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TABLE OF CONTENTS

	<i>Paragraphs</i>	<i>Page</i>
INTRODUCTION. SCOPE OF THE REPORT	1-3	1
 PART I. REVIEW OF WORK PROJECTS AND ACTIVITIES		
Introduction	4-16	1
Economic Survey	17-21	2
Activities in the field of general economic development	22-27	2
ECLA/TAA economic development training programme	28-34	2
Report on international co-operation in a Latin American development policy	35-39	3
Studies of industries	40-56	3
(a) Iron and steel transforming industries	40-49	3
(b) Latin American meeting of experts on the pulp and paper industry	50-56	5
Energy programme	57-68	5
Agricultural studies	69-73	6
Coffee study	70-73	6
International trade and finance	74-79	7
Central American Economic Integration Programme	80-96	7
(a) Research and training institutes	82-84	7
(b) Electric energy	85	7
(c) Forestry, forest products, and pulp and paper industries	86	8
(d) Livestock and dairy industries	87	8
(e) Transport	88	8
(f) Foreign trade and customs nomenclature	89-93	8
(g) Financing of development	94	8
(h) Statistical co-ordination	95	8
(i) Co-ordination of technical assistance activities	96	9

(Continued on page 3 of cover)

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.

E/2756 E/CN.12/AC.26/8/Rev.1
10 May 1955

**ECONOMIC COMMISSION FOR LATIN AMERICA****Annual report to the Economic and Social Council****(10 February 1954 - 10 May 1955)****Introduction****SCOPE OF THE REPORT**

1. This is the seventh annual report and covers the period from 10 February 1954 to the end of the fourth Committee of the Whole meeting on 10 May 1955.

2. The report is divided into three parts :

Part I presents a review of the work projects and activities of the Commission. A description is given of the work now being undertaken in regard to the annual economic survey, economic development, international trade including intra-Latin-American trade, industries, energy, agriculture and the programme of economic reciprocity and integration in Central America.

Part II describes the Commission's relations with other inter-governmental bodies, principally the United

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

Part III contains an account of the proceedings of the fourth Committee of the Whole, which met in Santiago, Chile, from 9 to 10 May 1955. The Committee approved the programme of work and priorities for 1955-1956, bearing in mind the forthcoming sixth session of the Commission, at which this programme will have to be re-examined in the light of the studies presented on that occasion.

A statement made by Mr. Raúl Prebisch, Executive Secretary of the Commission, to the Committee on 9 May 1955 is included as an appendix.

3. This report was adopted by the fourth Committee of the Whole on 10 May 1955.

Part I**REVIEW OF WORK PROJECTS AND ACTIVITIES****Introduction**

4. The work of the Commission during the past year has been greatly facilitated by the co-operation of Governments and private organizations. A close working relationship has been maintained between the Governments of Central America and the secretariat on the subject of the integration programme which is being accomplished in that area. Several studies in the field of economic development and industry are being carried out with the collaboration of Governments. Substantial material help has been received by the secretariat from industrial organizations in three countries for the field research on the iron and steel transforming industries.

5. At the invitation of the Inter-American Economic and Social Council (IA-ECOSOC), the Commission participated in the Meeting of Ministers of Finance or Economy, held in November 1954 at Rio de Janeiro. The secretariat prepared a report which was presented to the Meeting together with the recommendations of the preparatory group appointed to consider measures of international co-operation to encourage economic development.

6. *The Economic Survey of Latin America, 1953*, (E/CN.12/358)¹ was published in June 1954. The "Economic Survey of Latin America, 1954", will be ready for publication in May 1955.²

7. A meeting of experts on the pulp and paper industry was held at Buenos Aires in October-November 1954, jointly sponsored by the Economic Commission for Latin America, the Food and Agriculture Organization of the United Nations (FAO), and the Technical Assistance Administration (TAA).

8. A study is being made of the iron and steel transforming industries, and a meeting of experts will take place during the first half of 1956, to discuss secretariat documents and technical papers to be prepared by specialists.

9. The practical application of the programme of economic integration and reciprocity in Central America was continued. The Sub-Committee on Central American Trade met at Tegucigalpa, Honduras, in September

¹ United Nations publication, Sales No. : 1954.II.G.1.

² Subsequently printed as United Nations publication, Sales No. : 1955.II.G.1.

1954 and again at Mexico City in January 1955. An extraordinary meeting of the Committee on Economic Co-operation in Central America was held at San Salvador from 4 to 9 May 1955 for the purpose of considering those aspects of the programme which required immediate attention and examining technical assistance needs and requests corresponding to the integration programme in 1956.

10. The third course of the joint ECLA/TAA economic development training programme was held from mid-April to the end of December 1954.

11. A critical review and final revision of the "Preliminary Study of the Technique of Programming Economic Development"³ is being undertaken. The study will be published in July 1955.

12. Work has progressed on studies of the economic development of Brazil and Colombia and of the fiscal and exchange situation in Chile.

13. An analysis of the problems and prospects of intra-Latin-American trade has been made. This report will be available before the Commission's sixth session.

14. In 1954 the secretariat began research into the production and consumption of energy in the region, with particular attention to Latin America's prospects in this sphere.

15. Work on certain other projects of high priority has been delayed owing to lack of resources.

16. The work of the secretariat is an integral part of United Nations activities in the economic field. Collaboration has continued with the Department of Economic and Social Affairs at Headquarters, UNTAA and with the secretariats of the Economic Commission for Europe and the Economic Commission for the Far East. The secretariat has also continued to receive the full co-operation of the specialized agencies and other international organizations (see part II of this report).

Economic Survey

17. The "Economic Survey of Latin America, 1954", which will be ready for publication in May 1955, consists of two main parts. The first deals with current developments and trends in the economy of the region as a whole. The second part consists of a series of chapters dealing with the current situation and the specific problems affecting individual countries.

18. Changes in the rate of economic growth over the past two years are examined, showing *per capita* income and investment trends. Special emphasis is laid on problems relating to trade and the balance of payments, the terms of trade, exports, the capacity to import, the structure of imports and its effect on production, and on the influence of external factors arising from the world situation, price levels and markets.

19. Government monetary and fiscal policies, exchange controls and inflation in the different countries are also analysed.

20. In addition, consumption trends and the factors affecting them are outlined, emphasizing the changes

in demand and consumption taking place and the way in which these vary between one country and another.

21. Agriculture, mining, industry and energy are the subject of an important chapter, which deals with the volume of production in each sector and the factors, both internal and external, which influence the output of different products. Consideration is given to the means for stimulating production and for utilizing this increase in the best interests of the region's economy.

Activities in the field of general economic development

22. In accordance with the mandate from the Commission at its fifth session, the secretariat has continued its work on problems of economic growth and programming.

23. The "Preliminary Study of the Technique of Programming Economic Development" is being revised and will be published in July 1955. The document was discussed at round-table meetings of members of the secretariat and outside economists, and was subjected to systematic criticism, with a view to refining and improving the methods of analysis and projections to be applied to country studies.

24. A study of the economic development of Colombia will be ready in mimeographed form at the end of June 1955. In order to prepare this study a group of ECLA economists spent several months in Colombia during 1954, working with the fullest support and co-operation of the Colombian Government. Data on all sectors of the economy were collected and analysed so that the rate of development since 1925 could be measured. Alternative growth patterns were projected as a basis for formulating over-all integrated programmes in the future.

25. A similar study of Brazil is being prepared, in which the secretariat has received the collaboration of the Banco Nacional do Desenvolvimento Econômico. This study will also be ready by 1 July 1955.

26. Preparatory work is already in progress on analyses and projections for other countries to be made after the sixth session and includes a preliminary examination of the influence of fiscal and monetary policies on the process of inflation in Chile and its economic growth.

27. As an integral part of the work on economic development, the secretariat has been compiling information on the availability and utilization of man-power in the various sectors of economic activity. An attempt is also being made to define some of the important social aspects of economic development with a view to encouraging research in this field by international and national institutions.

ECLA/TAA economic development training programme

28. This programme was established three years ago, one course having been given each year. The main objective is to train Latin American economists in the methods of analysis progressively evolved by the secretariat, with particular reference to the programming of economic development. It is also intended to

³ The first draft of this study was presented to the fifth session as document E/CN.12/292.

give the trainees a better understanding of the process of development, especially in under-developed countries.

29. The work of the trainees is closely integrated with that of the secretariat. Approximately one-half of their time is devoted to the preparation of material and the analysis of growth problems in their respective countries.

30. The course in 1954 covered the period from April to December inclusive. Sixteen trainees from the following countries participated : Argentina, two; Bolivia, one; Brazil, one; Chile, two; Colombia, one; Costa Rica, one; Ecuador, one; Egypt, one; Guatemala, two; Haiti, one; Honduras, one; Iran, one; Nicaragua, one.

31. In the preparation of the programme, special consideration was given to the needs of economists from under-developed countries who are actively seeking practical solutions to the development problems of their countries and of the region. The first weeks of the 1954 course were devoted to a study of the basic statistical tools and their role in planning development. The study of programming techniques, which is the core of the training, included global programming, programming by sectors, priority criteria, projection problems and the presentation and evaluation of projects. Special attention was given to the financing of economic development, including methods for increasing aggregate savings and employing them to the best advantage. An examination was made of the administrative and executive aspects of programming, for which purpose the experience of development corporations and similar bodies in Latin America was considered. An intensive programme of selected reading on economic theory and development was supplemented by lectures and round-table discussions; practical research work was also undertaken.

32. It is planned to provide an intensive training course for Colombians in Bogotá during the last three months of 1955, immediately following ECLA's sixth session. Although the course will be organized for the benefit of Colombian economists and engineers working directly in the economic development field, a few qualified officials of agencies connected with public works, budgeting and finance and a few professors of economics will be included. It is anticipated that there will be from thirty to forty participants.

33. Because of the preparation and resources required for the work in Colombia, it has been decided to receive only seven trainees for the regular course at Santiago.

34. In order to meet the lack of materials on project planning for the use of the trainees, the secretariat, in collaboration with TAA, is undertaking the preparation of a project manual. The purpose of the manual will be to formulate methods and criteria for elaborating individual development projects and the steps and techniques most useful in preparing and presenting projects. It is hoped that a manual of this nature may not only be of value to the training course for Latin American economists, but may also serve as a guide to engineers and economists, as well as to government officials responsible for project planning in their respective countries.

Report on international co-operation in a Latin American development policy

35. In accordance with a resolution adopted by the Organization of American States at the Tenth Inter-American Conference in Caracas during March 1954, the ECLA secretariat co-operated with IA-ECOSOC in the preparation and work of the Meeting of Ministers of Finance or Economy, held at Rio de Janeiro from 22 November to 2 December 1954, as the Fourth Extraordinary Meeting of IA-ECOSOC.

36. The document which was presented to the IA-ECOSOC *ad hoc* committee entrusted with the preparation of the Conference consists of two parts: part one is a report by the secretariat, while part two contains the explanatory statement and recommendations of a preparatory group composed of six outstanding Latin Americans appointed by the secretariat.

37. Since the Conference was convened for the purpose of discussing and formulating measures of international co-operation for promoting economic development and inter-American trade, the secretariat report in the main deals with problems of international financing and technical co-operation for economic development, as well as trade policies of common concern to the American republics.

38. The discussions at this meeting were partly based on the secretariat report and the recommendations of the preparatory group. A number of these recommendations were embodied in resolutions adopted at the Conference, particularly those referring to programming economic development and internal measures for this purpose, tariff policy for industrialization, internal and international anti-cyclical policies and the increased participation of international lending agencies in financing development. A resolution was unanimously adopted which recommended that foreign investment be substantially increased in the immediate future and that domestic measures be taken to increase the technical and economic capacity of the Latin American countries to absorb foreign investment and to facilitate the transfer of their servicing charges.

39. The proposal to establish a special investment fund was discussed at some length. A resolution was finally adopted to appoint a committee of experts, composed of nine representatives of Latin American central banks, to study the matter further and make recommendations to IA-ECOSOC and its member Governments. The committee of experts is meeting in Santiago, Chile, and has almost completed the first phase of its work. The ECLA secretariat has participated in the meetings of this committee in an advisory capacity.

Studies of industries

(a) IRON AND STEEL TRANSFORMING INDUSTRIES

40. The secretariat has continued to study the structure, characteristics and prospects of the iron and steel transforming industries in the Latin American countries. This study is primarily based on investigations of individual plants selected as a representative sample of all branches of the mechanical and metal-

lurgical industries, and covers 400 separate plants in Brazil, Chile and Colombia.⁴

41. The basic aims of the study are to ascertain the potential development of steel transforming industries, as regards the diversity of goods manufactured and their technical complexity, under existing economic conditions, as well as over-all development prospects in the region.

42. The report, which is to be presented to a meeting of experts, will include : (a) a general description of existing industries ; (b) an analysis of the markets, based on a study of imports and local production as well as consideration of the potential demand ; (c) the possibilities of developing the various branches of the steel transforming industry, taking into account the availability of capital, raw materials, man-power and technical knowledge ; (d) the technical and economic obstacles to be overcome ; and (e) the influence of fiscal and tariff policies.

43. Arrangements are being made to initiate studies in other countries, if resources permit, including perhaps Mexico and Peru. Through inter-country comparisons, it is hoped to indicate how one industry may benefit from the experience of others, particularly with reference to adapting low capital intensity techniques and equipment. The widely varying conditions between one country and another have necessitated a different approach in each case.

Brazil

44. The mechanical and metallurgical industries in Brazil have reached a relatively high level of development, particularly in the São Paulo area. Considerable research was undertaken on problems relating to organization and productivity, from the aspects of the general influence of industrial operations and of specific production processes. An examination was made of the financial situation of existing enterprises and of the problems facing newly created industries. Present and potential markets and marketing conditions for products of the transforming industries were studied, and cost comparisons were made between domestic and imported products. The possibilities of import substitution were examined, taking into consideration costs, availability and quality of raw materials and skilled labour, as well as the prospects for technological research and training.

Chile

45. A preliminary study was made in Chile during 1953. Some of the conclusions were used to draw up sampling techniques which have been adapted for studies in other countries. With this experience, a more complete study is now being made for Chile, covering a much wider section of the industry and a broader range of problems, including those created by the shortage of industrial equipment.

Colombia

46. The role of iron and steel transforming industries in Colombia's economic development is much greater

than might appear from their relatively small place in domestic industry as a whole. The skilled labour being trained in these industries is vital both to the over-all future industrial development of the country and to the contemplated expansion of the main steel plant at Paz de Rio. Topographical conditions and the consequent transport and communication problems tend to divide Colombia into well-defined areas, leading to a multiplication of plants which produce the same goods, with low productivity and high costs. A solution to this problem through concentration and integration involves the consideration of transport, as well as energy and labour availability problems. A special study has been made of conditions for the technical training of the labour force in metallurgical industries, which emphasizes the substantial need for trained technicians.

Meeting of experts on the iron and steel transforming industries

47. It is planned to convene a meeting of experts on the iron and steel transforming industries in Latin America during the first half of 1956, which will be jointly sponsored by ECLA and TAA. The organization of this meeting will be similar to that of the Expert Working Group on the Iron and Steel Industry in Latin America held at Bogotá in October 1952, while the subject matter will cover both primary steelmaking and the transforming industries which produce finished consumer articles and producer goods. The agenda at present envisaged consists of three main parts :

(1) The steelmaking industry.

An analysis will be made of the problems which were shown at Bogotá to be of particular concern to the region and of the new techniques which have developed significantly, both in Latin America and in highly industrialized countries, since 1952. Tentative items include : (a) the use of oxygen in steelmaking (i) to produce higher-quality steels from the raw materials available in Latin America, and (ii) to reduce investment costs ; (b) a technical and economic analysis of the processes for rolling and finishing steel ; it is in this field that the advantages of capital-saving versus labour-saving processes can best be evaluated in the light of the economic conditions prevailing in the Latin American countries ; (c) the use of special steels and ferro-alloys, which are just beginning to be produced in Latin America ; and (d) other special problems affecting steelmaking in the region, including the elimination of sulphur, which is over-abundant in many ores and fuels in Latin America.

(2) A description of the present status and development prospects of the steel transforming industries in a number of Latin American countries.

The results of the country studies referred to above and the findings of the inter-country comparisons will also be presented. It is felt that discussion of these studies will be of particular interest both to participants from the Latin American countries and to those from other regions.

(3) An analysis of the main production processes used in the iron and steel transforming industries.

48. The secretariat considers that, in order to provide more effective assistance to government planners and to these industries, it is necessary to

⁴ As indicated in the introduction to this report, the secretariat has had the full co-operation of the industry in the preparation of this study.

undertake a thorough analysis and comparison of the results achieved with the use of different productive processes by plants of different sizes and by plants of the same capacity operating under different technical conditions, etc. Some original work must be carried out on this study, since very little published material is available. The secretariat hopes to receive valuable original contributions from experts both in Latin America and in industrialized countries elsewhere. Research under this heading will comprise: iron and steel foundry work; forging and stamping; machining, with particular attention to lathe work and welding.

49. It is expected that from 150 to 200 experts will attend the meeting. The participants will be chosen for their personal capacity and for the technical contribution they can make to the discussions. Experts will attend from all the Latin American countries having iron and steel transforming industries, from highly industrialized countries and possibly from other regions.

(b) LATIN AMERICAN MEETING OF EXPERTS ON THE PULP AND PAPER INDUSTRY

50. The meeting of experts on the pulp and paper industry was held at Buenos Aires, Argentina, from 19 October to 2 November 1954. It represented a continuation of the programme established by the United Nations and its agencies which aims at expanding world production of pulp and paper to meet existing shortages and prospective needs and, in particular, of the work carried out in accordance with the Commission's resolution 58 (V).

51. The meeting was principally devoted to an examination of the major problems related to the development of the industry in Latin America. The agenda included:

(a) The present and probable future demand for pulp and paper in Latin America, both for the region as a whole and for individual countries;

(b) The processes and sources of supply for current output, as well as present costs;

(c) Taking into account all the resources of fibre available for pulp and paper, the possibilities of satisfying future requirements from regional resources, alone or combined with imports essential for the processes;

(d) The capabilities of known technical processes, their costs and their probable results when applied to Latin American woods and fibre crops to produce the necessary grades and qualities of paper to meet regional needs;

(e) The areas that require co-ordinated technical research in forestry and technology to realize a development programme;

(f) The economic, political and social obstacles to the expansion of existing industries and to the creation of new industries in order to meet present and future needs;

(g) The criteria by which new projects should be evaluated;

(h) The available sources of financing the development of pulp and paper industries.

52. These problems were the subject of nine documents prepared by the secretariat and seventy-five technical papers contributed by outside experts, which were all presented to the meeting. Since practically no past experience of the economic use of tropical hardwoods existed, the secretariat, aided by specialists, undertook field studies in Yucatán, Mexico, and Amapa, Brazil, comprising projects for wood extraction and transport, the design of mills of different sizes and degrees of integration, and calculations of investment and operating costs. Laboratory tests of the woods were made at the Madison Laboratories in the United States and other laboratories in Mexico and Brazil. It was found that the obvious abundance of supplies and the small degree of current exploitation led to problems of resource management, adaptation of technology and other economic factors.

53. Although the tropical and sub-tropical forests of Latin America provide large potential resources, the importance of other raw materials was not overlooked. Methods and conditions for producing pulp from broadleaved and coniferous temperate-zone species were also considered.

54. A special study was made of local conditions for pulp production from sugar-cane bagasse in Argentina, Brazil, Cuba, Mexico, Peru and Venezuela. While bagasse itself is providing a valuable contribution to the expansion of pulp and paper production, its most important role appears to be in blended pulps, to which it imparts valuable properties.

55. Particular attention was paid to prospects for developing the industry in Latin America, including problems of financing, marketing, technical assistance and other factors of economic significance.

56. The meeting was attended by 186 experts from many parts of the world, and definite conclusions were reached regarding the expansion of the pulp and paper industry in Latin America. In order to provide more direct encouragement for projects in the different countries, it was proposed to create an advisory group, sponsored by ECLA, FAO and TAA, which would assist Governments in formulating broad development plans for the pulp and paper industry and would aid private companies in preparing specific projects.

Energy programme

57. A study of the present and estimated future production and consumption of energy in Latin America was begun early in 1954, in response to Committee of the Whole resolution 38 (AC. 16) and Commission resolution 60 (V). A preliminary report will be presented to the sixth session of the Commission.

58. The study emphasizes the low level of consumption in the whole region when contrasted with industrialized countries, as well as the differences between countries, areas within each country and the various sectors of the economy. An estimate of annual *per capita* energy consumption in the Latin American countries shows it to be under 500 kilogrammes of petroleum equivalent, while that of electric energy is only about 200 kilowatt hours. These low figures indicate a serious energy deficiency which, if it is not overcome, will hinder the economic development of the region.

59. In order to evaluate the situation in the different Latin American countries balance sheets have been prepared showing energy consumption from different sources reduced to a common equivalent of petroleum tonnages. While some countries still rely on wood fuel for 50 per cent or more of their energy consumption, petroleum products, and to a lesser degree electricity, are increasingly being substituted for wood as a source of energy and are supplying new demands.

60. A break-down has also been prepared, showing the structure of consumption and the existing disparities in energy utilization by such different sectors as mining, manufacturing industries, agriculture, transport and in energy used for residential consumption.

61. Efficiency in the utilization of fuels and the yield of the power systems are studied in the programme and it is shown that a serious waste of resources results from the continued use of obsolete equipment and unscientific production methods. Consideration is given to the means both for conserving the limited energy resources and for economizing in foreign exchange.

62. A preliminary survey of the potential sources of energy has been made in each country, as a first step toward estimating petroleum and coal deposits and the hydro-electric potential. This survey shows that while some of the Latin American countries are well endowed with natural resources, others are apparently faced with a fundamental supply problem in meeting the needs of an expanding economy. It is seen that greater energy developments can be undertaken on a regional basis; in particular, the possibility of a joint utilization of hydro-electric resources situated on international boundaries is recommended to the continuing attention of the Governments concerned and of international organizations.

63. In addition to studying existing resources and their utilization, an analysis is made of the energy situation as a whole and its role in the different aspects of economic development. As a result of this analysis and in conformity with recent trends, the future demand for energy in the Latin American economy is tentatively projected. Established relationships between the consumption of energy in the form of fuel and electricity, in aggregate terms, on a *per capita* basis or per unit of production, on the one hand, and various economic indicators such as product *per capita*, output-capital ratio, the degree of industrialization and urbanization, on the other, help to determine the energy required under alternative hypotheses for the rate of growth. Minimum and maximum rates of increase in the energy and investment requirements for development programmes are estimated.

64. Figures for the total energy demand during the next decade are projected, according to national and international trends and taking into account technological progress. A break-down is made of the main sources of energy, the most important of which are petroleum products and electricity. This analysis enables certain targets for domestic production to be established, while it is apparent that a large deficit must be met by imports. The magnitude of the import requirements for energy forecast for the future is likely to affect the balance-of-payments position of those Latin American countries which are mainly dependent on external sources of energy.

65. It is anticipated that the aggregate demand for energy may almost double during the next ten years and in any case will exceed the rate of growth of the gross national income. Average *per capita* consumption of energy will probably rise by 60-70 per cent during this period. The need to increase installed capacity will be slightly lower because better utilization can be expected to result from technological advances.

66. Investment estimates are based on computations for consumption and costs of production and distribution. In order to meet estimated energy requirements in Latin America by 1965, it is calculated that no less than 6,000-7,000 million dollars will have to be invested and possibly as much as 9,000-10,000 millions. This would involve an average annual expenditure of capital between a minimum of 600 million dollars and a maximum of 900 millions, depending on the rate of economic development during the next ten years, always provided that the energy problem is faced realistically and that the need to raise the level of energy consumption is taken into consideration. At least 50 per cent of the expenditure will have to be made in foreign exchange for the purchase of capital goods abroad. This proportion may be even greater unless vigorous steps are taken to increase the domestic production of certain materials and equipment.

67. The study emphasizes how economic development will be hampered unless energy resources are increased along sound economic lines; it further stresses the importance of a clear and purposeful policy for energy production and utilization in the over-all development programmes of the Latin American Governments.

68. Future work on energy problems will call for broader and more precise statistical research. It will be necessary to examine potential resources in greater detail, particularly hydro-electric potential, and to study multiple-purpose development, efficiency in fuel utilization and methods of programming and financing energy development. To ensure the success of this work it will be necessary to call on expert technical knowledge from outside the region, as a means for assisting local technicians in solving their problems. Close co-operation must also be maintained between Governments and United Nations agencies working in this field.

Agricultural studies

69. The secretariat's work in the field of agriculture is divided into two categories: (a) projects included in the ECLA/FAO joint programme as established between the Executive Secretary and the Director-General of FAO early in 1954; and (b) work undertaken independently by the ECLA economic survey and economic development divisions.

COFFEE STUDY

70. Preparatory work for this joint ECLA/FAO project was initiated during the second half of 1954. The study is eventually intended to cover the four principal coffee-growing countries of Latin America—Brazil, Colombia, El Salvador and Mexico—which produce about 85 per cent of the regional total.

71. The main objectives of the study are to determine: (a) the productivity of labour and capital under varying

circumstances and with different production and processing methods; (b) production trends on the basis of the present number and age distribution of trees; and (c) the effects of coffee production upon the economic development of the countries concerned.

72. Other aspects of the problem will be considered in accordance with the information made available by the field surveys, which are being carried out principally by sampling methods. Field work was begun in El Salvador during November 1954.

73. It is considered that the study will be of special interest, not only to coffee producers and consumers, but to all those concerned with the economic development of the area, which is vitally affected by particular aspects of coffee production.

International trade and finance

74. Current trends in Latin America's trade with other regions are analysed in the economic survey for 1954.

75. Three special studies dealing with these subjects are now in preparation: the first on the terms of trade and the role of international commerce in economic development; the second on the possibilities of expanding exports from the region; and, thirdly, a study of intra-Latin-American trade.

76. This last study, undertaken in accordance with resolution 69 (V), will be presented to the sixth session. It will offer the first complete picture of the characteristics and structure of the trade between the Latin American countries. The study will also provide details of the flow of trade by commodities, the disparities between the trade of those countries which are exporters and those which are importers of raw materials and foodstuffs, trade balances, and the tendency of countries to balance their trade on a bilateral basis.

77. An analysis of trade policy has been made, including the effects on intra-Latin-American trade of the General Agreement on Tariffs and Trade, to which some of the countries of the region have subscribed and some have not. The implications of commercial policy on the possibility of expanding trade in manufactured goods between Latin American countries are also considered.

78. The flow of payments and the problems involved are analysed with particular reference to the current obstacles to multilateral settlements of payments and the means to overcome such barriers.

79. Finally, a study of maritime shipping in relation to intra-Latin-American trade has been prepared. It deals particularly with the practical problems the solution of which would facilitate trade between the countries of the region.

Central American Economic Integration Programme

80. The secretariat has continued to work actively on the Central American Economic Integration Programme, called for under resolutions 9 (IV), 24 (IV) and 50 (V). This programme is jointly sponsored by the Governments of Costa Rica, El Salvador, Guatemala,

Honduras and Nicaragua, through the ECLA Committee on Economic Co-operation in Central America, and receives support from the technical assistance programmes through TAA, the ILO, FAO and UNESCO.

81. The third meeting of the Committee, which was scheduled to take place in 1954, was postponed. An extraordinary meeting took place at San Salvador, El Salvador, from 4 to 9 May 1955, for the purpose of considering reports presented by the secretariat and, through it, by the specialized agencies, requiring urgent action by the Governments. The third regular meeting of the Committee is scheduled to be held at the end of 1955, in Managua, Nicaragua.

(a) RESEARCH AND TRAINING INSTITUTES

82. An Advanced School of Public Administration for Central America was established at San José, Costa Rica, early in 1954, supported jointly by the five participating Governments and TAA. Fellows from the five Central American countries attended the courses during the first year, which have done much to promote interest in the study of public administration in the area, and to stimulate administrative improvements.

83. A group of experts appointed by TAA studied the possibilities and conditions for establishing an institute of technological and industrial research for Central America. In the report prepared by the expert group it is recommended that an Institute be established in either El Salvador or Guatemala. Its purpose would be to investigate the possibilities of utilizing raw materials in Central America for industrial purposes and to provide technological advice to existing industrial undertakings with a view to increasing their productivity and efficiency. A service for providing documentary material and disseminating scientific data useful to industry would also be established. On the basis of this report, the ministers of economy of member countries of the Committee, when consulted individually, recommended that plans should be continued for the establishment of the institute. Two TAA experts were designated to discuss further concrete aspects with the Governments and to consider the initial work programme. The extraordinary meeting of the Committee considered the proposals and decided in favour of the establishment of the institute, which will be situated in Guatemala and will serve the five Central American countries.

84. In order to assist in raising the level of technical and administrative training in Central America, a mission designated by ILO and UNESCO, after studying conditions in the different countries, presented a preliminary report early in 1954. This report was brought up to date by a further mission and a specific programme was drawn up, including suggestions for a regional technical training institute. These proposals were considered at the extraordinary meeting of the Committee.

(b) ELECTRIC ENERGY

85. A technical mission appointed by TAA completed a report on this subject which was distributed to member Governments and will be discussed at the third regular meeting of the Committee.

(c) FORESTRY, FOREST PRODUCTS, AND PULP AND PAPER INDUSTRIES

86. An FAO/TAA technical field mission has undertaken preliminary research, including forest resources, transport problems, production costs and other economic factors. The mission's report has been discussed by ECLA and FAO and has been submitted to the extraordinary meeting of the Committee. If the experts' recommendations are approved, it is anticipated that a further team will be appointed to study the specific location of a pulp and paper mill and to make concrete proposals for the installation of the industry. This would be the first industrial project to be worked out from the point of view of integration, taking into account the regional market and joint sponsorship of the industry by the five participating countries. The extraordinary meeting decided that this project should be carried further and that a complete study should be made concerning the location, establishment and financing of the mill in an area in the Republic of Honduras offering the most suitable conditions. In addition, specific recommendations were addressed to the Central American Governments with regard to the protection and development of forest resources, the industrial utilization of timber and related subjects.

(d) LIVESTOCK AND DAIRY INDUSTRIES

87. An FAO technical mission has prepared a draft report dealing with the general situation of livestock and dairy farming in the area. The report covers pasture and sanitation, slaughter-house conditions and the utilization of meat, the supply of milk and milk products, veterinary services and the training of veterinary personnel, as well as the possibility of establishing an integrated industry in a suitable location. The report of the experts is to be considered at the third regular meeting of the Committee.

(e) TRANSPORT

88. After the reports of the ECLA/TAA transport mission and of the Seminar on Transport in Central America undertaken in 1952-1953 (E/CN.12/AC.17/31 and E/CN.12/AC.17/32) had been adopted, four TAA experts were appointed to draw up proposals for implementing the major recommendations of regional scope in maritime and road transport. One expert has been examining the feasibility of establishing a Central American merchant fleet; the second is investigating port facilities and means for improving port services; the third is working on a study of freight rates; and a fourth is drafting proposals for international highway traffic regulations.

(f) FOREIGN TRADE AND CUSTOMS NOMENCLATURE

89. The Uniform Central American Customs Nomenclature (NAUCA) worked out by a sub-committee which met at Tegucigalpa, Honduras, in November 1952, has been adopted by the Governments and is being put into practice. The Sub-Committee on Central American Trade, established under resolution 18 (AC.17) of the Committee, has held two meetings.

90. At its first meeting, which took place in Tegucigalpa, Honduras, at the end of September 1953, approval was given to a draft standard export nomenclature

prepared by the secretariat and, provisionally, to a draft code manual for the uniform customs nomenclature. A second meeting was held in Mexico City from 24 to 28 January 1955, during which final approval was given to the code manual (E/CN.12/CCE/SC.1/3). These meetings were attended by representatives of all the Central American countries and observers from Panama (Mexico was also represented at the second meeting). Both the United Nations Statistical Office and the Inter-American Statistical Institute have participated in the preparation of the drafts discussed at the meetings.

91. Work has also advanced on the drafting of uniform customs regulations and definitions for Central America, with the co-operation of a TAA expert. Preliminary proposals are to be considered at an early meeting of the sub-committee.

92. Since the Economic Integration Programme for Central America is being carried out with a view to enlarging the Central American market through co-ordinated plans, the Governments in the area have been active in pursuing a regional trade policy among themselves, designed to provide new markets and greater facilities for the agricultural and industrial products of the region. Accordingly, the Committee at its second meeting requested the secretariat, under resolution 19 (AC.17), to make a study of intra-Central-American trade and of the possibilities of working towards a multilateral free trade agreement among the countries concerned. In this connexion, two reports have been prepared and submitted to the Committee. One contains an analysis of intra-Central-American trade and the prospects of increasing it for a number of important commodities. The other examines the commercial policies and trade agreements of the five countries, both in relation to the outside world and to the integration programme itself. The free trade treaties of the area now in force are analysed, and consideration is given to various alternative policies that could be followed to enlarge the area of free trade, including the possibility of a multilateral agreement.

93. These two secretariat studies, together with the reports of the first and second meetings of the sub-committee were presented at its extraordinary meeting in May 1955.

(g) FINANCING OF DEVELOPMENT

94. The Committee requested the secretariat to make further studies on this subject. A report is being prepared, with the co-operation of the Fiscal Division at United Nations Headquarters, on the capacity of the tax systems of the Central American countries to finance a higher rate of economic development; it will include suggestions for certain changes in the tax structures that would tend to encourage investment by private enterprise and for other changes aimed at raising government revenues.

(h) STATISTICAL CO-ORDINATION

95. Pursuant to resolution 20 (AC.17) of the Committee, the secretariat has prepared a preliminary report on co-ordinating statistical concepts, methods, procedures and presentation in Central America with a view to their standardization and comparability, particularly with regard to data required for the inte-

gration programme. This work has been done with the active collaboration of the United Nations Statistical Office and the Inter-American Statistical Institute. The Committee decided at the extraordinary meeting to take specific action in this regard and accordingly set up a Sub-Committee on Statistical Co-ordination, which is to meet in the near future.

(i) CO-ORDINATION OF TECHNICAL ASSISTANCE ACTIVITIES

96. Following previous procedures for assisting the Central American Governments in drawing up the Technical Assistance Programmes relating to economic integration of the area, a working party composed of representatives of ECLA, TAA, ILO, FAO, UNESCO and

ICAO, under the chairmanship of the regional representative of the Technical Assistance Board, met in July 1954 to consider the projects likely to be carried out in 1955. The Chairman of the Committee on Economic Co-operation in Central America was thus able to submit to TAB an over-all programme for 1955 with an indication of specific requirements and priorities. Coincident with the extraordinary meeting of the Committee early in May 1955, the working party again met for the purpose of considering the programmes for 1956 and advising the Committee as regards the preparation of those programmes. A representative of the International Bank for Reconstruction and Development also attended the meeting of the working party.

Part II

RELATIONS WITH SPECIALIZED AGENCIES AND OTHER ORGANIZATIONS

A. Introduction

97. The work of the secretariat has been increasingly co-ordinated with that of other international bodies in all aspects of mutual concern in the region. Work has been facilitated by consultations, exchange of material, the loan of specialized personnel for specific joint projects and the establishment of joint working parties.

B. Specialized agencies

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

98. At the beginning of 1954 a new agreement was signed between ECLA and FAO whereby these organizations would undertake a joint programme to consider those special problems in which they have a primary interest and the study of which will provide a basis for practical action.

99. In accordance with this agreement, a senior FAO economist was appointed Chief of the joint programme. In addition to this function, he participates in the planning and review of all ECLA's agricultural work and is consulted on all matters of interest to both organizations. Not only have the two organizations benefited from these consultations, but information and material gathered by each body are in this way immediately available to both.

100. The first project under the joint programme is a study on certain aspects of coffee production in the principal coffee-producing countries of Latin America (see paragraphs 70-73).

101. There was close collaboration between ECLA and FAO in the preparation and direction of the Latin American Meeting of Experts on the Pulp and Paper Industry. The Meeting was jointly sponsored by ECLA, FAO and TAA, and organized by officials of ECLA and FAO, a representative from each acting as co-director.

102. Prior to the Meeting two staff members of FAO and an FAO consultant came to Santiago to collaborate with the ECLA staff in the preparation of the secretariat studies.

103. FAO has continued to take an active part in the Central American Economic Integration Programme.

104. The two organizations have continued their collaboration in the field of agricultural statistics. The chief of ECLA's statistical section will visit FAO headquarters in Rome to discuss problems of common interest and a better co-ordination of statistics.

105. ECLA and FAO will present for discussion at ECLA's sixth session a joint paper on the selective expansion of agriculture and its relationship to the general economic development of the region.

INTERNATIONAL MONETARY FUND

106. The secretariats of ECLA and the Fund have maintained their consultations on matters of common concern. There has been a full exchange of information on balance-of-payments problems and the effect of monetary policy on internal stability and on trade, as well as on some of the factors which affect economic development.

INTERNATIONAL LABOUR ORGANISATION

107. Direct collaboration between ECLA and ILO in the Central American Integration Programme has continued, especially in the field of technical training.

108. Their secretariats are in regular contact for the exchange of information on matters relating to their specific fields of work.

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

109. UNESCO has actively co-operated with ECLA and the other interested agencies in the Central American Integration Programme.

110. ECLA and UNESCO will jointly participate with the International Economic Association in the preparation of a seminar on economic growth, to be held during 1956.

111. The UNESCO secretariat contributed two papers to the Latin American Meeting of Experts on the Pulp and Paper Industry sponsored by ECLA, FAO and TAA. They were "World trends in consumption of newsprint other than printing paper and writing paper" and "Paper for printing and writing: tentative forecasts of demand in 1955, 1960 and 1965".

112. The Director of ECLA's Mexico office took part in the round-table conference on the teaching of social sciences organized by UNESCO and held in San José, Costa Rica, during July 1954.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

113. ECLA and the Bank have exchanged information regularly on various problems and projects. Officials of the Bank on field missions to Central American countries have visited the ECLA Mexico office and have consulted with the secretariat on

matters relating to the Central American Economic Integration Programme and the economic development problems of that area.

C. Inter-American Economic and Social Council

114. During 1954, extensive discussions were held with IA-ECOSOC and action taken on ECLA's collaboration in the preparation of the Meeting of Ministers of Finance or Economy at Rio de Janeiro. This subject is dealt with in paragraphs 35-39 of this report and in the report on co-ordination between ECLA and IA-ECOSOC (E/CN.12/AC.26/5).

Part III

MEETING OF THE COMMITTEE OF THE WHOLE

A. Membership, attendance and organization of work

I. OPENING AND CLOSING MEETINGS

115. The fourth Committee of the Whole met at Santiago, Chile, from 9 to 10 May 1955. Mr. Carlos Vassallo, Under-Secretary for Foreign Affairs of Chile, delivered the opening address, to which Mr. José de J. Núñez y Domínguez, Mexican Ambassador to Chile, responded on behalf of the delegations. The Executive Secretary, Mr. Raúl Prebisch, gave an address on the subject of the progress report of the secretariat. (See appendix.)

116. At the closing meeting, on 10 May, addresses were delivered by Mr. Eduardo Bonitto, Ambassador of Colombia to Chile, and by the Chairman, Mr. Guillermo Vildósola Aguirre, Under-Secretary of the Ministry of Economy of Chile.

117. The Committee of the Whole adopted the annual report of the Commission, including the programme of work and priorities for 1955-1956, to the Economic and Social Council.

2. MEMBERSHIP AND ATTENDANCE

118. Delegations from the following member States were in attendance: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, France, Guatemala, Haiti, Honduras, Mexico, Netherlands, Nicaragua, Panama, Paraguay, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay and Venezuela.

(a) Report of the Chairman and Vice-Chairmen on the examination of credentials

119. The Chairman, in accordance with paragraph 14 of the Commission's rules of procedure, reported to the meeting held on 9 May 1955 that the credentials of the delegations as presented to the Executive Secretary had been examined by the Chairman and Vice-Chairmen and found to be in order.

(b) Delegations

Argentina

Representative: Gabriel Osvaldo Martínez.

Bolivia

Representative: Fernando Iturralde Chinel, Ambassador to Chile.

Brazil

Representative: Frederico Carlos Carnauba.

Chile

Representative: Guillermo Vildósola Aguirre, Under-Secretary of the Ministry of Economy;

Alternates: Sergio Molina Silva, Samuel Radrigán Oyanedel, Jorge Burr Veyl, Pedro Daza Valenzuela, Gonzalo Piwonka Figueroa.

Colombia

Representative: Eduardo Bónitto, Ambassador to Chile.

Costa Rica

Representative: Alfonso Goicoechea Quirós, Ambassador to Chile.

Cuba

Representative: Ramiro Hernández Portela, Ambassador to Chile.

Dominican Republic

Representative: Franz Baehr, Chargé d'affaires in Chile.

Ecuador

Representative: Alejandro Dávalos.

El Salvador

Representative: Hugo Lindo, Chargé d'affaires in Chile.

France

Representative: René de Crouy-Chanel, Chargé d'affaires in Chile.

Guatemala

Representative: Jesús Unda Murillo, Ambassador to Chile.

Haiti

Representative: Arnaud M. Merceron, Chargé d'affaires in Chile.

Honduras

Representative: Jorge A. Coello, Chargé d'affaires in Chile.

Mexico

Representative: José de J. Núñez y Domínguez, Ambassador to Chile.

Netherlands
Representative : Petrus A. Kasteel, Minister to Chile ;
Alternate : J. van der Gaag.

Nicaragua
Representative : Ricardo García Leclair, Chargé
d'affaires in Chile.

Panama
Representative : Carlos Ycaza Vásquez, Ambassador
to Chile.

Paraguay
Representative : Esteban López Martínez, Amba-
sador to Chile ;
Alternate : Luis Garcete.

United Kingdom of Great Britain and Northern Ireland
Representative : C. Empson, Ambassador to Chile ;
Alternates : H. A. A. Hankey, H. A. J. Griffiths.

United States of America
Representative : William Sanders, Chargé d'affaires
in Chile ;
Alternate : Claude Courand.

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

Venezuela
Representative : Hernán González Vale.

(c) *Representative of a non-member State, participating
in an advisory capacity*

Italy
Representative : Tommaso Mancini.

(d) *Representatives of specialized agencies*

International Labour Organisation : A. Lagnado, Moisés
Poblete Troncoso.

Food and Agriculture Organization of the United Nations :
Alfredo Saco.

(e) *Representatives of inter-governmental organizations*
Inter-American Economic and Social Council : Washing-
ton P. Bermúdez.

Inter-Governmental Committee for European Migration :
Eberhard Groebner.

(f) *Representatives of non-governmental organizations*
Category A

International Confederation of Free Trade Unions :
Hugo Salazar, Miguel Pradenas.

International Federation of Christian Trade Unions :
Hernán Troncoso Rojas.

World Federation of United Nations Associations :
Luisa Schaeffer de Del Río.

Category B

Inter-American Council of Commerce and Production :
Francisco Javier Castillo.

International Federation of Women Lawyers : Filomena
Quintana.

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

120. The following officers were elected at the first
meeting :

Chairman : Guillermo Vildósola Aguirre (Chile).

First Vice-Chairman : José de J. Núñez y Domínguez
(Mexico).

Second Vice-Chairman : Eduardo Bónitto (Colombia).

Rapporteur : Hugo Lindo (El Salvador).

B. Agenda of the Committee of the Whole

121. The agenda, as adopted by the Committee at
its meeting on 9 May 1955, was as follows :

1. Opening addresses.
2. Election of officers.
3. Adoption of the agenda.
4. Progress report by the Executive Secretary (E/CN.
12/AC.26/2).
5. Technical assistance for economic development :
 - (a) Report prepared by the secretariat of the Tech-
nical Assistance Board and submitted for the
information of the Committee (E/CN.12/AC.
26/3) ;
 - (b) Report by the Technical Assistance Administra-
tion on technical assistance in the ECLA region
(E/CN.12/AC.26/4).
6. Co-ordination between ECLA and the IA-ECOSOC :
progress report on co-ordination between ECLA and
the IA-ECOSOC (E/CN.12/AC.26/5).
7. Inter-regional trade co-operation : note by the
secretariat (E/CN.12/AC.26/6) and report by the
Secretary-General of the United Nations on inter-
regional trade co-operation (E/2674).
8. Programme of work and priorities : statement by
the Executive Secretary on the programme of work
and priorities for 1955-1956 (E/CN.12/AC.26/7).
9. Consideration and adoption of the annual report of
the Commission to the Economic and Social Council.

C. Proceedings and resolutions

1. ACCOUNT OF PROCEEDINGS

(a) *General debate*

122. In presenting his report on the work of the
secretariat, the Executive Secretary referred briefly to
the main studies being undertaken and those which
will be presented to the sixth session at Bogotá. He
spoke of the full support and co-operation received
from member States as well as from other international
organizations. The Bogotá meeting will mark an
important milestone in the field of economic analysis ;
reports will be discussed which will have an important
bearing on the economic policy of the Latin American
countries.

123. One of the delegations made special reference
to the essential role of international technical assistance
in promoting the economic development of the Latin
American countries. The Committee took note of the
recommendation that technical assistance should be
considered more fully at the Bogotá meeting.

124. The representative of IA-ECOSOC highly commended the close co-operation received from the ECLA secretariat and said that IA-ECOSOC would request further specific collaboration from ECLA on certain projects in which IA-ECOSOC is very much interested.

125. The United States delegation raised some points regarding the co-ordination of the work of ECLA and IA-ECOSOC. While recognizing the progress made in co-ordination, its Government felt that original planning of the work programme of each body should, to the extent practicable, take into account the programme and proposed schedule of the other. Co-ordination should in no case be allowed to affect the work programme of either body adversely. It should aim principally at avoiding duplication and should make available to each body the work done or being done by the other.

126. The representative of FAO made a statement on the joint ECLA/FAO programme and referred in particular to the paper on the policy of selective expansion in agriculture which will be presented to the sixth session. This study is undertaken at the request of the Third Latin American Regional Meeting of FAO held in 1953. It stresses the need to adopt measures which will avoid the accumulation of agricultural surpluses while ensuring the increased production of those articles most essential for raising the standard of living of the Latin American peoples. At the Bogotá meeting the agricultural development of the region will be reviewed in relation to general economic development. It was therefore recommended that member States should send to the meeting representatives technically qualified to discuss these important problems.

127. In the discussion of the Secretary-General's report on inter-regional trade co-operation, the Chilean delegation stressed the concern of the Latin American countries and international organizations regarding international trade. In the various studies prepared and in the recommendation made by experts to the Latin American Governments, emphasis has been laid on the importance of foreign trade in the economic development of the region. The economic instability of the Latin American countries can be lessened by a greater diversification of the structure of production and by improving the terms of trade. International agreements should aim at expanding markets and creating a growing demand for export products from the region.

128. The Government of Chile considered it of special interest that a mechanism should be sought whereby Latin American trade experts should establish direct contact with such experts in other regions.

129. The United States delegation, while stressing the importance which its Government attributes to the expansion of mutually beneficial international trade, emphasized its belief in free bargaining between buyers and sellers. It pointed out that consultations on the type of trade described in the Secretary-General's report (E/2674) are not felt to be of value in solving the trade problems of the United States, but that other countries may well hold different views on this point. It suggested that the expansion of inter-regional trade depends principally on the measures taken by the countries of each region to allocate their resources most

efficiently. It considered the reduction of trade barriers as one of the most important measures to promote trade, and referred to the General Agreement on Tariffs and Trade as an international instrument which, by helping to eliminate trade discrimination and reduce trade barriers, can foster inter-regional trade, allowing fully for the needs of countries in all stages of development.

130. After discussion of this problem, the Committee appointed a working group composed of five delegations to draw up a draft resolution reconciling the points of view expressed during the meeting. This draft was submitted by the working group to the consideration of the Committee of the Whole and was adopted with certain modifications (resolution 77 (AC.26)). The resolution recommended that the Economic and Social Council should examine not only the method of consultation by experts suggested by the Economic Commission for Europe, but also other methods and procedures to encourage inter-regional trade.

131. As regards co-ordination between ECLA and IA-ECOSOC, and as a result of a draft resolution submitted by one delegation, the representative of IA-ECOSOC, after reaffirming the spirit of collaboration inspiring both organizations, put a question to the ECLA secretariat as to the possibilities of co-ordination in two concrete projects. The Executive Secretary stated that the matter had already received attention at secretariat level in the case of one of the projects, and expressed the hope that as far as the other was concerned, a satisfactory solution would be reached at the meeting of the Co-ordination Committee in June 1955. After some modifications, the Committee of the Whole adopted the draft resolution (78 (AC.26)) as its own. It requested the Executive Secretary to include in future reports on co-ordination between ECLA and IA-ECOSOC an account of the activities of the two organizations with the aim of facilitating their respective work programmes. This resolution also requested the secretariat to review in its reports the conclusions reached at meetings of the Co-ordination Committee at the secretariat level and to include an account of any joint measures which the two secretariats consider desirable to improve co-ordination at the Government level.

(b) Programme of work and priorities

132. In considering the programme, one of the delegations regretted that the secretariat had not so far undertaken any specific study of the problems affecting its country. While recognizing the existence of obstacles such as deficient records and statistics, it nevertheless requested that concrete assistance should be given, including the allocation of training fellowships and studies of specific problems.

133. Another delegation expressed its Government's concern because the "Economic Survey of Latin America 1954" was not sufficiently advanced for it to be discussed by the Commission before its presentation to the Council.

134. The secretariat and the Committee of the Whole recognized the desirability of all studies being submitted to member States in a preliminary form well in advance of the Council meetings. The Executive Secretary explained the special circumstances with

regard to the collaboration of the secretariat, authorized by the previous Committee of the Whole, in the preparation of the IA-ECOSOC Conference at Rio de Janeiro, which had made it impossible to have the 1954 survey ready in time, and he assured the Committee that in future the annual economic survey would be distributed early enough to enable member States to study it before it was discussed by the Council.

135. In referring to projects on which work has not been initiated, some delegations felt that a fuller explanation should be given of the reasons for deferment. The Executive Secretary said that a statement would be presented to the Bogotá meeting explaining the reasons for the delay in initiating certain projects.

136. Referring to the study of the organization and structure of capital markets in Latin America, two delegations announced that their Governments considered this a project of great importance, and felt that this study should be retained in the work programme and given a high priority. The Committee so recommended.

137. After the above discussion of the activities of the Commission, the Committee of the Whole decided that no departure should be made from the work programme as outlined. In reaching this conclusion, the Committee took into account, as it did at its meeting in February 1954, resolution 497 C (XVI) of the Economic and Social Council, which requested the regional commissions to review their programmes "(a) in the light of the criteria for priorities established under Council resolution 324 (XI), (b) in accordance with the procedures for indicating priorities outlined under Council resolution 402B (XIII) and (c) in the light of the United Nations priority programmes listed under Council resolution 451 A (XIV)".

138. The Committee of the Whole likewise bore in mind that in resolution 553 (XVIII), adopted in August 1954, the Council called for "continued efforts" to be made regarding "the concentration of efforts in the light of the United Nations priority programmes established by the Council". The Committee also considered resolution 557B (XVIII) on organization and operation of the Council and its commissions which, among other matters, requests the Secretary-General "to submit to the Council for its prior approval, and after consultation with the executive heads of the specialized agencies, any request made by the commissions for new studies or projects to be undertaken by the specialized agencies which would require substantial changes in the work programmes of the specialized agencies or additional budgetary provisions", and decides that "the agenda of the July session shall be mainly confined to the consideration of the world economic situation . . . and to a general review of the development and co-ordination of the economic, social and human rights programmes and activities of the United Nations and the specialized agencies as a whole".

139. The Committee stressed that in the implementation of its programme the Commission has collaborated with other organizations whose full co-operation it has enjoyed. Optimum utilization of resources and international funds has thus been ensured.

140. In accordance with Council resolution 402B (XIII), the programme of work has, as in previous years, been divided into three groups:

(a) *Continuing projects and activities of high priority* in which the responsibility of the secretariat, in accordance with the Commission's terms of reference and resolutions, is of a continuing character.

(b) *Ad hoc projects of high priority*, for which an approximate duration can be estimated.

(c) *Other projects* which, in view of budgetary or other limitations, may have to be deferred or eliminated, or undertaken so far as resources permit.

ANNOTATED LIST OF PROJECTS

SECTION I. ECONOMIC GROWTH AND THE TECHNIQUE OF PROGRAMMING

(a) CONTINUING PROJECTS AND ACTIVITIES OF HIGH PRIORITY

1. *General problems of economic development and the technique of programming*—resolutions 7 (IV), 48 (V), 49 (V)

(i) Continuation of the analysis of the technique of programming initiated in a study presented as document E/CN.12/292. The revised report will be ready for publication in July 1955.

(ii) Country studies: the first two—on Brazil and Colombia—will be issued as mimeographed documents subject to revision, in June 1955. Other country studies are in progress. The country studies apply the method of analysis and projection of economic growth as presented in the technique of programming study.

2. *Monetary and fiscal policies relative to the requirements of economic development*—resolutions 3 (IV), 52 (V)

Analyses of government receipts and expenditure; special analysis of taxation and other sources of revenue; and the influence of government credit, fiscal policies and exchange and trade controls upon consumption and investment in the various sectors of the economy.

This forms part of the country studies under 1 (b) above.

3. *Economic integration*

(i) *Economic integration and reciprocity in Central America*—resolutions 9 (IV), 24 (IV), 50 (V)

Work is continuing in accordance with the above resolutions and with those adopted by the Committee on Economic Co-operation in Central America.

(ii) *Preliminary investigation of problems of progressive integration of Latin American economies*—resolution 55 (V)

Certain aspects of this problem are being dealt with in the study of intra-Latin-American trade.

4. *Training programme for economists*—resolutions 4 (IV), 48 (V)

Continuation of the training programme organized for selected groups of Latin American economists to work with ECLA economists on theoretical and practical problems of economic development and the technique of programming.

The third annual course was completed in December 1954. A three-month course will be given in Colombia, during the last months of 1955, for Colombian economists and officials. The regular course initiated during April in Santiago will consequently be limited to seven trainees.

A manual on the evaluation, preparation and presentation of development projects is being prepared for use in the training course.

5. *Technical research and training in Latin America*—resolutions 13 (IV), 53 (V)

Work on this project has not advanced, owing to lack of resources.

(b) *Ad hoc* PROJECTS OF HIGH PRIORITY

6. *Expert conference, including working parties, on problems of economic development and the technique of programming* (with the co-operation of TAA)—resolutions 7 (IV), 48 (V)

This conference is planned for 1956, and will bring together a group of Latin American economists who are directly concerned with problems of economic development in their respective countries. A small number of economists from outside the region will also be invited to participate. The main subjects will be the technique of programming economic development and the role of monetary and fiscal policies, based on the work of the Commission and other international agencies, special papers prepared by participants, and the experiences of countries having development programmes. For specific aspects of the problem small working parties may be established before or during the conference.

7. *Influence of taxation on private capital exports*—resolutions 3 (IV), 52 (V)

Continuation of a study begun with document E/CN.12/298 and Add.1 and 2, taking into account both the economic and fiscal aspects of the problem. Studies of taxation in capital-exporting countries will be followed by a series of taxation studies in capital-importing countries.

This has been discussed with the Department of Economic and Social Affairs; but work has not advanced, pending certain studies that are being made by the Governments involved.

8. *Transport problems*—resolution 38 (AC.16)

A study of the obstacles to economic development and of the transport requirements for this purpose.

Work on transport problems has been confined to the Central American programme and to economic aspects of transport in the studies on economic development in Brazil and Colombia. Further work in this field, particularly in South America, will depend on the ability to recruit qualified staff, including a chief of the Transport Section.

9. *Study of the organization and structure of capital markets in Latin America*—resolution 3 (IV)

It is recommended that this project be given a high priority in the work programme.

(c) OTHER PROJECTS

10. *Relationship of migration to economic development*—resolution 6 (IV)

This study, planned in collaboration with other international agencies, will be based on a field investigation in a selected area in process of rapid economic growth, with particular reference to its capacity for absorption of migrants, especially from foreign countries.

This project has been temporarily deferred.

11. *Cyclical fluctuations in Latin America* (E/CN.12/190)

This project has been deferred.

SECTION II. ECONOMIC PROBLEMS OF AGRICULTURE

(with the collaboration of FAO)

- (a) CONTINUING PROJECTS AND ACTIVITIES OF HIGH PRIORITY

12. *Factors affecting agricultural production*—resolutions 7 (IV), 14 (IV), 61 (V)

Work has not advanced, owing to lack of staff.

13. *Agricultural development in individual countries*—resolutions 7 (IV), 14 (IV), 62 (V)

Work is being done in connexion with economic development studies in selected countries.

14. *Agricultural credit and regional seminars*—resolutions 14 (IV), 65 (V)

Secretariat studies on agricultural credit were made for the Central American countries and were presented to the meeting of experts held in Guatemala in September-October 1952.

Early in 1954, the printed version was published in three volumes, in Spanish only, under the title *Memoria del Seminario Centroamericano de Crédito Agrícola* (E/CN.12/305).⁵

Work has not advanced, owing to lack of resources.

(b) *Ad hoc* PROJECTS OF HIGH PRIORITY

15. *Study of coffee production and trade in relation to economic development*—resolution 63 (V)

This study is being carried out under the joint ECLA/FAO programme.

16. *Investigation of agricultural statistical systems and methodology in Latin America*—resolution 64 (V)

The studies would appraise the available statistics and methodology employed by the Latin American countries in order that ECLA and FAO might be in a better position to interpret the results of statistical analysis in the preparation of studies on economic problems of agriculture, with special reference to economic development. The results of these surveys would be referred to FAO and other agencies in order that appropriate measures might be taken to improve agricultural statistics in Latin America.

Consultations have been held with the interested agencies, but no further steps have been taken.

(c) OTHER PROJECTS

17. *Study of economic and technological problems of the banana industry*—resolution 67 (V)

This project has been deferred.

18. *Study of production, industrialization and export markets of hard fibres*—resolution 68 (V)

This project has been deferred.

SECTION III. INDUSTRY AND MINING

- (a) CONTINUING PROJECTS AND ACTIVITIES OF HIGH PRIORITY

19. *Iron and steel industries*—resolutions 10 (IV), 57 (V)

(i) Studies of Latin American steel production costs and investments;

(ii) Studies of production costs, investments and incentives in the iron and steel transforming industries;

⁵ United Nations publication, Sales No. 1953.II.G.1.

- (iii) Collection, analysis and dissemination of specialized statistics and technological documentation;
- (iv) Compilation and unification of terminology, norms and standards as applicable to the region.

Work has been principally confined to the study based on field investigation of the iron and steel transforming industries; the report will be ready in December 1955. A document will be presented to the sixth session dealing with the general aspects of this work and summarizing the main results and the conclusions which have been reached.

20. *Pulp and paper industries* (studies undertaken in co-operation with FAO)—resolutions 10 (IV), 58 (V)

The studies submitted to the Latin American Meeting of Experts on the Pulp and Paper Industry, held at Buenos Aires in October-November 1954, are being revised and condensed. It is hoped to publish them in printed form during June 1955.

21. *Studies of the heavy chemical industries*—resolutions 10 (IV), 59 (V)

- (i) Surveys of the existing industry in Latin America;
- (ii) Analyses of imports of chemicals and investigation of the possibility of establishing industries producing import substitutes;
- (iii) Availability of raw materials in the region and technical and economic problems related to their utilization.

Work on this study will be started by July 1955 and should be completed by December 1956.

22. *Development of energy resources*—resolutions 38 (AC.16), 60 (V)

The preliminary over-all survey of energy resources, utilization and requirements will be ready in June 1955.

23. *Mining*—resolution 57 (V)

Compilation of data on estimated reserves of ores of non-ferrous metals. Analysis of demand trends for non-ferrous metals, and economic and technical problems related to mining and non-ferrous metallic ores, their preparation, smelting and refining.

Work has not been initiated owing to lack of staff.

24. *Collection and classification of data available on non-agricultural natural resources in Latin America, and publication of inventories of resources*—resolution 60 (V)

Work has not advanced, owing to lack of staff.

(b) *Ad hoc* PROJECTS OF HIGH PRIORITY

25. *Expert meeting, including working parties, on the iron and steel industries and related transforming industries*—(in co-operation with TAA)—resolutions 10 (IV), 57 (V)

Work is progressing, and it is planned to hold the meeting during the first half of 1956.

26. *Expert meeting, including working parties, on the pulp and paper industry*—resolutions 10 (IV), 58 (V)

The meeting of experts on the pulp and paper industry (in co-operation with TAA and FAO), to discuss material assembled and reports prepared by the secretariat and by technical experts, was held in Buenos Aires from 19 October to 2 November 1954. (See *Report of the Latin American Meeting of Experts on the Pulp and Paper Industry* (E/CN.12/361.)) The complete report, including the technical studies presented to the Meeting, will be published during 1955.

27. *Studies of possibilities of establishing processing industries utilizing domestically produced raw materials, with particular reference to expansion of intra-regional and international trade*—resolution 46 (V)

Work has not advanced, owing to lack of staff.

(c) OTHER PROJECTS

28. *Food processing industries*—resolution 10 (IV)

This project has been deferred.

29. *Textile industry*—resolution 11 (IV)

This project has been deferred.

SECTION IV. INTERNATIONAL TRADE

(a) CONTINUING PROJECTS AND ACTIVITIES OF HIGH PRIORITY

30. *Trade between Latin America and the United States and Europe*—resolutions 18 (IV), 21 (IV), 45 (V)

The current trends of Latin American trade are presented in the economic survey for 1954. The secretariat has also initiated a study on the possibilities of expanding exports from Latin America.

31. *Inter-Latin American trade studies*—resolutions 20 (IV), 69 (V)

(i) Problems of commercial policy; implications of GATT for intra-regional trade; payments and exchange controls as applied to intra-Latin-American trade; import-export controls and administrative procedures;

(ii) Possibilities of increasing demand and trade within the regions for Latin American raw materials and manufactures;

(iii) Problems of maritime transport in relation to intra-Latin-American trade.

The report will be issued in July 1955.

32. *Studies of the terms of trade and their influence on the rate of economic development*—resolutions 18 (IV), 22 (IV), 46 (V)

Work is progressing, and a paper will be presented to the sixth session, which will open on 29 August 1955 at Bogotá.

(b) *Ad hoc* PROJECT OF HIGH PRIORITY

33. *Study of multilateral compensation settlements among Latin American countries and between Latin American and European countries*—resolutions 42 (AC.16), 47 (V)

A preliminary study of the flow and problems of payments between Latin American countries and the possibility and methods of effecting multilateral payments settlements is being made as a part of the work on inter-Latin American trade.

A report will be ready in July 1955.

SECTION V

ANNUAL ECONOMIC SURVEY AND ECONOMIC BULLETIN

(a) CONTINUING PROJECTS AND ACTIVITIES OF HIGH PRIORITY

34. *Annual economic survey of Latin America*—resolutions 7 (IV), 44 (V)

“The Economic Survey of Latin America, 1954”, will be ready for publication in May 1955.⁶

35. *Economic bulletin*—resolution 32 (IV)

Material is being prepared for the first issue, which will appear in August 1955.

⁶ See footnote 2.

2. RESOLUTIONS ADOPTED

141. The Committee of the Whole adopted the following resolutions :

77 (AC.26) Inter-regional trade co-operation.

78 (AC.26) Co-ordination with the Inter-American Economic and Social Council.

142. The texts of these resolutions are as follows :

INTER-REGIONAL TRADE CO-OPERATION

*Resolution 77 (AC.26) adopted on 10 May 1955
(E/CN.12/AC.26/9)*

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

Having examined resolution 535 B (XVIII) of the Economic and Social Council and the Report of the Secretary-General on the world economic situation and co-operation aimed at fostering inter-regional trade,

Having taken note of the resolutions on inter-regional trade co-operation approved by the Economic Commission for Europe⁷ and the Economic Commission for Asia and the Far East,⁸

Having regard to resolution 45 (V) of the Economic Commission for Latin America, recommending that the Secretariat continue the work undertaken on trade matters in collaboration with the Secretariats of the various competent agencies of the United Nations,

Considering also that this resolution "authorizes the Executive Secretary to consult, if he deems it advisable, with expert working groups to advise him on the different aspects of these studies",

1. *Reaffirms* the desire of its members to strengthen inter-regional trade relations, either of multilateral or bilateral character, and to co-operate with the Economic Commissions referred to, in order to attain this objective ;

2. *Supports* in principle the proposal for consultation on specific trade problems between the countries concerned ;

3. *Manifests* its agreement with the Economic Commission for Asia and the Far East :

(a) In believing that these consultations should not be limited to the members of the three regional commissions, for the reason indicated in operative paragraph 3 of resolution 14 (XI) ;⁸ and

(b) In considering that it would be expedient to study the possibility of adopting other methods and procedures to achieve the same aims ;

⁷ See *Official Records of the Economic and Social Council, Twentieth Session, Supplement No. 3, part IV.*

⁸ *Ibid.*, Supplement No. 3, para. 248.

4. *Recommends* that the Economic and Social Council should examine, in addition to the method of consultation by experts, other methods and procedures which may contribute towards raising the level of trade among the Member States of the United Nations or of its specialized agencies, according to the principles laid down in the Charter of the United Nations.

CO-ORDINATION WITH THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL

*Resolution 78 (AC.26) adopted on 10 May 1955
(E/CN.12/AC.26/10)*

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

1. *Takes note* of the report on Co-ordination between ECLA and IA-ECOSOC ;

2. *Resolves* to request the Executive Secretary in future reports on co-ordination between ECLA and IA-ECOSOC to include :

(a) An account of the co-ordination between the activities of the secretariats of the two organizations, with the aim of facilitating the execution of their respective work programmes ;

(b) A review of the meetings of the Co-ordination Committee set up at the secretariat level in accordance with resolution 31 (IV) ;

(c) An account of any further measures which the Executive Secretary of ECLA and the Secretary-General of the Organization of American States consider desirable as a result of any future consultations or study, in accordance with resolution 31 (IV), in order to improve co-ordination at the governmental level.

3. DRAFT RESOLUTION FOR ACTION BY THE ECONOMIC AND SOCIAL COUNCIL

Resolution adopted on 10 May 1955

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

Decides to submit the following resolution for action by the Economic and Social Council :

"The Economic and Social Council

"1. Takes note of the seventh annual report of the Economic Commission for Latin America ;

"2. Considers that the work programme of the Commission as established at the Committee of the Whole of the Economic Commission for Latin America at its meeting held in Santiago from 9 to 10 May 1955 is of primary importance for the economic development of Latin America ;

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

APPENDIX

Statement by Mr. Raúl Prebisch, Executive Secretary of the Economic Commission for Latin America, to the Committee of the Whole, 9 May 1955

It is now almost seven years since, on the commendable initiative of Chile, ECLA's Headquarters was established in the city of Santiago. Since that time we have constantly been encouraged by the generous and cordial assistance of the Chilean authorities. At each meeting of the Committee of the Whole, this policy of encouragement has been emphasized by the distinguished presence of their Minister for Foreign Affairs. Today we are honoured with the attendance of the Under-Secretaries of Foreign Affairs and of Economy. To them, on behalf of the Secretary-General of the United Nations, Mr. Hammarskjöld, and, as Executive Secretary of this regional commission, I must once more express the deep gratitude of our organization.

This meeting of the Committee is being held about three months before our sixth session, which will take place at Bogotá. Apart from carrying out the specific business on the agenda, we are here given the opportunity of submitting to delegates the most important points and the most significant problems with which we shall deal during that sixth session, in accordance with the resolutions of the Governments which are members of this Commission and with the directives of the United Nations Economic and Social Council. I venture to hope that this prior information and the documents which we shall be distributing in good time will enable Governments to become fully acquainted with the subjects to be discussed and to make early arrangements for the attendance of their expert delegations to the sixth session.

I am certain that the Bogotá session will be of great importance. The nature of the studies which we intend to submit will clearly express the stage which this Commission has reached, along the lines laid down for it by its member Governments. The studies refer to problems of considerable importance for the economic policy of the Latin American countries. By looking back into the past, we can see what a long way we have travelled. A few years ago, those of us who, with deep conviction, came to co-operate in building ECLA were dominated by an initial curiosity, which can be understood because we found ourselves in a sphere which had been very little explored at that time, the sphere of Latin American economic development. We were fired with the desire to see and to know reality, to ascertain the dynamic factors which impel it forward, and to measure—although with only the roughest approximation—the intensity of these factors in their influence on the growth of our countries. Who was then aware of the strength of that growth? Had anyone at that stage measured a dynamic element of such fundamental importance as the investment coefficient in Latin America? Had anyone attempted

to calculate the scope of the external and internal forces determining the regional development?

In all these matters research is now proceeding apace and being constantly improved. In this work, however, we are not free from surprises and even statistical setbacks, because we know full well that the basic material is still very unreliable in most of our countries, and must inevitably pass through stages of computation and rectification in the methods of analysis. But if we had waited until the material was complete and accurate we should still be in the realm of fruitless abstraction. On the other hand, by utilizing this material just as it was, at times perhaps with some boldness, we have been playing our part—in addition to enhancing our own experience—towards inducing our countries to improve such tools. And indeed they are improving the material, in the conviction that economic statistics have a function to fulfil which is much more practical and constructive than the useful task of illustrating reports or supporting arguments in the course of circumstantial controversies.

These are the instruments which have enabled us to steer our way through the complex maze of reality and, while we are still far from knowing that reality well, we are now in a position to attack the vast practical problems of Latin American growth, impelled as we are by the urgent desire to contribute to their solution.

Herein lies the real meaning of the sixth session at Bogotá. In accordance with the Commission's resolutions, as approved by the Council, we shall take to that meeting, among other things, new documents on the programming of development, a preliminary study of the fundamental problem of energy in Latin America, and an analysis of the problems and potentialities of both the iron and steel and the pulp and paper industries, a new and more detailed study of intra-Latin-American trade and a report on how the Economic Integration Programme in Central America is progressing.

Delegates have already received the progress report on these matters and it would be pointless, therefore, to repeat its contents. I only wish to stress some aspects which in my opinion are worthy of your attention.

We believe that we have made appreciable progress in the technique of programming economic development, thanks to the co-operation of those Governments which have realized that this is the best road along which to guide development policies. At a previous meeting I had the pleasure of reporting on the work we are carrying out at the request of the Brazilian Government and in collaboration with the Banco do Desenvolvimento Econômico. This work comprises as complete an analysis as possible of the development problems of

Brazil. A series of projections for future growth have also been made, which permit current problems to be stated clearly and evaluated, particularly those which development will render more acute and complex if they are not tackled with thoroughness by a vigorous and far-sighted policy.

The technique of analysis and projection which has been adopted in this case, applying and improving on the criteria used in a previous study of Chile, will be most useful after suitable adjustment for research into the problems of other countries. This is demonstrated by another study, dealing with Colombia, which will also be presented at the sixth session and will be similar in content to the survey of Brazil. On entering this new experimental field, we have at all times received the wise and generous encouragement of the Colombian authorities and of outstanding representatives of private enterprise in that country. Because of the enthusiasm with which this study was accomplished, we hope that they will regard our work, not only as a technical report but also as a sincere expression of our gratitude for their co-operation, which it gives me great pleasure to reiterate in the presence of the Ambassador of Colombia.

Other countries would also have gladly joined with us in this type of practical research, but, much to our regret, we have to postpone a further extension of these activities because of our limited resources. Nevertheless, I wish to reaffirm our intention to continue this work after the sixth session.

Owing to the lack of resources, our activities in the field of energy were frankly behind schedule. Fortunately, we have now been able to overcome this situation, and plan to present at Bogotá the first over-all study on the difficult question of energy in Latin America, one of the greatest obstacles to economic development. The study will cover the main technical and economic problems, from the alarming waste of energy caused by the use of obsolete equipment and techniques to an estimate of capital requirements that will vary between 600 and 900 million dollars annually during the next ten years, depending on the rate of growth. About half of this sum represents imports of capital goods.

Let us now turn to a study of the iron and steel industry and its possibilities of growth. Why should this industry have been chosen out of all those which our work programme offers? Precisely because the projections of growth of the main Latin American countries have convinced us that in the policy of import substitution imposed by that growth, the stage of simple replacement is already past and it is now necessary for imports of durable consumer goods and capital goods to be substituted. This poses a number of interesting questions which can only be answered in practice through systematic and objective analyses. We have made great efforts to ensure that our study will be a reasonably useful contribution of value to this work.

Parenthetically, I wish to reiterate a deep-rooted conviction; the policy of import substitution is indispensable for the continuance of growth and much more so for its acceleration. But this does not imply that export policy should be allowed to drift aimlessly. Exports have not been encouraged to the maximum; on the contrary, there have been instructive cases of negative policies, so to speak. We are preparing a report on this matter also, in accordance with the

resolution submitted by the United States delegation at the fourth session in Mexico City.

Our work on pulp and paper, carried out in close co-operation with FAO, resulted in an important meeting of experts at the end of last year in Buenos Aires under the auspices of the Argentine Government and with the active participation of the Technical Assistance Administration. A complete report on this meeting, including the studies prepared for it, will also be presented at Bogotá, because it not only has undoubted intrinsic value, but also offers clear proof of the efficacy of these technical meetings of experts from Latin America and from other countries which, under the aegis of the United Nations, are able to contribute their valuable experience.

At the fifth session, held at Rio de Janeiro, considerable attention was paid to intra-Latin-American trade. As a result, a new report will be issued in the near future in which the most detailed examination possible has been made of the difficulties which hamper regional trade and of the possibilities of expanding such commerce. Among these obstacles, special attention has been devoted to the problem of maritime transport, which has been more thoroughly analysed here than at any previous time.

The technical services rendered by ECLA to the Committee of Ministers of Economy of the Central American Republics have resulted in a report describing current progress in the economic integration of that area. Here we are impelled by a far-seeing and realistic policy, based on deep convictions which were strengthened recently when, at a time of serious political tension, representatives of the Central American Governments met as usual in our Mexico office to continue discussions on the technical aspects of integration.

I do not want to bring this brief account of our work to a close without referring to the "Economic Survey of Latin America, 1954", which will be published very shortly. The outline and analysis of current events contained therein has always been accompanied by a discussion of those points which developments themselves have suggested as deserving of emphasis against the wider background of economic development. The 1954 survey has followed the same principle. In the face of a slower rate of investment, we have asked two questions of fundamental importance. Can a developing country, through its own efforts, increase the coefficient of capital investment? Can positive capitalizing effects be expected from inflation? I do not doubt that, because of their considerable practical importance, these two questions will awaken the interest of government experts.

I have purposely disregarded the agricultural aspects of development. My esteemed colleague, Mr. Saco, who represents FAO at ECLA and assists in the preparation of the survey and other joint projects, will explain the purpose and scope of a report which both organizations will present at Bogotá. I would wish only to express my deep satisfaction at the close co-operation we have maintained with FAO. Happily, we have been able to avoid over-detailed and acrimonious dispute on points of jurisdiction. Our formula has been simple and effective—never to discuss the potential division of labour in the abstract. And thus, on making a concrete survey of the vast field of unexplored or

little-known problems, it has been easy for us to reach an agreement on how to concentrate our efforts on whatever was most urgent and important.

It is this same procedure which has made our relations with the Inter-American Economic and Social Council of mutual profit and, I hope, of mutual esteem. Our preparatory work for that organization's Fourth Extraordinary Conference at Rio last November was a further example of the fact that in dealing with practical matters solutions are easily found. It is for this reason that I thank the representatives of the member Governments of the Commission who, at the last meeting of the Committee of the Whole, authorized us to collaborate with IA-ECOSOC.

That is all I desire to bring to your notice for the present, while awaiting the points which you will be good enough to put to me during the coming debates. I should not like to conclude without an expression of thanks. I have always many grounds for gratitude, in view of the stimulus and support which the Governments have never failed to give to the secretariat, not only here in the Commission, but also in the Economic

and Social Council and in the General Assembly itself. But this time, I have other very special motives for gratitude. In the very understandable wave of economies which has swept through the United Nations, wise and discreet protection has been given to this regional organization, which, being the most recent, might not yet have attained its appropriate stature; but thanks to that policy it has now done so except for some small final touches. Here and in Mexico, 84 economists, together with their assistants and statisticians, are zealously carrying out research designed to shed light on problems. They are following a work programme, approved by the member Governments, which has two great virtues. It concentrates on the most important questions in reasonable order of priority, and so avoids an unfortunate dissipation of efforts. Secondly, it has given me the flexibility I need in adapting the execution of this programme to our resources and possibilities. For all this I would ask you to accept the gratitude of my secretariat, the members of which, as far as they can, are now at your disposal to facilitate the smooth conduct of the present meeting.

TABLE OF CONTENTS *(continued)*

	<i>Paragraphs</i>	<i>Page</i>
PART II. RELATIONS WITH SPECIALIZED AGENCIES AND OTHER ORGANIZATIONS		
A. Introduction	97	9
B. Specialized agencies	98-113	9
Food and Agriculture Organization of the United Nations	98-105	9
International Monetary Fund	106	9
International Labour Organisation	107-108	9
United Nations Educational, Scientific and Cultural Organization	109-112	9
International Bank for Reconstruction and Development	113	10
C. Inter-American Economic and Social Council	114	10
PART III. MEETING OF THE COMMITTEE OF THE WHOLE		
A. Membership, attendance and organization of work	115-120	10
1. Opening and closing meetings	115-117	10
2. Membership and attendance	118-119	10
(a) Report of the Chairman and Vice-Chairmen on the examination of credentials	119	10
(b) Delegations	—	10
(c) Representative of a non-member State, participating in an advisory capacity	—	11
(d) Representatives of specialized agencies	—	11
(e) Representatives of inter-governmental organizations	—	11
(f) Representatives of non-governmental organizations	—	11
3. Organization of the work of the Committee of the Whole	120	11
B. Agenda of the Committee of the Whole	121	11
C. Proceedings and resolutions	122-142	11
1. Account of proceedings	122-140	11
(a) General debate	122-131	11
(b) Programme of work and priorities	132-140	12
2. Resolutions adopted	141-142	16
3. Draft resolution for action by the Economic and Social Council		16

APPENDIX

Statement by Mr. Raúl Prebisch, Executive Secretary of the Economic Commission for Latin America, to the Committee of the Whole, 9 May 1955	17
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156

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