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NOTE

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utilization of common resources in the execution of their respective responsibilities between the staff assigned to the Department of Economic and Social Affairs at Headquarters and the staff of the regional commissions.

In the field of technical assistance, it is felt that a more rational and efficient utilization of resources available to the Department of Economic and Social Affairs at Headquarters, the regional economic commissions and the Technical Assistance Administration would materially benefit the Governments which are being assisted through the Expanded Programme of Technical Assistance. Proposals are under consideration which would promote a closer working relationship among those secretariat units. But it is quite basic, first that the role of resident representatives of TAB and of the agency representatives, wherever they exist, should in no way be weakened, and secondly that the regional economic commission secretariats should not assume operational responsibilities or activities which would detract from the authority of the resident representatives or Headquarters in New York. I should add that the survey suggests that, subject to certain adjustments, the ECLA secretariat is well adapted to the work assigned to it by your Commission and that it should have at its disposal adequate staff resources for the fulfilment of its manifold responsibilities.

At the recent session of the Economic and Social Council referred to the measures taken, both nationally and internationally, to promote economic development, as constituting a demonstration of international co-operation without parallel in world history. For the first time we are witnessing a general and practical recognition of the fact that the welfare of each individual country is of concern to all. At the same time I emphasized

that the measures so far undertaken are on much too small a scale to overcome the heritage of generations of poverty.

We all know that the atmosphere of international tension which has dominated world affairs most of the time since the United Nations was established is the main reason for this past inadequacy. This year, however, there has been a succession of events indicating a trend toward a climate more favourable for the constructive work that the United Nations can do so much to promote. The Bandung Conference of Asian and African nations was notable for its expressions of strong support for the work and purposes of the United Nations as a world organization. At San Francisco, the Tenth Anniversary meetings were dominated by a universal spirit of re-dedication to the United Nations Charter. This summer the meeting of the Heads of Government of four great Powers at which the United Nations was host, the release by the People's Republic of China of the U.S. fliers, and the great United Nations atomic conference of which I have already spoken have, in succession, contributed to a better atmosphere.

I believe that new opportunities are now opening before us for more effective co-operation in the field of economic and social development. Within the United Nations every Member country can exert its influence in promoting a more determined and substantial international attack on the problem of poverty than before. In the regional economic commissions, you have a special opportunity and responsibility in this respect. Your own record constitutes ample evidence that you will be able to make a sound and imaginative contribution to a new common effort to meet this over-riding challenge of our times.

APPENDIX III

Statement by Dr. Raúl Prebisch, Executive Secretary, at the plenary session on 30 August 1955

I

It is a great honour for me to present to this Sixth Session of the Commission the reports previously entrusted to the secretariat by Member Governments. The number and scope of these reports reflect not only the comprehensive work programme carried out, but also the efforts of our economists to cover a wider field with greater thoroughness, a very laudable endeavour in so far as it does not affect the accessibility of the results nor cause any delay in presenting these background documents to Member Governments. I regret deeply that we were unable to avoid these shortcomings. If delegates will be tolerant in their judgment, recalling perhaps the sustained effort of our recent collaboration at the Conference of Ministers of Finance or Economy held at Rio de Janeiro, this tolerance will in no way weaken our firm resolve to prevent such shortcomings in future reports.

II

Our colleagues responsible for the committees into which this conference may decide to sub-divide its activities, will have an opportunity to comment on the documents assigned to each committee, always provided that delegates approve a continuation of this practice, which, in my opinion, is advisable.

On my part, I only wish to discuss some aspects of our reports which deal with development policy, because of

the interest shown in this subject at previous sessions, when the debates were focussed around the problems inherent in such a policy.

However, I should first like to associate myself with the Secretary-General of the United Nations in his expression of gratitude to the Government of Colombia for the hospitality shown to us. The collaboration of official circles has been truly magnificent. To the encouraging words we heard yesterday from His Excellency the President of Colombia, have just been added those of the Minister of Finance, Dr. Villaveces. I wish to express my sincere hope that he will be entirely successful in his efforts to reduce the external vulnerability of Colombia's economy by adopting domestic measures which, combined with opportune international agreements, will enable this country to maintain its vigorous rate of growth.

III

In addition to the material contained in our documents, I hope that — as on other occasions — delegations will make their own valuable contribution to the discussions. Among other matters of recent interest, there is one which will surely merit the careful consideration of the committee concerned, because of its significance and topical nature. I refer to the agreements recently established between Brazil, the United Kingdom and other European countries to ensure the free convertibility of

their respective currencies within these areas. The desire that some of the advantages of the European Payments Union should be extended to Latin America—an aspiration which has been expressed more than once at meetings of this Commission—has begun to materialize. It is to be hoped that the delegations concerned will be able to inform the Commission on the scope of these agreements and on the prospects of their extension.

IV

I said that I was going to touch on certain subjects pertaining to development policy. I do not intend to refer to this topic, in the abstract, nor to emphasize the need for such a policy, since Member Governments of the Commission have repeatedly agreed on this point. I want to discuss some of the difficulties hindering the practical implementation of such a policy, in the light of current developments in the economy of Latin America.

Fortunately, the adverse external factors which seemed to exert a depressive influence upon the economic activity of these countries appear to have been temporarily overcome; Latin America's gross income has continued to grow, without any contraction whatsoever. Nevertheless, the complacent attitude which these events may engender should not obscure certain causes for anxiety. The symptoms of weakness, which we have been observing for some time in the dynamic force of Latin America, have become increasingly evident. They have caused justifiable concern, as His Excellency the President of the Republic, Lieutenant General Rojas Pinilla, reminded us yesterday. The exceptional increase of 4 per cent annually in the average *per capita* income of Latin America during the period 1945-52 is a phenomenon of the past. The coffee-producing countries—where this increase continued until late in 1954—have, in common with the rest of Latin America, witnessed a deterioration in the terms of trade which will naturally tend to aggravate the weakness of individual rates of growth.

V

The course of events must therefore be followed with deep attention. External factors are not the only influence. To a greater or lesser degree, according to the country concerned, serious structural deficiencies and grave functional disturbances persist, which, although concealed in times of external prosperity, cause pronounced maladjustments as soon as circumstances abroad become less favourable.

A disequilibrium in the balance of payments then becomes apparent, without any possibility of a simple return to previous conditions as a corrective, since basic considerations of growth and stability stand in the way of such a measure. This disequilibrium is generally aggravated by inflation and, in some cases, by the repercussions of a policy which certain countries are gradually abandoning, albeit not without difficulty, and which implies the maintenance of a rigid price for the national currency, despite the inflationary rise in domestic costs, thus prejudicing valuable export possibilities. In such periods of tension in foreign accounts, some countries are handicapped by the heavy burden of foodstuffs and raw materials which must be imported, either because agricultural production did not develop sufficiently rapidly, or because timely trade agreements were not concluded which could reduce this burden through reciprocal trade. In other cases, again, it is clear that oppor-

tune measures for developing domestic energy resources could have reduced fuel imports which also weigh heavily on the balance of payments.

Thus, under the pressure of urgent needs, attention has had to be focused on the problems of the moment, in search of measures adapted to the immediate circumstances or of hasty solutions. In reality, such emergency periods are rarely beneficial for a development policy with well-defined future objectives that can be attained only through prolonged and sustained effort.

But is a period of world prosperity any more propitious? I think that I have travelled throughout the length and breadth of Latin America; I have for a long period observed its economic vicissitudes and have arrived at the disconcerting conclusion that periods of external prosperity are not in fact favourable to a development policy. What need is there for a development programme if the rapid expansion of the economy promises easy solutions?

Prosperity silences the prophetic voices that wisely advocate a rational policy for employing the greater inflow of foreign resources to correct the structural and functional shortcomings of the economy, by limiting non-essential consumption in order to promote investment. It is true that favourable periods of external activity usually occur so suddenly that no ground has been prepared for the absorption of such resources; and, when adequate forms of investment are eventually formulated and given shape, a new, unfavourable turn of external events, or a disproportionate expansion of public or private consumption to the detriment of investment, obliges such plans to be postponed for a more favourable occasion.

Such is the nature of the psychological obstacles which frequently prevent a concept such as that of a development policy, the need for which is fully recognized, from achieving practical reality and from finding expression in a programme for which the State establishes the basic conditions and offers the necessary incentives to induce private enterprise to help to fulfil the fundamental objectives of the programme.

VI

I do not wish to imply that these are the only negative factors of a psychological nature. The uncertainty of the future always weighs on the minds of those responsible for economic policy. During the last three agreeable weeks in Colombia, we have been able to appreciate the perplexing problems of future coffee prices. We brought with us, for discussion with local experts, a detailed report on the obstacles to Colombia's development and on future prospects. Projections of the possible rates of economic growth during the next twelve years have also been prepared, a preliminary estimate of investment requirements computed and an analysis made of the structural changes deemed indispensable to attain these rates of growth.

But all these projections are based on the assumption that coffee prices will not fall below a certain level. It might well have been assumed that a much sharper drop would take place. But such a hypothesis would imply the destruction of the bases for the long-term economic action involved in a development programme. It would indeed have been a very strange idea to programme a crisis in producer countries! Yet such crises represent the decisive factor. If the recent frosts in Brazil had not

curtailed the crops, over-production and a sharp price decline would have already set in. The problem has not been solved; it has merely been postponed. As a security measure for what may prove to be the not so distant future, discussions at a very high level, which have recently taken place between Colombia and Brazil, have begun to weave the subtle fabric of what at the right moment may become the international web of mutual understanding. The atmosphere of good-will thus created will take account of the interests of both producer and consumer countries, rejecting the misleading illusion of transitory advantages.

Only a few years ago, it was customary to accuse producer countries of failing to take full advantage of the possibilities of expanding production! Only a relatively small proportion of the resources of the main coffee producers has been spent on rehabilitating or extending plantations. What would have happened if a larger share had been used for this purpose, to the detriment of other types of investment?

There is another question which has more profound implications for the dynamic force of these countries. What would be the result of a sharp rise in the productivity of coffee plantations, given the present situation? Would the benefits deriving from greater productivity take the form of increments in wages and in other sources of national income? If this were so, it would be essential that the surplus labour resulting from higher productivity should not be employed in further production by extending the plantations. It should therefore be absorbed in industry and services in so far as it were not required in other branches of agriculture. But industrialization is only very slowly fulfilling its dynamic function, and in the meanwhile any technical progress in coffee production would be in danger of transferring its benefits to the international market.

There has thus been a lack of strong incentives for an improvement of techniques in coffee production. If economic development and the subsequent growth of real wages in the main producing countries should create these incentives, it would not be possible to forecast whether productivity would increase in the coffee sector as in other branches of agriculture. If this did not occur, the rise in real wages would give an upward impulse to the terms of trade for this commodity. Such was the process in the United States, the intensive development in that country causing a rise in real wages in all occupations, including those activities in which there has been no technical progress whatsoever. As Stuart Mill pointed out during the last century, in the final analysis, world prices for coffee are very low in relation to the large labour input required for its production. Consumer countries must therefore be prepared to face the possible consequences of a change in the values of human labour as a result of the economic development of the producer countries.

In any event, these are very long-term phenomena, and an analysis of the prospects for the international regulation of coffee can no longer be postponed, despite the substantial difficulties.

VII

These circumstances show that a rational economic development policy requires firm support from measures of international co-operation. The United Nations has devoted constant attention to this problem, in relation both to prices and to international technical assistance

and investment. Previous ECLA reports have underlined the need to expand the flow of such investment and, in the light of the explicit declarations on this subject at the Meeting of the Ministers of Finance or Economy held at Rio de Janeiro, it seems probable that suitable projects and well-conceived development programmes will meet with a favourable reception from international credit organizations.

But how can the hindrances to the preparation of these programmes be overcome? The longer I observe the actual state of affairs in Latin America, the more I am convinced that—apart from certain out-dated objections—a fundamental defect in administrative organization at the national level is involved. Some Latin American countries have already accumulated valuable experience in this connexion, which might lead to very useful conclusions.

Economic planning cannot be left in the hands of the same authorities responsible for solving the immediate problems of the economy. It calls for an independent group of technical experts, who must, however, work in close contact with the authorities in question, since the existence of a strict inter-dependence between immediate and long-term economic problems is corroborated by the fact that it is the responsible Ministers themselves who must take final decisions in both cases.

At the discussions just held in this country, we were gratified to observe that the way has been cleared for satisfactory programming concepts. The Minister, Mr. Villaveces, in a recent article, the *Contralor de la República*, Coronel Novoa, and the *Director de Planeación*, Dr. Ortiz Lozano, in the course of our own round table discussions, have all made categorical statements in this connexion. If such ideas are actually put into practice, Colombia's experience will constitute a source of profitable inspiration for other Latin American countries.

VIII

Another point is that these problems require a special methodology. And here I must again refer to the work of the secretariat. At the fifth session, held at Rio de Janeiro, we were entrusted with the task of continuing the analysis of the problems of development programming. The technique of analyses and projections presented at the meeting has therefore been put to the test in two specific cases, namely, that of Brazil and that of Colombia, to which latter I have already referred. A report on each country is being presented to this sixth session. In Brazil, we had the pleasure of forming a joint group with economists of the *Banco do Desenvolvimento Economico* and the advantage of utilizing the valuable information which this institution had at its disposal. I hope that the analyses and projections thus prepared may serve as an over-all framework in which the development plans for sectors or areas will be incorporated, until the formulation of a complete programme has been achieved.

In Colombia, we have been able to go still further. Apart from the data compiled on the public sector—where we met with unhesitating and stimulating co-operation—we have had opportunities for first hand observation, both of agriculture and industry, as well as of other vital domestic activities. If our report is a faithful reflection of the facts, this is largely due to the pains we have taken to acquaint ourselves with them directly.

We wished, however, to be sure that we had really succeeded in doing so. Together with the *Dirección de*

Planeación—to which we are particularly grateful—we organized a series of round-table meetings to discuss with eminent Colombians the conclusions we had reached. In the course of these conversations we received the benefit of criticism, comments and suggestions which will prove invaluable for the preparation of the final report. Moreover, we were also able to explain the nature and scope of our methodology and the significance of our conclusions for the practical task of economic programming. Our report is intended to assist in promoting Colombia's development, and this is what the authorities hoped when they offered us their invaluable collaboration.

What, then, are these practical conclusions? This is not the place to discuss them in detail. Suffice it to emphasize some which are of interest to other Latin American countries.

First among these are the inferences to be drawn from the tendency towards external disequilibrium involved in development itself. Even if favourable prospects are assumed for Colombia's exports, the reports show that there is likely to be a serious future disparity between the growth of demand for commodities at present imported and the country's capacity to import, which mainly depends upon exports and their relative prices. Consequently, so that Colombia's development may proceed without periodical external disequilibria, it appears essential to pursue a firm policy of import substitution. Such a policy, however, cannot be a mere repetition of what has been done in the past. Except for some agricultural commodities and a few manufactured products, the substitution process must evolve so as to include increasingly difficult and complex branches of production. Colombia has almost exhausted the possibilities of the simple substitution of domestically manufactured for imported consumer goods, and must progress, first to the replacement of raw materials and intermediate goods, and then to that of capital goods. For this last purpose the country already possesses an iron and steel industry for which the outlook is highly promising.

Secondly, reference must be made to the conclusions on agriculture, and particularly to those relating to the co-ordination of agricultural development with industry and other activities. An estimate was made of the effort required in agriculture, of the increases in productivity to be achieved and of the prospects for attaining them, so that this sector may not lag behind the country's other activities, within the various hypotheses of growth which have been postulated. The conclusion was also reached that the same labour force at present employed in Colombia's agriculture would be sufficient to meet this expansion and that any increment in the active population could be channelled towards industry and services.

Thirdly, the projections of growth contained in the report will enable the magnitude of specific investment programmes to be defined, particularly in the energy and transport sectors.

Clearly, aggregate projections cannot provide accurate statistics of investment requirements, since these can only be determined on the basis of a series of projects. But it is possible to give provisional figures for the capital required according to possible rates of economic growth, and for the contributions from foreign sources required to achieve a specific investment coefficient.

I do not believe that the last word was said at the round-table discussions on this preliminary report on Colombia's development. The time was too short and

the material too extensive. But I do consider that we are now in a position to revise the report and to eliminate many of its obscurities and defects.

A noteworthy characteristic of the round-table discussions was the absence of purely theoretical debate. Import substitution was discussed without the emergence of the traditional controversy on industrialization, which might, indeed be out of date in the case of Colombia; this situation acquires still greater significance when it is recalled that only a few years ago a report by a group of international experts opposed the establishment of the steel-making industry because its costs would exceed those of imports. Such a consideration cannot be allowed to act as a determinant. An import substitution policy must be based on a different economic criterion. Given specific substitution requirements, which replacement activities will lead to the maximum increase in national income, by absorbing both the increment in the active population and the labour force displaced from agriculture as productivity rises? It is ECLA's opinion that once the Paz de Rio steel mill has been enlarged, it would only be possible to consider this industry anti-economic if it could be shown that there were other import substitution activities which could yield a greater product with the same investment, even though its costs might exceed those of imports. From a longer-term aspect this possibility does not seem to exist, for, as I have just explained, the country will have to begin with the complex process of replacing certain capital goods.

In this connexion, I hope the research which is being carried out on Latin America's mechanical and metallurgical industries and on the prospects for their development in specific countries, including Colombia, may be of value to this country. The fifth session requested us to undertake this study, which will form the basis for a meeting of experts at Sao Paulo, Brazil, in 1956, similar to the pulp and paper conference held in Buenos Aires at the end of 1954. At both meetings, as at others, we have enjoyed the valuable collaboration of the United Nations Technical Assistance Administration.

Our satisfaction because discussion was concentrated on the practical problems of development does not mean that ECLA's economists are no longer spurred on by those theoretical aspirations which from the very outset have inspired our work. On the contrary, we are still intent on formulating theories of development which are in sufficient keeping with reality to serve as a rational basis for action; in other words, we want to deal with facts in accordance with a reasoned and systematic concept of economic policy.

X

The method of projections has also been applied to the first over-all description of the problem of energy ever presented to the Commission. This was an unfortunate gap in our studies, and the report in question is a first attempt to fill it. We have also lacked regular studies on transport, and I hope that the first analyses on this subject will be presented at the seventh session. As to the energy problem, the projections have enabled us to form a preliminary impression—still somewhat sketchy—of the growth of demand in Latin America for the next few years, as well as of the prospects for meeting it. For this purpose, an analysis of the known sources of energy was made, together with estimates of the capital

required to remedy existing deficiencies and to satisfy future demand. If the Commission deems it advisable, the description of the various aspects of the energy problem contained in this report might serve as a point of departure for further studies and, eventually, for expert meetings to clarify specific points, with the collaboration of the Technical Assistance Board, represented here by my distinguished colleagues, Messrs. Martínez Cabañas and Goldschmidt. Of these topics I wish to mention only the waste of energy, which in Latin America has attained disquieting proportions. The consumption of energy generally represents barely 3 to 4 per cent of industrial production costs, and there is consequently no strong incentive to lower this figure; but it implies such a heavy burden on the foreign accounts of many Latin American countries that I have no hesitation in ranking this among the productivity problems of Latin America to which the highest priority should be accorded. A similar priority should also be given, in my opinion, to a survey of available hydro-electric resources, the study of which is essential if the integral and co-ordinated utilization of these basis resources is to be planned in full awareness of all the factors involved.

XI

A special chapter in the present report was devoted to atomic energy, in so far as it was possible to deal with this topic before the memorable conference recently organized by the United Nations at Geneva. Yesterday the Secretary-General explained the vast significance of this subject as a whole for countries in process of development. Findings on the peaceful uses of atomic energy, whether obtained in government laboratories or scientific centres, will not remain exclusively in the hands of individual countries, but will be made available to all nations, so that they may reap the great economic benefits accruing from such discoveries. Moreover, the United States, with remarkable foresight, has even begun to give technical assistance to some Latin American countries and has signed agreements concerning the utilization of atomic energy; similar assistance has also been offered by the United Kingdom in its relevant publication. It seems probable, therefore, that the techniques for the peaceful use of atomic energy and the many applications deriving from nuclear fission will be available to the Latin American governments and private entrepreneurs alike, and according to the characteristics of each country, one or the other—or both—will be able to put them into effect. Private enterprise in the United States is already preparing to use atomic fuel in the production of electricity in cities such as New York. I see no fundamental reason why the Latin American entrepreneur, if aided by international resources, should not tackle this problem with the same determination, especially in those countries where the high cost and the shortage of the traditional fuels make the utilization of atomic energy an economic proposition. Of course this is not an immediate problem; it will be necessary to wait for some years until several economic aspects of the question begin to take clearer shape. But preparations must be made in good time and advantage must be taken of the possibilities of technical training which are already being so generously offered to the countries in process of development. In this task the United Nations Secretariat might collaborate to valuable effect.

XII

We are consequently at a significant stage in a far-reaching process, namely, the transfer of the modern

techniques of production from the more advanced centres to the periphery of the international economy, where a large proportion of the world's population works at a low level of productivity. The conviction that the flow of private economic activity in the international field was far from sufficient to attain this objective led the United Nations and the United States to organize their technical assistance services for the economically under-developed countries. The United States had actually solved this problem with exceptional efficiency within their continental territory. The Government had long ago become aware that farmers could not carry out their own technological research in the same way as large industrial units; it thus organized this activity for their benefit. A genuine process of socialization of agricultural techniques took place, whereby the new procedures—whether evolved in public or in private scientific centres—were made available to whomsoever cared to use them, and were thus placed at the service of private initiative.

The urgent problem of increasing Latin America's productivity can be stated in similar terms, although local conditions are more difficult and heterogeneous. And no less indispensable than technological research for agriculture, is a vast and organized effort on the part of industry and other activities to adapt and assimilate up-to-date production techniques at a much faster rate than that hitherto prevailing. This task is a complex one in all its aspects. It is still undoubtedly in its first experimental stages, both on account of the limited resources in play and because the best methods to be followed are still being energetically sought.

Soviet scientists are already discussing atomic radiation as a means of increasing the fertility of the soil. But in large areas of Latin America the primary stage of using simple fertilizers to restore the productivity of the soil has yet to be reached, or—and this is still more serious—the control of erosion is proceeding only on a very limited scale, while the pronounced depletion of the soil goes on apace. We shall therefore be seeking to adopt new techniques when we have not yet assimilated processes which have been available to us for a long time.

XIII

The magnitude of this problem is very great. It is not enough to recall how little has been done in relation to current requirements; it is also necessary to forecast inevitable future needs. Some days ago, while discussing the same subject at a meeting of the Economic and Social Council of the United Nations held in Geneva, I thought it opportune to quote some figures which, though only conjectures, do give an impressive idea of the extent of the problem of absorbing techniques. Latin America's active population will increase by about 50 million inhabitants during the next twenty-five years, and will thus exceed that of the United States. This labour force will not be employed in the same occupations as at present. Substantial structural changes will have to take place, the direction and nature of which have been repeatedly explained in our reports. The technical training of the considerable body of persons who will enter active employment poses a formidable problem. I do not believe that in our countries—save in some isolated cases—a clear and distinct notion of the size and significance of this problem has yet been attained. Broadly speaking, there is still a marked discrepancy between the technical training effort—at all levels—and the actual requirements of economic development. Usually, little is being done, and that little does not always involve wise provi-

sion for the future. In addition, there is another matter of serious concern. The 50-million increase in the active population will coincide with an aggregate rise in the population that may amount to 275 million inhabitants in the next quarter of a century. What will this mean in terms of the demand for foodstuffs for this additional population and for raw materials to supply industry which must develop considerably? Undoubtedly a vast degree of expansion. I hope that during the next session we shall be able to make some contribution towards solving this problem. In the meanwhile, it may safely be asserted that in the agricultural sector technological research is not being encouraged sufficiently to enable the land to be more fully exploited in Latin America in the future than during the past quarter of a century, when the nutritional standards of a large proportion of the population have scarcely improved at all. Nor will the impetus given prove adequate to cope with the large prospective increment in the population without causing serious bottlenecks, since it is expected that the rate of demographic growth may not decline for several decades, to judge by the historical experience of more advanced countries.

XIV

We are in full agreement with FAO as to the urgency of accelerating the technical progress of agriculture. Our viewpoints have been expressed in a joint report on the selective expansion of Latin America's agricultural production in relation to economic development, which is being submitted to your consideration. Apart from the intrinsic interest of its contents, this report offers clear proof of the close co-operation between both organizations. In this respect, I have the pleasure of calling attention to the presence of Dr. Boerma, Director of the Economic Division of the specialized agency in question. He and Mr. Saco, Chief of the Joint ECLA/FAO Programme in Santiago, will give their valuable assistance in the discussions of the Agricultural Committee.

XV

I must also express my pleasure at having with us Mr. Royer, Deputy Director of the GATT. It is the first time that such a distinguished representative of this international body has attended one of our sessions. Mr. Royer will be able to clarify more than one aspect of the problems faced by the GATT, which are outlined in the chapters on this subject included in our second report on inter-Latin-American trade.

This second report, requested at the fifth session, in addition to making a more detailed analysis of intra-regional trade and its possibilities, includes a preliminary but very significant analysis of the series of obstacles caused by maritime transport to the development of inter-Latin-American trade. All this seems to me to bring us nearer to concrete action, and I cherish the hope that our report will provide a solid basis for the discussion on international trade.

Emphasis has been laid on the fact that a policy of import substitution must be combined with measures aimed at facilitating inter-Latin-American trade. The agreements concluded in this respect in recent years hold out promising prospects, and it is to be hoped that advantage will be taken of this initial experience to widen the sphere of trade, while simultaneously constructing a progressively multilateral system. This is also one of the primary objectives of the Central American Economic Co-operation Committee, of which the Secretary-

General spoke yesterday in most encouraging terms, and a report on whose work is submitted for the consideration of the delegates.

I also take great pleasure in welcoming the President of the Inter-American Economic and Social Council and the officials accompanying him. Their presence among us strengthens those bonds of collaboration and mutual understanding which were so clearly manifested at the recent Conference at Rio de Janeiro.

XVI

To penetrate subjects of such importance is to incur the risk of becoming too prolix and abusing the patience with which delegates have listened to me, and for which I am most grateful. I will forestall this danger by bringing my remarks to a timely close. But I should feel myself unworthy of the trust reposed in me by this great international organization, if I did not once again allude here to a subject which is constantly in my thoughts. In the face of the urgent problems that I described at the outset, in the face of the critical situations that call for emergency remedies. I sometimes wonder if our attention is not straying too far from those fundamental problems of development whose solution takes time to implement and must therefore be sought without delay. There are current problems which can no longer be solved as satisfactorily as might have been the case in the past. This failure is irremediable. Every attempt must be made to ensure that it is not repeated in the future. Now is the time to anticipate the problems which already exist in embryo; and a development policy must be based upon such foresight. This does not mean that ECLA studies will disregard immediate difficulties; on the contrary, these will also have to be the object of careful attention, not only with a view to seeking solutions, but above all, in order to maintain the required contact with the facts as they are and not as we should wish them to be; to introduce, in short, an element of vigorous realism into the analysis of development problems.

To the fulfilment of our task we have brought earnest endeavour and profound convictions. Latin America is in the throes of the struggle to overcome the inhibiting complexes and to throw off the outworn formulae which imperil the free evolution of its vital impulses. For this reason our work is not confined to a dispassionate and objective attempt to ascertain the real state of affairs in the countries in question. ECLA's economists are inspired by something more than a mere technical zeal. In our research, in our practical action and in our work of persuasion, faced as we are with the formidable challenge of contemporary technique, we are moved by the profound desire to see our efforts helping to implant higher forms of economic life and better social relationships in the spacious terrain of Hispanic civilization. This ardent ambition can be realized, at the present critical juncture of Latin America's history, only if we succeed in grasping the great motive forces that sway economic development and learn to use them methodically, with intelligence and foresight, and without indulging in the beguiling improvisations which arbitrary impulses suggest. To this should perhaps be added that boldness to which allusion was made yesterday by our distinguished colleague Mr. Guillermo del Pedregal, to whom we offer our cordial thanks for his inspiring words; that boldness combined with discretion, I would add, and that selfless steadiness in the pursuit of the aims proposed, without which inevitable failure is wont to attend upon the great enterprises of community life.

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