Latin America's success in planning on a continental scale would certainly be hailed as a great achievement and as an example to the free world.

33. The Latin American countries were faced with many difficulties, but he felt that, with their systematic and bold approach, they would certainly be able to solve their problems in due course. Moreover, their geographical position shielded them from the possibility of invasion, an advantage which was not enjoyed to any comparable degree by other under-developed countries. Consequently, his delegation looked forward confidently to a very bright economic future for Latin America.

34. Mr. MASOIN (Belgium) associated himself with the speakers who had congratulated ECLA and its Executive Secretary on the excellent report submitted to the Council. The report, which was the product of a considerable body of analysis, showed the extent of economic progress achieved in the countries of Latin America: for example, the gross total product was increasing by 4.7 per cent per year, while the proportion of total income devoted to investment amounted to

16.5 per cent. Those figures certainly referred to an income which was modest when compared with that of certain other continents; but economic development was under way in the region concerned.

35. After a first reading of the Commission's report, the Belgian delegation nevertheless had certain criticisms to make. For example, the report stressed the fact that the main aim of economic development in Latin America should be to replace the industrial production of other continents by that of Latin-American industry. That would amount to a policy of self-sufficiency. Fortunately, that impression had been modified by the Executive Secretary's statement. While it was true that Latin America was endeavouring to develop its economy through industrialization, it was not pursuing that policy in a protectionist spirit. The economies of the various continents must remain complementary; industrialization was of course necessary, but it would be wrong systematically to substitute national production for imports. In an expanding economy such as that of South America, there must be room for both internal economic development and the expansion of international trade. He was sure that the Executive Secretary would take due account of those principles when formulating his programmes.

36. He (Mr. Masoin) had noted with satisfaction resolutions 45 and 47, adopted by ECLA at its fifth session. International trade was no longer conducted under the triangular system which had existed before the Second World War. It should be possible to increase the flow of international trade by broadening the system of international payments; for example, consideration might be given to the expansion of the European Payments Union to permit multilateral clearing with South America.

37. The ECLA report laid special stress on problems of economic development, thus no doubt expressing the major concern of the countries of the region. But, owing to fluctuations in economic conditions, those countries were faced more and more with the problem of achieving economic equilibrium and stability. While they had benefited from the boom in raw materials in 1950 and 1951, they were at present suffering from the substantial drop in the prices of raw materials. ECLA would therefore do well to study the general economic problems, with a view to improving the internal and external economic stability of the Latin American countries. Greater economic stability might, for example, encourage foreign investment in those countries and contribute towards their economic expansion.

38. In conclusion, his delegation would support the draft resolution in ECLA's report (E/2405, page 36).

39. Mr. NUÑEZ PORTUONDO (Cuba) paid a warm tribute to ECLA for its report, and to the Executive Secretary for his excellent introductory statement. He did not intend to repeat the facts which were already set forth in the report, but he did wish to give some indication of the difficulties still facing the Latin American countries, in spite of ECLA's efforts. The Executive Secretary had remarked that at the present rate of progress it would take more than two centuries for the *per capita* income in the Latin American countries

to reach even one-third of that in the United States of America, at comparable standards of living. That discouraging prediction was sufficient in itself to account for the impassioned appeals of the Latin American representatives for international co-operation, for Latin America could not solve even a small fraction of its problems through intra-regional co-operation alone.

40. The Belgian representative had mentioned the advantages derived by the Latin American countries from the wartime boom in raw materials, and the subsequent disadvantages when the prices of raw materials had fallen. At first sight, such a statement appeared to be quite accurate, but in actual fact the Latin American countries had derived no net profit from the high prices of raw materials during the war, because the prices of their own essential imports had simultaneously risen very sharply at the same time. Cuba had played its part in the two world wars on the side of freedom and democracy, and had been asked as its contribution to the war effort to produce enormous quantities of sugar. Incidentally, Cuba had lost the whole of its small merchant navy while transporting sugar to North America during the Second World War. That loss might seem small in relation to the tragedy of the war as a whole, but to Cuba it had been of vital importance. During both world wars, Cuba had complied with the request addressed to it to intensify its sugar production. The price of sugar had naturally risen, although Cuba had sold its sugar under an agreement for less than it could have obtained on the free market. At the same time, the prices of its essential imports had soared, so that it had almost always been in deficit, and had derived no benefit at all from the rise in sugar prices.

41. The Latin American countries were attempting to achieve a programme of integrated economic development, and they could not succeed in that endeavour without foreign capital. That was why his delegation was constantly emphasizing the need for measures to facilitate the flow of foreign capital to the under-developed countries.

42. It had been stated on many occasions that agricultural development must accompany industrialization. In practice, however, the Latin American countries could not expand their agriculture, because of various difficulties which made it impossible to export certain agricultural products in substantial quantities.

43. As an example of the difficulties of starting an industry in Latin America, he described his own experience as a member of a group which had considered starting a very small steel industry there. The project had not been particularly ambitious, the aim having been to meet about 10 or 15 per cent of the country's requirements. However, it had been discovered that, owing to the total lack of fuel or electric power, the business would pay only so long as steel prices remained at the high level they had reached during the Korean War. Consequently, the plan had proved hopeless; and he doubted whether other Latin American countries would be able to compete on the world market, even though they had the advantage of local sources of fuel.

44. He could not agree with the representatives of Belgium and China, who had implied that the figures

given in the report were satisfactory. The Chinese representative had stated that they were higher than those in other under-developed countries, but he had not explained to which countries he was referring. He heartily endorsed the Executive Secretary's suggestion that there should be closer relations between the three regional economic commissions, and that joint studies should be prepared. In addition, it was essential to attempt to increase trade between Latin America and Europe, since in recent years Latin America's deficit *vis-à-vis* the United States of America had not been covered by its exports to Europe.

45. Finally, he emphasized the point that the economic development of Latin America could not be achieved without international co-operation. The political upheavals that visited various Latin American countries from time to time were the fruit of economic problems, and practical effective measures would have to be taken in order to bring to the people of Latin America at least their minimum share of economic well-being.

46. Mr. MALET (Uruguay) congratulated the Executive Secretary of ECLA on the Commission's report and on his opening statement. He supported the Argentine representative's request that the full text of the statement should be circulated to delegations. He welcomed the study which was to be made of financial problems in connexion with intra-regional trade, and remarked that, although money had been invented in order to stimulate trade, it could at the same time constitute an insurmountable obstacle to international trade.

47. He then gave some indication of the situation in his own country, in order to supplement the information in the report. Uruguay relied on its exports of wool, meat, hides, vegetable oils and similar primary products. The bulk of the meat was sold to the United Kingdom, and although Uruguay had to sell at a lower price than it would receive on the free market, it was prepared to accept that in return for the security of an assured market. Until recently, Uruguay had experienced no difficulty in exporting its wool, and had had several markets, including its own domestic market. Recently, however, the United States of America had introduced new regulations which made it economically impossible for Uruguay to export partly washed and treated wool to that country. The new regulations affected only Uruguayan wool, and it was ironical that Uruguay should be penalized for attempting to do something which it was actually recommended to do in the ECLA report. In that connexion, he referred to section III of the Executive Secretary's statement at the fifth session (Appendix B to the report (page 45)). Uruguay understood the reasons which had prompted the United States authorities to introduce the new regulations, and he had no intention of making any complaint before the Council, since his Government had already made its views plain on the appropriate occasion. It seemed strange, however, that one of the most highly developed countries in the world should suddenly resort to a protectionist policy, and if that policy were extended to other products, it would have a most harmful effect on all the small countries. However, as Latin Americans were by nature optimistic, he would not dwell on that unfortunate situation. He

emphasized the point that the Latin American countries must engage actively in intra-regional trade.

48. In conclusion, he expressed his country's gratitude for the loan it had received from the International Bank for Reconstruction and Development in order to improve its hydro-electric system. Having thus benefited from an international organization, his country would not give way to pessimism in the face of difficulties, and he was sure that international co-operation would eventually be achieved.

49. Mr. DE SEYNES (France) regretted that the documents submitted by the Secretariat, although well up to the standard of earlier reports, had again been circulated late.

50. Certain members of the Council had complained in the past, or were still complaining, of the time spent by ECLA on theoretical studies. Their complaints had never been supported by the French delegation; for practical activities should obviously be based on sound theoretical premises. There was no longer any doubt of the value attached to ECLA's theoretical studies in government, administrative and business circles in Latin America. Moreover, it had been clear from the outset that the Executive Secretary would not fail to seize every opportunity for action that might arise. In 1953, the secretariat had completed a practical study on certain questions affecting the textile industry. In the same year, it had carried out a study of the iron and steel industry in Latin America. Again—and most important of all—the plan for the economic integration of the countries of Central America, first mooted by ECLA, was beginning to take shape. The French Government had a special interest in the project, because it was itself engaged in a similar venture in Europe, and could therefore take advantage of the experience gained in Latin America.

51. The "Economic Survey for Latin America, 1951-52", which was certainly the most interesting of all the studies issued by ECLA, included an examination of economic trends presented in conjunction with an analysis of the gross product of the area and its constituent elements. Some of the information contained in the Survey would clearly have to be used with caution, but, in economic planning, half a loaf was better than no bread. In examining the analysis presented, the French delegation had been struck by the remarkable rate of expansion maintained in the recent past by the Latin American economies as a whole. Certain of the figures might induce excessive optimism in some people; it would not do, however, to be too easily satisfied in such matters: to meet the needs of the situation, the rate of expansion would have to be one and a-half times greater than it was at present.

52. Economic development was of course a long-term process. Spectacular technical advances had certainly made it possible to take various short cuts; but these themselves gave rise to fresh demands in certain instances. Moreover, modern economic development could not be carried out under such ruthless conditions as in the nineteenth century; social and psychological needs had to be taken into account.

53. The ECLA report gave, for the first time, an approximate idea of the part played in recent years by the terms of trade in increasing the total gross product of Latin America; that part had been particularly important between 1946 and 1952. The "Economic Survey" showed, nevertheless, that there was no guarantee that the favourable trend of the terms of trade would continue to promote the increase in total gross product. In 1951-1952, moreover, that trend had been reversed.

54. Discussions on terms of trade often led to some confusion. The French delegation had therefore noted with some satisfaction, in examining the report, that, thanks to a full discussion of the question, ECLA had been able to reach precise conclusions. The Commission had adopted a very sensible resolution (46 (V), page 26 of the report) recommending the conclusion of multilateral agreements on primary commodities—a solution which the French delegation had always advocated. The same resolution emphasized the efforts which had to be made by each country to improve the terms of trade by encouraging the local conversion and processing of raw materials destined for export.

55. Both the "Economic Survey" and the "Preliminary Study of the Technique of Programming Economic Development" (E/CN.12/292) brought out the inability of agriculture to maintain sufficiently rapid progress to provide an adequate basis for industrial development. Agricultural production was stagnant, or was increasing too slowly. Agriculture lacked the stimuli necessary for

its development, because the share of total consumption devoted to it tended to decrease as incomes increased, and because the increase of productivity in agriculture was not so rapid as in industry. Agriculture played a dynamic part only when it produced for export; but it was then heir to the fluctuations of the world market.

56. To maintain the rate of development considered desirable, Latin American agricultural production would have to be tripled in twenty-five years. That was one of the most difficult problems to solve. Although the solution could not be left to the free play of economic forces, it was clear that excessive control would lead to a rude awakening. Hence, the French delegation congratulated ECLA on having studied the problem methodically, as was shown in resolutions 62 to 68, adopted at its fifth session.

57. The Commission continued to justify the confidence that had been placed in it by the French Government from the outset. At the end of the report before the Council, it was stated that ECLA intended to increase the interval between its sessions. The French delegation hoped that it would be possible for it to go on meeting as frequently as at present; if another arrangement had to be made, however, it trusted that the Commission would not have to relax its efforts. The French delegation hoped that the ECLA secretariat would be given the means to go on carrying out a programme that was rich in achievement and, even more, in promise.

The meeting rose at 1 p.m.