

**ECONOMIC
AND
SOCIAL COUNCIL****CONSEIL
ECONOMIQUE
ET SOCIAL**

PROGRESS REPORT TO MEMBER GOVERNMENTS OF THE
ECONOMIC COMMISSION FOR LATIN AMERICA

The purpose of this report is to inform the Member Governments of the work programme and other activities being undertaken by the Secretariat, in compliance with the resolutions adopted by the Commission at the Second Session held in Havana, 29 May-14 June 1949. (See Document E/1330 Rev.1).

The Economic Commission for Latin America was established by the Economic and Social Council in March 1948. Its membership is made up of the twenty Latin American Republics, United States, Great Britain, France, and the Netherlands. The Commission has its Headquarters at Santiago, Chile.

According to its terms of reference, the Commission is empowered to make studies and investigations of economic and technological problems within Latin America and to initiate and participate in measures in order to raise the level of economic activity and strengthen the economic relations of the Latin American countries. The Commission was directed to pay special attention to problems arising out of the war and world economic maladjustment (see terms of reference, Resolution 106 (VI) of the Economic and Social Council, Document E/1330/Rev.1, pages 80-84).

The First Session of the Commission was held at Santiago, Chile, 7-25 June 1948. The First Session adopted a series of resolutions setting forth the work programme to be undertaken by the Secretariat between the First and Second Sessions. The principal studies prepared during this period were the first Annual Economic Survey; the Joint ECLA/FAO Working Party Report on means for increasing food

production in Latin America; and a Preliminary Study of Needs for Technical Assistance in Latin America.

The Second Session of the Commission was held at Havana, Cuba, from 29 May-14 June 1949. The Second Session reviewed the work accomplished during the first year of the Commission's existence and adopted a number of resolutions requesting the Executive Secretary to undertake a series of studies and other activities.

The Second Session of the Commission submitted an Annual Report to the Ninth Session of the Economic and Social Council. The 1949 Annual Report contains a statement of the work accomplished between the First and Second Sessions; an account of the proceedings of the Second Session; resolutions adopted by the Second Session; terms of reference (Resolution 106 (VI) of the Economic and Social Council); and rules of procedure (adopted at the First Session and amended at the Second Session). A copy of the 1949 Annual Report, which was issued as Document E/1330/Rev.1, is attached for the information of the Member Governments. Copies of the Summary Records (E/SR.295 and E/SR.296) of the Meetings of the Ninth Economic and Social Council, which considered the Annual Report of the Commission, are also attached.

I. Work Programme.

a) Second Annual Economic Survey and Related Studies.

1) The work on the Survey has been in progress since July 1949. Staff economists and consultants have been working in most of the Latin American countries collecting data and making on-the-spot investigations of the economic problems to be dealt with in the Survey. Statistical data and other information on foreign trade, industry, mining, agriculture, and certain monetary and financial problems are now being compiled and analyzed. This phase of the work has been carried forward to the point where first drafts of certain sections of the Survey
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are being prepared.

The Survey will be organized around the central idea of economic development. The analysis is being made and will be presented on a country-by-country basis in order to reflect the particular economic conditions and problems for each of the Latin American countries. The rate of development in various branches of industry, mining and agriculture will be studied in relation to population growth, the capacity to export and import (including the capacity to service foreign investments), the need for capital investment, and the possibilities of substituting local products for imports. It is hoped in this way to show the pattern of development in at least the majority of the countries, and to throw light on the special economic problems facing these countries.

2) A study of the cotton textile industry in selected Latin American countries is being carried out as a separate project. Although this study is closely related to the basic problems to be considered in the Second Annual Economic Survey, it will be presented as a separate report to the Third Session to be held at Montevideo in 1950. A group of three highly-qualified textile experts will visit altogether eight countries in order to make investigations of cotton textile mills. Thus far they have completed their studies in four countries and expect to have completed the other four by the 1st of March.

The objective of the study will be to determine the actual conditions of the spinning and weaving industries of Latin America and to evaluate some of the most important factors and problems which affect their economic operation. For each country the study will make an extensive research into production, financial and marketing problems related to the industry. The results should contribute specific answers to

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questions regarding modernization of equipment, labour productivity, organization of personnel, standardization and specialization of products, simplification of channels of distribution, optimum sizes of mills, development of markets, financing of the industry, and national or international policies for development of the industry.

3) A study of cyclical fluctuations, also closely related to the problem of economic development, is being made, but according to the present work schedule will not be ready for publication until after the Third Session. This study will give a description of the economic cycle in selected Latin American countries since 1925 and will advance an explanation of the cycle in these countries within the framework of a general cyclical theory. The problem of an anti-cyclical policy from the stand-point of the Latin American countries will also be discussed.

4) The report on foreign investments which now is being prepared will, in fact, be a series of country studies analyzing the legal and economic conditions affecting foreign investments for each of the countries to be included in the study. Present plans call for six or seven country studies on foreign investments to be completed prior to the Third Session. These studies are being prepared in collaboration with the United Nations Department of Economic Affairs at Lake Success. The Inter-American Economic and Social Council is also cooperating with the United Nations in the preparation of these studies.

Each of the studies will present a brief history of the kinds, amounts and uses of foreign investments; their relative importance and economic significance with particular reference to economic development; government policy and legal provisions;

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control of foreign investments in particular industries; and recent developments affecting foreign investments.

5) The Second Session at Havana adopted a resolution (see Document E/1330/Rev.1, page 43) requesting the Executive Secretary to make special studies on the composition and direction of trade of Latin American countries, taking into account the relationship between trade and economic development projects and the possibility of expanding trade. The resolution provides that the Executive Secretary, when in his opinion the trade studies have reached a sufficiently advanced stage, may call informal meetings of experts for the purpose of examining the materials contained in the studies and discussing the trade problems of their countries. Although these experts may be nominated by governments, they are to be appointed by the Executive Secretary and will not be official representatives of their governments. It is expected that the trade studies which are now being made will be completed by the end of March 1950.

The basic statistical data and economic analysis of trade for each of the Latin American countries will be presented in the Economic Survey: changes in volume, direction and composition; relation of trade to economic development during the past twenty-five years; terms of trade; and balance of payments. However, a separate report on trade will be presented in order to focus attention on certain specific problems of commercial policy. After an introductory chapter summarizing recent developments in world trade and the findings of the Economic Survey, the report will discuss policies and measures being taken to overcome difficulties arising out of trade disequilibrium since the war. The analysis will take into account price distortions and changes in the structure of trade brought

about by multiple exchange rates and quantitative import controls, bilateral trade agreements, bulk buying and selling, etc.

b) Immigration Study.

The present study on immigration is limited to three countries: Brazil, Chile and Venezuela. A more comprehensive survey embracing all Latin American countries was originally contemplated, but after exploring the possibilities and taking into consideration the limited resources of the Secretariat it was decided to make a more exhaustive study of immigration in only a few countries. This study is being prepared in collaboration with the United Nations Department of Social Affairs. Two specialists have been employed as consultants. They have visited the three countries mentioned above collecting data and examining the problems in each of the countries, and are now preparing the first draft of the report. Each of the country studies will present a brief introductory chapter on economic conditions affecting immigration; government policies as stated in recent laws and decrees; organizational set-up for carrying out the laws and policies; recent immigration experience; concrete plans for future immigration; and specific needs of the country for immigrants according to occupational classification.

c) Studies and Activities in the Field of Agriculture.

The Second Session at Havana adopted a resolution (E/1330/Rev.1, page 50) requesting the Executive Secretary to consult with the Director General of the Food and Agriculture Organization for the establishment by the two organizations of joint study groups to carry out special investigations in the field of agriculture, with particular reference to: agricultural credit; utilization of water

resources;

resources; transportation as related to the development of agriculture; and the storage of agricultural products. The Executive Secretary, in agreement with the Director General of FAO, established a Cooperative Agricultural Unit to be headed by a representative of FAO. This Unit now consists of three agricultural specialists who have been making a study of agricultural credit problems in the countries of Central America. At the request of the Government of El Salvador, they have completed a survey of agricultural credit in that country and have presented a memorandum to the Government, containing recommendations for the improvement of agricultural credit institutions in the country. The study group is now making a more general survey of agricultural credit in the other Central American countries.

d) Special Studies of Transport Problems of Latin America.

The Executive Secretary had planned to initiate studies on transport problems in relation to economic development in two or three countries. Thus far, however, he has not been able to secure the services of qualified experts to carry out these studies. Negotiations are now in progress with two or three experts who may be able to undertake such studies within the near future. In these circumstances, the studies will probably not be completed prior to the Third Session to be held in Montevideo, but would be issued as separate reports at a later date. However, a progress report will be presented to the Third Session.

e) Technical Assistance.

The resolution on Technical Assistance (E/1330/Rev.1, page 63) requests the Executive Secretary to provide assistance to the Latin American Governments, when requested, in appraising their most urgent needs for technical assistance for

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economic development. This assistance has consisted primarily of collaborating with the United Nations Department of Economic Affairs in ascertaining the nature and scope of the problems to be studied by the United Nations Technical Missions being sent to Ecuador, Bolivia and Chile under the provisions of Resolution 200 (III), adopted by the Third General Assembly.

The Secretariat is also assisting in carrying out the 1950 Programme of Economic Development Fellowships under General Assembly Resolution 200 (III) and Public Administration Fellowships and Scholarships under General Assembly Resolution 246 (III). The Secretary General has sent copies of Nomination Forms and a copy of the Fellowship and Scholarship Brochure to the Governments, which explain the purpose and procedures to be followed in the nomination and selection of candidates for fellowships and scholarships.

The Member Governments seeking fellowships for their nationals or for inhabitants of Trust or Non-Self-Governing Territories, for whose administration Member Governments are responsible, have been requested by the Secretary General to transmit completed Nomination Forms to the United Nations Headquarters at Lake Success not later than 27 February 1950. The Governments of Latin America have also been requested to send, at the same time, an additional copy of each Nomination Form to the Executive Secretary of the Economic Commission for Latin America at Santiago. The ECLA Secretariat will assist the Member Governments, when requested, in selecting nominees for fellowships and scholarships.

f) Promotion of Economic Research and Training of Economists.

The Secretariat is making an investigation of facilities available in Latin America for economic research and training of economists; if sufficient information is available a report

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regarding such facilities will be made to the Third Session.

II. Coordination of Activities with the Specialized Agencies and the Inter-American Economic and Social Council.

An important feature of the work of the Commission has been the close collaboration existing between the Secretariat and the Specialized Agencies and the Inter-American Economic and Social Council (Organization of American States). Through exchange of information, consultation, and joint projects, the various studies and activities of the Commission have been coordinated with those of other United Nations organs and IAECOSOC.

a) Specialized Agencies.

The ECLA Director of Research has discussed various aspects of the Economic Survey and the study of the textile industry with officials of the International Bank for Reconstruction and Development and the International Monetary Fund. The Bank and the Fund have made available research studies and other facilities in order to assist the Director of Research in the preparation of the Economic Survey and related studies.

Because of the many problems common to both organizations and in order to facilitate the execution of joint projects, the Director General of FAO and the Executive Secretary of ECLA negotiated an agreement to establish an ECLA/FAO Cooperative Unit at ECLA Headquarters in Santiago, Chile. The Unit is headed by a representative of FAO and at present is made up of three economists.

The Cooperative Unit has responsibility for such studies as may be carried out in compliance with Resolution E/CN.12/143, adopted by the Second Session at Havana (see above). It will also be responsible for the appraisal of special

/agricultural problems

agricultural problems and of the needs for technical assistance in the field of agriculture pursuant to the policies and procedures of the Economic and Social Council.

ECLA loaned a consultant to FAO to serve as a member of the Committee of Experts which made a study of world commodity problems during August and September 1949. (See FAO Report on World Commodity Problems).

ECLA was represented at the FAO Technical Meeting on Agricultural Extension at Turrialba, Costa Rica, 23 August-3 September 1949, and the FAO Pre-Conference Meeting on Latin American Food and Agricultural Outlook and Programmes at Quito, Ecuador, 18-24 September, 1949.

At the request of the Executive Secretary, the International Labor Office is making a study of the needs and facilities for training technical personnel in Latin America. It is expected that this study will be ready for publication within the near future. ILO is collaborating on the study on immigration being prepared jointly by the United Nations Department of Social Affairs and ECLA. As ILO expands its programme in Latin America in accordance with decisions taken by the 107th Session of the Governing Body, it is expected that the two organizations will cooperate closely on problems of common concern.

ECLA was represented by an observer at the Third Meeting of the Directing Council of the Pan-American Sanitary Bureau held at Lima, Peru, 6-12 October 1949, who presented a paper on the relationship between economic and health problems in Latin America.

The Secretariat maintains liaison through exchange of documents and information regarding their current work programmes with UNESCO, ICAO and IRO.

b) Inter-American Economic and Social Council (Organization of American States).

IAECOSOC is collaborating on a study of the economic and legal conditions affecting foreign investments in selected Latin American countries, which is being prepared jointly by the United Nations Department of Economic Affairs and ECLA. The Secretariat of IAECOSOC has agreed to prepare materials on historical and legal aspects for the foreign investment studies.

The IAECOSOC have seconded a specialist to assist the ECIA/FAO Cooperative Unit on the study of agricultural credit in Central America. A member of the IAECOSOC staff has also been released for a period of six months to work on the immigration study.



