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NOTE

All United Nations documents are designated by symbols, i.e., capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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ECONOMIC COMMISSION FOR LATIN AMERICA

Fourth annual report to the Economic and Social Council for the period
17 June 1951 to 14 February 1952

SCOPE OF THE REPORT

1. This is the fourth annual report and covers the period from 17 June 1951 to the end of the meeting of the Committee of the Whole on 14 February 1952.
2. The report is divided into three major parts:

Part I presents a review of the organization and work of the Commission and the Secretariat. The most important consideration in this part of the report is a factual discussion of projects now being undertaken in fields relating to economic development, the economic problems of agriculture, international trade, and finally a survey of recent economic trends and developments in the region.

Part II describes the Commission's relations with other intergovernmental agencies — principally the

specialized agencies and the Inter-American Economic and Social Council.

Part III gives an account of proceedings of the Committee of the Whole which met in Santiago from 11 February to 14 February. Since there will be no regular session in 1952 the main purpose of the meeting of the Committee of the Whole was to review the 1951-1952 programme of activities and to draft and present the Annual Report of the Commission to the Council. The most significant decisions of the Committee dealt with the work programme and priorities for 1953.

3. This report was adopted by the Committee of the Whole at a meeting on 14 February 1952.

PART. I. REVIEW OF THE ORGANIZATION AND WORK OF THE COMMISSION
AND THE SECRETARIAT

A. Terms of reference

4. In adopting resolution 414 (XIII), (paragraph 40, sub-paragraph (c)), the Economic and Social Council decided to continue the Commission indefinitely and to strengthen its work in the fields of economic development and technical assistance. This decision was made after a careful review of the work of the Commission by the Council's *Ad Hoc* Committee on the Organization and Operation of the Council and its Commissions. Council resolution 414 (XIII) added sub-paragraphs (d) and (e) to paragraph 1 of the terms of reference, which defines the tasks of the Commission. This paragraph as amended provides that the Commission shall:

“(a) Initiate and participate in measures for facilitating concerted action for dealing with urgent economic problems arising out of the war and for raising the level of economic activity in Latin America and for maintaining and strengthening the economic relations of the Latin-American countries both among themselves and with other countries of the world;

“(b) Make or sponsor such investigations and studies of economic and technological problems and

developments within territories of Latin America as the Commission deems appropriate;

“(c) Undertake or sponsor the collection, evaluation and dissemination of such economic, technological and statistical information as the Commission deems appropriate;

“(d) Give special attention in its activities to the problems of economic development and assist in the formulation and development of co-ordinated policies as a basis for practical action in promoting economic development in the region;

“(e) Assist the Economic and Social Council and its Technical Assistance Committee in discharging their functions with respect to the United Nations technical assistance programme, in particular by assisting in their appraisal of these activities in the Latin-American region.”

5. The establishment of the Commission on a permanent basis and the broadening of its terms of reference emphasize and define more precisely its role in assisting the Latin-American countries in the promotion of their economic development. It enables the Commission in planning its work to concentrate on a fundamental continuing programme of work so as to provide a sounder basis for research, analysis and

dissemination of technical and economic knowledge, for policy decisions and for practical action.

6. In furtherance of this objective, the Mexico conference requested the Executive Secretary to establish an ECLA Centre for Economic Development and to continue, on a permanent basis, the studies of economic development, including those dealing with the economic integration of Central America. It also placed the studies on trade, industry and agriculture and the economic survey as continuing projects within the work programme. Moreover, it directed the Executive Secretary to arrange with the Director-General of the Technical Assistance Administration for joint ECLA/TAA activities relating to (a) the training of Latin-American economists, (b) assistance to governments in appraising and defining their technical assistance needs, and (c) seminars and meetings of experts—with the understanding that all these activities were to be directly related to the Commission's continuing programme for economic development.

B. Work projects

7. The work programme of the Commission and the Secretariat has been divided into broad categories: viz., economic development; economic problems of agriculture; international trade; the economic survey; and the publication of a quarterly *Economic Bulletin*. Of these, the main objectives and activities of the Commission are those relating specifically to economic development. It will, however, be appreciated that the broad categories mentioned are in no way self-contained or independent. They constitute, in reality, a series of interrelated projects with similar aims and, in many cases, a similarity in subjectmatter. For example, some of the most important aspects of the work on agriculture and trade are directly related to economic development; the economic survey, while dealing with current conditions and trends, must interpret such conditions and trends in the light of long-term economic development problems, while the subjectmatter of the *Economic Bulletin* will involve all of the other categories listed.

8. As may be seen from this report, most of the activities of the Commission relate to a continuous programme which has evolved during the past three years. The Mexico session recognized this element of continuity and through its resolutions ensured that the work of the Commission be carried forward on a permanent basis. This was of fundamental importance from the viewpoint of economic development where so many studies are essentially of a long-term or a recurring nature. Various research studies, seminars, experts' conferences, round-table discussions, etc., are, for instance, now being organized with a view to the compilation of substantive reports for the fifth session at Rio de Janeiro. The work involved in such projects will not, however, be completed with those reports, as they constitute an integral part of the work programme and will therefore be carried forward in 1953. The 1953 work on economic development would go more deeply into certain aspects studied during 1952, and would initiate studies of problems not yet analysed, as well as incorporating new activities in

fields relating to seminars, meetings of experts, and the training of economists. Similarly, in the case of the economic survey, where the work is largely of a recurring nature, the 1953 programme would involve a continuation of studies commenced in earlier years, with the object of presenting them on a current and up-to-date basis.

1. ECONOMIC DEVELOPMENT

9. The Executive Secretary is now reorganizing the Secretariat along lines designed eventually to bring the principal work of the Commission, in the field of economic development, under the ECLA Centre for Economic Development. This Centre was established in accordance with resolution 4 (IV) passed by the Commission at its fourth session.

10. One of the functions of the Centre will be the training of Latin-American economists. This was provided for in the resolution 4 (IV) requesting the Executive Secretary to "work out in consultation with the Director-General of the Technical Assistance Administration, administrative and financial provisions to cover the training aspects of the activities to be carried out in the Centre". The plans for the training programme of the Centre are referred to in section (h) below.

11. As already stated, it is contemplated that the work on economic development will be co-ordinated and channelled through the Centre. The activities in the economic development field are now discussed under the following headings:

- (a) Problems of economic development and the technique of programming;
- (b) Financial aspects of economic development; viz.:
 - (i) Monetary and fiscal policies relative to the requirements of economic development (including meetings of experts),
 - (ii) The influence of taxation on private capital exports,
 - (iii) The economic and legal status of foreign investments in Latin America,
 - (iv) The means for increasing the rate of domestic capital formation and for directing savings into productive channels;
- (c) Studies of development in individual countries;
- (d) The development of particular industries;
- (e) The economic integration of Central America;
- (f) A survey of technological research and training;
- (g) The relation of immigration to economic development;
- (h) The training of economists; and
- (i) Technical assistance in Latin America.

(a) *Problems of economic development and the technique of programming*

12. The study now being made on general problems of development in Latin-American countries will attempt to achieve the following objectives: to characterize Latin-American countries according to the degree

of development reached; to estimate their rates of economic growth and the potentialities of their future development; to analyse certain basic obstacles which have hindered development and to discuss possible measures required to offset them; to relate the volume and composition of trade to the pattern and rate of development; and to estimate the course of development up to 1960, indicating, in general, the basic problems which could best be solved by establishing goals in accordance with a specific development programme. This latter phase of the work involves a major effort in the formulation of some well-founded hypotheses on trends of consumption requirements relative to production, imports and exports. The diagnosis of the problems and obstacles of growth will be followed by a systematic discussion of the different aspects of programming and relevant aspects of the technique of programming for economic development. This part of the study will be based on an analysis of concrete problems. It should be emphasized that this work may have great practical importance for Latin-American governments attempting to stimulate and guide their economic development. This study which in effect carries forward the analyses presented to the Montevideo conference in the *Economic Survey, 1949* and to the Mexico meeting in the paper on *Theoretical and Practical Problems of Economic Growth*, will be completed before the end of 1952 for submission to the fifth session at Rio de Janeiro in February 1953. It is also hoped that along with the special papers to be prepared on this subject, the study may serve as a background document for a meeting of experts in 1953.

(b) *Financial aspects of economic development*

(i) *Monetary and fiscal policies relative to the requirements of economic development (including meetings of experts)*

13. The Mexico conference requested the Executive Secretary, with the assistance of the International Monetary Fund, to prepare a report on monetary and fiscal policies relative to the requirements of economic development in Latin America. Preliminary discussions between the Executive Secretary and officials of the Fund indicate that the staff members of the latter may participate in a seminar on this subject provisionally planned for the early part of 1953 at ECLA headquarters. The Secretariat has started work on a study which will attempt to define the problems of monetary and fiscal policies related to development and to analyse some of their elements. This study will be presented to the conference in Rio.

14. A proposal to hold a meeting of experts on this subject is now being discussed with the Technical Assistance Administration. If such a meeting is held the background documents will include papers prepared by the Secretariat, staff members of the Fund, and experts from Latin America, Europe and the United States. The Fiscal Division of the United Nations Department of Economic Affairs would also participate.

(ii) *Influence of taxation on private capital exports*

15. Resolution 3 (IV) (document E/2021, page 77), *inter alia*, calls for a study of the influence that fiscal

systems of capital-exporting countries have on the decisions of private investors in those countries when making foreign investments. Although work has not been initiated, the content and organization of the study are now being discussed with the Fiscal Division of the Department of Economic Affairs with a view to commencement within the near future. The report, which will be presented to the Rio conference, may also serve as one of the background papers for the proposed seminar on monetary and fiscal policies referred to above.

(iii) *The economic and legal status of foreign investments in Latin America*

16. This is a continuation of country studies started in 1950. These studies, which are being prepared in collaboration with the Department of Economic Affairs, give the history and present status of foreign investments, the importance of such investments in the economy of each of the countries and the policies of the governments toward foreign investments as expressed in laws and administrative measures. It is planned to prepare reports on those countries not yet studied, to revise those which have been prepared earlier and to publish the entire series with an introductory chapter covering the region as a whole, prior to the next session.

(iv) *Means for increasing the rate of domestic capital formation and for directing savings into productive channels*

17. A separate study will not be prepared on this phase of financing economic development. The problem will however be dealt with in other studies undertaken by the Secretariat, viz., problems of economic development and the technique of programming; monetary and fiscal policies relative to the requirements of economic development; and studies of economic development in individual countries. In the course of the next two years, the Secretariat may present a separate report on this problem utilizing materials which are now being collected and analysed in connexion with the other studies mentioned.

(c) *Studies of economic development in individual countries*

18. The Secretariat presented, in part II of the *Economic Survey of Latin America, 1949*, individual studies of development in four countries (Argentina, Brazil, Chile and Mexico). The long-term trends and the rate of development in various branches of industry, mining and agriculture were analysed in relation to population growth, the capacity to export and import, and the estimated rate of capital formation. Additional studies of development in individual countries were presented to the Mexico meeting. Three more studies—Cuba, Uruguay and Ecuador—are now being made and will be completed prior to the Rio de Janeiro meeting. The study on Ecuador presents interesting features in that, for the first time, the Executive Secretary sent the group working on this study to the country in order to gather first-hand information. This was done, partly to offset the lack of data relating to certain aspects of the country's

economy, but more particularly because of the desire expressed by the Government of Ecuador for a more intensive study to be made on the spot by the ECLA Secretariat in full co-operation with the various departments of the Government. The group, which spent over two months in Ecuador, is now engaged in the preparation of its report, which should be completed by June or July 1952. It is hoped that this method of studying development problems of individual countries may prove advantageous and useful for other countries which have yet to be studied.

(d) *The development of particular industries*

19. The report on *Labour Productivity of the Cotton Textile Industry in Five Latin-American Countries*, presented to the Mexico meeting, was well received and was considered a fundamental contribution in this field. One of the resolutions adopted at Mexico requested a further study of the textile industry which should attempt to assess the national and international economic factors influencing the present development of that industry, particularly those which have impeded its technological progress.

20. The Commission decided that because of their importance to general development, studies of particular industries should be given special attention, and accordingly requested the Executive Secretary, specifically, to carry out studies and a programme of meetings of experts (seminars) on the iron and steel, the wood pulp and paper, the chemical and the food processing industries. In compliance with this request the Secretariat has advanced the work on all of these studies except that of food processing.

(i) *Iron and steel*

21. The work that is being done in this field is being carried out in two stages. Since the Mexico conference, the Secretariat has been making a series of studies relating to various phases of the industry—notably: the comparative advantages of selected locations in Latin America for the production of iron and steel; the influence of size of plants on finished steel production costs; the relationship of the size of the market to productivity; the actual productivity of the industry in the region; the factors influencing trends of consumption; and prospects for the development of the industry.

22. Simultaneously with the preparation of these studies the Secretariat, in collaboration with TAA, is making preparations for a meeting of experts in the latter part of 1952. According to present plans, experts from Latin America and other areas would be requested to prepare technical papers which, together with studies being prepared by ECLA, would constitute the background materials for the discussions at the meeting.

23. The primary purpose of the meeting would be to provide an opportunity for Latin-American experts, through discussion and exchange of experiences among themselves and with experts of other countries, to analyse and clarify some of the basic problems of the industry in Latin America. In many instances these experts would be able to utilize the knowledge thus acquired and apply it directly to specific problems

with which they are concerned. In other instances they would act mainly in an advisory capacity and make recommendations for the guidance of their governments in planning the establishment and expansion of the industry. Most of the experts with specialized knowledge, drawn from Latin America, North America and Europe, would prepare technical papers on specific problems or processes of the industry, particularly on means for overcoming deficiencies in fuels and inadequate supplies of scrap.

24. Because of the importance of the development of this industry for the region as a whole, it is hoped that the results of the meeting of experts may lead to intergovernmental action on problems of intra-regional trade in iron and steel products.

25. Subsequent to the meeting, the ECLA Secretariat will prepare, for the fifth session of the Commission, a report on the development of the iron and steel industry in Latin America, utilizing, in addition to its own studies now being made, the results of the meeting of experts.

(ii) *Paper and pulp*

26. Having in mind the world shortage of newsprint and printing paper and the necessity for Latin-American countries to conserve their foreign exchange resources for imports of capital goods and other essential products, the Commission has placed a high priority on assistance to these countries in developing this industry. In doing so, the Commission is also attempting to fulfil the mandate of the Council in its resolution 374 (XIII) on "Production and Distribution of Newsprint and Printing Paper".

27. As a result of consultation with FAO, a joint ECLA/FAO study has been started. The main objective of this study will be to determine: the location, accessibility and magnitude of the most important areas considered as probable sources of raw material; a rough evaluation of the volume and some of the botanical characteristics of forest resources (indicative of their probable capacities and applications); an evaluation of some physical and chemical characteristics of the resources (indicative of their successful utilization as raw materials for pulp); the best silvicultural methods for propagating species of high technical value for paper manufacture; the present and future demand for paper and rayon in the various countries of the region; the demand for foreign exchange originating from imports of pulp, paper and rayon; the location, capacity, characteristics and main problems of the existing Latin-American industry; and the type of technical assistance needed for the development of pulp and paper capacity.

28. Field work has already begun and a preliminary draft section of the report relating to one of the countries is virtually complete. The full report is scheduled for completion by the middle of 1952.

29. It is anticipated that the work will then be carried a stage further by investigating more fully the resources indicated as being the most important in the preliminary part of the study. The group should then be in a position to compare the relative advantages of various locations with a view to the subsequent development of the industry in those areas.

(iii) *Chemicals*

30. The preliminary stages of a study of the alkali industry—covering the availability of natural raw material resources, the principal methods used for producing sodium alkalis on a commercial scale, and the relative merits of each method—are now being completed. The main study involves research into the actual and potential productive capacity of the alkali industry in Latin-American countries, together with an analysis of consumption trends in the region.

31. The report of this study will be presented to the fifth session in February 1953.

(e) *Economic integration of Central America*

32. At its Montevideo session, the Commission adopted a resolution recommending, to the Latin-American governments, that, when drawing up programmes and adopting measures for economic development, "they should take into account the possibilities of expanding demand through reciprocal trade, in order to achieve a better integration of their economies and higher levels of productivity and real income".

33. In accordance with the principles of this resolution, the delegations expressed the interest of their governments in the development of agricultural and industrial production and of transportation systems in their respective countries, so as to promote the integration of their economies and the expansion of markets by the exchange of their products, the co-ordination of their development programmes, and the establishment of enterprises in which all or some of these countries have an interest, and indicated their desire that the Executive Secretary of the Commission should co-operate with the governments concerned in the study and development of these plans.

34. Resolution 9 (IV) adopted at the Mexico session, recognized that "the aspirations of the Central-American countries would make a positive contribution to the economic development of Latin America..." and, *inter alia*, requested the Executive Secretary to study the means and plans for the progressive attainment of the objective of economic integration.

35. Five Central-American countries—Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua—are primarily interested in this study while the Government of the Republic of Panama has also expressed its interest.

36. Discussions have already been held between the Executive Secretary or the Deputy Executive Secretary and the various Central-American governments, while more are planned for the immediate future. ECLA economists are now working in the field collecting information and analysing problems the solution of which is required for the progressive development of agricultural and industrial production, the expansion of markets through the increased exchange of products, and, it is hoped, the eventual integration of their economies. When this preliminary study is completed, in June or July 1952, it is proposed to hold a meeting of the Ministers of Economy of the Central-American countries in order to discuss the various elements of this project and to determine the next steps to be taken.

37. An integral part of this project is a meeting of transportation experts in Central America which is being prepared and organized by the Secretariat in collaboration with TAA. It is generally recognized that transportation is one of the most important obstacles to economic development in the Central-American countries. Therefore it has been decided to send a technical mission to Central America to make a critical appraisal of existing transport facilities and of the practical possibilities for enlarging and improving them. Its report will then, it is hoped, provide the principal background paper for a meeting of experts to be held during the latter part of 1952.

(f) *Survey of technological research and training*

38. A resolution on technological research (resolution 13 (IV), document E/2021, pp. 97-98) was adopted, at Mexico City, recommending that the Executive Secretary, after collecting the necessary information, should call a meeting of experts with a view to the improvement of applied technological research. A preliminary survey (in the nature of a pilot study) is now being made with respect to both agricultural and industrial research and training. The information on agricultural research projects is being collected in three countries; that on industrial research in one country. The intention is not to appraise the efficiency or value of the research projects *per se*, but rather to tabulate and describe the types of research projects carried out in specific fields of agriculture and industry, and to indicate the extent to which these research projects and allied training facilities are adequate to meet the needs of the various branches of industry and agriculture. Should the results of this limited survey appear to justify a more extensive investigation, the Executive Secretary proposes to consult with the Technical Assistance Administration and with the interested specialized agencies in order to obtain their co-operation in the expansion of this project.

(g) *The relation of immigration to economic development*

39. In compliance with the resolution on immigration (document E/1717, pp. 61-62), adopted at the third session in June 1950, the Executive Secretary with the co-operation of FAO, ILO and IRO set up an ECLA Working Committee on immigration and economic development at the Secretariat level. The objectives of this Committee were to study the relationship of immigration to economic development in Latin America and to provide the Latin-American governments, when requested, with assistance on specific development projects involving immigration.

40. The Commission, at its fourth session at Mexico City, in reviewing the work of the Committee, considered that it had performed useful work in bringing together the international agencies interested in immigration activities in the region. However, taking into consideration that only one immigration project had been submitted to the Committee, and that some of the international organizations were operating technical assistance projects on a substantial scale in a number of the Latin-American countries in fields

related both to economic development and to immigration, the Commission recommended that the Executive Secretary consult with the executive heads of other international organizations concerned with this problem with a view to the establishment of an inter-agency regional co-ordination committee which would meet whenever necessary to review progress and co-ordinate action. The preparatory meeting of this Committee was held at Santiago from 7 to 9 February 1952. The following organizations were represented at the meeting: ECLA, ILO, FAO, UNESCO, WHO and IA-ECOSOC. The Provisional Inter-Governmental Committee for Movement of Migrants from Europe (PICMME) indicated it wished to be represented but was unable to send an observer on short notice. PICMME received a full report of the meeting.

41. The representative of the participating organizations decided that the Committee should limit itself to the drafting of a statement on the proposed organization of the Committee, to be submitted to the executive heads of the member organizations for their approval.

42. It was agreed that the Committee should be composed of representatives of the organizations present at the meeting, together with other interested inter-governmental organizations who might wish to participate; the Committee should be of an advisory nature, designed to aid in the co-ordination of activities and in the prevention of duplication in the field of migration. The secretariat would be provided by the International Labour Office.

43. It is proposed that the next meeting be convened in São Paulo, if possible before the end of April 1952.

44. The Secretariat, with the co-operation of ILO and FAO, has also been making a study of migration in relation to economic development in Latin America.

(h) *The training of economists*

45. Reference has already been made to the establishment of the Centre for Economic Development, with provision, *inter alia*, for a section devoted specifically to the training of Latin-American economists.

46. The organization and programme of this training section is, under resolution 4 (IV), a joint responsibility of TAA and ECLA. It has been agreed that the chief of the training programme will be appointed by TAA on the recommendation of the Executive Secretary, and that he will be responsible to the Executive Secretary, who in turn will be responsible to TAA for the planning and operation of the programme.

47. The primary purpose of the section will be to give special training to a selected group of Latin-American economists in problems of economic development, with particular reference to research and to techniques of programming.

48. The programme of work will consist of a combination of actual research, readings and discussions designed both for senior and junior economists and organized on the principle that work on economic development has four distinctive phases, namely: diagnosis, prognosis, programming and execution. A basic training will be given in all four phases, though at the same time specialization will be stimulated as far

as the interests of the trainees and the opportunities for practical research make it advisable. Practical research will be organized around the current research programme of the Secretariat.

49. The Executive Secretary will select trainees from those nominated by member governments, who are qualified for the type of research and training facilities available in the ECLA Secretariat. They will be assigned as assistants to selected members of the staff and will work under the guidance of both the staff member concerned and the chief of the training programme.

(i) *Technical assistance in Latin America*

50. A report was presented by TAA to the Committee of the Whole (document E/CN.12/AC.16/4) giving detailed information on TAA's activities in Latin America during 1951. This report showed that the number of activities had greatly expanded and covered a wide variety of subjects. One of the most significant developments in the Technical Assistance Programme during the past year was the application of new devices and methods (particularly seminars and meetings of experts) for the dissemination of knowledge and techniques that might be of help to countries in promoting their economic development.

51. The Commission has manifested an active interest in the promotion of technical assistance activities. At its annual sessions—Havana, Montevideo, Mexico—the Commission gave careful consideration to the programmes of technical assistance and strongly supported the expansion of these activities; and through its reports and discussions it has helped in giving a clear definition of the relationship of technical assistance to economic development programmes.

52. Under plans now being formulated, TAA and ECLA will collaborate more closely in the Technical Assistance Programme. As an example, TAA will appoint a regional resident representative who, while carrying out his general responsibilities for the Technical Assistance Programme in Latin America, will, at the same time, act as liaison officer between TAA and the ECLA Secretariat.

53. A training programme sponsored jointly by TAA and ECLA will be established within the ECLA Secretariat for Latin-American economists, as outlined in the previous section relating to the training of economists.

54. Plans are also well under way for holding two meetings of experts during 1952: one on the development of the iron and steel industry (see section (d) above) and the other on transportation problems in Central America (see section (e) above). Discussions are also in progress regarding the possibility of holding, with the co-operation and participation of the International Monetary Fund, a seminar on monetary and fiscal policies (see sections I.B.1 (b) and II.A.4 of this report).

2. ECONOMIC PROBLEMS OF AGRICULTURE

55. The co-ordination of the work of ECLA with that of other organizations and agencies is exemplified in the activities of the Agricultural Section, now headed

by a senior FAO agricultural economist. Whereas in previous years co-operation between FAO and ECLA was confined to individual projects, since the Mexico conference a joint work programme has been instituted covering a wide range within the field of economics as applied to agriculture. The Agricultural Section also has the responsibility of avoiding any duplication of effort as between FAO and ECLA in the collection of agricultural information in Latin America.

56. Of the work in progress or completed for the Agricultural Section the following are of especial note:

(a) *Participation in the Latin-American Training Centre for Agricultural Plans and Projects (held at Santiago, Chile, from 26 September to 19 December 1951).*

57. The Executive Secretary, the Chief of the Agricultural Section and several other members of the staff contributed to the work of the Agricultural Training Centre, which was sponsored by the Government of Chile, FAO, the United Nations (including ECLA) and the International Bank. This contribution consisted principally of lectures in the fields of economic development, farm management, agricultural credit and grain storage. Generally speaking, the trainees were agricultural specialists, many of whom held key posts in their own governments.

(b) *Meeting of agricultural credit experts in Central America*

58. In accordance with resolutions passed by the third and fourth sessions of the Commission, ECLA and FAO are proceeding with detailed plans for a meeting of agricultural credit experts to be held in Central America during May or June 1952. The general purpose of this meeting will be an interchange of ideas and experiences relating to agricultural credit, which will lead, it is hoped, to an improvement in credit services in the participating countries, particularly in the Central-American areas. The meeting will be of a purely technical nature and will be attended by specialists not only from Central-American countries but also from other interested Latin-American countries and the United States. While the Secretariats of ECLA and FAO will prepare some of the documents for the meeting, each of the participants is expected to prepare a paper concerning some particular phase of the problem.

(c) *Studies on factors affecting productivity in agriculture*

59. There is, in general, a lack of objective information on certain important agricultural problems in Latin America. Among such problems are the factors which influence agricultural production. The Secretariat is of the opinion that many of these problems can best be dealt with by first devising a suitable method for collecting information and subsequently for analysing the problem. Such a method should, it is considered, be applied initially to problems in one country with a view to determining its suitability for more general use.

60. It has therefore been decided, with the co-operation of the Ministry of Agriculture and the Chilean

Development Corporation, to undertake a special study based on visits, by trained agronomists, to farms in the central valley in Chile for the purpose of obtaining on-the-spot information relative to the factors influencing productivity and the decisions of the farmer — particularly with respect to land utilization and farm techniques. A sample of at least 3 per cent of the farms in the area concerned will be covered. In this way, it is hoped to obtain sufficient information for the purpose of measuring the relative importance of such factors as: the size of farm, managerial ability, the use of farm machinery and fertilizers, the quality of seeds, the extensiveness of irrigation, the level of prices, and the availability of markets.

61. If this method of survey proves successful, it could then be used in other countries in order to collect information and to obtain a better understanding of the agricultural economic problems of those countries.

(d) *Individual country studies*

62. During the next three or four years it is hoped to complete, on an individual country basis, a series of reports relating to agricultural development and the various problems connected therewith. The purpose of these studies is to analyse and make known the broad economic aspects of agricultural development in the different countries and thus provide basic background material for the study of specific problems. Work has already been started and it is hoped that two or three of the country studies will be completed before the next session of the Commission in Rio de Janeiro.

63. In addition to the country studies, the Agricultural Section will prepare the chapter on agriculture for incorporation in the next *Economic Survey*.

3. INTERNATIONAL TRADE

64. The Executive Secretaries of ECLA and ECE are considering what practical action might be taken by the two Commissions to expand trade between Latin America and Europe. The possibilities of expanding Latin-American/European trade are being considered as a follow-up of the study which the secretariats made on this subject in 1951.

65. The analysis of Latin America's current trade (including terms of trade) with other areas and the impact of world events on its trade will be an important part of the *Economic Survey, 1951-52* (see below).

66. The debates at the fourth session, in Mexico, strongly emphasized the necessity of expanding intra-regional trade as a means to widen markets and promote specialization in Latin-American industry. The Latin-American delegations placed high priority on the work which the Secretariat was doing in this field and requested the Executive Secretary to broaden the scope of the studies in so far as his resources permitted. He was also authorized to call together non-governmental experts whenever he deemed it advisable to consider the different aspects of this problem.

67. The Secretariat is accordingly devoting particular attention to this project. A comprehensive analysis is being made of the existing conditions and trends in trade between individual Latin-American countries and

the obstacles and problems which hinder its expansion. In this connexion, the influence exerted on the flow of goods within the region by exchange rates and quantitative import and export controls, treaties and agreements, freight rates and availability of transport facilities, commercial ties and availability of financial services, quality and prices, and balance of payments problems, are among the principal factors being studied.

68. Secondly, the possibility of developing trade in new products is being explored. The trade of the Latin-American countries is predominantly in raw materials and foodstuffs. While it is important to maintain and expand trade in such products, a number of countries have advanced their industrial development to a stage where it may now be possible for them to export manufactured goods. In this way they could secure the benefits of specialization in industry and at the same time ease their balance of payments difficulties. In view of the establishment of many new industries in various countries where natural advantages exist, the export of a wider variety of manufactured products would appear to be feasible once some of the obstacles (referred to above) are overcome. The Secretariat proposes to base this part of the study on a relatively small number of selected products in order to examine more precisely the conditions (including those related to payments) which would be required to promote an exchange of these products and to measure the mutual benefits which would arise from such trade.

4. ECONOMIC SURVEY OF LATIN AMERICA

69. The *Economic Survey, 1951-1952* has been planned to reveal particularly current economic trends and problems which relate to the region as a whole. Factors concerning the economy of various countries within the region are at the same time examined, but an endeavour is being made to weld them together in such a way as to emphasize their regional as well as their national aspects.

70. In the introductory chapter, the emphasis on regional viewpoint is exemplified in a summarization of the salient features characterizing the economy of Latin America as a whole, and in an analysis of the international economic relations which influence to so great an extent the course of economic development in the Latin-American area. Complementing this is an appraisal of outstanding events during the current year (both internal and external to Latin America), which have influenced the region.

71. Developing the central theme set forth in the introduction, the substantive part of the *Survey* is divided into three major sections:

(a) *Economic relations with other areas*

72. In view of its fundamental importance to the economies of Latin-American countries, international trade plays a leading part in this section of the *Survey*. The section will accordingly commence with an analysis of the impact which world events and trends have had on Latin-American commerce. Inflationary pressures, availabilities of supplies, reserves of foreign exchange, the influence of the mutual security programme and other factors will be considered from the standpoint of

their effects on Latin America. This section will also give special attention to the structure of both imports and exports of Latin-American countries and recent changes in the terms of trade. Finally, market trends for Latin-American products and the possibilities of expanding exports will be considered. In this connexion, particular emphasis will be placed on the commercial relations of Latin-American countries with Europe and the United States, and on the prospects of promoting trade with these areas.

(b) *Production*

73. The principal elements of this section of the report will deal with changes in production and in the supply of available goods, specific chapters being devoted to agriculture, mining and industry.

(c) *Monetary problems and the balance of payments*

74. The final section in the *Survey* is devoted to a study of inflationary pressures exerting themselves on the economies of each country and of the region as a whole. Productivity and the rate of increase of capital goods will also be studied in order to relate, if possible, existing trends to inflationary phenomena.

C. Informal meetings with government officials and economists

75. At the invitation of officials of the INFAIC (the new development bank) and other government agencies, the Executive Secretary, accompanied by the Deputy Executive Secretary, visited Cuba soon after the Mexico meeting, the purpose of this visit being to discuss various economic problems of that country, particularly in relation to the work of ECLA.

76. This visit was, in the course of the next few months, followed by two others of a similar nature. In August, the Executive Secretary, accompanied by an ECLA economist, visited Brazil for a period of two weeks where he participated in a series of round-table discussions relating to the economic problems of that country and to the major economic reports which have been prepared by the Secretariat. Later, in October, he accompanied the working group which went to Ecuador to study the economic development of that country. The Executive Secretary spent one week there during which time a series of meetings with government officials and representatives of private economic activities was held and the work of the ECLA group initiated.

77. Frequent discussions have also been held, both by the Executive Secretary and by senior officers of the ECLA staff, with various government officials and economists in Chile.

78. Immediately after the meeting of the Committee of the Whole, the Executive Secretary, accompanied by the Deputy Executive Secretary and the Chief of Economic Studies in the Mexico Office, plans to visit the Central-American countries. Although the purpose of this visit is to discuss the problems related to the project on economic integration in Central America, the round-table discussions to be held in each country will attempt to explore major internal economic problems of the country.

79. The Secretariat has started this type of activity since the last meeting of the Commission. Judging by the opinions expressed and the response of the economists and government officials who have participated in these discussions, it would appear that activities of this nature are exceedingly useful both to the governments in dealing with their problems and to the Secretariat in carrying out its work.

D. Mexico Office

80. Due to the distance from ECLA's headquarters and the limited funds and staff resources available, it had not, in previous years, been possible to conduct the essential field studies and research required for comprehensive reports on the economic problems in the northern region of Latin America. In accordance with the resolution adopted at the fourth session (resolution 30 (IV), document E/2021, p. 130) and with the approval of the General Assembly (VI), an ECLA office has been established in Mexico in order to carry out more effectively the work of the Commission in the northern Latin-American countries, viz., Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua and Panama. The Government of Mexico has generously placed at the disposal of ECLA all the necessary facilities for the office.

81. The Deputy Executive Secretary has been appointed director of the Mexico Office.

82. The Secretariat has already initiated an extensive work programme for the area, the major activities being as follows:

(1) The economic integration of Central America (resolution 9 (IV), document E/2021, pp. 89-90);

(2) The preparation and organization, in collaboration with TAA, of a meeting of transportation experts in Central America;

(3) The preparation and organization, in collaboration with FAO, of a meeting of agricultural credit experts in Central America;

(4) A survey of recent economic developments and trends in the ten northern countries (mentioned above), to be incorporated in the *Economic Survey, 1951-52*;

(5) Intra-regional trade, with particular reference to Mexico, Central America and the Antilles;

(6) A preliminary study on the maximum utilization of the facilities of the Free Zone of Colon, Republic of Panama.

83. In addition to the projects enumerated above, the Mexico Office will contribute to other regional studies being made by the Secretariat at ECLA's headquarters.

E. Relations with other units of the United Nations Secretariat

84. The Secretariat of the Commission is a part of the United Nations Secretariat under the Department of Economic Affairs. It has worked closely with the Secretariat at Headquarters and with the secretariats of other regional commissions; it has received continuous help from the Secretariat at Headquarters; and it has in turn contributed to certain projects of the Headquarters staff. In this way, the work of the various secretariats has been made complementary to each other, and any possible duplication reduced to a minimum.

85. The Secretariat of the Department of Economic Affairs, as a part of its normal activities, has not only given valuable guidance on policy questions and on procedural matters, but has also collaborated with the ECLA Secretariat on substantive studies and reports. The studies on foreign investment, the influence of taxation on private capital exports, and transportation problems in Central America, are being undertaken with the assistance of the Department of Economic Affairs. The Department is also giving valuable help in the preparation of the iron and steel studies.

86. The joint efforts of the ECLA and TAA Secretariats have been discussed in section B.1 above.

87. Arrangements have now been made for the Division of Research and Planning of the Economic Commission for Europe to provide ECLA with quarterly statistical data on exports from the United States and Europe to Latin America. These data, which will be published in ECLA's *Economic Bulletin*, will be classified according to major categories designed to provide specific information on exports of capital goods, and in this way to reveal the effects of world events since the Korean crisis on such trade. In addition, the Executive Secretary of ECE has released one of his staff economists to work with the Secretariat of ECLA.

88. A provisional and incomplete draft of the *Joint ECLA/ECE/FAO Report on Trade between Latin America and Europe* was presented to the Mexico conference in June 1951. This report is now being revised and completed with a view to publication in the near future.

PART II. RELATIONS WITH OTHER INTERGOVERNMENTAL AGENCIES

89. From its commencement the Commission has paid special attention to the co-ordination of its activities with those of other international bodies having programmes or interests in Latin America. All projects are scrutinized in the planning stage from the standpoint of their implications and relation to the work of other agencies, while very few projects are undertaken without prior discussion with at least one other organization. In this way, the active co-operation and assist-

ance of other agencies and organizations have been very effectively secured.

A. Specialized agencies

90. ECLA is the only United Nations organization in Latin America dealing with over-all aspects of economic development. As such it utilizes materials de-

veloped by other agencies for those studies of its own which analyse a particular problem in a regional perspective. Moreover, in carrying out its studies and other activities ECLA collaborates with the appropriate agencies — FAO on agriculture, the Fund on monetary and fiscal problems, ILO on migration and manpower, ICAO on air transport and the International Bank on general problems.

1. FOOD AND AGRICULTURE ORGANIZATION

91. The Memorandum of Understanding which had been entered into between the Executive Secretary of ECLA and the Director-General of FAO in November 1950, was put into effect in August 1951 through the establishment of an ECLA Agricultural Section and the appointment by FAO of a senior agricultural economist to be Chief of this section. This Memorandum recognizes that programmes related to economic problems of food and agriculture are a joint responsibility of both ECLA and FAO. It has therefore been agreed that a programme of work in this field should be carried out jointly by the two Secretariats in order to avoid duplication and competition. The Memorandum provides that the Chief of ECLA's Agricultural Section will be a senior FAO agricultural economist; he will be the personal representative of the Director-General of FAO who would nominate him after consultation with the Executive Secretary of ECLA; while in addition to his responsibility to the Director-General of FAO, he will also be responsible to ECLA's Executive Secretary for the work of the Agricultural Section.

92. The agreed-upon programme for 1951-1952 includes the preparation of a chapter on food and agriculture for the next *Economic Survey of Latin America*; studies of agricultural economic development and problems in individual countries (three or four countries to be covered); a meeting of agricultural credit experts in Central America; a study of factors influencing agricultural production in central Chile; and a preliminary survey of agricultural research projects in selected countries.

93. It will be recalled that FAO and ECLA are also collaborating on a study of the wood pulp and paper industry in Latin America.

2. INTERNATIONAL LABOUR OFFICE

94. The principal area of collaboration between ECLA and ILO has been in the field of migration. Until recently ILO had a representative at ECLA headquarters assisting in the study on the interrelationship of immigration and economic development. The two organizations have had discussions on other aspects of Latin-American problems and ECLA has maintained liaison with ILO's Regional Latin-American Manpower Field Office, in São Paulo, Brazil.

3. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

95. The Bank and ECLA sponsored a seminar on economic development, which was held during the latter part of June 1951 at the Bank's headquarters in Washington. The seminar was attended by a number of

Latin-American economists. The Executive Secretary and two ECLA economists participated in the discussions which dealt mainly with problems of development goals and programmes.

96. The Bank and ECLA exchange information on matters of common interest. The two organizations have also actively co-operated in other activities, such as the Latin-American Agricultural Training Centre and various problems related to migration.

4. INTERNATIONAL MONETARY FUND

97. The representative of the Fund at the Mexico meeting offered the collaboration of his organization in the studies of monetary and fiscal measures related to economic development. The Executive Secretary has discussed with the officials of the Fund how this collaboration may be most effectively realized. Members of the staff of the Fund indicated their willingness to participate in a meeting of experts on development and on monetary and fiscal policies. The possibilities of holding such a meeting are now being discussed with TAA.

5. UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

98. In compliance with a resolution passed at the Mexico session, the Executive Secretary despatched to governments additional copies of the questionnaire requesting information on the import and export of supplies of educational, scientific and cultural materials, urging them to reply as soon as possible in order that the working party envisaged in the resolution could be set up. This request was supported by a letter from the Director-General of UNESCO to the governments. A number of governments have since replied stating that the answers would be forwarded to ECLA as soon as they were completed.

6. INTERNATIONAL CIVIL AVIATION ORGANIZATION

99. ICAO is now making a preliminary survey in Central-American and Caribbean countries regarding the possibility of establishing a training centre in the field of civil aviation.

100. ECLA's Secretariat in the Mexico Office has established liaison with the representative of ICAO in that region and has initiated an exchange of information on problems of common interest.

B. Inter-American Economic and Social Council

101. The resolution on co-ordination with the Inter-American Economic and Social Council, adopted at the fourth session, invited the IA-ECOSOC through its Executive Secretary to join with the Executive Secretary of ECLA in a committee on co-ordination which should ensure a continuous co-operation and an elimination of any duplication in the work programmes of the two organizations.

102. The resolution also invited IA-ECOSOC to appoint an official of the Organization of American States to study, jointly with an official of the United Nations

designated by ECLA, measures which would be necessary and sufficient to ensure co-ordination at the government level in a practical and positive manner. The Commission designated the Executive Secretary to represent ECLA.

103. The Second Extraordinary Meeting of the IA-ECOSOC held in Panama, 20-30 August 1951, accepted ECLA's invitation to set up a committee on co-ordination and to appoint an OAS official to study jointly with an official of the United Nations, measures needed to ensure co-ordination at the government level.

104. The Co-ordination Committee was established at the first meeting, held in Washington in January of 1952. It was agreed to review the work programme of the IA-ECOSOC and ECLA twice yearly in order to make arrangements for co-ordination and exchange of background materials and information, statistical data and staff.

105. During the second meeting, held in Santiago, Chile, in February 1952, the Co-ordination Committee reviewed the IA-ECOSOC work programme for 1952 and that of ECLA for 1952-1953, reaching the conclusion that each of these programmes contains items which do not involve duplication: for instance, in the field of labour and social affairs, which concern the IA-ECOSOC more directly than ECLA; and, conversely, technological research, the economic integration of Central America, the training of Latin-American economists, etc., are problems which do not figure in the current work programme of IA-ECOSOC. The Committee agreed on a division of work and collaboration on: (a) the financing of economic development; (b) monetary and fiscal problems; (c) certain aspects of international trade and finance; (d) problems of transportation; (e) production and distribution of wood pulp and newsprint; (f) immigration; (g) problems of agricultural development and industrial raw materials; (h) housing and construction; and, lastly, (i) the improvement and utilization of statistics.

C. Other agencies

106. The ECLA Secretariat exchanges information with GATT (General Agreement on Tariffs and Trade)

and ICITO (Interim Committee of the International Trade Organization). ECLA also invited PICMME (Provisional Inter-Governmental Committee for the Movement of Migrants from Europe) to attend the preparatory meeting of the Inter-Agency Regional Co-ordination Committee on Migration in Latin America.

107. In accordance with provisions of paragraph 9 of its Terms of Reference, ECLA maintains liaison and exchanges documents and information with the Caribbean Commission with a view to avoiding duplication of effort. It is expected that with the establishment of the branch office at Mexico, ECLA will be able to establish even closer relations with the Caribbean Commission.

D. Participation of the Secretariat in international meetings

108. The Secretariat has participated in the following meetings:

(1) Seminar on "Problems of Economic Programming", sponsored by the International Bank and ECLA, 20-28 June 1951, Washington, D.C.;

(2) Meeting of the *Ad Hoc* Committee of Technical Experts from Central Banks, Treasuries and Fiscal Agencies under the auspices of the Inter-American Economic and Social Council, 16-27 July 1951, Washington, D.C.

(3) Second Extraordinary Meeting of the Inter-American Economic and Social Council of the Organization of American States, 20-30 August 1951, Panama City;

(4) Fifth Pan-American Highway Congress, 8-14 October, Lima, Peru;

(5) ILO Migration Conference, 2-16 October 1951, Naples, Italy;

(6) Conference on External Trade and Balance of Payments Statistics, 3-15 December 1951, Panama City;

(7) Inter-American Economic and Social Council *Ad Hoc* Committee on maritime freight rates and insurance, 29 January-13 February 1952, Washington, D.C.

PART III. ACCOUNT OF PROCEEDINGS OF THE COMMITTEE OF THE WHOLE

A. Membership, attendance and organization of work

1. OPENING AND CLOSING MEETINGS

109. The first meeting of the Committee of the Whole was held in Santiago, Chile, on 11 February 1952. Addresses were delivered by the Honourable Mr. Eduardo Yrarrázaval Concha, Minister of Foreign Affairs, Chile; by Mr. Ramiro Hernández Portela, Ambassador of Cuba to Chile; by Mr. Henry S. Bloch, Director of the Fiscal Division, United Nations Department of Economic Affairs, and representative at the meeting, of the Assistant Secretary-General for Economic Affairs and the Director-General of the Technical Assis-

ance Administration of the United Nations; and by Mr. Alberto Baltra Cortés, Head of the Chilean Delegation and former Chairman of the Economic Commission for Latin America (document E/CN.12/AC.16/SR.1).

110. The closing meeting of the Committee of the Whole was held on 14 February 1952. The Committee of the Whole adopted the Commission's annual report to the fourteenth session of the Economic and Social Council.

111. Addresses were delivered at the closing meeting by representatives of Bolivia, Brazil, Chile, Cuba, Ecuador, France, Guatemala, Haiti, United States and Uru-

guay; and by Mr. Alberto Baltra Cortés, Chairman of the Committee.

2. MEMBERSHIP AND ATTENDANCE

112. The terms of reference of the Commission provide in paragraph 3 (a) that: "Membership of the Commission shall be open to members of the United Nations in North, Central and South America, and in the Caribbean area, and to France, the Netherlands and the United Kingdom."

113. Delegations from the following member governments were in attendance: Argentina, Bolivia, Brazil, Chile, Cuba, Dominican Republic, Ecuador, France, Guatemala, Haiti, Mexico, Netherlands, Nicaragua, Peru, United Kingdom, United States of America, Uruguay and Venezuela.

(a) Report of the Chairman and Vice-Chairmen on Examination of Credentials

114. The Chairman, in accordance with paragraph 14 of the Commission's Rules of Procedure, reported to the meeting held on 14 February 1952 that credentials of the delegations to the meeting of the Committee of the Whole as presented to the Executive Secretary have been examined by the Chairman and Vice-Chairmen and found to be in order.

(b) List of delegations

ARGENTINA

Representative: Carlos Gustavo Lerena, *Ambassador to Chile*

Alternates: Alberto Argento, Alejandro Jatar, Ramón Pérez

BOLIVIA

Representative: Julio Valdés Hertzog, *Chargé d'Affaires in Chile*

Alternate: Alfredo Valdés Loma

BRAZIL

Representative: Luis Aranha Pereira, *Consul General in Chile*

Alternates: Henrique Rodrigues Valle, João Baptista Pinheiro, Domar Campos

CHILE

Representative: Alberto Baltra Cortés, *Ex-Minister of Economy and Commerce*

Alternates: Carlos Oyarzún Salinas, Miguel Riosco Espinoza, Gustavo Valdívieso Quehille, Sergio Chaparro Ruiz

CUBA

Representative: Ramiro Hernández Portela, *Ambassador to Chile*

DOMINICAN REPUBLIC

Representative: Rafael Ricardo Pérez Henríquez, *Chargé d'Affaires and First Secretary of Embassy in Chile*

ECUADOR

Representative: José Corsino Cárdenas

Alternate: Jaime Cifuentes

FRANCE

Representative: Jean Félix Charvet, *Chargé d'Affaires in Chile*

Alternates: André Lèprevost, Jacques Soulé

GUATEMALA

Representative: Ramiro Ordóñez Paniagua, *Ambassador to Chile*

HAITI

Representative: Jean Malebranche, *First Secretary of Embassy in Chile*

MEXICO

Representative: Mariano Armendáriz del Castillo, *Ambassador to Chile*

NETHERLANDS

Representative: Petrus Albertus Kasteel, *Minister Plenipotentiary to Chile*

Alternate: J. R. Huyse

NICARAGUA

Representative: Maximiliano Romero Martínez, *Chargé d'Affaires in Chile*

PERU

Representative: Alberto Wagner de Reyna, *Chargé d'Affaires in Chile*

Alternate: Gonzalo Fernández Puyó

UNITED KINGDOM

Representative: Charles N. Stirling, C.M.G., *Ambassador to Chile*

Alternates: W. J. M. Paterson, I. C. Mackenzie, D. R. Roper

UNITED STATES

Representative: Claude G. Bowers, *Ambassador to Chile*

Alternate: Gerald Smith

URUGUAY

Representative: Hugo V. de Pena, *Ambassador to Chile*

Alternate: Roberto T. Domínguez Gómez

VENEZUELA

Representative: Hernán González Vale, *First Secretary of Embassy in Chile*

(c) List of representatives of specialized agencies

FOOD AND AGRICULTURE ORGANIZATION

Dr. George Barr

INTERNATIONAL LABOUR OFFICE

Mr. Grégoire Koulischer, Mr. Bertrand Akar, Mr. Moisés Poblete Troncoso

INTERNATIONAL CIVIL AVIATION ORGANIZATION

Mr. Hernán Buzeta

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

Dr. Angel Establier

WORLD HEALTH ORGANIZATION

Dr. Emilio Budnik

(d) Representative of the Inter-American Economic and Social Council

Dr. Amos E. Taylor

(e) List of representatives of non-governmental organizations accredited to attend

Category A

INTERNATIONAL CHAMBER OF COMMERCE

Mr. Carlos A. Vidal, Mr. J. H. Elizaldo, Dr. Ernesto Barros Jarpa

INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS

Mr. Bernardo Ibáñez

INTERNATIONAL FEDERATION OF CHRISTIAN UNIONS

Mr. Ramón Venegas

WORLD FEDERATION OF TRADE UNIONS

Mr. Pedro Saad, Mr. Juan Vargas Puebla

Category B

INTER-AMERICAN COUNCIL OF COMMERCE AND PRODUCTION

Dr. Ernesto Barros Jarpa, Mr. Tomás Eduardo Rodríguez,
Mr. Jorge Valdés Mendeville

LIONS INTERNATIONAL

Mr. Humberto Valenzuela G.

INTERNATIONAL ORGANIZATION FOR STANDARDIZATION

Mr. Carlos Hoerning

SOUTH AMERICAN PETROLEUM INSTITUTE

Mr. Alfredo Levrero

3. ORGANIZATION OF THE WORK OF THE COMMITTEE OF THE WHOLE

115. The following officers were elected at the first and second meetings:

Chairman, Mr. Alberto Baltra Cortés, *Chile*

First Vice-Chairman, Mr. Carlos Gustavo Lerena, *Argentina*

Second Vice-Chairman, Mr. Mariano Armendáriz del Castillo, *Mexico*

Rapporteur, Mr. Maximiliano Romero Martínez, *Nicaragua*

116. No *ad hoc* committees were established. A working group was appointed to consider the work programme and priorities for 1953. The following countries were represented on the working group: Cuba (Chairman), Brazil, Ecuador, France, Guatemala, Nicaragua and United States.

B. Agenda for the Meeting of the Committee of the Whole

1. Opening addresses.
2. Election of officers for the meeting.
3. Adoption of the Provisional Agenda.
4. Progress Report by the Executive Secretary (document E/CN.12/AC.16/2/Rev.1).
5. Technical Assistance for Economic Development:
 - (a) Joint ECLA/TAA Activities Statement by the Executive Secretary (document E/CN.12/AC.16/3);
 - (b) Report on activities in the region undertaken under the United Nations Programme of Technical Assistance (document E/CN.12/AC.16/4).
6. Economic Integration of Central American Countries. Note by the Executive Secretary on the

status of the preliminary study and on planned activities (document E/CN.12/AC.16/5).

7. Production and Distribution of Newsprint and Printing Paper in Latin America (resolution 374 (XIII) of the Economic and Social Council — document E/CN.12/AC.16/6). Note by the Executive Secretary on the present situation (current production and imports and apparent consumption requirements, and on the status of the joint ECLA/FAO study on pulp and paper in Latin America) (document E/CN.12/AC.16/7).
8. Action by the Economic and Social Council with respect to ECLA (resolution 414 (XIII)). Note by the Executive Secretary (document E/CN.12/AC.16/8)
9. Progress Report on Co-ordination between ECLA and the IA-ECOSOC. Joint statement of the Executive Secretaries of ECLA and IA-ECOSOC (document E/CN.12/AC.16/9).
10. Priorities in the Work Programme (resolution 402 (XIII) — document E/CN.12/AC.16/10). Statement by the Executive Secretary on the work programme and priorities for 1952-53, to be presented during the meeting (document E/CN.12/AC.16/11).
11. Consideration and adoption of the annual report to the Economic and Social Council.

C. Proceedings and resolutions

1. ACCOUNT OF PROCEEDINGS

(a) *Progress report of the Executive Secretary*

117. During the consideration of the progress report (document E/CN.12/AC.16/2/Rev.1; item 4 on the agenda) the delegates made several observations regarding projects being undertaken by the Secretariat. One of the delegations urged that the meeting of experts on monetary and fiscal policies scheduled for 1953 should be advanced to 1952, so that at its fifth session in Rio de Janeiro in February 1953 the Commission could have the benefit of the findings and conclusions arrived at by the experts and the Secretariat. Moreover, it was emphasized that in analysing monetary and fiscal policies in relation to economic development, a positive approach should be made in order that the Latin-American countries might be able to utilize the findings and conclusions resulting from this study in formulating measures or policies required for the promotion of their economic development.

118. It was also felt that because of the close relationship between economic integration in Central America and intra-regional trade, the Secretariat should co-ordinate these studies, keeping in mind the repercussions which integration in Central America might have not only on their own economies but also on the economies of other Latin-American countries.

119. Several delegates stressed the fundamental importance to Latin-American countries of the terms of trade (relative prices of imports and exports).

120. The *Economic Survey of Latin America, 1949*, in its analyses, dealt with the part played by the terms

of trade in determining the capacity of Latin America to import. The capacity to import had not increased at a rate commensurate with population growth and economic development. It was therefore essential not to overlook the importance of the terms of trade and that further studies should be made specifically on this subject with a view to their inclusion in the next *Economic Survey*.

121. Lastly it was noted that, while the progress report gave no details relating to the division of work or to collaboration on specific projects now being undertaken by the Economic Commission for Latin America and the Inter-American Economic and Social Council, these points were, however, covered both by the oral statements of the Executive Secretaries of the Economic Commission for Latin America and the Inter-American Economic and Social Council and by their joint statement on co-ordination.

122. With respect to the meeting of experts on monetary and fiscal policies, the Executive Secretary explained that the decision to postpone the meeting of experts had been made not because the Secretariat considered it unimportant, but because two seminars had already been arranged for 1952 — one on the iron and steel industry and the other on transportation problems in Central America. These seminars were, he added, being undertaken in co-operation with the Technical Assistance Administration who had pointed out the difficulties of holding more than two seminars in 1952. Moreover, it was the experience of the Secretariat that problems of this nature should not be submitted for discussion by experts until they had been thoroughly analysed in preparatory studies. In addition to the two seminars, referred to above, which are being undertaken jointly with the Technical Assistance Administration, the Commission was also sponsoring, together with the Food and Agriculture Organization, a meeting of agricultural experts in Central America.

123. The Executive Secretary assured the delegates that the Secretariat would bear in mind the desirability of co-ordinating the study of intra-regional trade with that of economic integration in Central America; and that the importance of the terms of trade to Latin-American countries would not be overlooked.

124. The Executive Secretary addressed the Committee amplifying certain points covered in the progress report and defining the areas in which the Commission was initiating programmes of practical action. The text of his speech is appended to this report.

(b) *Activities in Latin America of the United Nations Programme for Technical Assistance (documents E/CN.12/AC.16/3 and E/CN.12/AC.16/4)*

125. In introducing the discussion, the representative of the Assistant Secretary General and of the Director General of the Technical Assistance Administration emphasized the role which carefully planned technical assistance could play in furthering the economic development of Latin-American countries. A commission such as ECLA was, he considered, able to perform an invaluable part in providing through its various studies the background and knowledge essential to the planning of the individual projects. It was furthermore in a position to assist nations in the formulation of their requests

and in the co-ordination of particular schemes to an over-all development programme.

126. He also stressed the importance of seminars or meetings of experts in technical assistance work. Seminars in public administration had already been held in two Latin-American countries, while a number of others in different fields were planned for 1952 and 1953. By way of an example, an outline of the field to be covered in the forthcoming iron and steel seminar was then given by a member of the Secretariat.

127. Delegates commended the work which was being done by the Technical Assistance Administration and noted with satisfaction the function of ECLA and its activities in this field. These views were also shared by countries in Europe whose representatives expressed the keen interest of their governments in the progress which technical assistance was making in Latin America.

128. The importance of providing technical assistance in accordance with carefully planned schemes was generally recognized by the delegates; and it was in this connexion pointed out that the determination of the priorities which should be given to various projects was of the utmost importance. In particular the view was expressed by one of the delegates that because of its importance to countries in Latin America, a high priority should be given to projects designed to improve transportation facilities in the region. Interest was also shown specifically in projects related to the development of mineral resources; while the possibility of planning each year, or at short intervals, the technical assistance needs of each country was also suggested.

129. In taking note of the reports prepared by the Executive Secretary and the Technical Assistance Administration, the Committee of the Whole adopted a resolution reaffirming the recommendations contained in resolution 12 (IV) of the Mexico session and requested the Secretariat in conjunction with governments to study the possibility of giving effect to the projects of the Technical Assistance Administration, bearing in mind particularly their relationship to over-all economic development. The resolution further recommended that the Secretariat assist the governments in formulating their requests, when desired, to TAA for surveys of mineral resources.

(c) *Economic integration of Central-American countries (document E/CN.12/AC.16/5)*

130. Delegations expressed their appreciation of the progress made on this study which had come into being at the instigation of the delegates from Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua (See resolution 9 (IV) of the Mexico Session). The setting up of the ECLA branch office in Mexico together with the establishment of ODECA (Organization of Central American States) were, it was felt, two important steps towards the achievement of economic integration in that area.

131. Though at present confined to the countries mentioned (with the possible inclusion of the Republic of Panama which had also expressed its interest), the importance of the project to countries in other parts of Latin America was generally recognized. It was felt that because of its far-reaching implications, economic

integration was of special significance in the promotion of economic development. The project was being watched closely by other countries, particularly in the Grand Colombia countries, where the Charter of Quito had in 1948 laid the basis for the possible future economic integration of that area.

132. All aspects of the study, including those relative to the problems of transportation and the expansion of intra-regional trade were accordingly being noted with both interest and satisfaction. Furthermore the project was one which had the support, not only of the Latin-American countries, but also of the United States and the European countries represented.

(d) Production and distribution of newsprint and printing paper in Latin America (documents E/CN.12/AC.16/6 and E/CN.12/AC.16/7)

133. A brief report was presented by the Secretariat on the study being carried out jointly with FAO — the item being placed on the agenda pursuant to resolution 374 adopted by the Economic and Social Council at its thirteenth session.

134. Because of scarcity of newsprint and paper products and because of the importance that the development of this industry has for Latin America, this paper aroused considerable interest and discussion.

135. The Brazilian delegation informed the Committee of the extensive work in this field at present being carried out in Brazil — particularly so far as the production of pulp from tropical hardwoods, bagasse and other materials is concerned — and asked that full support be given to the Secretariat study.

136. Several delegates advised the Committee of the research work conducted in their own countries and also offered their governments' co-operation in the solution of a problem which was of the greatest importance to all. Reports were given as to the progress of specific industrial projects which once established would help to alleviate the present shortages of supplies. Other delegates expressed their governments' desire to benefit from the investigations and research work done elsewhere so that they might utilize to the best advantage their forests and the bagasse of their sugar industries.

137. The effect which the paper shortage had in hampering work related to culture and education was stressed by the UNESCO representative who explained the steps being taken in this connexion by his organization. He also offered the assistance of UNESCO in carrying out this study.

138. The views of the meeting were co-ordinated in the adoption of a resolution which expressed the concern felt by the Committee of the Whole over the shortage of newsprint and printing paper in Latin America, and requested the Executive Secretary to continue the studies on the manufacture of paper and woodpulp, taking into consideration questions relating to trade in these products. The resolution also thanked UNESCO for its offer of co-operation and recommended that the Executive Secretary consult with the Director-General of UNESCO as to the best method of co-ordinating their work.

(e) Changes in the Rules of Procedure (document E/CN.12/AC.16/8)

139. Dates and places of meetings. Acting on the recommendation of the Council to the regional commissions (resolution 414 (XIII) C.1, paragraph (4)), the Committee of the Whole changed its Rules of Procedure regarding dates and places for its sessions (see resolution 40 (AC.16)).

140. Relations of consultation with non-governmental organizations. The Committee of the Whole decided to postpone until the fifth session any action on changes in the Rules of Procedure relating to non-governmental organizations.

141. Adoption of Portuguese as an official and working language of the Commission. The Brazilian delegation drew the attention of the Committee of the Whole to the statement in the last two paragraphs (page 4 of the Spanish text and page 5 of the English text) of document E/CN.12/AC.16/8, and took the position that since the Council, at its thirteenth session, had taken no action regarding resolution 29 (IV) (E/2021) concerning the adoption of Portuguese as an official and working language of the Commission, the Committee of the Whole should express its views to the Council as to the need for making a decision on this matter as soon as possible.

142. This suggestion was warmly supported by several delegates, who pointed out, moreover, their wish that it be clearly understood that Portuguese should be adopted permanently as an official and working language of ECLA, and not merely during its next session, to be held in Rio de Janeiro in February 1953, as might be understood from the context of the Mexico resolution.

143. During the consideration of this question, the Executive Secretary explained that the financial implications of the measure were estimated at 43,000 dollars annually.

144. After considerable discussion the original draft resolution proposing that Portuguese be adopted permanently as an official and working language, was amended.

145. The resolution which was unanimously passed by the Committee of the Whole recommended to the Council that a study be made on the possibilities of adopting Portuguese as an official and working language.

(f) Co-ordination with the Inter-American Economic and Social Council (document E/CN.12/AC.16/9)

146. The Committee of the Whole considered the joint statement on co-ordination by the Executive Secretaries of the Economic Commission for Latin America and the Inter-American Economic and Social Council. The Executive Secretaries reaffirmed "that the problem of co-ordination should not be viewed in a narrow sense, that is, in a sense that would point to a rigid distribution of technical assignments", and presented in detail their agreement on specific work projects.

147. Although a number of questions were raised regarding specific projects, notably on the production and distribution of newsprint and printing paper, the study on organization and structure of capital markets

in Latin America, the study on measures relative to the system of price fixing and foreign trade, and maintenance of purchasing power of foreign exchange balances, the representatives expressed their satisfaction with the principles set forth in the joint statement and commended the Executive Secretaries for having agreed on a division of work and on collaboration on specific projects in which both organizations have an interest.

148. It is noteworthy that under the arrangements agreed upon by the two Executive Secretaries, IA-ECOSOC has been invited to participate in the meetings of experts which are planned on transportation problems in Central America and on monetary and fiscal policies in relation to economic development.

149. It was also agreed that with respect to problems on the financing of economic development ECLA would concentrate its main effort on the analysis of capital investment needs in Latin-American countries while IA-ECOSOC would be concerned more with the institutional sources of savings. Another area in which the two organizations will co-operate closely is that of statistics. Both ECLA and IA-ECOSOC will be represented on the Inter-Agency Co-ordination Committee on Migration in Latin America which was established in Santiago just prior to the Committee of the Whole meeting and which will co-ordinate the activities of all interested agencies in this field.

(g) *Work programme and priorities*

150. Changes in the work programme and priorities. The Committee of the Whole appointed a Working Group to consider the work programme and priorities for 1953. The Group was made up of representatives of Brazil, Cuba, Ecuador, France and the United States. The Cuban representative acted as Chairman, and the Rapporteur also attended the meetings. The Working Group proposed a number of changes—consisting of transfers of projects from one category to another (continuing, *ad hoc*, deferred)—which are contained in the following statement submitted to the Committee of the Whole:

“The Commission, at its fourth session, recognized the necessity for utilizing available resources in the most economic manner and for co-ordinating its activities with other United Nations bodies. Accordingly the Commission, acting on the directives of the General Assembly and the Economic and Social Council, classified the work projects approved at the Mexico meeting as follows:

“A. *Continuing Projects* on which the responsibility of the Secretariat in accordance with the Commission's terms of reference is of such a nature that studies and reports should be presented on an annual basis although such reports and studies differ and supplement each other from year to year in substance (different aspects of major problems) and scope (country coverage).

“B. *Ad Hoc Projects* are special studies or other activities on which work may be completed within a specified period of time but which may have the same order of priority as *Continuing Projects*. For budgetary reasons some projects which would nor-

mally require a continuing approach are dealt with on an *ad hoc* basis.

“C. *Projects which might be deferred or eliminated* having a relatively low priority are to be undertaken only if it becomes desirable to do so because of changed circumstances, should the resources of the Secretariat permit.

“The Commission recognized that in adopting a definite programme according to an order of priorities, that the Executive Secretary should have a certain amount of discretion in adapting the programme to circumstances as they may arise and to the staff and other resources available to him. He was authorized to modify or eliminate projects or establish different priorities should developments not foreseen make this desirable in his opinion. This has proven to be a desirable provision, and the Working Group of the Committee of the Whole recommends that in accordance with sub-paragraph (f) of paragraph 11, of the *Report of the Co-ordination Committee* (document E/2121), the Executive Secretary should continue to have discretion as to the scheduling of work within the broad programme authorized by the Commission.

“The report of the Co-ordination Committee to the Council, which has been brought to the attention of the Commission, again emphasized the constant need for concentration of efforts and resources, and made a recommendation that was approved by the Council that all its subsidiary organs should follow the procedures as stated in paragraph 11. (See E/2121 attached to document E/CN.12/AC.16/12). It will be noted that the grouping in the Co-ordination Committee's report is essentially the same as that used by the fourth session of ECLA.

“In proposing the following changes in the programme for 1953, the Working Group has followed the general principles laid down by the Commission at its Mexico meeting that the basic work programme of the Commission should be continued from year to year with a view that the objectives and scheduling of the work can be systematically planned over a period of years.

“Taking into account available resources and relative importance of the various projects, the Working Group proposes that the following changes be made in the work programme:

“(a) Because of their close relationship to the long-term economic development problems which are being analysed by the Secretariat, to include in the *Continuing Projects* (see A above), the following projects which are now included in the *Ad Hoc Projects*:

“Study on monetary and fiscal policies relative to the requirements of economic development (including meeting of experts);

“Means for increasing the rate of domestic capital formation and for directing savings into productive channels;

“(b) To carry forward into 1953 two *ad hoc* projects which will still be incomplete at the end of 1952:

"Survey of technological research and training in Latin America (pilot study in at least one country will be completed in the course of 1952);

"Study on maintenance of purchasing power of foreign exchange balances accumulated during emergency period (including meeting of consultants). [This project should be undertaken only if circumstances make it desirable.]

"(c) A preliminary inquiry on operation of the Free Zone of Colon, Republic of Panama, has been made by the Secretariat. Inasmuch as resources are not available to make a thorough study of the operation of the Free Zone of Colon this year, it is proposed to carry this project forward into 1953 as an *ad hoc* project — previously classed as a project which might be deferred.

"(d) To defer certain projects which have been previously allocated a comparatively high priority; viz.:

"Appraisal of economic aspects of immigration projects;

"Study on the relation of immigration to economic development;

"Study on measures relative to the system of price-fixing in foreign trade;

"Study on organization and structure of capital markets in Latin America;

"Study on effects of trade barriers and shipping charges on the development of the lumber industry in Latin America;

"UNESCO/ECLA study on measures to increase the availability of supplies of educational, scientific and cultural materials.

"(e) With respect to continuing projects as established at the Mexico meeting, the Working Group noted that the Executive Secretary proposes to broaden the study of alkalis to include the chemical industry as a whole.

"Because sufficient resources have not been available, the Secretariat has not initiated the study on food processing industries, which was requested at the Fourth Session. However, as a result of consultation with FAO, it is planned to undertake a joint ECLA/FAO study of the food processing industries beginning in 1953.

"(f) To eliminate from the work programme the "Inquiry on facilities for training of economists in Latin America". It is nevertheless understood that the Economic Commission for Latin America will continue to consider the training of economists in Latin America as one of its important activities, and will take all relevant steps in that direction."

151. The Working Group's report (quoted above) was approved by the Committee of the Whole.

152. During the consideration of the work programme, two draft resolutions were proposed to the Working Group requesting new studies—one on transportation and one on energy (these were later combined into one resolution). After the Executive Secretary explained the financial implications—giving estimates of the costs of the proposed two projects—the Group decided not to incorporate these projects in the above statement but rather that the draft resolution on transportation and energy should be submitted separately to the Committee of the Whole without any recommendation by the Working Group.

153. During the subsequent debate in the Committee of the Whole there was strong support from several delegations for the projects. It was argued that it was necessary to study transportation and energy from the standpoint of lack of transport facilities as an obstacle to development and the requirements of transport facilities and energy for economic development, particularly in order to analyse problems of over-all economic development and priorities in programming. The resolution was adopted by the Committee of the Whole with 15 votes in favour, 3 abstentions and with no negative votes.

154. It will be recalled from the above statement that no change was proposed in the priority rating of the payments union study which was classed as a project that might be eliminated or deferred. Subsequent to the report of the Working Group a draft resolution was proposed requesting the Executive Secretary to undertake this study in 1953. The Executive Secretary stated that he would try to absorb the additional costs of this study on the implications of the European Payments Union for Latin America, in the normal budget, but he pointed out that it may be necessary to employ a specialist consultant for three months to assist the ECLA staff which would work on this study. He estimated the costs for such a consultant at \$US3,500 for 1953.

155. Projects for 1952 and 1953 are listed in the following table under major headings (economic development, economic problems of agriculture, international trade, economic survey, and economic bulletin) and according to the Council Co-ordination Committee's categories for priorities (continuing, *ad hoc*, deferred). It should be noted that those listed under *continuing projects* and under *ad hoc projects* have an equal priority but that the Executive Secretary has discretion as to the scheduling of work.

156. The Working Group also expressed interest in the conference on agrarian problems which it is contemplated the United Nations and the Food and Agriculture Organization may sponsor jointly with the Brazilian Government in 1953 in Brazil. The delegations agreed that studies related to land reform, including land tenure, were of the utmost importance to Latin-American countries. They also expressed the hope that the ECLA Secretariat would actively cooperate in the preparation of this conference, should it be held in 1953.

ECLA WORK PROGRAMME AND PRIORITIES, 1952 AND 1953

Projects	Resolution 1	Substantive report ^a to be submitted to:		Annual Report reference — see ^b . Part I, section B, paragraph
		Fifth session Feb. 1953	Sixth session Feb. 1954	
I. ECONOMIC DEVELOPMENT				
<i>Continuing projects</i>				
1. Study on general problems of economic development and technique of programming, with meeting of experts 1953	7(IV)	x	x	1 (a)
2. Financial aspects of economic development	3(IV)			
(a) Study on monetary and fiscal policies relative to the requirements of economic development, with meeting of experts 1953		x	x	1 (b) i
(b) Study on the means for increasing the rate of domestic capital formation and for directing savings into productive channels		This study will be dealt with in part in studies 1 and 2 (a) above		1 (b) iv
3. Studies of economic development in individual countries	7(IV)	x	x	1 (c)
4. Studies of the development of particular industries				
(a) Iron and steel, with meeting of experts 1952 ⁴	10(IV)	x		1 (d) i
(b) Paper and pulp, with meeting of experts 1953	10(IV)	x	x	1 (d) ii
(c) Chemical	10(IV)		x	1 (d) iii
(d) Food processing	10(IV)		x	
(e) Textile ⁵	11(IV)		x	
5. Economic integration of Central America	9,24(IV)			
(a) Study of economic problems of Central-American countries		x	x	1 (e)
(b) Technical study of transportation problems and meeting of experts in transportation in Central America in 1952 ⁴		x	x	1 (e)
(c) Meetings of committee on economic co-operation (Ministers of Economy) 1952 and 1953				1 (e)
6. Training of economists ⁴	4(IV)			1 (h)
7. Collaboration with TAA on technical assistance programme for economic development	2,4,12(IV)			1 (i)
<i>Ad hoc projects</i>				
8. Study on technological research and training in Latin America	13(IV)		x ⁶	1 (f)
9. Transportation problems — study on obstacles to and requirements for economic development	38(AC.16)		x ⁶	
10. Study on requirements of energy in relation to development	38(AC.16)		x ⁶	
11. Study on influence of taxation on private capital exports	3(IV)	x		1 (b) ii
12. Economic and legal status of foreign investments in Latin America	8(IV)	x		1 (b) iii
<i>Projects which might be deferred or eliminated</i>				
13. Study on relation of immigration to economic development	6(IV)		x	1 (g)
14. Appraisal of economic aspects of immigration projects	6(IV)			
15. Study on organization and structure of capital markets in Latin America	3(IV)			
16. Cyclical fluctuations in Latin America	E/CN.12/190 (doc. E/1717)			

Projects	Resolution 1	Substantive report ² to be submitted to:		Annual Report reference — see ³ . Part I, section B, paragraph
		Fifth session Feb. 1953	Sixth session Feb. 1954	
II. ECONOMIC PROBLEMS OF AGRICULTURE				
<i>Continuing projects</i>				
17. Factors affecting production	7,14(IV)	x		2 (c)
18. Agricultural development in individual countries	7,14(IV)	x	x	2 (d)
19. Current trends and conditions		To be dealt with in <i>Economic Survey</i>		
<i>Ad hoc projects</i>				
20. Agricultural credit experts meeting		x		2 (b)
III. INTERNATIONAL TRADE				
<i>Continuing projects</i>				
21. Studies on trade between Latin America and United States and Europe	18,21(IV)		To be dealt with in <i>Economic Survey</i>	3; 4 (a)
22. Intra-regional trade studies, with meeting of experts 1953	20(IV)	x	x	3
<i>Ad hoc projects</i>				
23. Study on operation of the Free Zone of Colon, Republic of Panama	25(IV)		x ⁶	
24. Study on maintenance of purchasing power of foreign exchange balances accumulated during emergency period	18(IV)		x	
25. Implications of the European Payments Union for Latin America	E/CN.12/200 (doc. E/1717) & 42(AC.16)		x	
<i>Projects which might be deferred or eliminated</i>				
26. Study on measures relative to the system of price fixing in foreign trade	22(IV)			
27. Study on effects of trade barriers and shipping charges on the development of the lumber industry in Latin America	17(IV)			
28. UNESCO/ECLA study on measures to increase the availability of supplies of educational, scientific and cultural materials	23(IV)			Part II, section A, paragraph 5
IV. ECONOMIC SURVEY				
<i>Continuing projects</i>				
29. Economic Survey	7(IV)	x	x	4
V. ECONOMIC BULLETIN				
<i>Continuing projects</i>				
30. Economic Bulletin	7			Introduction to Part I, section B

¹ Beginning with the fourth session at Mexico City, resolutions are numbered consecutively; the session is indicated by roman numerals in brackets.

² Substantive reports are those containing the findings and conclusions of economic research and analyses made by the Secretariat. Certain of these reports will be based upon the results of meetings of experts as well as the research work of the Secretariat. With respect to other activities such as the training of economists, collaboration with TAA on technical assistance programme for development, meetings of the Central American Committee on Economic Co-operation, etc., reports giving a descriptive account of these activities will be submitted to the sessions of the Commission.

³ The work programme shown in Part I, Section B of the Annual Report contains an account of the work being done or

planned for the various projects. Except as indicated, the reference numbers shown in this column all relate to this section of the report.

⁴ This project is a joint responsibility of ECLA and TAA.

⁵ The Secretariat presented a report to the Mexico meeting on *Labour Productivity in Five Latin-American Countries*. The Mexico resolution on the textile industry calls for a further study on national and international factors influencing the present stage of development of this industry.

⁶ Work will be completed in December 1953.

⁷ A quarterly economic bulletin for Latin America was provided for in the budget estimates presented by the Secretary-General to the sixth session of the General Assembly (document: Supplement No. 5 (A/1812)).

157. Financial implications on work programme and priorities for 1953. Taking into account the draft resolutions before the Committee of the Whole, the Executive Secretary made the following statement on financial implications for the Work Programme 1953 (document E/CN.12/AC.16/16/Rev.1) :

The Executive Secretary has studied the financial implications of the draft resolutions of the Committee of the Whole and wishes to advise the member governments of the extent to which the implementation of those resolutions in 1953 will affect the budget estimates for that year.

(1) The draft resolution on transportation and energy (Conference Room Paper No. 3), which is now before the Committee of the Whole, will require additional resources totalling \$US45,140 as follows :

	\$US	
<i>(a) Study on transportation</i>		
Established posts — one first officer for the full year	9,140	
Experts — 2 experts for 6 months	10,000	
Travel on official business — 3 visits for on-the-spot investigations and to consult with experts and government officials ..	1,000	20,140
	<hr/>	
<i>(b) Study on energy</i>		
Experts — 4 experts for 6 months	24,000	
Travel on official business — 3 visits for on-the-spot investigations and to consult with experts and government officials ..	1,000	25,000
	<hr/>	
TOTAL		45,140

(2) Provided that the Committee of the Whole approves the proposal of the Working Group to defer the projects listed in its report to the Committee of the Whole, the study on Operation of the Free Zone of Colon and the expansion of the studies on Chemical and Food Processing Industries may be undertaken without additional funds. The additional cost of experts and travel will be absorbed within the normal budget.

(3) The General Assembly appropriated \$US60,000 in the supplementary budget for 1952 to cover the additional costs of certain projects approved by the fourth session of the Commission. Two of these projects: (a) Study of the Integration of the National Economies of Central-American Countries, and (b) Study of Intra-Regional Trade, are continuing projects and in submitting the statement on financial implications to the Council, the Secretary-General brought it to the attention of the Council that these were continuing costs to be carried over into the following years. After careful review of the work programme for 1953 the Executive Secretary has estimated that the financial requirements for that year may be reduced to \$US53,470 as follows :

	\$US	
<i>(a) Study of the Integration of the National Economies of Central-American Countries</i>		
Established posts — Continuation of 2 economists (1 first officer and 1 second officer) and 2 secretaries for the full year	21,470	
Travel on official business — 5 visits to Central-American countries by ECLA staff members to make field studies required and to discuss recommendations with government officials	2,000	23,470
	<hr/>	

<i>(b) Study of Intra-Regional Trade</i>		
Established posts — Continuation of 2 economists (1 first officer and 1 second officer) for the full year	16,470	
Temporary assistance — Continuation of one economist (first officer) for 6 months	4,530	
Experts — 4 experts for 6 weeks	7,500	
Travel on official business — 3 visits to consult with experts and government officials	1,500	30,000
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TOTAL		53,470

2. RESOLUTIONS ADOPTED

LIST OF RESOLUTIONS

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Studies on Pulp and Paper (res. 36 (AC.16))	20
Co-ordination between ECLA and IA-ECOSOC (res. 37 (AC.16))	21
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STUDIES ON PULP AND PAPER

36 (AC.16) Resolution adopted on 14 February 1952 (E/CN.12/AC.16/17/Rev.1)

The Committee of the Whole of the Economic Commission for Latin America,

Considering that in resolution 374 (XIII), the Economic and Social Council recommended that the Regional Commissions share in the task of studying and investigating forestry development and the utilization of forest resources in relation to the manufacture of newsprint ;

Considering that ECLA is working in co-operation with FAO on a preliminary report which deals with wood pulp and paper in Latin America ;

Considering that the representative of UNESCO has indicated the interest of the Organization which he represents in the same problem and has offered the collaboration of that Organization in the work being done on this subject by ECLA ;

Takes note of resolution 374 (XIII) of the Economic and Social Council and document E/CN.12/AC.16/7 submitted by the Executive Secretary ;

Takes note likewise of the Executive Secretary's statement in his Progress Report (document E/CN.12/AC.16/2/Rev. 1) on the wood pulp and paper study ;

Expresses its concern over the shortage of newsprint and printing paper in Latin America ;

Requests the Executive Secretary to continue the studies which are being prepared and which deal with the manufacture of paper and wood pulp in Latin America and, furthermore, in the foreign trade studies, to take account of the problem of newsprint and printing paper imports ;

Thanks UNESCO for its offer to co-operate with ECLA in the research into these problems, and recommends that the Executive Secretary consult with the

Director-General of UNESCO as to the best method of co-ordinating the work on this subject.

CO-ORDINATION BETWEEN ECLA AND IA-ECOSOC

37 (AC.16) Resolution adopted on 14 February 1952 (E/CN.12/AC.16/18/Rev.1)

The Committee of the Whole of the Economic Commission for Latin America,

Notes the joint statement by the Executive Secretaries of the United Nations Economic Commission for Latin America and the Inter-American Economic and Social Council (document E/CN.12/AC.16/9);

Notes that the Co-ordination Committee at the secretariat level has been established in accordance with resolution 31 (IV) adopted by the Commission at its fourth session;

Considers that the principles set forth in that statement provide a sound basis for co-operation and co-ordination between the Economic Commission for Latin America of the United Nations and the Inter-American Economic and Social Council of the Organization of American States;

Commends the Executive Secretaries for having agreed on a division of work and on collaboration on specific projects in which both organizations have an interest.

SPECIAL PROJECTS RELATING TO TRANSPORTATION AND ENERGY

38 (AC.16) Resolution adopted on 14 February 1952 (E/CN.12/AC.16/19)

The Committee of the Whole of the Economic Commission for Latin America,

Considering that from the first meetings of the Commission the member governments have insisted on the importance of transportation and power in economic development;

Considering that no special studies have been made on these subjects and that their preparation would be an effective contribution to the formulation of economic development plans and programmes;

Requests the Executive Secretary, in relation to the economic development of Latin America, to carry out studies on an *ad hoc* basis:

(a) On transport problems including working conditions and mechanization of Latin-American ports and their comparative operating costs;

(b) On power supplies and requirements.

TECHNICAL ASSISTANCE

39 (AC.16) Resolution adopted on 14 February 1952 (E/CN.12/AC.16/20)

The Committee of the Whole of the Economic Commission for Latin America,

Takes note with interest of the statement made by the Executive Secretary with regard to the joint activ-

ities of the Economic Commission for Latin America and the Technical Assistance Administration (document E/CN.12/AC.16/3);

Takes note with interest of the report prepared by the Technical Assistance Administration with regard to technical assistance activities in Latin America (document E/CN.12/AC.16/4);

Reasserts the recommendations contained in resolution 12 (IV) (document E/2021), approved by the Commission at its Fourth Session;

Recommends especially that the Secretariat, in accordance with resolution 12 (IV), co-operate with the Latin-American governments in preparing, jointly or separately, specific requests for technical assistance with a view to carrying out a study of mineral resource potentialities in the interested countries.

AMENDMENTS TO RULES OF PROCEDURE

40 (AC.16) Resolution adopted on 14 February 1952 (E/CN.12/AC.16/21)

The Committee of the Whole of the Economic Commission for Latin America,

Taking into account the recommendation of the Economic and Social Council that the rules of procedure of the regional commissions be amended regarding the dates and places of their sessions (resolution 414 (XIII) C.1, paragraph (4));

Decides to amend its rules of procedure as follows:

For Rule 1 and for Rule 2 as they now read the following shall be substituted:

For Rule 1

(a) The Commission shall at each session recommend the date and place for its next session, subject to the approval of the Council, and in consultation with the Secretary-General. Sessions of the Commission shall also be held within forty-five days of the communication to the Executive Secretary of a request to that effect by the Economic and Social Council, and in that case, the Secretary-General shall establish the place of such sessions in consultation with the Chairman of the Commission.

(b) In special cases the date and place of the sessions may be altered by the Secretary-General in consultation with the Chairman of the Commission and the Council's Interim Committee on Programme of Conferences. At the request of the majority of the members of the Commission, the Secretary-General, in consultation with the Chairman of the Commission and the Council's Interim Committee on Programme of Conferences, may also alter the date and place of the session.

For Rule 2

The Commission's recommendation regarding the place of meeting for its session shall be taken with due consideration for the principle that the countries of Latin America be chosen in rotation.

THE USE OF PORTUGUESE AS AN OFFICIAL AND WORKING
LANGUAGE

41 (AC.16) Resolution adopted on 14 February 1952
(E/CN.12/AC.16/22)

The Committee of the Whole of the Economic Commission for Latin America,

Taking into account the favourable views expressed by various delegates with regard to the statements made by the Brazilian delegate during the meeting of the Committee of the Whole regarding the permanent adoption of Portuguese as an official and working language of the Economic Commission for Latin America;

Considering that the Economic Commission for Latin America at its meeting in Mexico approved a resolution (No. 29 (IV), document E/2021) referring to the adoption of Portuguese as an official and working language and in view of the considerations expressed in that resolution;

Resolves to recommend to the Economic and Social Council that it study the possibility of permanently adopting Portuguese as an official and working language of the Economic Commission for Latin America

STUDY OF THE IMPLICATIONS OF THE EUROPEAN
PAYMENTS UNION FOR LATIN AMERICA

42 (AC.16) Resolution adopted on 14 February 1952
(E/CN.12/AC.16/23)

The Committee of the Whole of the Economic Commission for Latin America,

Considering that the study of "Implications of the European Payments Union for Latin America" would be of great importance;

Considering that this study may have a great influence on the study of the economic development of Latin-American countries;

Requests that the study of the implications of the European Payments Union for Latin America be included in the work programme of the Secretariat for 1953.

WORK PROGRAMME AND PRIORITIES FOR 1953

43 (AC.16) Resolution adopted on 14 February 1952
(E/CN.12/AC.16/24)

The Committee of the Whole of the Economic Commission for Latin America,

Recognizing the necessity for utilizing available resources in the most economical manner and for co-ordinating its activities with other United Nations bodies;

Taking account of the report of the Co-ordination Committee to the Council (E/2121), in particular paragraph 11;

Having considered the statement of the Executive Secretary on work programme and priorities 1953 (document E/CN.12/AC.16/11/Rev.1);

Having considered the statement of the Executive Secretary on Financial Implications relative to the draft resolutions proposed for adoption by the Committee of the Whole (document E/CN.12/AC.16/16/Rev.1);

Expresses its approval of the work programme and priorities as set forth in its fourth annual report to the Council.

3. DRAFT RESOLUTION FOR ACTION BY THE ECONOMIC
AND SOCIAL COUNCIL ON ANNUAL REPORT OF THE
ECONOMIC COMMISSION FOR LATIN AMERICA

Resolution approved, 14 February 1952

The Committee of the Whole decided to submit the following draft resolution for action by the Economic and Social Council:

THE ECONOMIC AND SOCIAL COUNCIL

Takes note of the fourth annual report of the Economic Commission for Latin America (document E/CN.12/AC.16/15);

Considers that the 1952-1953 work programme of the Commission included in its annual report is of primary importance for the economic development of Latin America;

Endorses the priorities allocated by the Committee of the Whole to the individual work projects.

APPENDIX

Oral statement by the Executive Secretary at the meeting of the Committee of the Whole on 11 February 1952

The Chairman has explained that this year the Committee of the Whole is not called upon to carry out the functions of the Commission at its annual meetings. The reason for this is very simple. The extensive work programme adopted at the last conference in Mexico could not have been completed in the brief space of a year and this consideration prompted the Economic and Social Council to decide that the next meeting of ECLA in Rio de Janeiro should take place in February 1953. But too lengthy a period would have elapsed between June 1951 and February 1953, and therefore the Council thought it would be well to hold a meeting of this Committee, so as to give the governments forming the Commission an opportunity of examining the manner in which the Secretariat is carrying out its work programme, and of making such observations, suggestions and amendments as they might deem desirable, and which the Secretariat will take up with great interest.

A progress report has been distributed which describes, in as precise and detailed a form as possible, the way in which we are carrying out our work programme. For this reason I would not wish to be redundant and to take up the time of the delegates unnecessarily. I merely wish to avail myself of this opportunity to explain the *raison d'être* of this programme and the objectives which the Commission is pursuing in it.

We have submitted to the various sessions of the Commission a volume—sometimes a very considerable volume—of documents in which the economic phenomena of the Latin-American countries have been set out, analysed and interpreted. These studies might be considered of a theoretical nature, and while it is true that reality convinces us more and more that practical action must have a theoretical basis, in economic matters just as in any other sphere of human knowledge, it would be a grave error to conclude therefrom that the permanent organization of ECLA is an instrument for theoretical analysis. It would be a grave error because it would imply a deviation from the path mapped out for this Commission at the various meetings. The ECLA organization is not a theoretical instrument, nor a body devoted to scientific research: on the contrary, it is inspired by eminently practical aims, which have been gradually defined and which perhaps reached their clearest expression at the Mexico conference. But what are ECLA's practical aims? This is a question which I have heard asked many times, and I think this is a most appropriate occasion to outline an answer.

ECLA, as a body for international action, cannot grant loans. ECLA cannot take decisions on international economic affairs, as other entities do. ECLA cannot provide experts for the vast programme of assistance in this field which is spreading over the whole of Latin America.

If ECLA cannot fulfil these practical tasks and if, at the same time, it is not a theoretical research insti-

tution, what then is the practical mission of ECLA? I shall try to answer this question by analysing the three main areas in which we work: the area of economic development, the area where recent events and trends in Latin-American economies are analysed, and the area of international trade.

In regard to economic development, there is no doubt, judging from the recommendations and resolutions adopted at Montevideo and Mexico, that the governments forming this Commission have increasingly directed the Secretariat's work towards the study of those forces which are at work in the heart of Latin-American economies, the working of which cannot be appreciated from day to day and is perhaps even difficult to assess from year to year. Their effects are slow but they go very deep. They are the forces of economic development, the forces which are gradually changing the structure of the economies of Latin America, having a decisive influence on the standard of living and the consumption of the masses, and on their capacity for capital formation.

On the other hand, there are a series of factors which influence the economic situation quickly and immediately, and these are the factors which mould the constantly changing economic reality.

There is therefore a difference, a very great distinction, between the so-called force of economic development and what might be termed the circumstantial factors which are constantly modifying the turn of economic events in our countries.

These latter, as is natural, are the ones which cause concern to governments and require their immediate attention. All those who have borne responsibility for the conduct of economic affairs in our countries know very well that in these days and ever since the world crisis, the attention both of officials and of the economists who have co-operated with them, has been continuously drawn to those factors which give rise to constant fluctuations in the economic situation. In other words, it has been focussed continually on the necessity which could not be delayed of finding a solution to the immediate problems.

And this has often been done to the detriment of the systematic study of those economic forces which are slowly changing the structure of the economies.

It is only when the working of those forces has manifested itself outwardly in periods of crisis or disequilibrium, that we have discovered that these elements, to which we had not given sufficient attention, were present in the heart of the economy.

It is very pleasing, therefore, to have received from the governments forming this Commission an express mandate to devote the greater part of our time to the study of these deep-seated forces of economic development.

It is very gratifying to me to note that during the few years we have worked here in Santiago, we have met with a considerable response throughout Latin America and this may perhaps lead to the formation

in those countries of groups of economists who, free from the task of searching for immediate solutions to the problems of today and tomorrow, may study those forces and wholeheartedly tackle those problems of economic development which require essential foresight and long-term government measures.

Well, gentlemen, if that is the meaning of the problem, what is ECLA's practical work in this connexion?

That practical work is evidenced in the following ways:

First: by determining the technical needs of the Latin-American countries.

Second: by determining their capital investment requirements;

Third: by studies of the technique of programming;

Fourth: by contributing towards the formulation of development policy; and

Fifth: by training economists in development problems.

If you will permit, gentlemen, I will make a brief statement regarding these questions, because I consider it essential to an understanding of the true scope of the work programme on which we are engaged.

I believe that the technical work which is being done in Latin America, through the corresponding United Nations agencies and point IV organizations, is of profound importance for economic development.

That work is just starting, in a field which has been little explored, and like all new work, it encounters tremendous obstacles, and the right road will only be found after setbacks have been experienced and mistakes made.

It is ECLA's task to assist the governments in clearly defining their technical needs. These requirements are of two kinds: on the one hand, the need for immediate technical assistance to solve certain problems which only require a mere transfer of technical knowledge which has been thoroughly proved in other countries. This is the easiest aspect of such help. On the other, there is the need to adapt foreign technique to the peculiarities of the Latin-American countries, and, at an even more advanced stage, the need for finding new technical forms appropriate to those peculiarities by utilizing the huge volume of scientific knowledge accumulated in the more highly developed countries.

What criterion should be adopted for the clear definition of technical requirements? No abstract statement can be made regarding what may be desirable for a country in this connexion. This criterion must be evolved through an accurate study of a country's economic development problems; technical assistance should be given in direct ratio to the obstacles arising and hampering economic development and to the development possibilities, and a plan of priorities should therefore be drawn up to avoid improvisation; to prevent countries from diverting international technical resources towards less urgent fields because of circumstantial reasons or causes, to the detriment of requirements which, from the economic development point of view, cannot be postponed.

How is ECLA preparing to collaborate with the governments in this task? In three ways. In the first place, by means of studies carried out by groups of economists in certain Latin-American countries; secondly, by means of special surveys; and, thirdly, by the analysis of certain sectors of Latin-American economy.

I will now refer to the first of these methods, taking as a typical example the group of economists ECLA sent to Ecuador a short time ago, with the approval of that country's government. This group of economists went there for the purpose of studying facts relating to Ecuadorean economy, as objectively and impartially as possible, starting from the basic premise that it is not sufficient to examine statistics and facts but that it is essential to try to obtain an insight into the local interpretation of those facts. Systematic discussions have been held with those in various official or private activities, who were in a position to give responsible opinions which should be taken into consideration by our experts in their report.

After the exhaustive study of the economy of Ecuador, made by this group, we shall be in a position to see clearly the order of priority in their technical assistance requirements, and to see in what manner international action could be placed at the service of Ecuador, in order to solve these technical problems one after another.

The second method, that of special surveys, will be started very shortly in a Latin-American country, where we propose to examine which forms of technological research and training of experts are currently practised, and which are their most urgent requirements in this connexion in relation to their difficulties and potentialities for economic development.

We deemed it advisable to carry out investigations of this kind first in one country and that the lessons learned from such an experience should then be applied to other countries. For this purpose, we should like to request the co-operation of other specialized agencies of the United Nations, and of the Technical Assistance Administration. In the course of this study, it is our intention to ascertain what problems have thus far been solved by means of an adequate organization of technological research in the Latin-American countries, what results have been obtained, what difficulties have been encountered in attempting to extend the scope of such investigations, both in agriculture and industry, and in other fields, as a consequence of economic development, and what would be the best means of fulfilling this task, both with the facilities available in the country and with the assistance of international co-operation.

We are still in the initial phase in dealing with this matter and the efficient use not only of international resources but also of those which each country individually may contribute to a task of such far-reaching consequences, depends on the quality of the directives adopted after systematic study.

Lastly, ECLA has undertaken certain specialized investigations, such as that dealing with iron and steel and another on paper, to which I propose to refer later. These studies will enable us to determine which are the

most urgent technical needs in certain specialized fields that must be supplied by our countries.

Now, let us consider the second point in connexion with ECLA's practical action: the study of the investment requirements of the Latin-American countries.

As is well known, no study exists which enables us to determine, with a reasonable degree of accuracy, the amount of capital needed in the several Latin-American countries, in accordance with the different hypothetical rates of economic development; nor is there any reliable estimate as to the amount of foreign capital which would be required by certain countries in order to compensate for the scarcity of national savings.

Global estimates have been made which can be used as a basis for preliminary approximations, but these requirements cannot be determined in individual instances except by systematic studies of the economy of each Latin-American country, beginning with those sectors in which capital investment is most urgently required.

In this Commission, as in the United Nations Economic and Social Council, the problem of foreign capital investments for the economic development of our countries has been frequently discussed. There is a constant flow of ideas which, as yet, have not assumed any definite shape. It is certain that, in the future, there will be some important changes in the approach to this problem, if profitable lessons are derived from past experience. For this, Latin America must arrive at a definite conclusion with regard to the sectors in which it proposes to apply its own capital resources, as well as the foreign capital it may require, and to its capacity to invest these funds. I do not believe that this can be done without careful study of real needs and possibilities.

I trust that the reports to which I have referred, such as the one on Ecuador and others which are being prepared in other countries, show that even if ECLA's work is not translated into concrete measures, its reports will nevertheless exercise substantial practical influence, especially in the field of international economic co-operation.

Much might be said in this connexion. In the past few years, great interest has been displayed in development programmes. ECLA has recommended that the Latin-American governments adjust their development policies to pre-established programmes and the International Bank for Reconstruction and Development makes use of every occasion to insist on the necessity of drawing up programmes, notwithstanding which it might well be said that thus far we do not seem to have gone beyond certain generalized notions.

At the Mexico conference the Secretariat submitted a study of this question in which, again in generalized terms, we set forth what, in our opinion, should be included in a programme, what its component elements should be, how to establish the necessary degree of consistency and compatibility as between the different sectors of a programme. However, no conclusive examples exist as yet of the satisfactory application of these methods to the concrete conditions actually existing in the Latin-American countries in the formulation of their economic development programmes. In other

words, we are not yet in a position to progress further than these generalized formulae.

Hence, following up the proposed work schedule voted in Mexico, it is ECLA's intention to elaborate a practical technique for programming which will stand up to the test of actual application, a technique sufficiently simple to be progressively extended to countries wishing to make a start in this field.

As you know, the fundamental aim of every programme is to raise the level of productivity and real income of a country in order to improve the standard of living of the masses. Let us assume that, over a definite period of time, a country proposes to add a given increment to the real per capita income of the population. If by this increase all the factors of that economy were multiplied by the same coefficient, there would be no difficulty in drawing up such a programme. For instance, if during the established period, the population continued to distribute its consumption in the same pattern as at present, it would be quite simple to determine its future requirements by making use of that coefficient. Similarly, if the capital investments likely to be made were of the same type as the present ones, it would likewise be easy to calculate their required volume. Lastly, if it were assumed that the increase in the real income of the population would be accompanied by a corresponding increase in exports and, therefore, of the capacity to import in terms of these exports, it would then be possible to outline an extremely simple abstract plan of economic development. Unfortunately, however, none of these conditions exist in actual practice. The phenomenon of growth is so complex that any substantial increase in real income can only be achieved by means of structural modifications in the economy itself, and such an increase would, in turn, exert far-reaching influence on the pattern of investments and on the very sectors to which capital would be applied. This would be accompanied by significant changes in the forms and types of consumption and, likewise, in the rate of growth of the several different consumptions. The capacity to save and to invest would also vary in the same way. All these complex elements would have to be examined in setting up a programme of development. This means simplifying the many variables of an economy, and reducing them to just a few fundamentals, all of which calls for an adequate working technique that will enable us to cope with a vast quantity of statistical material and to pose different hypotheses concerning the possible extent of such data in the future, based on the experience of each country and on contrasts with the experience gained by other countries under comparable conditions.

This technique is not easy nor can it be improvised. One has to begin by evolving it and that is precisely what we are doing at present. I cannot promise quick results; the first fruits of our labour may perhaps be brought before the forthcoming conference to be held in Rio de Janeiro, but I do not believe that they will be final because ECLA'S economists could not, by themselves, discover, explore and analyse the different aspects of this problem. Therefore, I feel that as soon as we have achieved our first results, small meetings should be convened, with the help of the Technical Assistance Administration, as in other

instances to which I will refer shortly, at which Latin-American experts, and those of other countries interested in this problem, will be present and will discuss exhaustively the question of a technique for the programming of economic development. Their work should produce practical knowledge in which those countries desirous of participating in the drawing up of programmes as the most efficient method of stimulating economic development, may find through our experience a safe medium for achieving their objective.

We will now consider the fourth point with which I proposed to deal in this field of economic development, that is ECLA's contribution to the working out of a policy of economic development. In my opinion, the problem now appears clearer than it did some years ago and this has encouraged us to tackle it resolutely. I would like to mention two matters of appreciable significance on which we are working at present: firstly, the question of a policy of economic integration in Central America and, secondly, that of a monetary and fiscal policy better adapted to the needs of economic development.

At the Mexico conference the Central-American republics recommended that ECLA should examine the possibilities of integrating the economies of these countries. Rarely have I undertaken any investigation with a deeper conviction of its necessity and potentialities.

The limited territorial extent of each of the Central-American countries constitutes a very great obstacle, though, admittedly, this is counterbalanced by other factors which favour the economic development of this area. The consequences of such limitations were not so serious when the economies of these countries were solely directed to the expansion of their exports, that is to say, to the outward growth of these economies. Nowadays, however, with the tendency to develop inwards, through industrialization, a very serious difficulty arises, which was heretofore unknown in the Central-American countries, namely, the incompatibility between the need to develop certain forms of industrialization and the small size of the markets. Thus, enlightened leaders in these countries have fostered the ideal of a Central-American region closely united in economic and political spheres. We are concerned only with the first of these. We believe that favourable conditions exist for integration, and that the time has come for considering the possibility of creating industries in one Central-American country which will produce both for that particular country and for the others, and of setting up other industries in these other countries that will also serve the former country. In other words, we envisage the possibility of a profitable industrial trade, complemented by trade in agricultural products and raw materials among these countries. We have therefore entered upon the study of this problem with enthusiasm.

At the close of the current meetings of this Committee, I expect to join the Director of our Office in Mexico and the Head of Research there on an extensive tour of Central-America. The purpose of this trip is to obtain a clearer understanding of the problems confronting these countries, apart from the abundant data being collected and the analyses which

are being completed, by establishing direct contact with them and with their most representative leaders. Circumstances could not be more propitious. The Organization of Central-American States has given considerable encouragement to ECLA's task and I trust that, to the best of our ability, we may render a service deserving of this great idea. Here we have the practical goal of ECLA, that is, the consideration of the problem of economic development in the Central-American countries, not as a series of isolated problems in each country but viewing the region as a whole, from the standpoint of its economic unity and interdependence. We will do our utmost to arrive at recommendations which may be effective for the Central-American governments.

During the Mexico conference a resolution was passed requesting ECLA to prepare a study of monetary and fiscal policy in relation to economic development, and to bring the report up for discussion by a meeting of experts. There is much to be done in connexion with monetary and fiscal policies. During the sessions in Mexico I had occasion to point out that monetary policy, in relation to the very grave problems of economic growth, had been largely negative in that it had served to teach our countries what not to do but had failed to suggest what should be done in order to promote economic development. It is essential that monetary policy should be co-ordinated with fiscal policy and with other aspects of economic policy, including that of the trade unions, in order to bring about consistent results which are not only compatible with problems arising out of development, but which will also tend to stimulate such development.

This work is being prepared at the present time and I cannot hide from you, gentlemen, the perplexity which some of the evidence emerging from that study, which will be submitted to the Rio de Janeiro conference, is causing us. One source of great anxiety is the incompatibility which, given the low level of real income prevailing in Latin America, has been found between the wish to intensify investments and the equally praiseworthy desire to raise the standard of living of the masses. Thus, in order to attain these two goals simultaneously, some countries have allowed inflation to reach a very dangerous stage: namely, that of cost inflation. This cost inflation consists, briefly, in a process whereby a country's economy, through inability to improve the level of its productivity commensurately, cannot absorb higher wages and social security charges. These increases are successively transferred from one section of the community to another in a futile struggle which is endless, precisely because instead of introducing favourable conditions for raising the level of productivity—the only means of absorbing the burden of those charges—it tends rather to lower productivity and dislocate the economy.

It is in this manner that the classic inflationary process, the control of which formerly lay within the range of the instruments employed by central banks, or those of fiscal policy, is now slipping out of the control of these banks and monetary policy is no longer capable of checking the process of inflation.

I believe this to be a grave matter for Latin America and that by introducing this and other related subjects into our discussion, with all the necessary impartiality, we are doing no more than our duty.

This, indeed, is another of the problems which demonstrate that ECLA's activities are not limited to theoretical analyses but that this Commission is fully aware of the many difficulties arising out of current economic conditions in Latin America.

And finally I would like to refer to the last point mentioned in connexion with ECLA's practical activities. In Mexico, following up the proposals made at the preceding conference, ECLA was entrusted with a task upon which we are now making a very modest beginning: that of contributing to the training of small groups of Latin-American economists, specializing in problems of economic development.

We will attempt to combine the role of these economists, both in the analyses of conditions which are undertaken by the Commission and in the discussion of theoretical problems which will enable them to see more clearly the practical aspects of development.

There will be only a small group of economists at the outset, chosen from among men who have already had some responsibility in dealing with problems of economic development in their respective countries. For this reason they will be in a position to contribute actively to our analytical work and, in turn, to add their knowledge and interpretation of these phenomena in their own countries to the common task, thus ensuring productive collaboration. It is generally recognized that one of the greatest difficulties in drawing up development programmes has been the scarcity of qualified economists for this kind of work. It is to be hoped that, little by little, as a result of this step, which has been so wholeheartedly supported by TAA, ECLA may help to fill this need.

I have thus far referred only to what may be described as the first sector of the activities of ECLA's Secrétariat in connection with economic development. Henceforward, all these activities will be embraced by the Centre for Economic Development, the establishment of which was recommended at the Mexico conference.

In the second field of ECLA's activities, which is concerned with the analysis of current trends and events in the Latin-American economy, the opportunities for practical action are naturally more limited, in comparison with those in the former sector. The results obtained by such analyses are presented annually in the Economic Survey, in which the outstanding developments in the Latin-American economy are reviewed and related to events in the world economy. In order to avoid adding to the length of this statement, I will not go into detail as to the methods adopted for carrying out these investigations. I would only add that the longer time granted for their completion, as a result of the postponement of our annual conference, will enable us to submit a more carefully revised survey than heretofore, and one having a sense of unity and a balanced general outlook not previously achieved in these reports.

Finally, in the field of foreign trade, the third and last sector to which we will refer, we have devoted

considerable effort to a study which was specifically recommended by the Mexico conference, namely, that of intra-regional trade, though naturally without interrupting the studies on trade with Europe and the United States submitted to previous meetings. This is a very serious problem, and one of which we are all aware. In prior reports, ECLA has shown how the process of economic development is compelling our countries to modify the composition of their imports, since the rate of domestic development is higher than the real rate of expansion of the capacity to import in these countries, in terms of their exports. Hence the changes which have taken place in the composition of imports, caused and put into effect by means of tariffs and exchange restrictions, have, in the light of passing events, constituted a phenomenon forced upon our countries by the actual circumstances of their development. If the consequences of inflation are also taken into account, the aggregate of factors is such that, with very few exceptions, the Latin-American countries have been forced to make a serious attempt to concentrate their foreign exchange availabilities on those branches of the import trade which are the most important from the standpoint of economic development and consumption, or, in other words, principally on imports of capital goods, raw materials and essential goods. Trade among the Latin-American countries has suffered greatly as a result of this process. Why? What is the reason for the fact that the need to modify their composition and to restrict some imports from the United States and Europe — in order to make room for imports of other articles — simultaneously leads to a restriction of imports as between the Latin-American countries themselves? The reason for this decrease lies in one of the inevitable results of the trading system, because a country lacking dollars or European currencies must at the same time that it restricts its imports from these currency areas also restrict its imports paid in dollars or hard currency from other Latin-American countries, in order to make the best use of its foreign exchange resources. Thus, a phenomenon which should have been limited to trade with certain industrial centres has likewise spread over that of all Latin-American trade, causing considerable damage. Now, imports of certain goods of European or North American origin were restricted in order to maintain, or to increase, the volume of other imports of the same origin, deemed of greater importance, among which, as has already been pointed out, figure capital goods and raw materials. We thus observe that it is only a change in the composition of imports but that no reduction has been effected in their total volume which would lower this total below the level of the capacity to import. On the other hand, as between the Latin-American countries themselves, generally speaking, we find that an absolute reduction has occurred, since the drop in the volume of certain imports has not been counterbalanced by increases in others, but that instead, the foreign exchange thus freed has been used for obtaining essential goods in Europe or the United States. Efforts have been made to protect intra-regional trade by means of different types of trade agreements involving either exchange or compensation; but it must be confessed that the experience has not been a happy one. What factors are responsible for the failure of these agreements to

produce satisfactory results, provided it is agreed that, potentially, they might be effective, which is also debatable? Where do such factors lie? What is their nature? We are now engaged in studying this particular question, for which purpose we have selected this year only a group of Latin-American countries, since it would have been impossible to consider them all at once. If our work programme is approved, we will subsequently extend the field of this investigation to include other countries. However, we do not intend to limit our analysis to the causes which have obstructed and continue to obstruct trade among the Latin-American countries; it is also proposed to undertake the systematic study of a series of commodities the volume of which might well be expanded in Latin-American trade, and also to consider new products which might be introduced into this trade.

To end this review of our work programme, I will close with a reference to certain types of industrial analyses which follow on those presented to previous conferences.

There are two which are of outstanding importance, that on iron and steel and another on the paper industry.

The notable development of iron and steel requirements in Latin-America, and its potentialities, which appear no less important, are sufficient to justify the study of these products. There are a number of problems arising in connexion with them which, together with the experience already gained in this field in Latin America, enable us to consider and discuss them.

ECLA is giving the finishing touches to this study which is to be submitted to a small group of Latin-American and other experts who will meet shortly. Their discussions, on the one hand, will embrace the economic aspects of possible development in the iron and steel industry in relation to Latin-American markets, which at times are very restricted, and of the possibilities for specialization, whilst on the other hand certain technical matters will also be brought up at these meetings which will no doubt lead to interesting discussions between the Latin-American and foreign experts. Let us take as an example the question of the shortage of coking coal in Latin America, which is one of the most serious obstacles to the development of an iron and steel industry. In the solution of this problem, we have thus far been compelled to resort to precarious methods, precisely because no technological research has been carried out which could be adapted to our own resources. The same might be said of other aspects of the iron and steel industry. We are confronted with the special case of determining how these studies of divers industries could give rise to recommendations of appreciable value to us, through contacts between experts who have had experience in Latin America and others who have worked outside this region.

Now, gentlemen, I feel that I have taken up your attention for too long, but I would nevertheless ask you for a few more minutes in which to mention very briefly certain other aspects of our activities which in preceding meetings have evoked considerable interest and led to some discussion. In the first place, I wish

to refer to the problem of co-ordination. There are a number of international organizations which at times exercise their activities in the same field. This circumstance has given rise to a duplication of effort which we would like to avoid at all costs. I may tell you that I have had the satisfaction of solving these problems adequately in all the concrete instances which have arisen. The most important of these concerns our relations with FAO. We need a thorough knowledge of the structure of Latin-American agricultural problems in order to integrate it in over-all economic development programmes. FAO finds itself in the same position. Therefore, to eliminate all duplication of work, we have arrived at a very simple formula which consists of working together. There are economists from FAO working in conjunction with our own, preparing joint reports for both FAO and ECLA, and thus we have eliminated, by the simplest of methods, both the problem and the endless sterile arguments related to jurisdiction. By similar principles we have been able to solve many of these difficulties which appear to have caused such anxiety in the Economic and Social Council and in the General Assembly of the United Nations.

Obviously, in cases such as these, we encountered no difficulty in settling the matter. There has been, however, one aspect of our task of co-ordination in which you may think that the question is not one of complementing each other's work but rather one of competition.

You are undoubtedly aware that in the past we have encountered the problem of duplication of effort between our work and that of the Inter-American Economic and Social Council. This question was dealt with at the Mexico conference, where I did not hesitate to state that this problem existed in theory but not in practice. I pointed out that there was no reason why duplication should not be avoided in so vast a field, where so much remains to be done and where there is ample scope for two organizations with an even greater working capacity than ours.

We have at present with us my distinguished colleague, Dr. Taylor, who has brought with him the full programme of work which the Inter-American Economic and Social Council plans to carry out. We have compared this programme with our own in order to ascertain to what extent such duplication might occur, and we have been able to reach a satisfactory agreement in every instance.

Three hours' conversation with Dr. Taylor were sufficient to arrive at that agreement. I therefore maintain positively that this problem of duplication does not arise and that, with goodwill and a sense of responsibility in the administration of our resources, this problem has been eliminated by reason of the many subjects which could not as yet be properly dealt with in our work programme.

I would now like to make a closing reference to the Commission's role in the orientation of certain fundamental measures of international economic co-operation. There are two sectors in this field which are of special interest in Latin America, that of technical co-operation and that of financial co-operation. These are both in an experimental stage, the guiding principles of which will have to develop gradually as we gather

further knowledge from practical experience. Consequently, the early concepts are subject to revision, since it would not have been possible some years ago to envisage accurately the whole extensive field of economic realities in the so-called under-developed countries.

The annual meetings of ECLA offer the Latin American governments and those of Europe represented there, an opportunity to analyse critically and constructively such international action as develops in

this field and to exert powerful and effective influence on the formulation of the policies of the respective institutions.

This is the conclusion arrived at by the economists of ECLA who feel certain that our reports to the Latin-American governments contain increasingly more complete data and appraisals upon which to develop the guiding principles of a policy of international co-operation, which is of such significance in the economic growth of our countries.

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