



# **ECONOMIC COMMISSION FOR LATIN AMERICA**

## **ANNUAL REPORT**

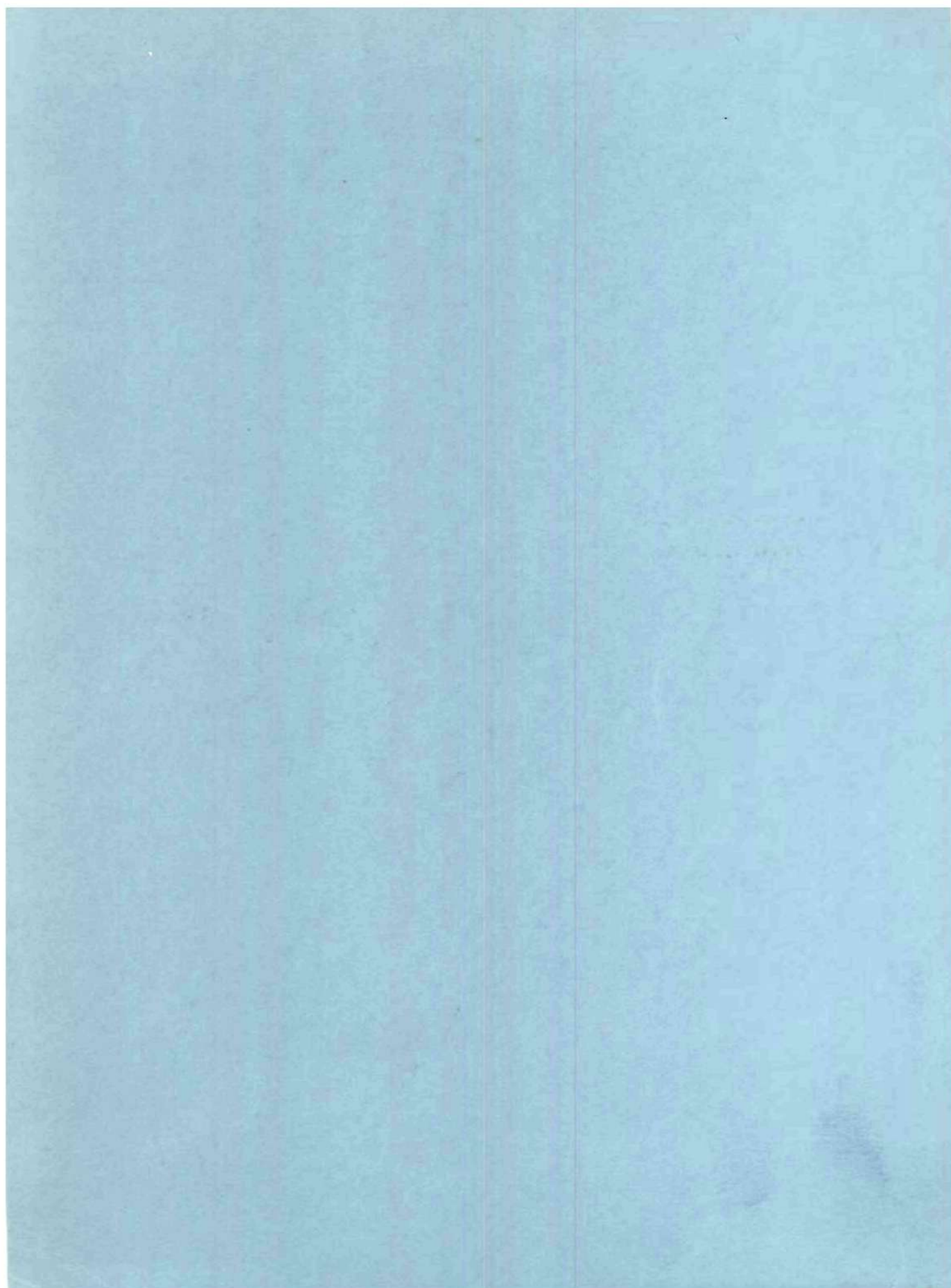
(17 February 1962 — 17 May 1963)

**ECONOMIC AND SOCIAL COUNCIL**  
**OFFICIAL RECORDS : THIRTY-SIXTH SESSION**

**SUPPLEMENT No. 4**

**UNITED NATIONS**









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**New York, 1963**



**NOTE**

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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## ABBREVIATIONS

|        |  |
|--------|--|
| ALALC  | Latin American Free-Trade Association  |
| BCIE   | Central American Bank for Economic Integration   |
| BNDE   | Banco Nacional do Desenvolvimento Economico (Brazilian National Economic Development Bank)                       |
| BTAO   | Bureau of Technical Assistance Operations  |
| CELADE | Latin American Demographic Centre  |
| CIDA   | Inter-American Committee for Agricultural Development  |
| CINVA  | Inter-American Housing and Planning Centre   |
| ECA    | Economic Commission for Africa   |
| ECAFE  | Economic Commission for Asia and the Far East  |
| ECE    | Economic Commission for Europe   |
| ECLA   | Economic Commission for Latin America  |
| ESAPAC | Advanced School of Public Administration for Central America   |
| FAO    | Food and Agriculture Organization of the United Nations  |
| GATT   | General Agreement on Tariffs and Trade   |
| IASI   | Inter-American Statistical Institute   |
| ICAITI | Central American Research Institute for Industry   |
| ICAO   | International Civil Aviation Organization  |
| ICEM   | Intergovernmental Committee for European Migration   |
| IDB    | Inter-American Development Bank  |
| ILAFA  | Latin American Iron and Steel Institute  |
| ILO    | International Labour Organisation  |
| NAUCA  | Standard Central American Customs Nomenclature   |
| OAS    | Organization of American States  |
| OCAS   | Organization of Central American States  |
| OECD   | Organization for Economic Co-operation and Development   |
| OPEX   | Programme for the provision of operational, executive and administrative personnel                               |
| PASB   | Pan American Sanitary Bureau   |
| SIECA  | Permanent Secretariat of the General Treaty on Central American Economic Integration                             |
| SUDENE | Superintendencia do Desenvolvimento do Nordeste (Superintendency for the Development of the North-East) (Brazil) |
| UNESCO | United Nations Educational, Scientific and Cultural Organization   |
| UNICEF | United Nations Children's Fund   |
| WHO    | World Health Organization  |
| WMO    | World Meteorological Organization  |







## INTRODUCTION

1. This fourteenth annual report of the Economic Commission for Latin America (ECLA) covers the period from 17 February 1962 to 17 May 1963.<sup>1</sup> The Commission submits this report to the Economic and Social Council for consideration, in accordance with paragraph 12 of the Commission's terms of reference, which states that "the Commission shall submit to the Council once a year a full report on its activities and plans, together with those of any subsidiary bodies."

## PART I

### WORK OF THE COMMISSION SINCE THE EIGHTH SESSION OF THE COMMITTEE OF THE WHOLE

2. Various circumstances have determined the intensity and the direction of the work carried out by the secretariat since the last annual report. The studies and programmes undertaken, the numerous conferences, technical meetings and sessions of subsidiary bodies of the Commission, the seminars organized or co-sponsored by the secretariat together with other United Nations agencies and intergovernmental organizations are not isolated efforts but form part of an over-all framework of activities which reflect fundamental motives of concern.

3. The first of these motives is that the slackening of the rate of economic growth which has been observed in the Latin American region for several years has shown no appreciable sign of changing. As a result, little progress has been made in solving urgent economic and social problems such as the living conditions of the broad masses of Latin America's population and opportunities for productive employment. Bound up closely with this slow rate of development is the persistently unfavourable trend of the region's foreign trade, as reflected in the limited expansion of the volume of exports, and still more in the deterioration in the terms of trade and in the institutional obstacles which can only be overcome by structural reforms of different kinds.

4. This situation has helped to accelerate the acceptance and execution of ideas and suggestions which ECLA has been putting forward for some time, as well as of new concepts relating to the scope and forms of international financial co-operation. Thus the general conviction now prevails that an integral planned policy of economic and social development must be defined and the technical and administrative instruments for its proper formulation and execution forged.

5. The urgency of the problems to be faced and the decisions required for solving them have placed an increasing burden of responsibility on the secretariat. Practical action is called for not only in the over-all aspects of organization and planning techniques but in particular aspects such as budget mechanisms, fiscal policy, industrial programming, education, health, housing and so forth.

6. The secretariat's task has been substantially strengthened with the establishment of the Latin American Institute for Economic and Social Planning, which formally came into existence under the aegis of ECLA and with the financial support of the Special Fund and the Inter-American Development Bank (IDB) on 1 July 1962. Towards the end of March 1962 the Committee of the Whole of the Commission held an extraordinary session at Santiago, Chile, for the express purpose of electing the eight members of the Governing Council of the Institute.<sup>2</sup> Subsequently, after consultation with the Governing Council, the Secretary-General of the United Nations on 1 May 1962 announced the appointment of Mr. Raúl Prebisch as Director-General of the Institute. In June the Committee of the Whole held its ninth session, at United Nations Headquarters, with a view to determining the precise conditions under which IDB would provide financial support for the Institute. As a result of this meeting, resolution 220 (AC.52)<sup>3</sup> was adopted setting forth the conditions governing its establishment.

<sup>1</sup> The previous activities of the Commission and its subsidiary bodies have been reported to the Economic and Social Council in the following documents: *Official Records of the Economic and Social Council: Seventh Session, Supplement No. 13 (E/840/Rev.1); ibid., Eighth Session, Supplement No. 4 (E/1099); ibid., Ninth Session, Supplement No. 14 (E/1330/Rev.1); ibid., Eleventh Session, Supplement No. 9 (E/1717); ibid., Thirteenth Session, Supplement No. 8 (E/2021); ibid., Fourteenth Session, Supplement No. 2 (E/2185); ibid., Sixteenth Session, Supplement No. 3 (E/2405); ibid., Seventeenth Session, Supplement No. 2 (E/2536); ibid., Twentieth Session, Supplement No. 10 (E/2756), and No. 10A (E/2796/Rev.1); ibid., Twenty-second Session, Supplement No. 10 (2883/Rev.1); ibid., Twenty-fourth Session, Supplement No. 8 (E/2998); ibid., Twenty-sixth Session, Supplement No. 4 (E/3091); ibid., Twenty-eighth Session, Supplement No. 4 (E/3246/Rev.2); ibid., Thirtieth Session, Supplement No. 4 (E/3333); ibid., Thirty-second Session, Supplement No. 4 (E/3486); ibid., Thirty-third Session, Supplement No. 4 (E/3582/Add.1); ibid., Thirty-fourth Session, Supplement No. 4 (E/3581/Rev.1); and No. 4A (E/3649).*

<sup>2</sup> See the report of the fourth extraordinary session of the Committee of the Whole (E/3582/Add.1).

<sup>3</sup> See the report on the ninth session of the Committee of the Whole (E/3649).



7. The important events which have occurred in the past few years have demonstrated the necessity for an examination and a systematic evaluation of what has been taking place in Latin America since the end of the Second World War; and the realization of this need comes at a time when the Commission has completed fifteen years of work during which a corpus of knowledge and experience has been built up that facilitates such an examination. Consequently, a considerable effort has been made to analyse economic and social development during this period, and the results have been submitted for consideration at the tenth session in a number of studies relating to different aspects of development — economic, social, agricultural, industrial and others. Among these, special mention should be made of the growing emphasis on the social aspects of development; research in this direction has been expanded.

8. Particularly important, too, is the research carried out on different aspects of industry. Apart from a number of documents prepared specially for the Seminar on Industrial Programming (São Paulo, Brazil, March 1963), studies were published during 1962 on such subjects as the timber industry, textiles, chemicals, basic industrial equipment, machine tools, and pulp and paper. These studies are the fruit of several years of extensive field work and analysis and research of various kinds, and they constitute an important contribution to the study of industrial development problems in Latin America.

9. The extent of the international technical assistance required in Latin America has emphasized the need for adequate co-ordination among the organizations responsible for such assistance. In this connexion, the close collaboration with the Organization of American States (OAS) and IDB continued along the lines laid down by the OAS/ECLA/IDB *Ad Hoc* Committee on Co-operation, the main outcome being the joint annual *Economic Survey of Latin America* and the work carried out on transport, as well as a number of meetings organized under joint auspices. The Executive Secretary of ECLA participated in the first annual meeting of the Inter-American Economic and Social Council at the ministerial level, and several senior staff members participated in the first annual meeting at the expert level. Both these meetings took place at Mexico City from 1 to 23 October 1962, and provided the occasion for the submission to Governments of the *Economic Survey of Latin America, 1961*, prepared by OAS and ECLA, as well as a number of documents relating more specifically to other joint projects.

10. A number of studies were prepared under the auspices of the OAS/ECLA/IDB Joint Tax Program and were later presented at the Conference on Fiscal Policy held at ECLA headquarters in December 1962.<sup>4</sup>

11. Thanks to the collaboration of OAS, the Transport Programme has been strengthened; two transport economists were added in 1962, and a maritime expert in 1963.

12. The events which have taken place in relation to the region's foreign trade have increased the basic

interest in regional integration schemes and in the new prospects opening up for expanding trade with the rest of the world.

13. The Central American Economic Integration Programme has taken a new and vital step forward with the accession of Costa Rica to the various treaties and agreements and with the signature of new agreements on equalization of tariffs and on fiscal incentives for industrial development. With these instruments the foundations have been laid for the achievement of the Programme's targets: (a) free trade has been established for most products, and will be extended to cover the rest within the five years ending in 1966, when the Central American common market will be fully in operation; (b) integrated industrial development has been reinforced by the implementation of a special agreement on integration industries and the financial aid of the Central American Bank for Economic Integration; and (c) the co-ordination of the main aspects of agricultural economy and other basic sectors of the area will be improved.

14. The benefits of the regional approach have become increasingly evident in connexion with the Central American Economic Integration Programme; in the case of the Latin American Free-Trade Association (ALALC), a number of practical steps were taken during the initial negotiations conducted by the ALALC countries in the second half of 1961, and further progress was made at the Second Conference of the Contracting Parties to the Montevideo Treaty which took place in Mexico in the second half of 1962. In spite of this progress, however, there is a general feeling that measures have to be taken to speed up regional integration and that this can best be done within the framework of ALALC. At the Conference, the Executive Secretary of ECLA made reference to several of the problems involved and put forward some suggestions for accelerating the integration movement.

15. In addition to its continuing work of analysing foreign trade developments and problems, the secretariat has been concerned with ways of increasing trade with the rest of the world. Particular attention has been paid in recent months to the trade relations between Latin America and the European countries, especially those forming the European Economic Community. The secretariat has undertaken studies on the subject which have led to the definition of some of the problems, and, with the help of a panel of high-level consultants, recommendations have been put forward with a view to solving them.<sup>5</sup>

16. The solutions proposed include the search for new patterns of international trade (based on the expansion of trade in industrial commodities), designed to replace the old pattern of an international division of labour between industrialized countries and those producing primary commodities. There is urgent need for action in this direction, since it is not only the rate of economic and social development of the Latin American countries that is at stake, but also the future policy of

<sup>4</sup> For the provisional report of this conference, see E/CN.12/638.

<sup>5</sup> See E/CN.12/631 and E/CN.12/632. The second of these documents was published in the *Economic Bulletin for Latin America*, vol. VII, No. 2, p. 127.



the Latin American common market. The importance of the task is underlined by the decision of the General Assembly in resolution 1785 (XVII) to convene a United Nations Conference on Trade and Development. It is clear that preparations for this conference will have an important effect on the Commission's work on trade during 1963 and 1964.

17. Some thought was given during 1962 to the role which the Commission can play in the United Nations Development Decade, in accordance with General Assembly resolution 1710 (XVI), and in March a paper was prepared on the subject for Headquarters.<sup>6</sup> This was followed in November by some ideas on the detailed phased proposals requested by the Economic and Social Council in resolution 916 (XXXIV). Many of the aims and objectives of the Development Decade have long been questions of deep concern to the Commission, and the work programme laid down at its successive sessions reflects this, though in two of the areas — natural resources and housing — pressure of other activities has prevented ECLA from making much headway so far. In the case of natural resources, work has already started on a pilot study. As for housing, the Central American Sub-Committee on Housing, Building and Planning has done some work, and ECLA also took an active part in the Latin American Seminar on Housing Statistics and Programmes held in September 1962 at Copenhagen, Denmark, and at Stockholm, Sweden.

18. With respect to decentralization of technical assistance programmes, a start has just been made in connexion with regional projects, and a Technical Assistance Co-ordinating Unit has been set up within the secretariat. However, many problems still remain to be solved in order to reinforce the Commission's contribution to these activities in Latin America.

19. During the second half of 1962, contracts were placed for the United Nations building at Santiago, and early in 1963 the first excavations took place. However, rising costs and other factors which have arisen since the project was approved have combined to make the available funds insufficient to cover the building as designed. It is hoped that some assistance in this connexion will result from the work of the *ad hoc* committee set up by Governments to co-ordinate and promote the gift programme in respect of the new ECLA headquarters.

20. Two issues of the *Economic Bulletin for Latin America* have been published since the eighth session of the Committee of the Whole. Volume VII, No. 2, appeared in October 1962, and contained articles on the following topics: "Latin American Institute for Economic and Social Planning"; "The creation of a United Nations Economic Projections and Programming Centre and the technique of projections"; "The achievement of co-ordination in Latin American trade policy: relations with the European Economic Community"; "Short-term economic fluctuations in Latin America during 1948 to 1959"; "Report of the Latin American Seminar on Planning"; "Conference on Education and Economic and

<sup>6</sup> The secretariat used this paper as a basis for a note submitted to the Commission at the tenth session (E/CN.12/685).

Social Development in Latin America"; and "Economic development and education in Latin America".

21. Volume VIII, No. 1, published in March 1963, includes the following articles: "Stabilizing the terms of trade of under-developed countries" (Nicholas Kaldor); "General situation and future outlook of the Central American Economic Integration Programme"; "Planning in France" (François Le Guay); "Geographic distribution of the population of Latin America and regional development priorities"; "Technological research in Latin America"; "ECLA's recent activities",<sup>7</sup> and "Methodological notes: the concept of terms of trade and methods of computation".

22. The review of the Commission's work which follows is divided into three main sections: A. Activities of subsidiary bodies; B. Other activities; C. Relations with specialized agencies and other organizations.

#### A. Activities of subsidiary bodies

23. Since no meeting of the ECLA Trade Committee took place during the period under review, this section of the report summarizes the work of the Central American Economic Co-operation Committee and its sub-committees.

#### CENTRAL AMERICAN ECONOMIC CO-OPERATION COMMITTEE

24. During the period under review, new progress has been made in the work being carried out by the Central American Economic Co-operation Committee, since the recent accession of the Republic of Costa Rica to the General Treaty on Central American Economic Integration and other instruments of economic integration has completed the coverage needed for integration. The participation of Costa Rica, in addition to fulfilling the hopes of all the Central American Governments, also satisfies one of the requirements of integration, namely, an economic market basis broad enough to permit industrial development, hitherto non-existent or barely perceptible in Central America. The common market has instruments that are highly effective not only for accelerating the real integration of the Central American economies, but also for offsetting some of the factors which in recent years have had an unfavourable effect on the economic situation.

25. Free trade is now an open channel for expanding productive activity. In addition, there is a common tariff built up on the basis of the real situation prevailing in Central America; and with a view to development. There are Central American institutions for financing, for industrial technology and even for training in administration; while the Economic Council, the Executive

<sup>7</sup> It is proposed to include a section under this heading regularly in each issue of the *Bulletin*, to indicate the most recent work carried out. In the issue in question, information is given on the following topics: (a) The Workshop on Budgetary Classification and Management in South America; (b) The Conference on Fiscal Policy; (c) The Latin American Seminar on Housing Statistics and Programmes; (d) The relationship between community development and national development programmes; and (e) Problems of the electricity industry.



Council and the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) provide a solid background for the efficient operation of the common market and for progress towards integration. Additional favourable factors have been the decision of the Central American Governments to undertake the planning of development in their countries in a co-ordinated form and on a regional basis, the prospects for intensive public investment in the immediate future and the existence of sources of external financing additional to those which have been available hitherto.

26. Essentially, therefore, the stage of drawing up treaties and designing the framework for integration may be said to be completed. Full free trade has now been decided upon for most products, and for the remainder the characteristics, time limits and rates of liberalization to be applied have been specified. Thus the common market is now on an automatic basis and further negotiations or agreements of a general nature are therefore unnecessary. Economic integration has not only been completed both from a geographical and institutional standpoint, but is already at the operational stage. Nevertheless, these results constitute a new starting-point rather than the completion of a task.

27. The improvement that can be achieved through integration is of a general nature and implies a transformation of the existing economic systems, and cannot be achieved to the fullest extent if the national forms of production become firmly rooted. Economic integration — as the Central American Governments have conceived it — is not a means of improving five national systems at a low level of development, nor is it a marginal opportunity to enable those systems, while preserving their own characteristics, to mitigate some of the anti-economic features inherent in their structure. The very essence of integration is the gradual fusion of these national economies into what in practice would amount to an economic system of regional scope.

28. The actual integration of economic systems presents its own problems, which do not arise at the level of an individual country. The aims of integration exist side by side with national objectives. At the next stage of the programme, common ground will increasingly be established between these two types of aims, particularly in the major economic sectors, and a progressively greater effort will be made to ensure that the various national economic bodies carry out their activities in the light of the additional prospects opened up by the common market.

29. The operative stage which the programme has now reached is, by its very nature, the testing period for integration. Regional action by the national bodies will serve to consolidate and extend the basis of common interest on which the whole integration programme has been built up through the benefits accruing to the different member countries. It is hardly a question of arithmetical equality of benefits. In the long run, the basis of common interest will depend more on the extent to which economic integration can accelerate the process of growth than on any other kind of adjustment.

30. With a view to transforming the economies of Central America into a system entirely regional in scope,

the Governments represented on the Central American Economic Co-operation Committee have gone ahead with the work described in the report on its eighth session, held at San Salvador in January 1963 (E/CN.12/672), at which they adopted resolutions relating to a customs union, economic ties with other countries or groups of countries, industrial and agricultural development, transport networks and other matters (see para. 43 below).

31. The general status and prospects of the Central American Economic Integration Programme are examined in a note submitted to the Commission at its tenth session (E/CN.12/666).<sup>8</sup> In addition to the secretariat's work directly connected with this programme, ECLA's Mexico Office has made the preliminary analyses with a view to a joint study of the economic development of Central America and Panama. Work has also continued on studies relating to the economic development of Nicaragua and Guatemala, in collaboration with working groups in these countries.

Third special session . . . . . 23 to 31 July 1962

*Chairman:* Mr. Raúl Hess Estrada (Costa Rica);

*Rapporteur:* Mr. Jorge Bueso Arias (Honduras).

32. At the third special session of the Central American Economic Co-operation Committee, held at San José, Costa Rica, in July 1962, Costa Rica acceded to the General Treaty on Central American Economic Integration, the Managua Protocol to the Central American Agreement on the Equalization of Import Duties and Charges and the Agreement constituting the Central American Bank for Economic Integration (BCIE). Thus Costa Rica was incorporated into the common market, which thereby acquired full Central American coverage. The only item outstanding was the negotiation of the list of products which, during the transition period, would not enjoy free-trade treatment between Costa Rica and the other member countries.

33. The five member Governments signed a new Protocol to the Central American Agreement on the Equalization of Import Duties and Charges, whereby uniform rates were adopted for 603 tariff items, which had been negotiated during three different sessions of the Central American Trade Sub-Committee. With this protocol, customs equalization was extended to 95 per cent of the items comprised in the Standard Central American Customs Nomenclature (NAUCA), leaving only 63 items to be negotiated in order to complete the common import tariff.

34. The Governments represented on the Committee also signed on this occasion the Central American Agreement on Tax Incentives to Industrial Development. The draft of the agreement had been drawn up by an *ad hoc* working group, set up under the Committee's resolution 85 (CCE), in the course of three sessions held in 1961 and 1962. The Agreement refers exclusively to the manufacturing industries; it contains standard rulings with respect to exemptions and classification of industries, and provides that the qualification and classification of

<sup>8</sup> Also published as an article in the *Economic Bulletin for Latin America*, vol. VIII, No. 1.



these industries shall be made on an entirely Central American basis at the latest by the end of the seventh year after the Agreement comes into force. The main objectives of this instrument are the development of branches of industry producing intermediate goods, raw materials and capital goods, and the establishment in Central America of manufacturing activities which will use a high proportion of local resources, both human and natural. The Agreement also stipulates that within a maximum period of one year the Governments shall sign an additional protocol establishing the system of fiscal incentives applicable to assembly activities, together with the regulations governing trade in goods assembled within the Central American common market.<sup>9</sup>

Fourth special session . . . . . 15 and 16 November 1962

*Chairman:* Mr. Jorge Bueso Arias (Honduras);

*Rapporteur:* Mr. Salvador Jáuregui (El Salvador).

35. The main purpose of the fourth special session of the Committee, held at Tegucigalpa, Honduras, was to consider and sign the Protocol to the General Treaty on Central American Economic Integration, containing the list of goods subject to transitional régimes constituting an exception to free trade between Costa Rica and the various other Treaty countries. This list was drawn up in the course of two meetings of government officials, held in September and October 1962.

36. Thus the Central American common market is almost a *fait accompli*, covering over 90 per cent of the products of the member countries. It is due to be rounded off in June 1966 — when the five-year term laid down in the General Treaty expires — with the elimination of any remaining transitional régimes constituting exceptions to free trade.

37. The Committee stressed the need to foster studies and activities of the programme in regard to fiscal integration. The ECLA secretariat was therefore requested to continue the work it has been doing in this field in compliance with the Committee's earlier resolutions, and to arrange for technical assistance from the United Nations with a view to carrying out, as a project of the integration programme, a systematic study of the fiscal problems which may arise in connexion with the accelerated development of Central America, the efficient functioning of the common market and the future constitution of a Central American customs union.<sup>10</sup>

Eighth session . . . . . 21 to 29 January 1963

*Chairman:* Mr. Salvador Jáuregui (El Salvador);

*Rapporteur:* Mr. Julio Prado García Salas (Guatemala).

38. The eighth session of the Committee took place at San Salvador, El Salvador. This was the first occasion on which all the Central American countries met as members of the common market, under conditions approaching the complete legal organization of this market, free trade and customs equalization.

39. The Committee concentrated mainly on the study and discussion of the first Protocol to the Agreement on

the Regime for Central American Integration Industries and on the formulation of specific guiding principles for the programme of activities to be developed during the subsequent stage in the economic integration of the region.

40. A draft protocol had been drawn up at the meeting of the *ad hoc* Working Group on Industrial Development held at Managua, Nicaragua, in December 1961, and revised and put into final shape at the technical level in the course of two meetings of the Executive Council of the General Treaty in December 1962 and January 1963 respectively. On 29 January 1963, as a result of the negotiations at the Committee's eighth session, the five member Governments signed the Protocol to the Agreement on the Regime for Central American Integration Industries, in which the first plants to be set up in accordance with this instrument are determined.

41. The Protocol stipulates the minimum capacity of the plants and their siting, as well as price and supply factors and other conditions governing their installation and operation. It also establishes an additional mechanism for industrial development within the common market, whereby uniform charges are laid down for importing products belonging to industrial branches of interest to Central America. These charges will begin to be applied when production of the goods in question begins and is sufficient to supply at least 50 per cent of the regional market.

42. In examining the question of the direction to be taken by the programme in the future, the Committee pointed out that with the signature of the most recent Central American treaties and agreements, the stage of drafting the legal instruments for economic integration has been completed. The main objectives to be achieved in the next stage by the five Governments in their task of establishing a single economic system of regional scope would thus be the formation of a Central American customs union, the economic orientation of Central America as a whole vis-à-vis the rest of the world, and the development of a basic productive capacity for the common market.

43. The report on the eighth session of the Committee (E/CN.12/672) covers its activities between 14 December 1960 and 29 January 1963, and contains an account of the work being carried out or to be undertaken shortly in compliance with its resolutions. The following should be mentioned:

(a) Studies and preparatory work for establishing a Central American customs union, and adoption of the customs code and of uniform tariff legislation;

(b) Preparation of a common trade policy with respect to third countries or other economic groupings such as the Latin American Free-Trade Association (ALALC);

(c) Formulation of a broad programme of basic research on the manufacturing sector in Central America, the main aspects being the identification and evaluation of new industrial possibilities within the common market, the study and utilization of the region's natural resources, the determination of skilled manpower needs, specialization, and the location of productive activity in this sector;

<sup>9</sup> For the report on the session, see E/CN.12/657.

<sup>10</sup> For the report on the session, see E/CN.12/658.



(d) Systematic study of fiscal problems which may arise in relation to the accelerated development of Central America and the efficient functioning of the common market, with a view to the eventual formulation of a common Central American policy in this field;

(e) Fostering of the activities of the Joint Mission for Programming in Central America in relation to the drawing up of plans and programmes and the fixing of targets at the regional level as a basis for the co-ordination of national development programmes consonant with the aims and objectives of the integration programme;

(f) Formulation of such measures for developing the regional infrastructure, particularly the transport and energy sectors, as may be essential for the development of the economic integration programme;

(g) Continuation of research into costs and labour productivity and income distribution, and a start on the study of the problems of the less developed areas in the Central American region and of the most efficient ways of integrating them with the rest of the economic system.

#### *Central American Trade Sub-Committee*

Twelfth session . . . . . 22 January to 3 February 1962

*Chairman:* Mr. Alexander Vázquez (El Salvador);

*Rapporteur:* Mr. Guillermo Noriega Morales (Guatemala).

44. During its twelfth session, held at San Salvador, El Salvador, the Central American Trade Sub-Committee virtually concluded the negotiations for formulating a Central American uniform tariff. The common charges agreed upon, as well as those negotiated during the tenth and eleventh sessions of the Sub-Committee, were subsequently included in the Protocol to the Central American Agreement on the Equalization of Import Duties and Charges which was signed at the third special session of the Central American Economic Co-operation Committee.

#### *Central American Statistical Co-ordination Sub-Committee*

Fifth session . . . . . 14 to 22 February 1963

*Chairman:* Mr. J. Trinidad Fiallos (Honduras);

*Rapporteur:* Mr. Rodrigo Bolaños S. (Costa Rica).

45. At its fifth session, held at Tegucigalpa, Honduras, the Sub-Committee made an evaluation of the statistical needs arising out of the economic integration programme and the national development plans and formulated a definite programme of activities to be carried out with a view to the future development and co-ordination of national statistical services. The recommendations refer mainly to: (a) the preparation of an inventory of the statistical series already being compiled, and of available resources; (b) the preparation and improvement of index numbers for foreign trade and industrial production on a uniform basis and following methods which will ensure their comparability; (c) the establishment of surveys relating to agricultural production, including crop forecasts; (d) the speeding up of census programmes; and (e) the preparation of demographic statistics required by economic and social bodies.

#### *Other meetings of subsidiary organs of the Central American Economic Co-operation Committee*

46. During the period under review, a number of other meetings took place in connexion with the Central American Economic Integration Programme. Some of them provided the basic preparatory work for the decisions taken at the third and fourth special sessions and at the eighth session of the Central American Economic Co-operation Committee. They included: the third session of the *ad hoc* Working Group on Uniform Fiscal Incentives to Industrial Development, held at Mexico City from 26 March to 3 April 1962; the preparatory meeting for the third special session of the Economic Co-operation Committee, held at San José, Costa Rica, from 16 to 21 July 1962; and first and second meetings of government officials to arrange the details of Costa Rica's incorporation into the Central American common market, held at San José, Costa Rica, from 6 to 24 September and at Mexico City from 8 to 12 October 1962 respectively.

47. In addition, the following meetings were held to consider different aspects of the integration programme: the first session of the Joint ECLA/BCIE/FAO/SIECA Working Group to study Grain Supplies in Central America and Panama, held at Mexico City from 21 to 23 May 1962; the first session of the Joint ECLA/BCIE/SIECA Working Group on the Central American Road Network, held at Mexico City from 13 to 21 June 1962.

#### *Working Group on Modular Co-ordination in Housing in Central America*

48. The first session of the Working Group on Modular Co-ordination in Housing in Central America was held at San Salvador, El Salvador, from 15 to 23 August 1962, under the chairmanship of Mr. Mario Piche (El Salvador) and with Mr. Julio Mora (Panama) as Rapporteur. The Group reviewed the technical aspects of the introduction of the system of modular co-ordination in the building of low-cost housing in Central America and in the production of building materials. The basic module was agreed upon, together with modular measurements for building materials. A pilot project was recommended for the construction of fifty dwellings to demonstrate the advantages of the system.

49. Experts from the Central American countries, Canada, the United States, the United Kingdom and Sweden attended the meeting, as well as others from OAS and IDB, and representatives of various international and Central American organizations. The United Nations Bureau of Social Affairs and Bureau of Technical Assistance Operations (BTAO) also participated.

#### **B. Other activities**

50. This section deals with the activities of the secretariat not directly related to the work of the Commission's subsidiary bodies. Because of the particular importance, during the year under review, of the numerous meetings and seminars organized or co-sponsored by the secretariat, in addition to those of its subsidiary bodies, it has



been considered useful to include below a special section describing these meetings.<sup>11</sup>

#### MEETINGS AND SEMINARS

*Latin American Seminar on Planning* (ECLA headquarters, Santiago, 19 to 24 February 1962)

51. This seminar was held under the joint auspices of ECLA, OAS and IDB. It was attended by thirty-seven experts, who took part in the discussions in an entirely personal capacity. Of these, eight were members of the Panel of Experts appointed by the Inter-American Economic and Social Council to assess development plans, twelve were experts with long experience of economic and social planning, fourteen were officials from the secretariats of the sponsoring bodies, and three were experts from other bodies.

52. The Seminar devoted its attention mainly to an examination of the experience gained by the various countries in their planning efforts for economic and social development, and the tasks and problems presented by the formulation, preparation and implementation of short-term plans.

53. The report on the Seminar (E/CN.12/644)<sup>12</sup> sets forth the main ideas put forward during the discussions, and the conclusions reached. In particular, the need was stressed for short-term action — based on considerations of urgency — to be closely linked with the basic over-all long-term planning efforts. At the same time concern was expressed at the fact that concrete action in the formulation of plans, the preparation and presentation of projects, the adoption of specific political and economic measures and the preparation or introduction of the necessary basic reforms had so far not acquired a pace commensurate with the urgency demanded by conditions in Latin America.

54. Consequently, the main subjects dealt with at the meeting were the detection of the causes of the delay, examination of the problems raised by quicker and more thorough-going action and the formulation of suggestions for better organization of future efforts.

*Conference on Education and Economic and Social Development in Latin America* (Santiago, 5 to 19 March 1963)

55. This conference was sponsored jointly by UNESCO, ECLA, the United Nations Bureau of Social Affairs and OAS, with the co-operation of the ILO and FAO. The total number of participants was 309 and there were 193 observers. Although organized at the technical level, it was attended by Ministers of Education from most of the Latin American countries.

56. The secretariat prepared a number of papers for the Conference, including one dealing with economic development and education, with particular reference to

comparative rates of economic growth; another concerning sociological considerations in the economic development of Latin America — this being presented by special agreement with UNESCO, since it had been prepared in accordance with the recommendations of the Working Group on Social Aspects of Economic Development (Mexico, December 1960);<sup>13</sup> and a third dealing with various aspects of education in relation to manpower requirements.

57. ECLA played an important part in the debates of Committee II, which dealt with the integration of educational planning with economic and social planning. The report and recommendations of this committee (see E/CN.12/639, part III) are of special interest to those concerned with economic and social planning, especially the recommendation urging the Governments to move swiftly towards educational planning as an essential part of the planning of economic and social development; ways of implementing this recommendation are suggested. Another recommendation refers to the rational use of the resources available, both financial and human. The need for systematizing and defining occupations and professional specializations by educational levels was likewise emphasized.<sup>14</sup>

*Inter-Agency Working Party on Skilled Manpower in Latin America* (fifth meeting, ECLA headquarters, Santiago, 22 to 28 March 1962)

58. This meeting was attended by representatives of the secretariats of the ILO, UNESCO, FAO, OAS, the Intergovernmental Committee for European Migration (ICEM) and ECLA. The main purpose of the Working Party is to co-ordinate the activities being carried on by the above-mentioned organizations in relation to skilled manpower in Latin America. The fifth meeting was preceded by a preparatory meeting, which was reported on in ECLA's previous annual report (E/3581/Rev.1, paras. 96-102). The secretariat prepared discussion papers relating to the analysis of manpower structure and educational requirements, ECLA's collaboration with the research programme on human resources in Chile, the work of the Advisory Groups, and notes on methods for analysing and planning manpower needs.<sup>15</sup>

*Meeting of Experts on Trade Policy* (ECLA headquarters, 23 to 27 July 1962)

59. This meeting and the symposium described below (see para. 62) were convened with BTAO financing in accordance with the directives contained in resolutions 3 (I), 6 (II) and 14 (III) of the Trade Committee. Four high-ranking experts were brought together by ECLA to discuss, in a personal capacity, recent events in trade policy in Europe and the bases for economic and trade relations between Latin America and Europe in the light of the new circumstances created by the establishment of

<sup>11</sup> Apart from the meetings in question, there has been an increasing participation in meetings held by other agencies; see the paragraphs relating to the work of the different divisions of the secretariat.

<sup>12</sup> A preliminary version was published in the *Economic Bulletin for Latin America*, vol. VII, No. 2.

<sup>13</sup> The report of the Working Group was published in the *Economic Bulletin for Latin America*, vol. VI, No. 1.

<sup>14</sup> The report of the Conference (E/CN.12/639) was submitted to the Commission at the tenth session.

<sup>15</sup> For the report on the meeting, see E/CN.12/627. See also E/CN.12/626 and Corr.1.



economic groupings such as the European Economic Community; and some conclusions were reached as to the course of future action.

60. The secretariat prepared for this meeting a working paper analysing the results of the first trade liberalization negotiations carried out by the ALALC countries during the last five months of 1961. It included a series of ideas and suggestions designed to broaden the bases for future negotiations.<sup>16</sup>

61. The secretariat also prepared for the meeting a document (E/CN.12/631) designed to provide Governments with up-to-date information on the principal events that had occurred recently in the application of the Treaty establishing the European Economic Community, the association of its signatories with countries in Africa and the possible incorporation of the United Kingdom — all matters of considerable importance for the future of foreign trade between Latin America and Europe.

*Symposium on trade policy* (ECLA headquarters, 30 July to 7 August 1962)

62. Following the meeting just described, the secretariat convened a symposium on trade policy; this was attended by government representatives on the Standing Executive Committee of ALALC and by the four experts mentioned above (para. 59). The findings of the experts were reviewed, and a report was prepared which describes the present situation in Latin America and suggests guiding principles and forms of action for a common trade policy in Latin America (E/CN.12/632).<sup>17</sup> According to the report, the solution lies in new patterns of international trade, based on the expansion of trade in industrial commodities which, without prejudice to the traditional trade flows, will supersede the outdated system of an international division of labour between industrialized countries and countries producing primary commodities.

63. The discussions were at a very high level, and it is believed that the findings will prove useful to Governments.

*Workshop on Budgetary Classification and Management in South America* (ECLA headquarters, 3 to 14 September 1962)

64. This workshop was sponsored jointly by ECLA, BTAO, the Division of Public Administration and the Fiscal and Financial Branch of the United Nations Department of Economic and Social Affairs, with the active collaboration of the Latin American Institute for Economic and Social Planning. It was attended by experts from the ten South American countries, British Guiana and Surinam.

65. It was clear from the papers presented and from the ensuing discussion that, although much remains to

be done, considerable progress has been made since the first workshop in 1959 towards reclassifying Latin American budgets along economic and functional lines and introducing techniques of programme and performance budgeting.

66. With the great emphasis now laid on the planning of economic and social development in the countries of the region, it was considered essential that programming work should be co-ordinated with that of preparing budget estimates, and suitable procedures introduced for execution and control. Stress was laid on the need to support such activities by a continuous flow of properly planned and up-to-date statistical data, so that the national budget can perform the basic function of serving as one effective instrument for the execution of development plans. The *Manual for Economic and Functional Classification of Government Transactions*<sup>18</sup> and the "Manual for Programme and Performance Budgeting" were both judged to be very useful for budget authorities, provided their rules were applied with due regard to the particular circumstances in each country.

67. The secretariat was urged to establish a group of experts in planning, budgeting, economic and government accounting, administration and information systems, with a view to investigating the practical problems involved in setting up an integrated planning system. The resulting study could be submitted to a meeting sponsored by the United Nations.

68. The stage of implementation of development plans requires more technical assistance, especially in government accounting, and the effectiveness of the experts concerned would be increased if they could work with national administrations for longer periods. At the same time, high priority must be given to providing better training through the organization of special courses for government officials specializing in budgetary techniques and government accounting.<sup>19</sup>

*Latin American Seminar on Housing Statistics and Programmes* (Copenhagen, 2 to 22 September; Stockholm, 23 to 25 September 1962)

69. This seminar was co-sponsored by the United Nations and the Government of Denmark, with the participation of a number of United Nations bodies (Statistical Office; Housing, Building and Planning Branch of the Bureau of Social Affairs; BTAO; Economic Commission for Europe (ECE), and ECLA) and with the collaboration of the Department of Social Affairs of the OAS, the Inter-American Statistical Institute (IASI), the Inter-American Housing and Planning Centre (CINVA) and the Latin American Demographic Centre (CELADE).

70. Mr. Einer Engberg of the Danish Ministry of Housing was the Director of the Seminar; ECLA supplied the co-director and assumed central responsibility for the organization of the meeting, including the co-ordination of documents and their translation and publication. Thirty-one participants, from sixteen countries,

<sup>16</sup> This document has since been brought up to date to include the second round of ALALC negotiations. The new study (E/CN.12/668) was submitted to the Commission at the tenth session and is described later on in this report (see para. 236).

<sup>17</sup> Published as an article in the *Economic Bulletin for Latin America*, vol. VII, No. 2, p. 127.

<sup>18</sup> United Nations publication, Sales No.: 58.XVI.2.

<sup>19</sup> The report of the workshop was submitted to the Commission at the tenth session as a reference document (E/CN.12/634/Rev.1).



attended; they were drawn mainly from central statistical services, housing agencies and planning offices.

71. The Seminar was one of a series and was designed to serve the needs of Latin America where housing conditions are not only extremely deficient for large sectors of the population, but had clearly deteriorated in several countries during the ten years from 1950 to 1960. The preliminary results of the 1960 censuses in several countries partially confirmed this trend, and hence urgent policy decisions are needed, based on improved statistical data and reliable methods of estimating housing needs and resources. The Seminar was designed to provide an opportunity for examining such methods and the possibility of obtaining the statistics needed for a sound evaluation of measures calculated to alleviate the critical housing situation.

72. It was recommended that there should be a regular exchange of experience between housing experts and statisticians in the various Latin American countries. In this connexion, the experiences of the Housing, Building and Planning Sub-Committee of the Central American Economic Co-operation Committee and of the ECE Housing Committee were felt to be valuable precedents for promoting, on a regional basis, improved housing conditions in Latin America.

73. It was recognized that personnel needed to be trained in the general fields of housing programming and housing statistics and, in particular, that of physical planning and data-processing methods.<sup>20</sup>

*Meeting of Experts on Electricity Statistics and Terminology (ECLA headquarters, 24 to 29 September 1962)*

74. This meeting was sponsored by ECLA and BTAO, and was attended by eight experts from Argentina, Chile, Costa Rica and Ecuador. Two observers were appointed by the Empresa Nacional de Electricidad (ENDESA) of Chile. The Energy and Water Resources Programme of ECLA was in charge of the arrangements for the meeting, with assistance from the Statistical Division. The meeting approved a glossary of electricity terminology and a series of models for statistical tables at the national and individual enterprise levels, including definitions of the terms used in such tables. In the preparation of the glossary, consultations were held with such authorities as the International Union of Producers and Distributors of Electrical Energy, the World Power Conference, the International Electro-Technical Commission, the International Federation of Industrial Producers of Electricity for Own Consumption, the Organization for Economic Co-operation and Development (OECD), the United States Federal Power Commission, the Edison Electricity Institute, and Electricité de France; and wherever possible their publications on the subject were taken into consideration. In preparing the statistical tables, reference was made mainly to those adopted by the World Power Conference and ECE, as well as those which have been used for some years in ECLA.

75. The experts recommended that the glossary and tables approved, which were included in the report on

the meeting (E/CN.12/637), should be distributed to all Governments of States members of the Commission and to universities, professional associations, national chambers of the electric power industry, standardization institutes, and government enterprises and regulating agencies; and it was suggested that they should be publicized through the electricity review recommended by the Latin American Electric Power Seminar (see para. 272 below).

*Technical Meeting of Experts in Management Development and Productivity (ECLA headquarters, 15 to 26 October 1962)*

76. This meeting was convened by the ILO, with the co-sponsorship of ECLA. It was attended by eighteen experts from ten Latin American countries, two from European countries and one from the ILO. The conclusions (E/CN.12/665) were submitted to the tenth session of the Commission.

*Seminar on Social Research and Problems of Rural Life in Central America (Mexico City, 17 to 27 October 1962)*

77. This seminar was co-sponsored by UNESCO, ECLA and the Government of Mexico. It covered the Central American countries, Mexico, the Antilles and Panama.

*Conference on Fiscal Policy (ECLA headquarters, 5 to 14 December 1962)*

78. This conference was organized as part of the OAS/ECLA/IDB Joint Tax Program. It was attended by forty-four experts, three specially invited guests and twenty-five observers. A number of significant conclusions were reached; they are summarized in the report on the Conference (E/CN.12/638);<sup>21</sup> a few of the more important ones are mentioned briefly below.

79. Stress was laid on the need to integrate plans for fiscal policy with over-all development plans. It was agreed that tax capacity exists in Latin America — essentially among the higher-income groups — which is not utilized, and that means of tapping this source should be sought. There is an urgent need to increase and reorganize public expenditure, with emphasis on investments designed to strengthen the infrastructure or devoted to health and education. A sound tax system must be organized, based on the major taxes indicated in the course of the report, and fiscal policy should have a progressive character. Finally, tax administration must be improved in order to prevent tax evasion, which in Latin America is mainly concentrated among the higher-income groups.

80. The main purpose of the Conference was to provide an opportunity for broad discussion which would serve as guidance to countries in their efforts to reform and perfect their fiscal systems and thus increase their fiscal revenue and promote more rapid economic development. The agenda was organized round a number of topics, for each of which basic papers were prepared by well-known experts, and two Latin American experts were

<sup>20</sup> For the provisional report on the Seminar, see E/CN.12/647.

<sup>21</sup> Part of the provisional report of this conference is published in the *Economic Bulletin for Latin America*, vol. VIII, No. 1.



asked to comment on each paper before the debate began. The following topics were examined by the Conference: fiscal policy in Latin America's economic development; fiscal capacity of developing economies; issues of tax policy; the role of taxation in economic development; issues of tax reform for Latin America; public expenditure and economic development; personal income tax in Latin America; taxes on net wealth, inheritances and gifts; corporate income taxation in Latin America; production, consumption and economic development taxes; reform of agricultural taxation to promote economic development in Latin America; and fiscal problems in relation to a common market.

*Meeting of Experts on Bases for Electricity Rates in Latin America* (ECLA headquarters, 10 to 21 December 1962)

81. This meeting was sponsored jointly by the ECLA secretariat and BTAO, as part of the follow-up to the Latin American Electric Power Seminar (Mexico City, July-August 1961). It was attended by ten experts from Argentina, Chile, Costa Rica, France, Peru and Uruguay, with five observers from Chilean electricity authorities and enterprises. Five documents were prepared specially for the meeting.

82. A number of important conclusions were reached relating to the criteria which should govern electricity rates, the financing of expansion projects, methods of ensuring returns on invested capital, opportunity costs, subsidies, rewards for improvements in efficiency, functional autonomy of state electricity enterprises, and so forth. The meeting recommended that two working groups should be established, to deal respectively with norms for assigning the costs per consumer in an interconnected system and the establishment of a uniform accounting system, to facilitate statistical comparisons.<sup>22</sup>

*Seminar on Industrial Programming* (São Paulo, 4 to 16 March 1963)

83. This seminar was organized as a regional technical assistance project by ECLA's Industrial Development Division, the Centre for Industrial Development at United Nations Headquarters, and BTAO, with the co-operation of the executive groups of Brazilian industry, the National Confederation of Industry and the Federation of Industries of the State of São Paulo.

84. The Seminar was concerned with industrial development programming at the country and sectoral levels, bringing together well-known experts, not only from Latin America, but from the rest of the world. The agenda was divided into two parts. The first, on programming of industrial development at the country level, dealt with the methodology of industrial programming in the context of general economic programming; Latin American experience in industrial programming; and experience in industrial programming in Asia and the Far East. The second, on programming at the sector and project levels, covered basic data and criteria for industrial programming; evaluation of industrial projects; preparation of feasibility or pre-investment studies; the formula-

tion of sectoral industrial programmes; and the implementation and other aspects of industrial programming with particular reference to the private sector.

85. The Seminar discussed the relationship between general economic programming and the formulation of industrial development programmes, and considered the extent to which it was feasible or practical to prepare industrial programmes in the absence of a general development plan. It was clear from the discussion that there could be no universal formula and that, while bearing in mind the loss of efficiency inherent in any partial approach to development planning, the particular situation in each country had to be taken into account, since under certain conditions partial programming could be efficient.

86. Close attention was also paid to the changes in the pattern of supply and demand which take place in the industrialization process and the alternative, when establishing new industrial activities, between import substitution and exports of manufactured goods. Criteria were discussed for taking decisions on this subject.

87. During the discussions, there was frequent reference to the selection of production techniques and the relative merits, for Latin America, of labour-intensive and capital-intensive techniques. The main theme was in fact the choice between operating efficiency and the maximum employment of labour, since circumstances arise where one or the other of these criteria should predominate, and methods were analysed for evaluating the economic repercussions of alternative technological solutions.

88. The experience of the different Latin American countries in industrial programming was next examined; the cases of Colombia and Venezuela aroused particular interest, these countries having advanced most in establishing industrial programmes as an integral part of general development plans. At another level, the experience of Mexico and Brazil, where partial programming has predominated and has resulted in concrete programmes for those sectors of industry considered to be of strategic importance in accelerating development, was reviewed.

89. The Seminar was also informed of the experience of some countries outside the area, such as India, Japan, France and Poland, where extensive programming, adapted to the very different institutional conditions in those countries, has been successfully applied.

90. The Seminar particularly welcomed the numerous technical documents relating to basic data and criteria for programming such sectors as the metal-transforming, chemical, pulp and paper, textile, cement and aluminium industries. Moreover, the information given by the representatives of the International Bank for Reconstruction and Development and IDB concerning the criteria applied by these institutions for the selection of projects was found to be extremely useful.

91. Finally, there was a discussion of sectoral programming of dynamic and traditional industries. The debate on the dynamic industries centred mainly on the programming of the motor vehicle industry in Latin America, with a comparison of the experience, plans and

<sup>22</sup> For the report on the meeting, see E/CN.12/640 and Add.1.



promotion methods in Argentina, Brazil, Mexico and Venezuela. The outline for the programming of the Brazilian machine-tool industry was discussed, together with the programme for establishing a shipbuilding industry in Brazil. The common denominator was the analysis of the basic guiding principles adopted in each sector in terms of market evaluation, determination of targets for the growth of the industry, selection of technological solutions, estimation of the influence of the sectoral programme on the market for production factors, the incentives offered to private investment and so forth.

92. With respect to traditional industries, the discussion centred on the textile industry and the series of studies on the subject undertaken by the ECLA secretariat. Particular attention was paid to the prospects for modernizing the industry, and to determining criteria for establishing the degree to which new equipment should be modern and automatic, particularly in view of the unemployment to which it might give rise.<sup>23</sup>

#### ADVISORY GROUPS AND ECONOMIC DEVELOPMENT TRAINING PROGRAMME

93. On 1 July 1962, the Advisory Groups and the ECLA/BTAO Economic Development Training Programme became the responsibility of the Latin American Institute for Economic and Social Planning, which was formally established on that date. Until then, ECLA had been the executing agency for a joint programme with OAS and IDB, with the active collaboration of United Nations specialized agencies, especially the ILO and FAO. The Bureau of Technical Assistance Operations financed the participation of its own and ECLA experts, in many instances through the country technical assistance programmes. Below is a brief summary of the status of the work as of 1 July 1962.

##### *Haiti*

94. This was the first ECLA/BTAO/OAS/IDB Advisory Group and it began to carry out field work in Haiti in November 1961. ECLA's Mexico Office collaborated very closely with the work of the Group, particularly in connexion with national accounts and statistics. The drafting of the Group's final report was begun towards the middle of 1962.

##### *Uruguay*

95. The second joint ECLA/BTAO/OAS/IDB Advisory Group began operations in Uruguay in March 1962. The initial Group comprised some twelve experts, in addition to regional supervisors, statisticians and other specialists on short-term assignments. It worked in conjunction with the Investments and Economic Development Commission, which was set up in 1960.

96. Four experts appointed by IASI worked on the preparations for the population and housing census, which was subsequently postponed until 1963. Progress was made in organizing the work on national accounts, which was supervised by an expert engaged by OAS. Several members of the ECLA staff were assigned to the

Group on a short-term basis, particularly for demographic work and industrial studies. The industry studies were undertaken by the staff of ECLA's Industrial Development Division, in conjunction with experts supplied by IDB.

97. The Group's initial task was to prepare a diagnosis of the economy as a first step towards the formulation of a development plan.

##### *Peru*

98. Two experts supplied by BTAO started work on budget programming and regional planning in Peru at the beginning of 1962. An intensive training course was organized there for three months, from the end of March to the end of June, with lecturers provided by the ECLA/BTAO Economic Development Training Programme.

##### *Paraguay*

99. Following the request of the Government of Paraguay for an Advisory Group, a joint OAS/ECLA/IDB exploratory mission visited the country in April 1962 to ascertain the main requirements. Subsequently an intensive training course was organized, from the beginning of May to the end of July 1962, the teaching staff being provided by the ECLA/BTAO Economic Development Training Programme.

##### *Bolivia*

100. This advisory group continued as a joint ECLA/BTAO/FAO project. Work in the early part of 1962 was concentrated mainly on the preparations for executing the Government's economic and social development plan.

##### *Colombia*

101. This advisory group became a joint ECLA/BTAO/OAS/IDB project as from the beginning of 1962. During the early part of the year, work continued on the preparations for executing the over-all development plan published by the Government of Colombia at the end of 1961.

#### GENERAL STUDIES ON LATIN AMERICAN DEVELOPMENT

102. This section deals briefly with the principal studies carried out jointly by different divisions of the secretariat, with the co-operation of the staff of the Latin American Institute for Economic and Social Planning, or with the assistance of staff carrying out general executive functions.

103. The secretariat submitted to the Commission at its tenth session a document entitled "Towards a dynamic development policy for Latin America" (E/CN.12/680) containing the principal information, conclusions and experience assembled by the secretariat in its fifteen years of operation, and advocating an integrated approach to the formulation of guiding principles for a dynamic development policy for Latin America.

104. The study explains that the ills besetting the Latin American economies are not due to circumstantial or transient factors, but to structural defects which hitherto no one has had the ability or the power to remedy. The dynamic weakness of development manifests itself not only in a slow rate of growth, but also in the inability of most Latin American economies to absorb the increase

<sup>23</sup> For the provisional report of the Seminar, see E/CN.12/663.



in the gainfully employed population into occupations with satisfactory levels of productivity. This factor, combined with the population explosion and the drift of the population from the rural areas to the towns, has caused an acute concentration of population in the towns, creating large urban centres where incomes are low and living conditions extremely bad, thereby increasing frustration and resentment.

105. With regard to the need for increased capital formation, the present pattern of income distribution constitutes a considerable savings potential. Conjectural data indicate that while 110 million Latin Americans now account for only 20 per cent of total personal consumption, 5 per cent of the population is now absorbing approximately 30 per cent of it. A reduction in the excessively high consumption levels for this last group, supplemented by appropriate international co-operation, would make it possible to achieve a substantial increase in capital formation, while at the same time speedily improving the position of the lower strata of society. Redistribution along these lines, supported by the necessary structural reforms, would thus appear to be one of the basic elements in a really dynamic development policy.

106. But the problem is not only to increase the amount of internal savings; it is also to transform them into capital goods, to a large extent imported goods. External bottlenecks then appear as the second great impediment, making it imperatively necessary, on the one hand, to raise more international resources and, on the other, to modify the existing structure of the international trade of the Latin American countries.

107. The structural phenomenon of the disparity in the growth of demand for primary and manufactured products, the moderate rate of growth of the United States economy and the restrictions it is placing upon imports, and the protectionism and discrimination practised by the European Economic Community are all factors which adversely affect Latin American exports. Hence the need for Latin America to try to achieve a vigorous flow of industrial exports, to make a united effort to eliminate or reduce impediments to trade with the traditional markets, and to explore carefully the possibilities of trade with other regions of the world, particularly those with a rapid rate of development, such as that achieved in the centrally planned economies, Japan and other areas.

108. Efforts towards Latin American integration should be stepped up with the same end in view. Daring and decisive steps have already been taken in the Central American countries: on the other hand, more difficult problems are being encountered in the case of the Latin American Free-Trade Association (ALALC), owing largely to the progress already made in the industrialization of the member countries. Major political decisions are required in order to promote the integration process.

109. When these and other problems are considered, it becomes clear that Latin America is faced with a new problem, different from those experienced by the industrialized countries in the course of development. Future policy must therefore be based on understanding the true significance of what is going on in Latin America, and

on setting the region's own authentic stamp on the processes of change.

110. The secretariat submitted to the Commission at its tenth session a document (E/CN.12/679) in which an effort is made to review some aspects of the evolution of the Latin American economy during 1962. In preparing it, account was taken of the desirability of providing at least some partial indications of the most recent trends, to furnish as up-to-date an account as possible of the longer-term trends examined in greater detail in the study of the economic development of Latin America in the post-war period (E/CN.12/659 and Add.1; see para. 128 below).

111. The scanty information available indicates that in Latin America as a whole, the *per caput* income growth rate continued to decline during 1962. The increase not only failed by a long way to reach the target of 2.5 per cent established as the minimum standard, but it was even lower than in 1961.

112. In the external sector, which has a preponderant and decisive influence on the Latin American economies, the conditions were not very favourable. With a few exceptions, international demand for the products exported by Latin America remained at the low level of previous years. Although there was once again some increase in the total volume of exports, external purchasing power continued to be insufficient to finance imports, and the terms of trade remained at levels considerably lower than those recorded in 1955. Moreover, the net inflow of foreign capital decreased; in other words, there was a decline in external financing.

113. The situation with regard to the balance of payments and the widespread budgetary deficit were once more decisive factors in the orientation of monetary policy. The expansionist influences exercised by budgetary deficits on the primary money supply were in a few cases offset by the contracting effects of the balance of payments. But in most cases the expansionist influences prevailed.

114. In addition to general trends of the product, income and capital formation, the study makes a fairly lengthy examination of the situation of the main Latin American exports on the international markets as observed in 1962. The principal data on total exports and imports, the terms of trade and the balance of payments are also given.

115. A short document (E/CN.12/677), in the form of a joint note by the secretariat and the Latin American Institute for Economic and Social Planning, attempting to present systematically the progress achieved so far in Latin America in regard to planning, was submitted for consideration at the tenth session.

116. A balance sheet showing the present state of planning systems in the region appears particularly appropriate, since recent experience seems to indicate that the rate of progress, despite the fact that the political decisions have already been taken, is not fast enough when measured against the urgency of the requirements.

117. As a means of evaluating objectively the ground already covered, and the scope of the tasks ahead, an attempt is made in the document mentioned to define



fairly precisely the factors which should characterize an efficient planning system. While the difficulties in proposing a set of definitions capable of answering that purpose effectively are recognized, the main argument is that there should be not only technical methods for the formulation of coherent plans, but also administrative machinery to ensure the active and permanent participation of public administration and the private sectors as well as economic information media to provide as a matter of course the basic data for the formulation, revision and supervision of plans.

118. A system of planning demands the establishment of machinery to define programme trends, transform them into specific plans of action for each year, administer plans and ensure their implementation, and revise them continually. Mechanisms for defining over-all trends and short-term trends, for the formulation of specific projects and for programme budgeting are therefore along with information machinery essential elements in a complete planning system.

119. An examination of the progress achieved so far by the Latin American countries, when viewed in the light of a concept of this magnitude, leads to the conclusion that the machinery available does not, as a rule, constitute an organic system, for want of certain basic elements.

120. In most cases the imbalance is due to major advances in establishing machinery for defining trends, in contrast to very limited progress in the installation of machinery for operational purposes, for the presentation of projects, and for information services. This is precisely one of the factors which explain why on many occasions planning is still not translated into fact. After a relatively easy passage through the initial stages, the work tends to slow down, and great effort is required to overcome the new problems.

121. So far, six Latin American countries have completed the drafting of initial long-term or medium-term development plans, and four others have prepared projections and defined over-all targets which provide general guidance. On the other hand, only three have relatively advanced programme budgeting systems and in another three they are limited to the central Government. In no single country have economic policy plans been drafted as an integral part of a development plan, and in general no efficient machinery is available for the preparation of projects. Annual plans are non-existent, and in only one case have public accounting systems been adapted to enable the progress made in the attainment of government targets to be measured.

122. This general picture shows the nature of the main problems which have to be tackled if planning systems in Latin America are to be improved progressively, and the most suitable methods and fields for the international technical co-operation needed are to be determined.

#### ECONOMIC DEVELOPMENT AND RESEARCH DIVISION

123. During the period under review, the Division concentrated on preparing a number of studies relating to the economic development of Latin America in the post-war period and on compiling material for several

meetings; in addition it provided staff for the Advisory Groups and the Economic Development Training Programme. The Director of the Division represented the secretariat at the meeting of the Committee of Experts on Long-Term Economic Projections (United Nations Headquarters, 18 to 29 June 1962) and the meeting of the group of experts on planning for economic development convened at Geneva from 6 to 10 August 1962.

#### *Advisory Groups and Economic Development Training Programme*

124. The Division collaborated in particular with the Advisory Groups in Uruguay and Peru. In Uruguay, a staff member was provided on a full-term basis to assist the Group, and in Peru the Director of the Division helped to advise the Government on technical aspects of the organization of planning.

125. The training course on general programming at Santiago was given by staff of the Division. The Director took charge of the specialized course and gave daily lectures during the last three months of 1962, as well as conducting seminars. In addition, the staff devoted sixty hours to seminars on linear programming techniques and on analysis of the development plans of Latin American countries.

#### *Economic development and education in Latin America*

126. Early in 1962, work was concentrated on the preparations for the Conference on Education and Economic and Social Development in Latin America (see paras. 55-57 above), with particular reference to the study of problems of economic growth in relation to education. Some general conclusions concerning the main characteristics of the pattern of Latin America's economy and the main obstacles to development were presented at the Conference. An analysis was made of the present state of Latin American development, the level of *per caput* income in relation to other developed and under-developed regions of the world, and the extreme imbalance, both regional and personal, in income distribution, as revealed in the very low level of living of large social sectors and the high concentration of income in the upper-bracket sectors. The recent growth of the countries of the region was described — the stagnation or slow development of one group and the relatively rapid growth of others — and the factors exerting a predominant influence on this pattern of regional growth were indicated.

127. Basic limiting factors were likewise examined, such as the capacity to import, the status and conditions of agrarian economy and agricultural production, problems of the public sector and the level of capital formation. Finally, the role of education in economic development was analysed, together with the integration of educational programmes within development planning.

#### *Economic development of Latin America in the post-war period*

128. Following the Conference on Education and Economic and Social Development, research along the lines indicated was pursued in depth, with a view to expanding



the basic analyses. In the study entitled "The economic development of Latin America in the post-war period" (E/CN.12/659 and Add.1) the different countries of Latin America were divided into four groups according to their main characteristics and to similarities of dynamic and limiting factors in the growth process; the analysis has been systematized in a model for evaluating future requirements and prospects.

129. Some of the main conclusions of this study are as follows:

(a) The decline in the rate of growth of the economies in the Latin American region is considerable. The relatively satisfactory rate which was achieved in the early post-war years slackened considerably in the period 1950-1955, and again — in an even higher proportion — as from 1955, to such an extent that real *per caput* income has remained practically stationary in many countries or has even declined in some instances, in absolute terms. For the region as a whole, expansion of the gross *per caput* product showed annual rates of 3.3, 2 and 1 per cent respectively during the three periods mentioned; this decline was attributable only in part to the increased rate of demographic growth: from 2.3 per cent a year in the immediate post-war period to 2.9 per cent in recent years. The weakening in the rate of development has been general, although naturally it has not affected all countries in the region to the same extent. Two of the groups of countries show a contraction of real *per caput* income in absolute terms after 1955. Mean annual rates of decrease represented a weighted average of 1.1 per cent for the whole of the group including Argentina, Bolivia, Chile, Paraguay and Uruguay; real *per caput* income also showed a downward trend in Ecuador and Peru; the Central American and Caribbean countries showed an improvement in real income until 1957, but from then onwards *per caput* income declined. Finally, a fourth group of countries, comprising Brazil, Mexico and Venezuela, has in recent years shown a positive growth rate, although it is well below that reached in the early post-war period: 2 per cent annually from 1955, as compared with 5.7 per cent during the period 1945-1949.

(b) The growth of the product has been further retarded by the deterioration in the terms of trade. The average annual rate of increase in the *per caput* product for Latin America as a whole — 1 per cent between 1955 and 1960 — represents only 0.7 per cent in terms of growth of real *per caput* income, as a consequence of this deterioration in the terms of trade. As a general rule, the adverse effect has been sharper in the case of those countries having lower rates of increase of the over-all product.

(c) The coefficient of national savings has decreased. For the region as a whole, net national savings represented some 8.8 per cent of total income during the period 1950-1954, but this proportion declined to 7.7 per cent on an average during the years 1955-1960. Here again, the adverse trend has been sharper in those countries where the over-all increase has been slower; the respective coefficients have dropped from 6.1 to 4.2 per cent in the countries included in the first group mentioned above from 4.8 to 3.3 per cent in the Central American and Caribbean countries, and from 11.2 to 10.2 per cent for those in the fourth group cited.

(d) The expansion of the purchasing power of exports has been very weak. The increase in the physical volume of Latin America's exports as a whole amounted to a cumulative average annual rate of only about 2.5 per cent, if the average for the last five years is compared with the period 1945-1949. Again, the recent more favourable trends have been largely offset by the sharp decline in the terms of trade, with serious repercussions on the purchasing power of exports. In fact, it is estimated that during the period 1955-1960, about 60 per cent of the increase in the physical volume of exports for the years 1950-1954 was neutralized by the losses occasioned by the deterioration in the terms of trade. In particular, in the case of the countries included in the first group, the purchasing power of exports declined by 5 per cent between these two periods, despite a considerable increase in the quantum of exports. In more general terms, there is a clear indication of a downward trend in Latin America's share of world trade as a whole, as well as of scant progress in diversification of exports, particularly with respect of the possibility of adding manufactured products to the primary commodities which constitute the traditional exports of the region.

(e) There has been a considerable increase in the flow of external financing, as well as in the future commitments involved in foreign investment. The increase in the flow of external financing was particularly sharp during the second half of the 1950s: its share of the region's total gross capital formation rose from 6 per cent during the period 1950-1954 to 10.4 per cent in the second half of the decade. Moreover, the commitments for amortization and remittances of profits and interest on external investments and loans began to represent a growing burden, which now amounts, for the region as a whole, to about 25 per cent of all ordinary foreign exchange earnings.

130. The study also incorporates some of the main conclusions of the Division's recent research into a number of questions of income distribution. In Argentina a study is being carried out which covers the following topics: estimation of functional distribution of income over the post-war period, for the economy as a whole and for some sectors, and of personal distribution by broad categories; quantitative determination of the effect of relative prices on income distribution; and determination of the effect of the terms of trade on national income.

131. The work in Argentina is being carried out with the collaboration of the Development Council of the Argentine Government under an agreement whereby the Government provides staff and working material.

132. An analysis of the pattern of income distribution found in Latin American countries has been prepared on the basis of the information available. Subsequently a model was drawn up showing the process of distribution in a hypothetical country having many of the characteristics common to most countries in the region. The following are some of the conjectural estimates deriving from this research: income distribution per inhabitant in the Latin American countries is such that half of the population has approximately 16 per cent of the total personal income in the country; 45 per cent of the population has about 50 per cent; a third group, representing



3 per cent of the population, has some 14 per cent, whereas a last group at the highest level, comprising only 2 per cent of the population, has the remaining 19 per cent or so.

133. This pattern of personal income distribution has been brought together in a model with hypothetical figures, with a view to analysing the consequences of given policies for improving income distribution.

134. The same study (E/CN.12/659 and Add.1) also includes some of the more significant data relating to the research undertaken on human resources. In this connexion, the Division participated in the fifth meeting of the Inter-Agency Working Party on Skilled Manpower in Latin America (see para. 58 above) and presented working papers on the analysis of manpower structure and educational requirements, ECLA's collaboration with the research programme on human resources in Chile, and the work of the Advisory Groups, as well as notes on methods for the analysis and planning of manpower needs.

135. Work continued on an analysis — for Latin America as a whole and by countries — of the development of the labour force, the distribution of the active population by economic sectors, and productivity per person employed, for the entire post-war period. In addition some projections were made for 1975.

136. Some significant facts emerging from this research should be pointed out. Between 1945 and 1960 the active population of Latin America increased by 22 million persons. Agricultural activities absorbed little more than one-fourth of this increase, approximately three-fourths being employed, at differing levels of productivity, in non-agricultural activities. This phenomenon of the pressure and absorption of manpower in agricultural and non-agricultural activities reflects to a large extent the pattern followed by rural and urban population in the post-war period in Latin America; whereas the rural population grew at a rate of 1.5 per cent per year, urban population rose by 4.3 per cent. The census figures for Brazil provide a particularly good illustration of this process. Over the past ten years, the number of rural workers increased by 1.6 per cent and workers in non-rural activities by 5.5 per cent.

137. With respect to employment in non-agricultural activities, it should be noted that 29 per cent of the increase was recorded in mining, manufactures, building and basic transport and communications services; it follows, therefore, that 45.9 per cent of the increase in the active population went into commerce, government, the liberal professions, domestic service and other services.

138. The structural table of employment and productivity demonstrates a very significant fact for the diagnosis of Latin America's development: taking the pre-war period 1936-1940 as a base, the product per person employed, for the economy as a whole, increased by 2.1 per cent, whereas in agricultural activities the product increased by about 1.5 per cent. In activities producing non-agricultural goods and basic services, productivity rose by 2.7 per cent, so that in the other services, which absorbed 45 per cent of the labour force, the product per person employed tended to stagnate. These

figures show how the high rates of population growth, particularly in the urban sector, provided a labour force which could not be employed at adequate levels of productivity because of the insufficient rate of growth of the economy as a whole. The situation seems to have become more acute in the post-war years, when the rate of growth of the domestic product slackened and the population increased more rapidly.

#### *External financing and the economic development of Latin America*

139. A study on the role of external financing in the economic development of Latin America (E/CN.12/649) was undertaken in collaboration with ECLA's Washington office, on the basis of a research programme which includes the global analysis of the movement of capital towards Latin America since the Second World War, and in particular since 1950. Capital flows were studied according to their different sources and by countries of destination. Their course was compared with that of national income, exports and so forth, with a view to defining their behaviour over significant economic periods. The participation of foreign capital in Latin America's economy was reviewed, with particular reference to the magnitude of the foreign capital contribution to the resources available to the countries and to the region as a whole, in terms of domestic capital formation, growth of income, growth of sectoral production and foreign exchange revenue originating from exports. Other aspects of the study include the effects of movements of foreign capital on the balance of payments, the extent of external financing supplied by capital-exporting countries and by international financing institutions and the policy trends followed by each. In addition, data were compiled on the balance of payments over the past eleven years.

140. The study contains chapters on the following subjects: a statistical analysis of movements of capital between Latin America and foreign countries; the impact of movements of capital on the balance-of-payments equilibrium; flows of private and public capital from the United States to Latin America; public and private lending policies with regard to the Latin American countries; and the contribution of European capital to the financing of development in the region. Some conclusions were reached, of which the following should be mentioned:

(a) Net flows of foreign capital, including autonomous movements, compensation credits and utilization of monetary reserves, but excluding payments abroad corresponding to remittances of profits and interest, amounted to \$9,000 million during the period 1951-1960; in the second half of the decade, this financing increased considerably (\$5,600 million, as compared with \$3,400 million in 1951-1955). Brazil, Argentina and Mexico — in that order — were the countries where the inflow of foreign funds was largest.

(b) Remittances abroad in payment of profits and interest on foreign capital amounted to \$11,500 million during the decade. However, if Cuba is excluded, because of the lack of data relating to the year 1960, and also Venezuela, because of the exceptional importance of its



contribution, these remittances drop to \$5,200 million for that same period.

(c) Autonomous flows of capital rose from \$2,900 million during the period 1951-1955 to \$6,700 million in 1956-1960. Direct investments, including reinvestment of profits on foreign capital, represented 65 per cent for the entire decade, and long-term loans from foreign Governments and international financing institutions represented 24 per cent.

(d) Profits on foreign capital during the period 1951-1960 represented 10.6 per cent of Latin America's current foreign exchange earnings, but this proportion is reduced to 5.6 per cent if Cuba and Venezuela are excluded. Amortization and interest on foreign loans represented 4.8 per cent of all current foreign exchange earnings during the period 1951-1955 and 10.5 per cent on an average for the years 1956-1960, with 13 per cent recorded in 1959. Excluding Cuba and Venezuela, the corresponding figures were 6.4 and 12.1 per cent in the first and second halves of the decade respectively, with 16.1 per cent recorded in 1960.

#### *Regional Economic Projections Centre*

141. The secretariat was represented by the Director of the Division at the meeting of the Committee of Experts on Long-Term Economic Projections held at United Nations Headquarters from 18 to 29 June 1962. He gave the Committee an account of what ECLA had done over the past ten years in relation to economic projections, and indicated the methodological and basic economic concepts on which ECLA's model was based. He also described the experience accumulated in regard to certain technical problems such as the determination of capital, the capital-product ratio, the use of the input-output model and the method for sectoral projections, and explained the specific responsibilities assumed by ECLA in respect of direct advice to Governments on the formulation of development plans. Finally, he suggested that world projections should use or take into account, as far as Latin America was concerned, the plans developed with ECLA's advice and assistance.

142. Following this meeting, and in pursuance of the directives contained in General Assembly resolution 1708 (XVI), it was decided to set up a Regional Economic Projections Centre at ECLA as from 1963, its functions to include the following:

(a) The preparation, on a systematic and permanent basis, of projections on the Latin American economy, for the region as a whole and for the different countries or groups of countries;

(b) Research into techniques and methods of projection with a view to proposing and applying those considered most adequate under Latin American conditions;

(c) The examination of statistical and technical information needed for preparing projections;

(d) The compilation and analysis of projections prepared by other international and national agencies on the world economy and on Latin America, particularly with respect to the countries and subjects of most interest

for an appreciation of the prospects and the economic development of the Latin American countries.

143. The Centre will work very closely with the Latin American Institute for Economic and Social Planning in analysis and research relating to projection techniques, and the two bodies will undertake joint studies. It will also co-ordinate its work with that of the Economic Projections and Programming Centre at United Nations Headquarters; and it will establish relations and maintain close contact with national and international agencies, public or private, working on projections.<sup>24</sup>

#### *United Nations group of experts on planning for economic development*

144. A group of experts was convened at Geneva from 6 to 10 August 1962 by the United Nations, to advise on programmes of studies and work which should be carried out on economic planning. The ECLA secretariat was represented by the Director of the Division.

145. A programme of surveys and studies was prepared on planning for countries with different economic systems and different levels of income. Recommendations were prepared concerning the action that should be taken by the United Nations to encourage Governments to improve planning techniques and to assist them in the practical application of these techniques. In particular, an analysis was made of the experience of countries having different economic systems but making or directing their decisions in accordance with plans. Also discussed were the preparation of manuals on techniques and methods of planning, organization questions and direct advice to Governments.

146. The group was informed of the status of planning in Latin America and of the problems which have to be solved by countries proposing to institute planning and to set up an administrative organization suitable for this purpose. In particular, it was informed of the work being done by ECLA in regard to training and direct advice to Governments through the advisory groups.

#### **SOCIAL AFFAIRS DIVISION**

147. During the early part of 1962, the Division concentrated mainly on preparations for the Conference on Education and Economic and Social Development in Latin America (see paras. 55-57 above) and on the fifth meeting of the Inter-Agency Working Party on Skilled Manpower in Latin America (see para. 58 above). Following this, several studies were prepared for submission to the Commission at its tenth session.

#### *Social development of Latin America in the post-war period*

148. The analysis of social developments in Latin America since the Second World War absorbed the major portion of the Division's resources during 1962. The

<sup>24</sup> In connexion with this project, see the article entitled "The creation of a United Nations Economic Projections and Programming Centre and the technique of projections", in the *Economic Bulletin for Latin America*, vol. VII, No. 2. At its tenth session, the Commission was officially informed of the opening of the Centre.



study on the subject prepared by the Division (E/CN.12/660) attempts a parallel presentation, from the social point of view, to that followed by the strictly economic studies on the post-war period prepared by other divisions. Although the subject is restricted in scope, it is undoubtedly of fundamental interest, since it endeavours to trace back as many as possible of the more striking social aspects of Latin America's development in recent years to the specific relationship between the agrarian structures and the urbanization process.

149. In the first place, the study analyses the nature of urban growth and marks the more particular ecological connexions deriving from this growth. The situation is then compared with the status of the rural population, which is analysed with respect to its social stratification, its levels of living and the extent of its participation in national life; and it is suggested that the disparity between the two social structures — the urban and the rural — might perhaps be explained by the conditions under which the agricultural enterprise still operates.

150. Next the study analyses the way in which the urbanization process has taken place, and an attempt is made to indicate the reasons which would explain why this process, which has been extremely rapid in recent times, has nevertheless not produced the general effects of "modernization" which might have been expected from it. The hypothesis examined in this connexion is that there has been great flexibility in the traditional structures of Latin America and this, though it has not prevented the modernization aimed at, has certainly weakened it in many respects.

151. The significance of the large cities in the historical evolution of Latin America can be properly assessed only by examining the role played by the different urban groups during the years studied. This point is dealt with in the last part of the study, which considers the middle classes in relation to development, putting forward the different hypotheses on which this relationship can be interpreted. The other urban groups are also studied from this angle, with emphasis on the particularly interesting features presented by the marginal or semi-marginal strata in the structure of the city.

152. As a sequel to these analyses, an effort is made, finally, to give a meaning to the projection, in ideological form, of the hopes and frustrations experienced in recent decades, in different sets of circumstances, by the population of Latin America.

153. The study does not claim to be exhaustive in either extent or depth. All it tries to do is to present a series of hypotheses as the background for an attempt at an interpretation, and hence as a framework for future research. Taken as a whole, this study may be regarded as a first attempt to meet the request made of the secretariat in resolution 189 (IX) to study the principal social factors of the institutional structures in Latin America.

#### *Social planning*

154. Activities in regard to social planning were directed essentially towards the development of a methodology for the planning of three main social sectors

— education, health and housing. Some work has also been done on the exploration of the problem of a comprehensive approach to social development programming within the national planning effort.

155. The Conference on Education and Economic and Social Development achieved in part its proposed aim — a confrontation between technicians of economic planning and of educational planning. The work of Committee II of the Conference, in particular, yielded results which represent an advance in the exploration of the problem of planning of education as part of overall economic and social development planning.

156. The problem was further explored in the preparatory work for the special training course on educational planning which took place in the latter part of 1962 at the Latin American Institute for Economic and Social Planning. Progress was made with regard to the programming of investments in public education at the level of the national budget; the integration of the various educational levels and their relative importance within national economic development programmes; programming and budgeting of specific programmes; and the extension of existing services.

157. The problem of the technique to be used in health planning was considered in the discussions held between ECLA and the Pan American Sanitary Bureau in preparation of the curriculum of the course on this subject which likewise took place at the Institute during the latter part of 1962. A significant result of the course was the clarification of the concept of public health and the programming of specific activities at the operational level.

158. With regard to housing, work was undertaken on the methodology for the formulation of national house-building programmes within the framework of general economic plans, in preparation for and in the course of the Seminar on Housing Statistics and Programmes already mentioned (see paras. 69-73 above). Though no definitive conclusions were reached as to the basic method to be adopted for the formulation of national housing programmes, the main relevant factors were identified, ranging from the description of the existing housing stock, estimates of the accumulated deficit and the evaluation of future needs, to the cost analysis of programmes and determination of the resources which can be made available for their implementation, as well as their social and geographical distribution.

159. The approach to social development programming involves the integration, within economic and social development planning generally, of the sectoral instruments being devised for education, health and housing, as well as the possibility of including other sectors. A preliminary exploration was made of the basic elements of the concept of social development within the framework of "balanced development", as well as of the use in this respect of the concept of levels of living for the determination of consumption targets; it is recognized that this is an area of the utmost complexity and progress will necessarily be slow.

160. Considerable research in this direction has been carried out by ECLA with the co-operation of the specialized agencies involved, particularly UNESCO and



WHO, and to a lesser extent the ILO. However, since everything that has been done so far is of a very preliminary nature, the interim report submitted to the Commission at the tenth session (E/CN.12/661) should be considered in this light.

#### *The Latin American entrepreneur*

161. A study on the industrial entrepreneur in Latin America (E/CN.12/642 and Add.1-4) was carried out in four countries of the region — Argentina, Brazil, Chile and Colombia — by as many consultants. On the strength of their findings, it is possible to draw a picture of the more important social and psychological characteristics of the entrepreneurial groups studied.

162. The work was done on the basis of interviews with the directors and proprietors of enterprises, particularly the larger ones, and the results are a synthesis of the attitudes and opinions of this group of people. Since the main purpose was to provide as comprehensive a picture as possible, an effort was made to cover a variety of aspects, such as the national origin of entrepreneurs, their social mobility, their level of education, their occupational career, their role, their mentality and ideology, their attitude towards trade unions, and their outlook and opinions concerning national and regional economic development.

163. The relative similarity of the replies to the questions asked suggests that the conclusions would apply over a wider area than the four countries studied, although it is well to bear in mind the particular characteristics of different countries. It is a reasonable conclusion that although the modern industrial entrepreneur has made his appearance in the Latin American countries, he does not necessarily have the same characteristics as the entrepreneurs in other industrial countries. The particular features of the economic structure of Latin America make it difficult to apply the models obtained on the basis of different economic situations. Hence, the broad description which emerges from the research on entrepreneurial groups should be viewed in the light of the economic conditions prevailing in the region if the picture is to be valid and accurate.

164. Obviously, no attempt has been made in this study to exhaust the subject, but it does provide an indication of the fundamental problems and hence is a modest beginning for programming future research, which might include the study of the public entrepreneur, the factors conditioning the existence or otherwise of entrepreneurial initiative, the enterprise as a social institution, and many other topics. The work already carried out shows that such research is urgently needed as a means of shedding more light on one of the decisive aspects of Latin American development.

#### *Social trends and programmes in Latin America*

165. A study on social trends and programmes in Latin America (E/CN.12/645) was prepared at United Nations Headquarters and completed at ECLA. It will constitute a chapter of the *Report on the World Social Situation* to be submitted to the Social Commission of the Economic and Social Council at its next session. The study

points out that agrarian reform, diversified industrialization, reduction of extreme inequalities in income, channelling of a larger share of income into productive investment, curbing of inflation, expansion and re-direction of education and social measures to enable the alienated and impoverished lower classes to function as responsible citizens, producers and consumers are now accepted as essential elements of a co-ordinated national policy.

166. It describes the present conditions in the region, with particular reference to population trends, the changing social structure and problems of social integration, rural trends and programmes, urban trends and programmes, and the integration of social and economic development. Particular attention is paid to educational problems in both rural and urban areas, and to the problems of the landless peasants and the *minifundio* farmers. Measures being taken in different countries to bring about land reform are studied in detail, and housing programmes are reviewed, together with the growth of shanty towns around the larger cities. Finally, the report examines the progress being made in social planning within over-all development planning.

#### *Urbanization*

167. The Division has resumed work on urbanization, an activity to which the policy-making bodies of the United Nations and the Administrative Committee on Co-ordination have been giving the greatest emphasis in recent years, but on which no work had been undertaken by ECLA since the Seminar on Urbanization Problems in Latin America, held at Santiago in 1959. From a general appraisal of the problem — which was the purpose of the meeting — the Division has passed on to studies in depth of specific situations with a view to obtaining a better understanding of the phenomenon and of the measures called for; thus it has been engaged in intensive work on a sample population group in the area of Greater Santiago as the first step in a study of the fringe area of a great city.

168. The ILO has been officially associated with this project, and has supplied the services of a staff member for the purpose. Once the questionnaire to be used in the field work was prepared, the Division secured the co-operation of the School of Social Work of the University of Chile for the field inquiry. Nearly 300 interviews were obtained in "*callampa*" (hovel) settlements in the Greater Santiago area. The results of the inquiry were tabulated towards the end of 1962.

169. A brief study based on this inquiry and on a general assessment of the more recent trends of urbanization in Latin America (E/CN.12/662) points first to certain changes now occurring in the settlement patterns of the low-income and marginal populations of the larger Latin American cities. The older types of slums (*conventillos*, *casas de vecindad* etc.) and shanty towns — characterized by illegal occupation of land and scrap material construction — are declining in proportion, although not in absolute numbers, while peripheral settlements of low-income families enjoying security of tenure, living in small houses built by public agencies or by self-help methods, are growing at an enormous rate. While these



present obvious advantages over the older slums and shanty towns, the problems of productive employment, adequate urban services and integration into national life have not been solved.

170. Turning to Greater Santiago as one of the cities in which the process of change is relatively advanced, the study discusses the problems that have arisen in the course of large-scale resettlement of families with very low incomes and accustomed to bad housing and very poor conditions. It presents the findings of the field investigation carried out among families living in "*callampas*" for the purpose of assessing the living standards, wants and capacity for meeting them of the groups usually considered the most marginal of those shifted to the new settlements. The findings suggest a prevailing resignation to poor living conditions and to many aspects of "*callampa*" life, combined with aspirations towards greater security of land tenure and a better general environment rather than towards better housing in the narrow sense. They also suggest that no clear line can be drawn between the "*callampa*" population and other low-income groups of Greater Santiago in regard to origins or occupations, although the "*callampas*" show higher proportions of self-employed persons and unskilled workers not committed to any specific occupation.

#### Demography

171. During the early part of 1962, work proceeded on a programme for the compilation of demographic data, estimates and projections covering each of the Latin American countries. The purpose is to obtain mutually consistent sets of data of interest to economists. The first summary of such data, for Bolivia, was issued in May 1962, and it was followed by a summary for Colombia.

172. In March 1962, a member of the Division was sent to Uruguay to advise the Government on matters relating to demographic analysis in connexion with the preparation of the population census then scheduled for May 1962 but subsequently postponed until 1963. This postponement necessitated research into the alternative sources of statistics available in Uruguay for establishing the population estimates required for the work of the ECLA/OAS/IDB Advisory Group operating in that country. A second visit was therefore paid in July to advise on work to be undertaken by a technical assistance expert as well as on the possibility of forming a Uruguayan demographic service prior to the census. On that same occasion, lectures on demography were given at the intensive training course held at Montevideo.

173. Demographic studies were included in the two special courses on educational planning and health organized at the Latin American Institute for Economic and Social Planning (see paras. 156 and 157 above).

174. In February 1963, advice was given to the National Planning Board of Peru in regard to demographic studies to be undertaken on the basis of the advance results, provided by sampling, of the 1961 population census. A visit was paid to La Paz during the same month to discuss with the United Nations expert in charge of the organization of the National Sampling Department in the Statistical Office of Bolivia problems related to the

demographic information to be collected in a first round of interviews scheduled for April 1963.

175. The Division participated actively in the meeting of the Advisory Board of the Latin American Demographic Centre (CELADE) which took place in August 1962 at ECLA headquarters. Much of ECLA's work on demographic problems has been carried out in close association with CELADE. The secretariat submitted a note on this subject (E/CN.12/687) to the Commission at its tenth session.

176. Studies were also carried out on the geographical distribution of population in Latin America, and a preliminary report on the subject (E/CN.12/643)<sup>25</sup> was submitted to the Commission at the tenth session. It gives the provisional findings of a continuing ECLA research project, beginning with a presentation of statistical calculations referring to a hypothetical country, and analysing the consequences of high rates of national population growth combined with low and inflexible rates of rural growth — a situation now found in many parts of Latin America. The conclusion is reached not only that the rate of city growth and the contribution of rural migrants to this growth must be extremely high, but that there is a possibility of much of the urban population being left in a marginal position, unabsorbed into remunerative employment. The nature of this problem will obviously differ considerably according to the extent to which urban growth is concentrated in large cities.

177. The demographic evidence is then examined, and the following conclusions are drawn:

(a) The very uneven geographic distribution of the Latin American population over the surface of the region is not becoming less marked, since movements of people into small urbanized districts are recorded on a larger scale than movements into the thinly populated districts;

(b) The cities are very far from having a "normal" distribution by order of size; in most countries the capital city is disproportionately large and the towns of second and third rank are small and lacking in vigour;

(c) The limited evidence available indicates that failure to develop a balanced network of cities has cumulative effects, the attraction of the larger city then becoming stronger and stronger and the smaller cities and towns becoming less and less capable of carrying out the functions that would be required in a balanced national economy;

(d) The high proportion of the urban labour force in tertiary employment is additional evidence of unbalanced growth and failure to absorb the urban marginal population;

(e) The prevailing systems of land tenure and the dispersed character of much rural settlement, acting in combination, have perpetuated a weakness of rural community organization and a lack of healthy relationships between rural areas and small towns. These deficiencies limit the capacity of the predominantly rural districts to absorb their own population growth and also

<sup>25</sup> Also published as an article in the *Economic Bulletin for Latin America*, vol. VIII, No. 1.



endanger the success of agrarian reform and other programmes intended to benefit rural areas.

178. Finally, the report urges the need for more intensive study of present trends in redistribution of population, of the functions of cities and towns according to size and location, and of rural patterns of settlement and community organization.

#### *Social services*

179. The Division participated in various phases of a programme of courses in nutrition designed for social workers, sponsored by the Inter-American Children's Institute (OAS) with the co-operation of the United Nations, FAO, WHO, the Inter-American Institute of Agricultural Sciences and UNICEF, and held early in 1963. The Division was represented at a preparatory meeting held at Montevideo during April, and regular contacts were maintained with the FAO Regional Office at Santiago, Chile.

180. The Division was called upon to give its technical advice on various UNICEF social service projects, in particular the plan for a training centre for auxiliary social workers to be established at the Pillapi base of the Andean Indian Mission in Bolivia, and the plan of assistance for the training of social workers, nurses and midwives at the Andrés Barbero Institute, Asunción, Paraguay. It also collaborated in the preparation of two health and social welfare programmes in the peripheral areas of Santiago and Lima; both were submitted for approval to the December 1962 meeting of the UNICEF Executive Board.

181. In Chile, advisory services continued to be rendered by the Division to various social welfare institutions, and assistance was given in evaluating the work accomplished by the Patronato Nacional de la Infancia.

#### *Other work*

182. The Director of the Division accompanied the Director of the Bureau of Social Affairs of the United Nations Secretariat on a mission to Argentina, Brazil, Paraguay and Uruguay, the main purpose of which was to review existing and prospective United Nations technical assistance projects in the social field.

183. The secretariat was represented at the first Workshop on Community Development in Latin America, organized as a regional technical assistance project at Quito, Ecuador, from 2 to 15 December 1962. A paper was submitted to the Workshop on the role of community development in general economic and social development plans.<sup>20</sup> This is a subject to which the secretariat attaches great importance, and plans are being made to devote more attention to it in the course of 1963, in co-operation with the Bureau of Social Affairs.

184. The secretariat was likewise represented at a number of other meetings, including the Conference on Tensions in Development of the Western Hemisphere, organized by the Council on World Tensions and held

at the University of Bahia, Brazil, from 4 to 11 August 1962; the International Conference of Social Work (Recife, Brazil, 7 to 13 August 1962) and the preliminary study group which undertook the drafting of the paper on community development which served as a basis for the discussions at the Conference; and the fifth World Congress of Sociology (Washington, 1 to 8 September 1962) at which one of the main topics discussed was the sociology of development.

185. Finally, a series of lectures on social planning was given at the intensive training course organized at La Paz, Bolivia, by BTAO and the Latin American Institute for Economic and Social Planning.

#### *INDUSTRIAL DEVELOPMENT DIVISION*

186. The period under review has been one of intense activity in relation to industrial problems, and this is reflected in the large number of studies published — the fruit of several years of field work and research. In earlier stages of the Commission's work on industry, studies were made on the various sectors of industry with a view to analysing the technical and economic characteristics of production or the development prospects for a given industry in one or more Latin America countries, with due reference to their markets, the probable trends of national demand and the investment effort needed to reach the production targets fixed on the basis of the estimated growth of markets.

187. More recently, the approach has been modified with a view to adapting it to take account of Latin America's present industrial requirements and the likelihood of their expansion as time goes on. In particular, an analysis is being made of the problem of better utilization of capital input, with a more selective approach towards the branches of industry that should be developed and the production techniques that should be adopted. Attempts are also being made to explore regional co-operation as a possible solution for industrial problems, since it is felt that better results might be obtained from available resources by means of a division of labour within the region. An effort has been made to design the studies in such a way that their conclusions will facilitate immediate practical steps by Governments and private enterprise to speed up industrial development. They have therefore included an analysis of the institutional framework of industrialization, industrial promotion policy and other aspects of the subject which as a rule have not been adequately dealt with in the traditional approach. Finally, it was considered that there should also be a detailed specific analysis of the problems which are common to various sectors of industry and which at the present stage of growing local manufacture of capital goods may constitute a serious obstacle to accelerated industrialization.

#### *Seminar on Industrial Programming*

188. During the latter part of 1962, the Division's efforts were concentrated on the preparations for the Seminar on Industrial Programming (see paras. 83-92 above). Fifteen working papers were prepared by the Division specially for the Seminar, on the following

<sup>20</sup> For the text of this paper, see "ECLA's recent activities" in the *Economic Bulletin for Latin America*, vol. VIII, No. 1.



subjects: problems of industrial programming; selection of techniques and manpower absorption; economies of scale in relation to industrial programming, and economies of scale in specific industries such as boiler-making, steel tubes, the motor vehicle industry, chemicals, pulp and paper, and textiles; sectoral programming of dynamic industries; sectoral programming of traditional industries, and programming and methods of programming in the machine-tool industry.<sup>27</sup>

#### *Problems of industrial development and future prospects*

189. A study (E/CN.12/664) was prepared for the Commission's session which traces briefly the course of industrial development in Latin America. It examines some of the problems arising in consequence of development without programming and the effect upon the rate of industrial growth. Particular attention is paid to production costs, the size of the markets and the competitive situations prevailing in the region, and the absorption of manpower through industrialization; and some of the shortcomings in the process of industrialization in Latin America are pointed out. The study also shows the importance of technological research adapted to Latin American conditions and the possibilities for regional integration and industrial promotion.

190. The study also illustrates some of the problems as they affect specific industrial sectors such as steel, chemicals, pulp and paper, textiles, and the metal-transforming industries. These sectors represent important industrial activities since, with the exception of textiles, they are all fast-growing and dynamic industries; the textile industry was included as an example of a traditional industry with a slow rate of development.

#### *Heavy industrial equipment*

191. The study on the manufacture of basic industrial equipment in Argentina (E/CN.12/629 and Add.1-6) was carried out in close collaboration with the Argentine Federal Investment Council, which provided part of the funds for hiring consultants, and the Argentine Federation of Metallurgical Industrialists. After summarizing the main conclusions reached, the study goes on to examine petroleum refining and the petrochemical industry, electric power generation and transmission, steel production, ship-building, and pulp and paper production. A number of general problems relating to the manufacture of basic industrial equipment are also dealt with.

192. The study shows that there is a strong demand for basic industrial equipment and that the country could absorb a considerable proportion of this demand if it could overcome the limitations which hamper the development of the manufacture of such equipment. Apart from costs, the main limiting factors are the size of the market, the high investment needed to purchase suitable machinery and installations, the lack of experience in the design of complete installation units and of certain of their components and, finally, the difficulties encountered by local manufacturers in granting relatively long-term

credit facilities to compete with the terms offered by foreign firms.

193. However, the analysis makes it clear that these limitations are not so serious as they appear to be. For the five sectors studied, the size of the market for the period 1961-1970 can be determined by estimating the value at current prices of the principal equipment used by them, namely about \$2,000 million. A very detailed break-down of the different parts used for the equipment required for these five sectors shows that local manufacture could account for some 74 per cent, or approximately \$1,500 million.

194. The study on *Basic Equipment in Brazil* (E/CN.12/619/Rev.1)<sup>28</sup> was presented in draft form at the ninth session. It has since been completed and was published in the middle of 1962. It was carried out in close collaboration with the Brazilian Association for the Development of Basic Industry, the Executive Group of the Heavy Metal-Transforming Industry and the Machinery Syndicate of the State of São Paulo.

195. The same sectors were covered as in the case of Argentina, except that equipment for cement production was examined instead of ship-building. The conclusion reached was that, of an estimated value of some \$900 million of equipment for the period 1961-1970, Brazil could undertake the manufacture of 80 per cent, to the value of slightly more than \$700 million, provided certain problems were solved.

196. This first study was followed in the course of the year by a second, on *The Machine-tools Industry in Brazil* (E/CN.12/633),<sup>29</sup> undertaken under the same conditions as the first. Its purpose was to analyse the possibility of the Brazilian machine-tools industry supplying domestic requirements for this type of machinery during the ten-year period 1962-1971, as well as to provide government and industrial organizations with the basic data for developing this type of manufacture over the next decade.

197. The study shows that during the period 1955-1961 national machines met on an average some 40 per cent of the demand; but it was apparent that the national industry supplied mainly the simpler and lighter type of machine-tools, which both in structure and in technical potential have certain defects. This is particularly important when considering the future prospects for the industry. Nevertheless, provided certain conditions are fulfilled during the five-year period 1966-1971, the machine-tools industry could supply 65 per cent of the domestic market in terms of weight and could also export up to 10 per cent of its output. This would represent by 1971 a volume of manufacture of some 20,000 tons, or 50 per cent more than in 1961.

198. With the collaboration of BTAO a preliminary report on the manufacture of heavy industrial equipment in Chile was also prepared.

<sup>28</sup> United Nations publication, Sales No.: 63.II.G.2. This is the first volume of a series of publications with the general title: *The Manufacture of Industrial Machinery and Equipment in Latin America*.

<sup>29</sup> United Nations publication, Sales No.: 63.II.G.4. This is the second volume of the series mentioned in footnote 28 above.

<sup>27</sup> For the provisional report of the Seminar, see E/CN.12/663



### *Textile industry*

199. The secretariat has recently carried out a number of studies on the textile industry in various Latin American countries. The main conclusion of the studies is that these industries work at much less than their full capacity, partly through lack of adequate organization and programming.

200. Studies have so far been completed for Brazil and Chile, and field work is progressing in Uruguay, where the study will serve as a contribution to the work being done by the Advisory Group operating in the country.

201. A particular feature of these studies has been the assistance provided by the national textile manufacturers' associations, which furnished staff to undertake the extensive field work based on questionnaires prepared by the secretariat. Work has now started on similar studies in Peru and Bolivia, at the request of the textile manufacturers' associations in those countries. Argentina and Colombia have likewise expressed an interest in the extension of the studies to their industries.

202. An important contribution to the work being done has been made by BTAO, through the services of the regional textiles expert working in the ECLA secretariat.

203. Early in 1962 the preliminary version of the study on Chile was revised in the light of comments received from the industrial sector and other sources. In its present state, the study (E/CN.12/622)<sup>30</sup> incorporates additional material, including comparisons with other Latin American countries as well as some tentative data regarding the incidence of certain cost elements. As the textile studies are extended to other countries in the region, further data on these aspects of the subject will become available, so that it will be possible to prepare comparable material for the regional study on textiles planned as the concluding stage of the project.

204. The report on Chile reveals, among other important points, that the productive capacity available is not sufficiently utilized and that both the productivity of labour and the output of the machines are far below levels that could be considered as normal for Latin America.

205. The study on Brazil (E/CN.12/623) was completed in the light of the comments on the preliminary version made by representatives of the Textile Manufacturers' Association of São Paulo when they visited ECLA headquarters in March 1962.

206. The study points out the high degree of obsolescence of the textile machinery installed in Brazil and the effects of this on the level of productivity. It also examines the influence on productivity of other factors such as the size and location of plants, and it analyses the utilization of existing equipment in relation to theoretical standards. The various technical alternatives available are weighed in terms of the relative cost of capital and labour; and the study illustrates the composition and cost of a modernization programme under one

of these alternatives, taking into account the existing production of textile machinery in Brazil.

207. The Brazilian textile industry considered the study at its fifth national convention, held in May 1962. Following this, a memorandum incorporating the essential conclusions of the ECLA study was submitted to the Prime Minister of Brazil and approved. Subsequently, a Commission for the Reorganization and Re-equipment of the Textile Industry was established, its aim being to promote a programme of action and to act as the co-ordinating body with all the organs concerned, such as government agencies, development banks, productivity centres, and labour training institutions, as well as any international agencies that may co-operate in such a programme.

### *Chemical industries*

208. A preliminary version of volume I of the chemical study was submitted at the ninth session of the Commission (E/CN.12/591); it dealt with the market for chemical products in Latin America. This preliminary study was extended in 1962 by the publication of projections of demand to 1965 and 1970, followed by an analysis of the supply situation, cost of raw materials and potentialities for further development.<sup>31</sup>

209. This is the first industrial study giving specific indications on the possible location within the regional market of certain activities of the chemical industries sector. The main conclusion is that, subject to certain exceptions, there is not likely to be a spontaneous distribution of production among the countries where the industry is less developed, such as Chile, Colombia, Peru and Venezuela, in contradiction to the present trend towards concentration in the three largest countries in the region — Argentina, Brazil and Mexico. However, a more balanced geographical distribution could be brought about through a deliberate programme of action for which the common market would provide the necessary institutional framework. There are many good reasons for such a programme, as well as means of carrying it out. Some of the principles on which it might be based are the full utilization of valuable raw materials at present being largely wasted, such as natural gas and sulphurous gases; the opportunity of reducing both production and transport costs to a minimum for a number of products; the speed-up of development in medium and small countries, avoiding stagnation in the import substitution process for chemical products; and, finally, the establishment of broader bases for intraregional trade, thus facilitating specialization in other branches of industry.

210. There are significant advantages in setting up new chemical projects in certain countries, given the structure of production costs in several basic industries, the differences in raw material costs and other factors such as wages and energy costs. On the other hand, for such products as petrochemicals in particular, the price advantages of raw materials tend to a great extent to be offset

<sup>30</sup> United Nations publication, Sales No.: 63.II.G.5. This study constitutes volume I of a new series, entitled *The Textile Industry in Latin America*.

<sup>31</sup> See "La industria química en América Latina" (E/CN.12/628 and Add.1-3).



by the heavy incidence of financing costs in production costs.

211. Marked differences are observable among the Latin American countries in costs of labour and electric power. Even so, there is a tendency to compensate for advantages and disadvantages in the supply and cost of basic raw materials, electric power, labour and financing, so that significant advantages of location in particular countries can be established only for a limited number of products. These could, however, become increasingly important with the establishment of the Latin American common market. On the other hand, the results of the comparison show great sensitivity to variations of factors outside the chemical industry proper, such as interest rates, exchange rates, protection measures and subsidies.

212. For a considerable number of chemical products, economies of scale have a strong influence, particularly in the case of some of the petrochemicals where the reduction of the investment per unit through the increase of projected capacity has a decisive influence on manufacturing costs, thus emphasizing once more the importance of the size of the market.

213. The main general conclusions of the study are specified and quantified for basic chemical products, fertilizers, resins, fibres and synthetic rubber, detergents, and some others.

214. During the course of 1962, some field work was carried out in Uruguay with a view to preparing a detailed study of the chemical industry in that country, in connexion with the work of the OAS/ECLA/IDB Advisory Group at present operating there. This has since been continued by the Latin American Institute for Economic and Social Planning.

#### *Technological research*

215. During 1962, a programme was initiated on technological research in Latin America. This has been included by BTAO in the regional projects for 1963-1964, and is to cover several Latin American countries.

216. The first draft of a pilot study relating to Argentina, Brazil, Chile and Paraguay is nearing completion, and will provide a basis for further action by pin-pointing the technological research needs and facilitating a co-ordinated approach to this type of activity in the region. Contacts have been established with bodies specializing in this field and it is planned to hold a small meeting of experts during 1963, to examine the report and discuss the best ways of making future action effective. A first approach to the problem has been published under the title "Technological research in Latin America".<sup>32</sup>

#### *ECLA/FAO/BTAO Pulp and Paper Advisory Group*

217. This group, which had been understaffed for some time, was restored to normal strength early in 1962. An integrated study begun earlier on pulp and paper supply, demand and trade was brought up to date, and has now been published under the title *Pulp and Paper Prospects in Latin America* (E/CN.12/570/Rev.1).<sup>33</sup>

218. The Group prepared for presentation at the Seminar on Industrial Programming a comparative study of three sizes of small to medium-sized pulp and paper mills belonging to seven common types, with a view to demonstrating economies of scale in the industry. Work was also carried out on a study of trading prospects for pulp and paper products among the ALALC countries.

219. In the first half of 1962, the Group furnished advice to the Argentine Federal Investment Council in connexion with the economic feasibility of a proposed kraft pulp and paper mill; in November, the Group spent three weeks in Uruguay, studying the state of the paper industry and its prospects for expansion, as part of the work being done in that country by the Advisory Group; and in December it spent a week in Buenos Aires assisting the Paper Manufacturers' Association and the National Industrial Technology Institute to prepare a request to the Special Fund for the establishment of a pulp and paper research and training centre.

#### *Timber industries*

220. Continuing the work undertaken by other regional economic commissions and by FAO with a view to examining the situation of forest industries throughout the world, ECLA and FAO worked together on the preparation of a report entitled *Latin American Timber Trends and Prospects* (E/CN.12/624)<sup>34</sup> following on the studies already completed on Europe and the ECAFE region.

221. It provided the basis for discussion at the eighth meeting of the Latin-American Forestry Commission of FAO, held in November 1962, and constitutes the first serious effort to present an over-all view of the forest industries in Latin America. It also provides a useful starting-point for future action both by Governments and private enterprise. In view of the great significance of the conclusions and arguments, the Latin-American Forestry Commission recommended that the study be given the broadest possible distribution among Governments and planning boards so as to make the importance of forest resources within the region's economic and social development more widely known.

222. The study points clearly to the need for improving the present situation. Despite the fact that the region possesses one of the greatest forest areas in the world, Latin America is a net importer of forest products, while its *per caput* consumption of these is among the lowest recorded. The problem is further aggravated by the fact that the burning of wood as fuel accounts for four-fifths of Latin America's consumption.

223. Bearing in mind the growing demand for forest products, on the one hand, and the uncontrolled exploitation of the forests, combined with destruction by fire, on the other, there is a pressing need for planning their rational use in order to ensure continued supplies for future generations.

224. The study ends with an enumeration of suggested measures for promoting the development of forest resources, the more important being: (a) the setting up

<sup>32</sup> See *Economic Bulletin for Latin America*, vol. VIII, No. 1.

<sup>33</sup> United Nations publication, Sales No.: 63.II.G.7.

<sup>34</sup> United Nations publication, Sales No.: 63.II.G.1.



of national forestry departments; (b) the immediate formulation of action programmes; (c) research; (d) the training of skilled personnel.

*Joint ECLA/ILFA study on the steel economy in Latin America*

225. A grant has been received from IDB for this project, which is being undertaken jointly by ECLA and the Latin American Iron and Steel Institute (ILFA). The work programme on which the study will be based is divided into two parts: national monographs, and a regional report on the over-all economic aspects of the steel industry in Latin America. Field work has already started in some countries, and is being undertaken by both ILFA and ECLA; the possibility is also being explored of obtaining the collaboration, through ECE, of high level European specialists.

226. ECLA has studied various aspects of the steel industry in considerable detail and, in conjunction with BTAO, organized two meetings of experts, one at Bogotá in 1952 and one at São Paulo in 1956, to review different aspects of the industry.<sup>35</sup> The new study is therefore a natural follow-up to this earlier work.

*Economies of scale in relation to industrial programming*

227. A study on this subject (ST/ECLA/CONF.II/L.5) was prepared for the Seminar on Industrial Programming. Its purpose is to compare the "theoretical" or potential economies of scale with the situation in the Latin American countries, and thus to assess, within the framework of industrial programming, the economic advantages of alternative sizes of industrial plants. First of all, some account is given of characteristic aspects of the Latin American economies, with special attention to problems such as the various barriers to entry into markets, shortage of capital, and all-purpose use versus specialized uses of equipment. Next follows an analysis of the usefulness of a systematized knowledge of economies of scale in furnishing precise information for the preparation of projects. Methods of determining economies-of-scale curves are then discussed, with emphasis on the possible forms they may assume.

228. An annex to the study sums up the findings of specific studies on economies of scale in several sectors of industry, with a detailed discussion of their characteristics, such as production capacity and technology; and indices for several cost and investment items are included to show the trends followed by the economies-of-scale curves referred to above.

*Trade in manufactured products in the Latin American Free-Trade Association*

229. Work has started on an examination of the possibilities of trade in manufactured products within ALALC. It will draw to a certain extent on the sectoral

studies undertaken by the Division, the intention being to cover different industrial sectors such as chemicals, textiles, pulp and paper, and others, and to explore the possibilities for trade in the different products under the conditions of a free-trade area.

**TRADE POLICY DIVISION**

230. During the early part of 1962, the main work of the Division was the organization of the meeting of experts on trade policy (see paras. 59-61 above) and the symposium on the subject (see paras. 62-63 above) held at ECLA headquarters in July and August. The secretariat prepared a study (E/CN.12/631) for these meetings, and later published a report containing the analyses and recommendations of the group of consultants convened by it (E/CN.12/632).<sup>36</sup> As there have been important developments in the months that have elapsed since the meetings took place, the secretariat has prepared a note on trade with Europe and the problems involved in the formulation and development of a Latin American trade policy (E/CN.12/667).

231. During the period since the last annual report, progress has been made with the preparations for the second meeting of the Working Group on Customs Questions with a view to bringing some uniformity into Latin American customs procedures.

*Advisory services on trade policy*

232. During the second half of 1962, the Trade Policy Division was engaged mainly in carrying out the advisory work requested in Trade Committee resolution 11 (III). A good part of this work was done during the Second Conference of the Contracting Parties to the Montevideo Treaty establishing a Free-Trade Area and instituting the Latin American Free-Trade Association (ALALC), which took place at Mexico City from the end of August until the end of November. Assistance was given with respect to the technical work on the definition of the origin of goods, the regulations for complementarity agreements by industrial sectors, measures relative to dumping and frontier trade, efforts relating to the adoption of a common tariff nomenclature, etc.

233. Close contacts were maintained with the government representatives and specialized staff of the ALALC secretariat for the study of some of the problems mentioned above — specification of origin and establishment of a customs nomenclature — as well as the organization of a statistical system for the purposes of the Montevideo Treaty, and other problems, all within the framework of the advisory services rendered by ECLA to the organs of ALALC.

234. In 1962, at the request of the Government of Panama, the secretariat undertook a study on the prospects for Panama of its possible participation in ALALC, while ECLA's Mexico office prepared a study on the possible incorporation of Panama into the Central American common market. Similarly, work was under-

<sup>35</sup> For the findings of the meetings, see *A Study of the Iron and Steel Industry in Latin America* (United Nations publication, Sales No.: 54.II.G.3) and *Problems of the Steel Making and Transforming Industries in Latin America* (United Nations publication, Sales No.: 57.II.G.6, vol. I).

<sup>36</sup> Also published as an article in the *Economic Bulletin for Latin America*, vol. VII, No. 2.



taken at the request of the Venezuelan Government on the implications for Venezuela's trade policy of its possible entry into ALALC.

235. At the request of several Governments, and in accordance with the terms of Trade Committee resolution 11 (III), BTAO has agreed to finance a project providing for a regional trade policy group of high-level experts. Under the general guidance of the ECLA secretariat, the experts will reinforce the co-operation which the Commission is giving to Governments on the following problems: (a) trade policy in relation to economic integration; (b) trade policy in relation to the diversification of exports and expansion of over-all trade; and (c) financial topics related to the programme of market expansion and diversification of exports. The experts are also expected to work in close co-operation with ALALC.

#### *Progress made by the Free-Trade Area and the prospects for Latin American economic integration*

236. Since the beginning of 1963, work has been proceeding on an analysis of the results of the second round of ALALC negotiations, taken in conjunction with the work previously carried out on the first round of negotiations. The document containing an account of the studies carried out (E/CN.12/668) examines the progress made to date towards the formation of the regional common market and some of the possible lines likely to contribute towards speeding up the integration process.

#### *United Nations Conference on Trade and Development*

237. Bearing in mind that the debates of the Commission might help to prepare the participation of the Latin American countries in the United Nations Conference on Trade and Development, so that full advantage may be taken of the exceptional opportunity it offers for the Latin American countries to gain the ear of the world in regard to the main problems in their trade relations, the secretariat thought it advisable to submit a short note on the subject to the Commission at the tenth session (E/CN.12/682).

#### *Tariff policy*

238. A study is being made of possible new obligations to be assumed in due course by the ALALC countries with a view to the gradual reduction of customs charges on commodities not included in essential trade. Trade liberalization under the Montevideo Treaty includes only certain basic obligations, leaving the Governments of the participating countries free to assume the additional obligations needed to ensure the full achievement of the Treaty's economic objectives.

239. Background data were collected during the first half of 1962 for the purpose of establishing a model for the identification and harmonization of customs procedures affecting import of goods. This operation covers not only the preliminary procedures involved, but also the documents necessary for starting and completing each customs operation, bearing in mind the new circumstances arising out of the regional integration

agreements. This is a complex task since it is not always easy to discover the reasoning behind the methods used in a particular country.

#### *Protectionism and industrialization*

240. Work has begun on a study of protectionism and industrialization in Latin America in relation to economic development. It involves an analysis of the protectionist policies followed hitherto in Latin America and their effect on the economic development of the countries of the region.

#### *Diversification of exports*

241. During the second half of 1962, a start was made on the processing and analysis of data collected on foreign trade in Latin America, designed to provide a framework for the proposed studies on diversification of exports. Studies already undertaken by the Division show that Latin America's position in world trade has weakened considerably, and that the poor results achieved by the efforts to increase the revenue from the export of primary commodities make it highly desirable to undertake a study in depth on diversification of exports.

242. In this connexion, discussions have taken place with ECE concerning the possibility of a joint study on the prospects offered by the European market generally, and that of the European Economic Community in particular, for the traditional Latin American exports, for semi-finished goods, and especially for manufactured products. The project has not yet been crystallized, but it is clear that ECE can be of great assistance in this work. Moreover, this study will have to be extended to include an examination of the prospects offered by such markets as Canada, Japan and other countries in Asia and Africa.

#### *Seminar on trade policy*

243. In compliance with Trade Committee resolution 14 (III), a seminar on trade policy was to have been held in November 1962, with the attendance of government officials responsible for trade policy in the Latin American countries. However, as the second round of ALALC negotiations, involving the participation of a large number of those who would have been attending the seminar, lasted longer than had been foreseen, the seminar had to be postponed until 1963.

244. The seminar is planned as the first of a series and it is proposed to include discussions on such topics as the significance for Latin America's foreign trade of organizations like the European Economic Community, the European Free Trade Association, the Organization for Economic Co-operation and Development (OECD), and the General Agreement on Tariffs and Trade (GATT). An examination will be made of certain guiding principles and measures regarded in various quarters as calculated to solve specific problems — whether arising out of the establishment of some of these organizations or out of other factors affecting Latin America's foreign trade. Also envisaged is an analysis of desirable measures for expanding trade between Latin America and the rest of the world; moreover, the seminar will undertake an exami-



nation of the present status of the movement towards multilateral economic co-operation in Latin America. For this purpose, the discussion will embrace not only the progress achieved towards expanding the markets, but also certain problems inherent in the advance towards a regional common market.

#### JOINT ECLA/FAO AGRICULTURE DIVISION

##### *Agricultural development in the post-war period*

245. Early in 1962, the Division started work on a study of the main characteristics of agricultural development in the Latin American region during the entire post-war period, which was submitted to the Commission at the tenth session (E/CN.12/686). Its principal aim is to make an analysis of this development not only from the economic but also from the social standpoint; an attempt is made to bring out the main factors that are hampering it, the close interrelationship between agricultural and general economic and social development, and the outlook for the future.

246. First of all, the study examines the lack of dynamism that has characterized agricultural development in most Latin American countries since the Second World War, in contrast with what has happened in other regions of the world, and the way in which this has affected their economies and the living conditions of the large masses of their population, particularly the rural population. Using the fragmentary information available on various aspects of life in the rural areas, the document presents a picture of the real conditions prevailing in these areas — which are much worse than national averages may suggest — in matters such as income, health, education, housing and nutrition. Then, with the help of a few simple hypotheses on population growth, income elasticity of demand for agricultural products, and productivity per person gain fully employed in agriculture, the document illustrates the probable growth of over-all demand for agricultural products in the next twenty years and the corresponding increase in supplies that will be required, the alternative ways of attaining this increase, the implications in relation to employment in agriculture, and the rate of transfer of rural population to urban areas.

247. Apart from the general lack of economic and technical information on the agricultural problems of Latin America pointed out in the study, its main conclusions are as follows:

(a) A larger fraction of the increased production will have to come from improved yield than from expanding the area, which means that a tremendous technological effort will have to be made during the coming years;

(b) The intensification and diversification of agricultural production will permit the retention within the agricultural sector of a larger part of its demographic growth than in the past, although a sizable fraction of the rural population increase will still have to migrate to urban centres if the *per caput* income targets projected for agriculture are to be achieved;

(c) The main dynamic stimulus for agricultural production will come from the increased internal demand,

as prospects for agricultural exports are not especially bright.

248. The paper then analyses the basic conditions for the intensification of agricultural production in Latin America, which is the only method of increasing employment and productivity and thus meeting the projected demand and improving the levels of living of the rural population. These conditions are the following: (a) the application of new agricultural techniques and production systems aimed at full employment and a better conservation of resources; (b) education of the rural masses and training in a new type of agriculture; (c) radical changes in the land and water tenure systems; (d) increased investment and credit; (e) the strengthening of the internal markets through official nutritional policies and marketing policies, and, especially, through an effective redistribution of income. The paper analyses each of these conditions in some detail, with special emphasis on the agrarian reform aspect.

249. The prospects for agricultural exports, which are of very great importance for Latin America, are likewise examined. According to the best opinion available, it is doubtful whether exports of the main agricultural commodities to the traditional markets will exceed the rather modest levels recorded in the past decade. For this reason, Latin America will have to make an effort to increase its intraregional trade as well as that with the other less developed regions. With respect to trade with Europe and the United States, an effort will have to be made to diversify Latin American exports and to try to include new items, especially commodities which can be exported in a semi-processed form.

250. Finally, the paper shows the importance of planning agricultural development from a regional standpoint rather than from a purely national one, bearing in mind the existence of homogeneous geographical zones in Latin America that cover more than one country and have the same type of problems, irrespective of political or administrative frontiers.

##### *Livestock studies*

251. The study on livestock farming in Brazil (E/CN.12/636) was completed during the early part of 1962. It stresses the importance of the livestock industry for Brazil's economy, not only because of its contribution to the formation of the gross national product but also because it is the main source of protective food for the population of that country.

252. Increases in the production of mutton, beef and pork have barely covered the increase in the population, so that there has been no improvement in *per caput* levels of consumption. There has, however, been marked progress in both total and *per caput* supplies of milk. The amount of meat and dairy products per person is still far from satisfying nutritional requirements and there is great imbalance between supply and demand, so that prices show a continuous upward trend.

253. Brazil has an immense stock-breeding potential and its livestock economy needs to be strengthened with a view to improving domestic consumption of foods of animal origin and encouraging new branches of exports.



To this end the obstacles in the path of livestock development must be cleared away; these include problems of animal feeding, diseases and pests, limitations of a zoo-technical nature, and poor management efficiency, which, together with marketing difficulties, retard the production and distribution of the products. The persistence of these limiting factors and their serious effects are the main reasons for the low productivity which is generally characteristic of the livestock sector in Brazil. A livestock policy is needed which would integrate, co-ordinate and guide campaigns for fostering livestock production at the national and state levels.

#### *World Food Programme*

254. Bearing in mind that the general discussion on the problems and prospects of agriculture in Latin America might help to crystallize the specific way in which the Latin American countries will participate in the World Food Programme, the secretariat thought it would be advisable to submit to the Commission at the tenth session a brief document (E/CN.12/684/Rev.1), prepared by the joint United Nations/FAO administrative unit, which reports on the characteristics and progress of this programme.

#### *Seventh FAO Regional Conference for Latin America*

255. The Joint ECLA/FAO Agriculture Division prepared two short papers for the Seventh FAO Regional Conference for Latin America, held at Rio de Janeiro in November 1962. One of these dealt with problems of agricultural planning in the region, and formed part of a larger document prepared by FAO. The other dealt with the agricultural aspects of the economic integration movements in Latin America, and was the supporting document for the corresponding agenda item. The Director of the Division participated actively in the Conference, as well as in the preparation of its final report.

#### *Agricultural trade among the ALALC countries*

256. The Division has embarked on a series of basic studies designed to provide a starting-point for the work of the ALALC organs in connexion with agricultural commodities. The first negotiations between member countries are being analysed, especially in relation to the prospects for trade expansion. A thorough examination is being made of the organization of agricultural trade and of the factors that retard its expansion.

257. Work has also begun on a long-term study to provide the basis for a co-ordinated agricultural policy, including the harmonization of national agricultural development plans. The factors explaining differences in productivity between the countries in regard to several important commodities are to be examined, with the aim of determining the adjustments that should be introduced in national agricultural production patterns so as to fit the requirements of a free-trade area and thus avoid undue harm to marginal producers.

#### *Agricultural research and extension services in Latin America*

258. In co-operation with the FAO Regional Office for Latin America, the Division is preparing the outline for

a thorough survey of the existing facilities for agricultural research and extension in the region. The survey will be carried out as a joint ECLA/FAO project and will endeavour to determine what additional research and extension services are needed for the achievement of higher levels of production and productivity, in accordance with future demand requirements.

#### *Activities related to the work of the Inter-American Committee for Agricultural Development (CIDA)*

259. In addition to its research activities, the Division has participated actively in various stages of the work of CIDA, which is a joint committee composed of representatives of OAS, FAO, ECLA, IDB and the Inter-American Institute of Agricultural Sciences.

260. Early in March 1962, the Director of the Division accompanied the Assistant Director-General of FAO for Latin American Affairs and the Executive Director of CIDA on a visit to Brazil in order to discuss with the Brazilian Government the possibility of sending a technical assistance mission on agriculture to that country. These negotiations were concluded in a follow-up mission in June, when a draft agreement was prepared, including the objectives, terms of reference and composition of the mission. The mission will be divided into two groups: one will advise the Agricultural Planning Commission in the formulation of a national development programme for the agricultural sector; the other will work with the Superintendency for the Development of the North-East (SUDENE) and other government bodies in the formulation of a programme of food production and agricultural diversification in the north-eastern area of Brazil. The mission began operations in March 1963.

261. The Director of the Division likewise participated in an exploratory mission to Bolivia to review with the authorities the possibility of assistance being provided through CIDA in the implementation of the Bolivian ten-year agricultural development programme.

262. A CIDA mission has been established in Colombia since May 1962; it is headed by a staff member of the Division seconded to IDB for that purpose. Its main tasks are to formulate a programme of diversification in the coffee areas of the Caldas Department and to prepare specific projects needed for its implementation.

263. Another CIDA mission is in course of preparation, to study possibilities of agricultural development in the Andean provinces of Venezuela.

264. The mission to Chile — announced in the last annual report — did not materialize, as the agreement was not signed by the Government. The request has therefore been left pending for the time being.

265. Among the basic studies that CIDA had agreed to undertake, two are already under way: an inventory of available information on agricultural resources, and an analysis of land tenure conditions in Latin America. Two consultants of the Division are working on the land tenure study, in Brazil and Ecuador respectively.

#### *Other work*

266. In August 1962, the Director of the Division visited Ecuador, Cuba and Mexico. In Ecuador he discussed with the authorities of the National Board for



Planning and Economic Co-ordination the details of the agricultural development plan which the Board is currently drawing up. In Cuba he studied the characteristics of the agrarian reform which is taking place, and the country's agricultural development problems. In Mexico, he attended the Second Conference of Contracting Parties to the Montevideo Treaty as an observer for FAO. In the visits to Ecuador and Cuba he was accompanied by one of the Division's consultants, who remained for a longer period to study the aspects mentioned above.

267. During July and August 1962, the Division gave technical assistance to the National Board for Planning and Economic Co-ordination of Ecuador in the preparation of its programme for livestock development.

268. The Division has loaned a staff member to IDB to participate in the Advisory Group in Uruguay, in charge of the agricultural sector.

269. The secretariat was represented at the Latin American Seminar on Agrarian and Co-operative Credit, organized by the Argentine National Bank under the sponsorship of the United States Agency for International Development and held at Buenos Aires from 11 to 22 June 1962.

## ENERGY AND WATER RESOURCES PROGRAMME

### *Energy*

270. The report of the Latin American Electric Power Seminar, held in Mexico in July-August 1961, was revised early in 1962. A selection of the more important papers presented was printed as volume I of the series *Estudios sobre la electricidad en América Latina* (E/CN.12/630)<sup>27</sup> and submitted to the Commission at the tenth session.

271. In accordance with the recommendations made at the Seminar, two meetings of experts were held at ECLA headquarters, in September and December 1962 in collaboration with BTAO; they dealt respectively with terminology and statistics for the electric power industry and with electricity rates (see paras. 74-75 and 81-82 above).

272. During the first of these meetings the opportunity was taken to discuss the publication of a technical periodical on electric power problems. Representatives of the large electricity concerns in Latin America agreed to undertake the publication of a review (see E/CN.12/641). No United Nations financing is involved, although it is envisaged that there will be close co-operation between the editors of the review and the ECLA secretariat, which is represented on the special advisory committee set up in this connexion.

273. Questionnaires on power and energy were completed and distributed to the Governments of all member States and to major enterprises concerned with these matters, with a view to collecting data for the publication of yearly figures.

274. Assistance was given to the Advisory Group in Uruguay with regard to energy and water development.

### *Water resources*

275. The secretariat's work on water resources forms part of a regional BTAO project, in which the World Meteorological Organization (WMO) collaborates by providing the services of a hydrometeorologist.

276. The reports of the missions to Colombia and Bolivia were completed during the course of the period under review and submitted to the Governments concerned.<sup>28</sup> A general paper (E/CN.12/650) was submitted to the Commission at the tenth session describing the experience gained from the missions already completed: Chile, Ecuador, Northern Patagonia, Venezuela, Bolivia and Colombia, in the order in which they took place. It contains an evaluation of the work done and puts forward some ideas concerning possible lines of action for the future.

277. During the early part of 1962, negotiations were carried out with the Argentine Federal Investment Council concerning the provision of a water resources mission. The Council has furnished all local facilities, and under the general guidance of ECLA it has undertaken the collection of all available data on water resources as well as the more pertinent economic data. The mission was formally inaugurated in October 1962, with the assistance of two ECLA staff members and the WMO hydrometeorologist.<sup>29</sup> Particular attention is being paid to the following questions: domestic and municipal water supply, irrigation and drainage, industrial uses, energy, transport, flood control and land reclamation, and use of underground water.

278. The Government of Peru requested that a mission should be organized towards the end of 1963. In the meantime the Peruvian authorities, with the collaboration of ECLA, have forged ahead with the preliminary work of collecting all the technical and economic data available. The Government has appointed two experts and a number of assistants to work on the preparatory stages of the project.

279. The ECLA Mexico office has started to compile data in the Central American countries, as a preliminary step to a mission for the study of water resources development to be undertaken in connexion with the Central American Integration Programme.

### *Natural resources*

280. Work has started on a pilot project for determining the present level of knowledge of natural resources in Latin America in relation to the needs and potentialities for their economic development. Co-operation is being given by Yale University, which provided a consultant who worked at ECLA for eight weeks towards the end of 1962, collecting material for the project. The work on soil, vegetation and fisheries is being undertaken with the help of FAO.

281. Although this is a long-term project to which considerable attention will have to be paid in the next few months, it was felt that it would be interesting to submit

<sup>27</sup> United Nations publication, Sales. No.: 63.II.G.3.

<sup>28</sup> For the report on Bolivia, see E/CN.12/688.

<sup>29</sup> The progress achieved in the mission's work is described in document E/CN.12/625.



to the Commission at the tenth session a preliminary estimate of the present status of knowledge of the main resources of the region, including mineral resources, water, forest resources, fisheries and soil, and the efforts being made to increase them (E/CN.12/670 and Add.1-5).

#### TRANSPORT PROGRAMME

282. The Transport Programme was strengthened in March 1962 by the addition of two experts provided by OAS, and an expert on maritime transport started work on 1 March 1963. The Programme was reorganized, and its chief was transferred back to Santiago from the Mexico office as of 1 August 1962.

#### *General study on transport in Latin America*

283. A preliminary outline for a general study on transport in Latin America was prepared in September 1962, and work has since been proceeding on the compilation and analysis of data. For this purpose, field visits were paid in November and December to all the countries of South America. At the same time, work was started on the collection and indexing of data and information available within ECLA or to be obtained from other international organization, consultant firms and so forth.

284. The study will deal with the evolution of transport networks during the last fifteen years; the evolution of the volume of traffic and its structural changes during the same period; the present technical state of the various means of transport and their economic and financial situation; a survey of the merchant navies and ports in Latin America; general co-ordination and programming of transport in developing countries; basic problems related to the Free-Trade Area and the proposed Latin American common market; and present plans and programmes for the development of transport in Latin American countries.

285. The progress achieved to date with this research has made it possible to present to the Commission at the tenth session a note summing up some of the main conclusions suggested by the background and other data already compiled (E/CN.12/673).

#### *Joint OAS/ECLA study on ports*

286. Considerable work was done during 1962 on the collection, from various sources and through the Resident Representatives of the Technical Assistance Board, of the existing background material and studies on ports in Latin America, for the preparation of the joint OAS/ECLA study on ports undertaken in compliance with resolution B.2 of the Special Meeting of the Inter-American Economic and Social Council at the Ministerial Level, held at Punta del Este in August 1961. By the beginning of 1963, OAS had received replies from eleven countries to a basic questionnaire. The study has now entered its second phase, involving primarily an analysis of the replies received by OAS, the determination of the terms of reference of the proposed mission to study ports in Latin America, and the recruitment of the experts required.

#### *Transport problems in ALALC and relations with the European Economic Community in this connexion*

287. Developments related to transport within ALALC, as well as in the European Economic Community, in so far as they are of direct interest to the Latin American area, have been closely followed. At the Second Conference of Contracting Parties to the Montevideo Treaty, resolutions of considerable importance on maritime and inland water transport were adopted, envisaging among other things the conclusion of a convention on maritime transport among the ALALC countries, the creation of an association of shipping companies and the organization of a conference on maritime freight rates in the ALALC area, and the setting up of a Transport Advisory Commission by ALALC.

#### STATISTICAL DIVISION

288. As a result of reorganization within the secretariat, the Statistical Division came into being in April 1962, combining the former Office of the Regional Statistician and the Statistical Section. The staff of the new Division is being used flexibly to supply services to the secretariat, to promote improvements in national statistical systems, and to give advice to national agencies.

289. The secretariat was represented at the twelfth session of the Statistical Commission, held at United Nations Headquarters in April and May 1962; and participated, with observer status, in the Bangkok meeting (May 1962) of the Expert Committee on Post Adjustments. The Expert Committee met again at ECLA headquarters in April 1963.

290. One important feature of the work during 1962 has been the number of documents on different subjects prepared by the Division, in addition to the co-operation which it gives to other divisions of the preparation of data for the various studies undertaken.

291. The documents in question deal with such subjects as education expenditure; housing programmes; lists of industrial products; the computation of terms of trade for Latin American countries;<sup>40</sup> the use of accounts for the analysis and programming of development; measurements of price levels; and the purchasing power of currencies.

292. The *Statistical Supplement to the Economic Bulletin for Latin America*, vol. VII, No. 1, was issued in September 1962, and the *Statistical Supplement* to volume VII, No. 2, is now being printed. Two main changes have been introduced since the latest issue: (a) at the request of the Statistical Commission, the base year for all indexes has been shifted to 1958 = 100; (b) data for national accounts are now presented by country, with a brief description of the sources and methods used.

#### *Economic statistics*

293. During the period under review the Division has undertaken a number of special tasks.

<sup>40</sup> See "Methodological notes" in the *Economic Bulletin for Latin America*, vol. VIII, No. 1.



294. An inventory is being prepared of existing national income series, with detailed break-downs for the countries of the region. In connexion with the programme for evaluating the national income statistics for the Latin American countries, visits were paid to Mexico and to all the countries of South America. The Division also collaborated in the preparation of a paper on education expenditure for the Conference on Education and Economic and Social Development in Latin America (see paras. 55-57 above).

295. An inventory has been made of the kind of data available in recent industrial censuses and similar inquiries. The investigation covers fourteen countries, for which basic data are being summarized in standard form.

296. A critical analysis of methods and data used in the preparation of manufacturing production indexes is being carried out for all countries which publish such data — i.e., Argentina, Brazil, Chile, Guatemala, Mexico and Peru — and the possibilities for preparing indexes of manufacturing production for the remaining countries are to be investigated.

297. A standard list of manufactured goods (E/CN.12/648) has been prepared, for use in the 1963 censuses. Each group from 201 to 399 of ISIC<sup>41</sup> has been subdivided by using four digits and for each item the main products have been specified with the indication — whenever possible — of the corresponding item (four digits) of SITC.<sup>42</sup> The list has been sent to the various countries for comments.

298. As part of the advisory services provided to the ALALC secretariat, the Division sent a staff member to Montevideo in May 1962 to attend a meeting convened for the purpose of advising the ALALC countries on tabulation procedures.

299. Assistance was given to Ecuador in determining the foreign trade indexes with the application of a mechanized system. The work of three institutions had to be co-ordinated: the National Board for Planning and Economic Co-ordination, the Central Bank and the Budget Office. It was arranged that the Budget Office would process the data and publish the resultant series. At the same time, information was obtained from Ecuador in relation to trade statistics which is not available for other Latin American countries, and discussions took place with the customs authorities concerning the data required for ALALC.

300. Subsequently, a visit was paid to Peru to advise the Planning Institute on the project for reorganizing the country's foreign trade indexes.

301. Sources of information on crops and livestock relating to the South American countries were revised, and an inventory was drawn up of available information regarding prices — particularly prices paid to farmers — from 1945 onwards, for ten countries of South America.

Preliminary work was also undertaken with a view to the construction of agricultural price indexes.

#### *Regional statistical advisers*

302. During the early part of 1962, arrangements were completed for the provision of three regional statistical advisers under the BTAO programme. They are attached to the Division, and their primary function is to visit the countries in the region, upon request, to advise on technical problems. The specialities covered in the first appointments are demographic and social statistics, sampling and economic statistics. The programme in general and the framework within which the regional statistical advisers will operate has been determined by ECLA in consultation with the Statistical Office and BTAO. Every effort is made to co-ordinate the work of the advisers with the activities of ECLA and of the Latin American Institute for Economic and Social Planning, as well as with other technical assistance projects actually in course of execution or in prospect in the region.

303. The regional adviser on demographic and social statistics entered upon his assignment in August 1962, for a period of six months. He has carried out technical assistance missions in Colombia, Ecuador, Paraguay and Peru. In Colombia and Peru he had an opportunity of participating in the discussion of the technical and legal bases for establishing national civil registration services, as a basic starting-point for a national system of vital statistics.

304. The sampling adviser has given technical assistance to the statistical services in Bolivia, Chile and Peru. In connexion with the task of encouraging the application of sampling techniques in the region, which was one of the objectives of the Office of the Regional Statistician, it is interesting to note that in 1962 the Government of Bolivia established a National Sampling Department. The regional adviser was able to collaborate with the chief of the Department (who is an OPEX official) in some of its initial work. In Peru he helped to design and select a sample of the results of the 1960 housing and population census, for the purpose of obtaining preliminary results. This work, which was urgently requested by the Planning Institute of Peru, made it possible to anticipate the final census findings by about a year and a half.

305. The regional adviser on economic statistics took up his duties in December 1962 and collaborated with the statistical services of Chile in evaluating some national statistical series. More recently he has been working in Peru with the Planning Institute, preparing an inventory and evaluation of the statistics needed for economic programming purposes. This work is being carried out in close co-ordination with the technical staff of the Peruvian statistical services and the United Nations and FAO statistical experts assigned to that country.

#### *Latin American Seminar on Housing Statistics and Programmes*

306. The main purpose of this seminar — already outlined in another section of the present report (see paras. 69-73 above) — was to provide an opportunity for housing statisticians and housing experts from Latin

<sup>41</sup> *International Standard Industrial Classification of all Economic Activities*, Statistical Papers, series M, No. 4, Rev.1 (United Nations publication, Sales No.: 1958.XVII.7).

<sup>42</sup> *Standard International Trade Classification, Revised*, Statistical Papers, series M, No. 34 (United Nations publication, Sales No.: 61.XVII.6).



American countries to study methods of formulating house-building programmes within the context of general economic development plans and to determine the statistical requirements for this purpose.

307. ECLA's Statistical Division prepared three papers for the Seminar: (a) an analysis of the national housing programmes of five Latin American countries; (b) a statistical evaluation of housing conditions, existing deficits and future housing requirements in the Latin American countries; (c) a study on the use of national accounts statistics to assess the economic significance of housing.

308. It is hoped that the material prepared for the Seminar, and the discussions which took place, will provide the basic guiding principles for formulating national housing programmes; it had the added significance of being the forerunner of similar seminars to be held in 1963 and 1964 for States members of ECAFE and ECA respectively.

*Measurement of price levels and the purchasing power of currencies in Latin America, 1960-1962*

309. During the months of May, June and July 1962, arrangements were made in conjunction with ECLA's Mexico office for the collection of price data in the five Central American countries. In addition, an offer of co-operation was received from the United States Bureau of Labor Statistics to collect similar data for consumer goods and services and construction materials in two United States cities. This work was carried out in collaboration with ECLA, to ensure that the data collected were comparable with those for Latin American countries and that adequate adjustments were made for differences in quality or availability of items.

310. The collation of this material, along with that obtained in 1961, was undertaken with a view to expanding the study on comparative prices and the purchasing power of currencies in selected Latin American countries which was submitted at the ninth session (E/CN.12/589). The latter was a preliminary study covering capital cities in ten countries, in some of which additional pricing work has now been carried out to ensure that the new study (E/CN.12/653) adequately reflects the comparative price structure and purchasing power of the Latin American currencies during the 1960-1962 period. The later study covers capital cities in nineteen Latin American countries and two cities in the United States.

*Use of national accounts for analysis and development programming*

311. A paper on this subject was prepared for the tenth session of the Commission (E/CN.12/671). It examines the field of application of national accounts in regard to analysis and planning work; it discusses the degree of detail which the accounts must have for this purpose, and the accounting and estimating methods most appropriate in the case of the Latin American countries. Some of the more important specialized statistics are reviewed from the point of view of their availability, their shortcomings and the problems that arise when an attempt is made to improve them. The paper is a first attempt at defining a minimum statistical pro-

gramme for the purposes of the planning which is urgently needed by the majority of the Latin American countries.

*National accounts and input-output statistics*

312. A paper on the present status of national accounts and input-output statistics in Latin America, and the need for improving their comparability, was prepared for the technical meeting on national income which was held concurrently with the fourth general assembly of IASI members from 6 to 14 November 1962. The paper contains an analytical survey in broad terms of existing national accounts estimates, including input-output, in the region.

*JOINT ECLA/BNDE CENTRE FOR ECONOMIC DEVELOPMENT*

313. The Joint ECLA/BNDE Centre for Economic Development, which formally began its activities at Rio de Janeiro on 1 July 1960, is staffed jointly by ECLA and the Brazilian National Bank for Economic Development (BNDE). The Centre conducts both training and research activities.

*Training programme*

314. One of the major activities of the Centre is the organization in Brazil of the annual ECLA/BTAO intensive training course in economic development, which is now under the auspices of the Latin American Institute for Economic and Social Planning. The 1962 course started on 6 August and closed on 7 November. An important feature was the effort made to give a more national content to the course; to this effect, a special series of thirty-eight lectures on Latin American and, in particular, Brazilian economic and social problems was organized and given by Brazilian economists and sociologists. A total of forty-three students attended the course on a full-time basis.

315. During the first half of 1962, the Centre collaborated closely with universities and other organizations which, following the pattern of the training course held at Rio de Janeiro, provide courses in the capitals of the different states. Examples are the courses organized by the National Economic Council, the University of Para and the Superintendency for the Development of the North-East (SUDENE) for which lecturers were provided by the Centre. The Centre has also provided staff to give more specialized lecture courses, such as that on coffee economy sponsored by the Brazilian Coffee Institute.

316. Later, the Centre was engaged in preparing a number of training activities for 1963, including a course to be held at Salvador, Bahia, in conjunction with the State Planning Commission and SUDENE. By arrangement with the University of Para, a second course began at Belom on 26 March 1963, with a view to training experts for the Amazon region. An annual rotating course is being organized for the three southern states, Paraná, Santa Catarina and Rio Grande do Sul. The pattern set by SUDENE, whereby it organizes its own courses on an autonomous basis, will soon be repeated elsewhere, the Centre providing any extra help required.

317. Work is also proceeding on the preparations for the next intensive training course, to be held at Rio de



Janeiro in mid-1963, with the close co-operation of the Latin American Institute for Economic and Social Planning.

#### *Research work*

318. The Joint ECLA/BNDE Centre has carried out research projects relating to tax structure and policy in Brazil and to the import substitution process, with particular reference to industrialization.

319. The aim of the study on import substitution is to verify the methods used by Brazil to carry out structural changes in its economy in view of the serious limitations of the capacity to import. The study reviews the stages through which import substitution passed during the period 1948-1961 as compared with the 1930s. On the basis of the changes in the pattern of imports and of industrial output, an attempt is made to evaluate in both cases the margin of flexibility required to enable industrial development to continue as an autonomous process.

320. The study dealing with the Brazilian fiscal system consists of an analysis of the over-all behaviour of the public sector and the fiscal aspects of the evolution of Brazil's economy over the period 1930-1960. The first part examines fiscal policy for development; the second deals with taxation on consumption; the third discusses the division of fiscal functions among the different political and administrative organs.

321. On the basis of an agreement between CELADE and the Centre, a research project is under way relating to manpower in Brazil.

#### WASHINGTON OFFICE

322. ECLA's Washington office continued to supply the substantive divisions of the secretariat with data and material available in that city, and to represent the secretariat at numerous meetings of interest to the work of the Commission. In particular, it collaborated closely with the Economic Development and Research Division in the preparation of the study on external financing. It also continued to provide administrative and other services for the ECLA staff seconded to Washington or passing through on official business.

#### TECHNICAL ASSISTANCE

323. In compliance with the directives of the General Assembly and the Economic and Social Council concerning decentralization — with particular reference to technical assistance activities — a Technical Assistance Co-ordinating Unit has been set up within the secretariat. A beginning has been made in the direction of a gradual decentralization of the technical assistance projects being carried out in Latin America. A paper was submitted to the Commission at the tenth session describing the progress made in decentralization so far (E/CN.12/669).

324. During 1962, BTAO helped to finance a number of projects for which ECLA shared the substantive responsibility, such as the Central American Economic Integration Programme; the ECLA/FAO/BTAO Pulp and Paper Advisory Group; the ECLA/BTAO/WMO Water Resources Survey Group; the Workshop on Budgetary Classification and Management in South America; the

Latin American Seminar on Housing Statistics and Programmes; the Meeting of Experts on Electricity Statistics and Terminology; the Meeting of Experts on Bases for Electricity Rates in Latin America; the Working Group on Modular Co-ordination in Housing in Central America; the regional textiles adviser, who worked during the year under review with the textile study group in ECLA's Industrial Development Division; and the three regional statistical advisers, whose work programme was drawn up with the collaboration of ECLA's Statistical Division, and who began their assignments in August, September and December 1962 respectively.

325. The projects being administered by ECLA in 1963 include the following, all long-term projects: ECLA/FAO/BTAO Pulp and Paper Advisory Group; ECLA/BTAO/WMO Water Resources Survey Group; regional adviser on technological research for industry; Latin American Demographic Centre (CELADE); Regional Advisory Group on Trade Policy; regional statistical advisers; regional advisers on industrial development; regional textiles adviser; regional adviser on the Andean Indian project; Central American Economic Integration Programme; Advanced School of Public Administration for Central America; Regional Fundamental Education Centre; regional economic adviser for the Caribbean; regional community development adviser for the Caribbean.

326. A number of short-term projects are also included in the programme, such as the Seminar on Industrial Programming and the proposed seminars on the development of the chemical industry and on housing administration, as well as the second Central American workshop on budget management.

327. The Technical Assistance Co-ordinating Unit will work closely with the Latin America Institute for Economic and Social Planning, with special reference to the provision of BTAO experts for the advisory groups and the work relating to fellowships for the Training Programme, as well as for the organization of intensive training courses in different countries.

328. Close contacts were maintained with the resident representatives of the Technical Assistance Board and the directors of Special Fund programmes, who assisted in finding experts to participate in the various meetings and seminars and handled travel and other arrangements for the experts and for trainees attending the CELADE and Training Programme courses.

329. However, there are still a number of problems to be solved before the secretariat can properly fulfil its task in relation to decentralization of technical assistance programmes. Resources are still insufficient for any real progress to be made in providing substantive assistance at the country programming level, except in those countries where advisory groups are operating and in connexion with regional projects.

#### COMMITTEE ON HOUSING, BUILDING AND PLANNING OF THE ECONOMIC AND SOCIAL COUNCIL

330. In view of the many suggestions made concerning the activities of the regional economic commissions in the field of housing, the secretariat considered it advisable



to submit to the current session a short note (E/CN.12/681) summarizing the report of the Committee on Housing, Building and Planning of the Economic and Social Council.

#### SPECIAL FUND

331. The secretariat has continued to collaborate with the United Nations Special Fund by preparing comments on Special Fund projects in Latin America. ECLA is the executing agency for the project relating to the Latin American Institute for Economic and Social Planning, which began operations on 1 July 1962 with a grant of \$3,068,000 from the Special Fund and \$1 million from IDB.

#### REGIONAL ECONOMIC COMMISSIONS

332. In response to a request from the Executive Secretary of ECE, ECLA put forward, in February 1962, some proposals concerning possible areas for co-operation between the two commissions, with particular reference to trade, statistics, energy and industry. These and other ideas for joint work were discussed at the meeting of executive secretaries of regional economic commissions, held at Geneva in July 1962. Subsequently, there have been discussions with ECE concerning the possibility of joint work on trade problems, with particular reference to the prospects for increasing Latin American exports of manufactured goods. Details of this project, which is closely linked to the work for the United Nations Conference on Trade and Development, have still to be worked out.

333. At the request of ECE, ECLA informed the Governments of member States of the types of training activities available at Geneva and organized by ECE and, with the assistance of the resident representatives of the Technical Assistance Board in the ECLA region, obtained nominations for participation in the ECE in-service training project for the 1963-1964 programme, starting in May 1963.

334. ECE prepared several documents for the Latin American Seminar on Housing Statistics and Programmes held at Copenhagen in September 1962, and also provided copies of a document on the *production and export of capital goods in the fields of mechanical and electrical engineering* (E/ECE/439 and Add.1 and Add.1/Corr.1) for the Seminar on Industrial Programming.

335. ECAFE provided two papers for the Seminar on Industrial Programming — the reports of groups of experts relating to programming techniques for economic development and the formulation of industrial development programmes. Moreover, plans were made for an ECAFE staff member to participate in the meeting.

336. A paper was prepared for the January 1963 session of the ECAFE Committee on Trade describing ECLA's activities in trade questions.

337. A similar paper was prepared for use by ECE, which also participated in the Seminar on Industrial Programming.

#### C. Relations with specialized agencies and other organizations

338. The secretariat has continued to expand and improve collaboration with the United Nations specialized agencies and other organizations. Moreover, many of the specialized agencies have been working with the Advisory Groups organized jointly by the Latin American Institute for Economic and Social Planning, OAS and IDB, and with the Training Programme conducted by the Institute. However, since this report covers only the activities of the Commission, the paragraphs which follow serve as a brief summing up of the collaboration with the specialized agencies and other organizations.

##### *Specialized agencies and other United Nations bodies*

339. Several specialized agencies have continued to support the Central American Economic Integration Programme, particularly the ILO, FAO, UNESCO, ICAO and WHO.

340. There has been growing support by the specialized agencies for the work connected with the planning of development. This has been shown by the increasing participation in the Training Programme and in the activities of the advisory groups (see paras. 93-101 above). Both the ILO and FAO continued to provide experts in Bolivia and Colombia, while FAO also contributed to the research work of the group in Uruguay. FAO will co-operate in the work of the advisory group in Peru, by providing an agricultural statistician and working through CIDA. The ILO will provide a manpower programming expert for the new group in Paraguay.

341. The specialized agencies have collaborated to an even greater extent in the training activities carried out by the Latin American Institute for Economic and Social Planning. A three-month specialized course on educational planning was organized with UNESCO, and another on health planning took place with the assistance of WHO, through the Pan American Sanitary Bureau (PASB). These two courses were held during the last quarter of 1962. FAO has contributed to the specialized courses on agricultural programming. UNICEF is also working with the Institute, by providing fellowships and financing a post for a sociologist to work with the advisory groups.

342. The fifth meeting of the Inter-Agency Working Party on Skilled Manpower in Latin America, convened by ECLA in March 1962, was attended by representatives of the International Labour Office and of the secretariats of FAO, UNESCO, ICEM and OAS.

343. The ILO Technical Meeting of Experts in Management Development and Productivity (Santiago, October 1962) was co-sponsored by ECLA, which provided the premises and services for the meeting. The ILO Liaison Office with ECLA, established in 1961, has continued to maintain close contact with the secretariat.

344. Work with FAO continued to be carried out mainly through the Joint ECLA/FAO Agriculture Division, although other joint projects were also undertaken, notably the completion of the timber trends study and



the activities of the ECLA/FAO/BTAO Pulp and Paper Advisory Group. The secretariat participated in the eighth session of the FAO Latin-American Forestry Commission (Santiago, November 1962), at which the main working paper was the joint timber trends study (E/CN.12/624). It was also represented at the Seventh FAO Regional Conference for Latin America (Rio de Janeiro, November 1962).

345. UNESCO has strengthened its Santiago office, which works closely with ECLA, and has detached a staff member to act as liaison officer with ECLA and the Latin American Institute for Economic and Social Planning, in addition to other duties. The secretariat provided substantive support and organized the services for the Conference on Education and Economic and Social Development in Latin America, held at Santiago in March 1962 under the joint auspices of UNESCO, ECLA, the United Nations Bureau of Social Affairs and OAS, with the co-operation of the ILO and FAO. Following this conference, the secretariat was represented at the fourth session of the Intergovernmental Advisory Committee of the Major Project on the Extension and Improvement of Primary Education in Latin America (UNESCO).

346. The International Bank for Reconstruction and Development (IBRD) has maintained contact with the secretariat in relation to a number of projects, and it provided a paper on project appraisal for the Seminar on Industrial Programming.

347. WMO has continued to participate in the Energy and Water Resources Programme, and has provided the services of an expert in hydro-meteorology and hydrology, who is stationed at ECLA for this purpose.

348. The secretariat was represented at the WHO/PASB Regional Advisory Committee on Health Statistics (Washington, June 1962).

#### *OAS/ECLA/IDB ad hoc Committee on Co-operation*

349. Several meetings were held by the OAS/ECLA/IDB *ad hoc* Committee on Co-operation. These meetings dealt particularly with the work of the advisory groups and other joint projects.<sup>43</sup> The first of the ECLA/BTAO/OAS/IDB advisory groups started field work in Haiti in November 1961, completing that stage of the assignment by May 1962. A second group began work in Uruguay in March 1962. Preparations are currently in progress for additional groups to work in Paraguay, Peru and Central America.

350. Both OAS and IDB provide fellowships for the Training Programme conducted by the Latin American Institute for Economic and Social Planning.

351. The OAS/ECLA/IDB Joint Tax Program held a Conference on Fiscal Policy at ECLA headquarters in December 1962. Following this conference, work has proceeded on a series of country studies, aimed at analysing existing Latin American tax systems, bearing in mind the dual function which they should fulfill as

instruments of economic and social development; these studies deal with: (a) the fiscal or financial objectives of each system and of the various component taxes; (b) the extra-fiscal or economic aim of the taxes. It is believed that if the country studies cover these fundamental aspects, they can provide an irreplaceable guide for proper and intelligent tax reform, which will take into account the problem of economic and social development.

352. As a first stage, the studies will cover, in the south, Argentina, Chile, Colombia, Ecuador, Uruguay and Brazil, and in the north, the five Central American countries taken as a whole, bearing in mind the problems of economic integration.

353. The first *Economic Survey of Latin America* to be prepared jointly by ECLA and OAS — with the latter as executing agency — in accordance with the terms of the OAS/ECLA/IDB Tripartite Agreement, was completed in August 1962 and submitted at the first annual meetings of the Inter-American Economic and Social Council at the ministerial level and at the expert level, held at Mexico City in October 1962. ECLA continued to provide three economists to work on the survey and in addition supplied editorial assistance.

#### *Organization of American States*

354. Work proceeded on a number of projects organized on a bilateral basis with OAS, in addition to the projects conducted under the terms of the Tripartite Agreement. As from March 1962, OAS provided two experts to work with the ECLA Transport Programme, and in March 1963 a maritime transport expert was detached, thus further strengthening this joint programme.

355. OAS is undertaking a comprehensive study of ports in Latin America, as requested in one of the resolutions adopted at the Punta del Este Conference (see para. 286 above). Its secretariat invited ECLA to collaborate in this work, and co-operation was provided through the resident representatives of TAB in the compiling of data. With their assistance and that of BTAO, a considerable file of material was prepared and turned over to OAS. In addition, lists of experts were provided for the purpose of selecting suitable candidates for the small mission which is to undertake field work in the countries. The study has now entered its second phase: analysis of the replies received by OAS to the questionnaire on ports, determination of the terms of reference of the proposed mission to study ports in Latin America, and recruitment of experts. ECLA participated in the discussions held at Washington towards the end of 1962.

356. ECLA participated in the first annual meetings of the Inter-American Economic and Social Council at the ministerial level and at the expert level, held at Mexico City in October 1962.

357. ECLA was represented at the meeting of the OAS Expert Group on Stabilization of Commodity Income held at Washington from January to March 1962 and at the meeting of the Special Commission on Basic Products of the Inter-American Economic and Social Council held at Washington in July 1962.

<sup>43</sup> For the secretariat's participation in this committee, and in other work undertaken with OAS and IDB, see E/CN.12/674.



### *Inter-American Development Bank (IDB)*

358. In addition to the joint activities under the OAS/ECLA/IDB *ad hoc* Committee on Co-operation, IDB has collaborated with the secretariat in a number of activities, the most important being the establishment of the Latin American Institute for Economic and Social Planning, for which IDB provided a contribution of \$1 million. IDB also prepared a paper on its activities for the Seminar on Industrial Programming.

359. The ECLA secretariat was represented at the third meeting of the Board of Governors of IDB, held at Buenos Aires in April 1962, as well as at the fourth meeting, held at Caracas, in April 1963.

360. Moreover IDB has made a financial contribution of \$50,000 for a joint study on the economics of the steel industry to be undertaken by ECLA in collaboration with ILAFA.

### *Intergovernmental organizations*

361. The Intergovernmental Committee for European Migration (ICEM) participated in the meeting of the fifth Inter-Agency Working Party on Skilled Manpower in Latin America, and maintained contacts with the ECLA secretariat in relation to a number of projects of common interest.

362. The Organization of Central American States (OCAS) and the Permanent Secretariat of the General Treaty on Central American Integration (SIECA) have continued to collaborate with the ECLA secretariat in the work relating to the Economic Integration Programme.

363. In accordance with the provisions of the Montevideo Treaty, the secretariat provided technical assistance and advisory services to the Second Conference of the Contracting Parties to the Treaty, and to the Standing Executive Committee of ALALC. Technical advice was also provided for the ALALC working group of experts on foreign trade statistics at the second meeting, held at Montevideo in April 1962.

364. Contacts were maintained with GATT on a number of problems in which it specializes.

### *Non-governmental organizations*

365. As in the past, the secretariat has maintained relations with the non-governmental organizations in consultative status with the United Nations. In particular, contacts were maintained with the Inter-American Council of Commerce and Production (IACCP) and the *Latin American Centre for Monetary Studies* (CEMLA). The secretariat participated in the seventh meeting of CEMLA, held at Mexico City in September 1962, at which the Executive Secretary made a statement.

## PART II

### TENTH SESSION OF THE COMMISSION

#### A. Attendance and organization of the work

##### OPENING AND CLOSING MEETINGS

366. The tenth session of the Commission was held at Mar del Plata, Argentina, from 6 to 18 May 1963. At the inaugural ceremony, His Excellency Mr. José María Guido, President of the Argentine Republic, delivered an address. A message was then read out from the Secretary-General of the United Nations, and Mr. Philippe de Seynes, Under-Secretary for Economic and Social Affairs, made a statement. Mr. Plácido García Reynoso, Under-Secretary for Industry and Trade of Mexico and the representative of his country, spoke on behalf of the delegations attending. After the inaugural ceremony, the retiring Chairman of the Commission, His Excellency Mr. Luis Escobar Cerda, Minister for Economic Affairs, Development and Reconstruction of Chile, made a speech.

367. His Excellency Mr. Eustaquio Méndez Delfino, Minister for Economic Affairs of Argentina and the new Chairman of the Commission, spoke at the first plenary meeting. Mr. Raúl Prebisch, Executive Secretary of the Commission, gave an account of the state of the work and took leave of the Commission, announcing that he was retiring to become Director-General of the Latin American Institute for Economic and Social Planning, but would first of all take up his functions as Secretary-General of the United Nations Conference on Trade and Development, a post to which he had been recently

appointed by the Secretary-General of the United Nations. He welcomed the new Executive Secretary, Mr. José Antonio Mayobre, United Nations Commissioner for Industrial Development, who made a statement at the opening of the second plenary meeting.

368. At the closing meeting speeches were made by: Mr. Felipe Herrera, President of IDB; Mr. Eduardo Tiscornia, Under-Secretary for Economic Affairs, representing the Government of Argentina; Mr. Celso Furtado (Brazil), Second Vice-Chairman, as Chairman of the Commission; and Mr. Raúl Prebisch, Executive Secretary of ECLA.

369. The Commission unanimously approved the annual report to the Economic and Social Council, which included the programme of work and priorities.

##### MEMBERSHIP AND ATTENDANCE

370. The tenth session was attended by delegations from the following States members of the Commission: Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, France, Guatemala, Honduras, Jamaica, Mexico, Netherlands, Nicaragua, Panama, Paraguay, Peru, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay and Venezuela.

371. For the first time, a session of the Commission was attended by a delegation from Jamaica, by virtue of that country's decision to join the Commission as a



member State, in accordance with paragraph 3 (a) of the Commission's terms of reference. This decision was duly communicated by the secretariat to the other States members of ECLA.

372. British Guiana was represented as an associate member of the Commission.

373. In accordance with paragraph 6 of the Commission's terms of reference, representatives of the following States Members of the United Nations but not members of the Commission attended the tenth session in a consultative capacity: Australia, Austria, Belgium, Bulgaria, Czechoslovakia, Finland, Hungary, Italy, Japan, Poland, Romania, Spain, Sweden, Union of Soviet Socialist Republics and Yugoslavia.

374. In accordance with Economic and Social Council resolutions 632 (XXII) and 861 (XXXII), the Governments of the Federal Republic of Germany and of Switzerland sent representatives to act in a consultative capacity.

375. At the express invitation of the Executive Secretary, Mr. A. Rosenstand Hansen, Chairman of the Preparatory Committee of the United Nations Conference on Trade and Development, and Mr. Raúl Sáez, Interim Co-ordinator of the Panel of Experts appointed by the Inter-American Economic and Social Council, attended the tenth session.

376. The list of delegations to the tenth session of the Commission will be found in annex I to this report.

#### CREDENTIALS

377. Pursuant to rule 15 of its rules of procedure, the Commission was informed at its plenary meeting on 16 May 1963 that the Credentials Committee had examined the credentials of the delegations to the tenth session, as submitted to the Executive Secretary, and had found them in order.

#### ORGANIZATION OF WORK

##### *Election of officers*

378. At the first plenary meeting, on 6 May 1963, the following officers were elected:

*Chairman:* Mr. Eustaquio Méndez Delfino (Argentina);

*First Vice-Chairman:* Mr. Plácido García Reynoso (Mexico);

*Second Vice-Chairman:* Mr. Celso Furtado (Brazil);

*Rapporteur:* Mr. Tomás Cáliz Moncada (Honduras).

##### *Committees*

379. The Commission decided to establish four committees to conduct the business of the tenth session. The agenda items (see para. 384 below) assigned to each committee, as well as the officers for each committee appointed by the heads of delegation on 8 May, were as follows:

##### *Committee I (Economic and Social development)*

*Chairman:* Mr. Julio Sanabria (Paraguay);

*Vice-Chairman:* Mr. Oscar Gandarillas Vargas (Bolivia);

*Rapporteur:* Mr. Héctor Gros Espiell (Uruguay).

Agenda items discussed: 5, 6 and 10.

##### *Committee II*

(International trade and economic integration)

*Chairman:* Mr. Abelardo Silva Davidson (Chile);

*Vice-Chairman:* Mr. G. B. Summers (Canada);

*Rapporteur:* Mr. José Antonio Palacios (Guatemala).

Agenda items discussed: 7 and 8.

##### *Committee III (Industry and natural resources)*

*Chairman:* Mr. Angel Valdivia Morriberón (Peru);

*Vice-Chairman:* Mr. Hugo Pérez La Salvia (Venezuela);

*Rapporteur:* Mr. Pablo Samper García (Colombia).

Agenda items discussed: 9 and 11.

##### *Committee IV (General questions)*

*Chairman:* Mr. Gabriel Lisette (France);

*Vice-Chairman:* Mr. George Arthur Brown (Jamaica);

*Rapporteur:* Mr. Jaime M. Cestero (Dominican Republic).

Agenda items discussed: 12, 13, 14, 15 and 16.

380. Committee I at its second meeting set up a working group on planning consisting of representatives of Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, France, Mexico, the Netherlands, Peru, the United Kingdom, the United States, Uruguay and Venezuela. The working group extended its activities to include consideration of some aspects of external financing problems. Members of the secretariat were responsible for co-ordinating its work.

381. At its second meeting, Committee III also decided to set up a working group, to consider draft resolutions submitted by various delegations. It consisted of representatives of Argentina, Brazil, Chile, Colombia, Ecuador, Mexico and the United States. The secretariat was likewise entrusted with the organization and direction of the discussions.

382. In addition, several delegations from the four committees met unofficially in small working groups, to study various draft resolutions and reconcile the differences of view.

383. During the tenth session of the Commission, the Governing Council of the Latin American Institute for Economic and Social Planning held two meetings, on 14 and 15 May 1963. At its seventh plenary meeting, the Commission received the report of the Governing Council (E/CN.12/678), which appears as annex IV to the present report.

#### B. Agenda

384. At the first plenary meeting, on 6 May 1963, the Commission considered the provisional agenda (E/CN.12/655) which had been submitted, and approved it as follows:

1. Opening addresses.
2. Election of officers.
3. Adoption of the agenda.
4. The present status of the Latin American economy.

##### *Documents:*

Some aspects of the Latin American economic situation in 1962 (E/CN.12/679)



*Economic Bulletin for Latin America*, Vol. VII, No. 2, and Vol. VIII, No. 1

*Reference document:*

*Statistical Supplement to the Bulletin*, Vol. VII, No. 1

5. Economic and social development of Latin America:

- (a) Economic and social development during the post-war period;
- (b) Main aspects and problems of development.

*Document:*

Towards a dynamic development policy for Latin America (E/CN.12/680)

The economic development of Latin America in the post-war period (E/CN.12/659 and Add.1)

The role of external financing in the economic development of Latin America (E/CN.12/649)

Social trends and programmes in Latin America (E/CN.12/645)

Economic development in Latin America: sociological considerations (E/CN.12/646)

"El empresario industrial en América Latina" (E/CN.12/642 and Corr.1, and Add.1 (Argentina), Add.2 (Brasil), Add.3 (Chile), Add.4 (Colombia))

The social development of Latin America in the post-war period (E/CN.12/660)

Geographic distribution of the population of Latin America and regional development priorities (E/CN.12/643; and *Economic Bulletin for Latin America*, vol. VIII, No. 1)

Urbanization in Latin America: results of a field survey of living conditions in an urban sector (E/CN.12/662)

Provisional report of the Conference on Fiscal Policy organized by the OAS/ECLA/IDB Joint Tax Program (E/CN.12/638)

"Los transportes en América Latina: nota sobre el progreso de los estudios en esta materia y algunas de las principales conclusiones que se derivan de las investigaciones en curso" (E/CN.12/673)

6. Progress and problems of planning in Latin America:

- (a) Progress achieved;
- (b) Current problems;
- (c) International technical assistance.

*Documents:*

"Progresos en materia de planificación en América Latina: nota de la secretaría y del Instituto Latinoamericano de Planificación Económica y Social" (E/CN.12/677)

Report of the Latin American Seminar on Planning (E/CN.12/644)

Provisional report on the Latin American Seminar on Housing Statistics and Programmes (E/CN.12/647)

Problems of the programming of social development: note by the secretariat (E/CN.12/661)

The use of national accounts for economic analysis and development planning (E/CN.12/671)

A measurement of price levels and the purchasing power of currencies in Latin America, 1960-1962 (E/CN.12/653)

*Reference documents:*

Provisional report of the Conference on Education and Economic and Social Development in Latin America (E/CN.12/639)

Report of the Workshop on Budgetary Classification and Management in South America (E/CN.12/634/Rev.1)

"Proyecto de lista uniforme de productos manufacturados" (E/CN.12/648)

7. Trade policy and the economic integration of Latin America:

- (a) Trade relations with other regions of the world;
- (b) ECLA's participation in the United Nations Conference on Trade and Development;
- (c) Economic integration of Latin America.

*Documents:*

Trade with Europe and Latin American trade policy: note by the secretariat (E/CN.12/667)

Recent developments and trends in Latin American trade with the European Economic Community (E/CN.12/631)

The achievement of co-ordination in Latin American trade policy: relations with the European Economic Community (E/CN.12/632; and *Economic Bulletin for Latin America*, vol. VII, No. 2)

United Nations Conference on Trade and Development: note by the secretariat (E/CN.12/682)

"Realizaciones y perspectivas en el proceso del mercado regional" (E/CN.12/668)

*Reference documents:*

*Multilateral Economic Co-operation in Latin America*, vol. I (E/CN.12/621; United Nations publication, Sales No.: 62.II.G.3)

8. The Central American Economic Integration Programme.

*Documents:*

General situation and future outlook of the Central American Economic Integration Programme: note by the secretariat (E/CN.12/666)

Report of the third special session of the Central American Economic Co-operation Committee (E/CN.12/657)

Report of the fourth special session of the Central American Economic Co-operation Committee (E/CN.12/658)

Report of the eighth session of the Central American Economic Co-operation Committee (E/CN.12/672)

"Examen preliminar de las posibilidades de desarrollo industrial integrado en Centroamérica" (E/CN.12/683)

*Reference documents:*

*Compendio Estadístico Centroamericano* (United Nations publication, Sales No.: 61.II.G.3)

9. Industrial development of Latin America:

- (a) Industrial development: present situation and future prospects;
- (b) Problems of the main industrial sectors.

*Documents:*

"Problemas y perspectivas del desarrollo industrial latinoamericano" (E/CN.12/664)

Provisional report of the Seminar on Industrial Programming (E/CN.12/663)

"Technological research in Latin America", *Economic Bulletin for Latin America*, vol. VIII, No. 1

*Reference documents:*

*Latin American Timber Trends and Prospects* (E/CN.12/624; United Nations publication, Sales No.: 63.II.G.1)

"La industria química en América Latina" (E/CN.12/628 and Add.1-3)

"Estudio sobre la fabricación de equipos industriales de base en la Argentina" (E/CN.12/629 and Add.1-5).



- The Manufacture of Industrial Machinery and Equipment in Latin America — I. Basic Equipment in Brazil* (E/CN.12/619/Rev.1; United Nations publication, Sales No.: 63.II.G.2)
- The Manufacture of Industrial Machinery and Equipment in Latin America — II. The Machine-tools Industry in Brazil* (E/CN.12/633; United Nations publication, Sales No.: 63.II.G.4)
- La industria textil en América Latina — I. Chile* (E/CN.12/622; United Nations publication, Sales No.: 63.II.G.5)
- "A industria textil do Brasil" (E/CN.12/623)
- "Conclusiones de la reunión técnica sobre problemas de la productividad y perfeccionamiento del personal dirigente" (E/CN.12/665)
10. Economic problems of agriculture (in co-operation with FAO):
- Agriculture in Latin America: present situation and future prospects;
  - World Food Programme.
- Documents:*
- Agriculture in Latin America: problems and prospects (E/CN.12/686 and Corr.1)
- The World Food Programme: document prepared by the World Food Programme Administrative Unit, with a note by the secretariat (E/CN.12/684/Rev.1)
- Reference documents:*
- Livestock in Brazil: status, problems and prospects (E/CN.12/636)
11. Natural resources and electric power:
- Evaluation of natural resources;
  - Development of water resources;
  - Electric power.
- Documents:*
- "Los recursos naturales en América Latina, su conocimiento actual e investigaciones necesarias en este campo" (E/CN.12/670 and Add.1-5)
- "Los recursos hidráulicos de América Latina: reseña y evaluación de la labor realizada por la CEPAL" (E/CN.12/650)
- "Estado de los trabajos de la Misión sobre Recursos Hidráulicos en la Argentina" (E/CN.12/625)
- "Informe de la reunión de expertos sobre estadística y terminología eléctricas, conteniendo el glosario terminológico y los modelos de cuadros estadísticos" (E/CN.12/637)
- Report of the Meeting of Experts on Bases for Electricity Rates in Latin America (E/CN.12/640 and Add.1)
- Reference documents:*
- Estudios sobre la electricidad en América Latina*, Vol. I (E/CN.12/630; United Nations publication, Sales No.: 63.II.G.3)
- "Resumen de los debates y acuerdos de la reunión de representantes de las empresas eléctricas de América Latina que auspician la publicación de la Revista Latinoamericana de Electricidad" (E/CN.12/641)
- "Los recursos hidráulicos de Bolivia" (E/CN.12/688)
12. Activities in the field of technical assistance.
- Documents:*
- Decentralization of the economic and social activities of the United Nations and strengthening of the regional economic commissions (E/CN.12/669)
- Information paper on technical assistance provided in 1962 to countries and territories of the ECLA region under the expanded and regular programmes, prepared by TAB (E/CN.12/635 and Corr.1)
- United Nations programmes of technical assistance in public administration (E/CN.12/654)
- "Actividades de la UNESCO en América Latina: documento informativo preparado por la UNESCO, con una nota de la secretaría" (E/CN.12/689)
- "Cooperación con el Centro Latinoamericano de Demografía (CELADE): nota de la secretaría" (E/CN.12/687)
13. Latin American Institute for Economic and Social Planning:
- Progress report;
  - Election of members of the Governing Council.
- Documents:*
- "Informe del Consejo Directivo del Instituto Latinoamericano de Planificación Económica y Social, con nota de la secretaría" (E/CN.12/678)
- Note by the secretariat on the election of new members of the Governing Council of the Latin American Institute for Economic and Social Planning (E/CN.12/652)
14. Co-operation with inter-American agencies.
- Documents:*
- Note on the co-operation between the secretariats of the Economic Commission for Latin America and other inter-American agencies (E/CN.12/674)
15. United Nations building at Santiago.
- Documents:*
- United Nations building in Santiago, Chile: report of the secretariat (E/CN.12/675)
- Report of the *ad hoc* Committee on the Gift Programme for the United Nations building in Santiago, Chile (E/CN.12/676)
16. Programme of work and priorities:
- Programme of work and priorities, 1963-1964;
  - Resolutions of the General Assembly and of the Economic and Social Council of concern to the Commission.
- Documents:*
- Draft report of the Commission to the Economic and Social Council: part I (E/CN.12/656)
- Draft programme of work and priorities 1963-1964 (Conference room paper No. 16)
- United Nations Development Decade: note by the secretariat (E/CN.12/685)
- Note by the secretariat on the report of the Committee on Housing, Building and Planning of the Economic and Social Council (E/CN.12/681)
- Note by the secretariat on resolutions of the General Assembly and of the Economic and Social Council of concern to the Commission (E/CN.12/651 and Add.1)
17. Consideration and adoption of the annual report of the Commission to the Economic and Social Council.
18. Place and date of the eleventh session.



## C. Account of proceedings

### INTRODUCTION

385. Since the ninth session of the Commission, important events have taken place in Latin America, mainly in relation to development planning, methods of international co-operation and efforts to achieve regional integration. In the meantime, measures have been adopted on a wide front to prepare and implement integrated economic and social development plans and to establish and perfect the appropriate administrative machinery; the new programmes of international technical and financial assistance have gradually crystallized in close alliance with the aims of improving the living conditions of broad sectors of the Latin American population and introducing the internal structural reforms indispensable for expediting the rate of growth; decisive steps have been taken towards Central American integration and progress has been made in the application of the instruments approved by the countries members of ALALC. But such efforts have not yet borne sufficient fruit to make any significant change in the steadily declining rate of development of the Latin American economies, which had already been remarked upon during the Commission earlier debates.

386. Although the prevalence of lagging growth rates may once again be traced to the influence of short-term factors, chiefly connected with the external sector, their persistence confirms the view that, in the last analysis, they are attributable to the structural inability of the Latin American economic system to ensure a satisfactory rate of growth. This, therefore, is the reason why special stress has been laid, in the studies prepared by ECLA for this occasion, on a review of the experience acquired during the course of the post-war period in order to determine the nature of the factors underlying the lack of sufficient dynamic force. Moreover, the documents submitted by the secretariat provided an excellent basis for an examination of this kind, representing a body of complementary research work in which the experience gained is surveyed from different angles and projected in terms of what might constitute the basic lines of a dynamic policy for the future economic and social development of Latin America.

387. The first evidence of the dynamic weakness during the post-war period was the inability of most of the Latin American economies to make productive use of the additions to the labour force and the manpower which tends to shift away from agriculture. Urban agglomerations, in some cases excessive, with large marginal population groups living in the towns in highly unsatisfactory conditions, constitute one of the results of this inability to create sufficient openings in activities that have a higher productivity. Moreover, the situation might become aggravated if intensive efforts were made to raise agricultural productivity, though these are indispensable for improving the conditions of the rural masses. The only way to dispose of this paradox is through a very substantial increase in the rate of capital formation, for which — given the existing pattern of income distribution in most parts of Latin America — there is a vast savings potential available which has so far been dissi-

pated in non-essential and excessive consumption on the part of small high-income groups, in unnecessary investment or in expenditure unrelated to basic development requirements.

388. Redistributive action, which would at one and the same time help to promote capital formation and bring about a rapid improvement in the living conditions of the less favoured social groups, is thus seen to be one of the prime factors in a more dynamic development policy. But it would not suffice in itself, since the transformation of these domestic savings into capital goods, the bulk of which have to be purchased abroad, and the extra imports required in the shape of intermediate goods and other essential products, might — as demonstrated by post-war experience — come up against an unsurmountable obstacle in the failure of exports to expand sufficiently and the adverse effect of the terms of trade.

389. The discussions of the Commission at its tenth session revealed deep concern over the factors associated with the phenomenon of external bottle-necks, and special attention was devoted to an examination of the two lines of action that might lead to their removal: efforts to achieve regional economic integration; and trade relations with other areas.

390. With regard to the former, stress was laid on the outstanding accomplishments recorded within the context of Central American integration. Shortly after the tenth anniversary of the Central American Economic Integration Programme, the common market formed by the five countries of the region was already virtually in full operation; with few exceptions, free trade had become a reality for all Central American products, and at the same time a very high proportion of the customs duties levied on imports from third countries had been standardized. As a result of these measures, reciprocal trade has been showing a rising rate of growth. In addition, the Contracting Parties to the General Treaty on Central American Economic Integration now have their own executing agencies to promote their eventual economic integration, as well as regional institutions specializing in such questions as development financing, technological research and training in public administration. The co-ordination of planning efforts — for which the technical co-operation of an advisory group formed by various international organizations is available for the whole area — ensures that the preparation of national plans will also be undertaken on the basis of regional requirements. This, in turn, will make it easier to attain the objectives proposed for the forthcoming stages, in relation not only to industrial integration but also to the need for establishing a regional infrastructure of transport and communications media, interconnected electric power systems, joint development of regional resources, etc.

391. Particular interest was likewise shown in the possibilities of expanding the present framework of integration through the incorporation of new countries. In that respect, it was pointed out that Panama might become a member on a limited basis, that the Dominican Republic had expressed interest in studying ways and means of achieving closer association, and that a study had been started to determine whether there were



practical possibilities that British Honduras or Belize might also join the new market.

392. As far as ALALC is concerned, the Commission noted the considerable progress achieved in the implementation of the Montevideo Treaty. In particular, it was pointed out that the first two rounds of negotiations had produced a large number of concessions, which actually went beyond the minimum liberalization requirements laid down by the Treaty. Nevertheless, it was felt that by and large the integration effort had not so far been vigorous enough, and concern was expressed that the selective negotiations were likely to run into serious obstacles in the future.

393. It was also acknowledged that progress in regard to complementarity agreements had been slow, one of the reasons given being the lack of attention paid by the Latin American entrepreneurs themselves to the scope and advantages offered by the existing agreements and machinery. In evaluating the progress of ALALC and the problems to be dealt with, it should no doubt be taken into account that this is a programme which took shape little more than three years ago, and that in the course of this period it has shown an appreciable capacity to grow steadily, as is demonstrated by the fact that since the Commission's last session, two further countries, Colombia and Ecuador, have joined the Association. Moreover, its activities have been gradually extended to include other aspects of concern to the countries of the region. This is shown, for example, by the meetings held recently under its auspices at Bogotá, to help to bring the trade policies of member countries into line, and at Lima, to advance efforts towards co-ordination of regional integration with planning at the national level. However, while the high degree of competence shown by the Standing Executive Committee of ALALC and its secretariat was recognized, there was wide support for the view that fresh impetus should be given to the integration of the countries members of ALALC by adopting important political decisions going beyond present commitments and probably incorporating quantitative targets for the reduction of tariffs. In this connexion particular satisfaction was expressed with the initiative recently taken by the Presidents of Brazil and Chile, who had pointed clearly to the need for major political decisions to give impetus to the Latin American common market; such decisions might be formalized on the occasion of a meeting of the Foreign Ministers of the ALALC countries. The Commission also duly noted the declaration by the Argentine Minister for Foreign Affairs on this question.

394. In reviewing the progress achieved and the obstacles encountered by the two existing integration movements and the likelihood of their incorporating additional Latin American countries — Bolivia and Venezuela have indicated their intention of joining ALALC — there was due regard for the need to bear in mind the ultimate aim of achieving a single common market open to all the countries of the region. It was also pointed out that it would be appropriate if all the agencies concerned with financial and technical assistance to Latin America gave support in any action they might take to all measures conducive to the speeding up of

integration. The need for closer links between planning at the national level and integration schemes and machinery was also referred to. Generally speaking, much of the work entrusted to the secretariat on this occasion — including research and studies on specific sectors such as those in connexion with industrial activities — reflects the Commission's desire that future work should be directed primarily towards achieving the objectives of integration as rapidly as possible.

395. The Commission's debates stressed the conviction that, in view of the magnitude of the external bottleneck problems facing the countries of Latin America, it was urgent and essential to supplement efforts towards regional integration with no less rapid and thoroughgoing action as regards trade in other areas. The slow increase in exports and the persistence of adverse trends in the terms of trade have been aggravated by new developments, mainly the hardening of protectionism in other regional groupings, accentuating the discrimination against Latin American exports, and by the recent difficulties in continuing import substitution, which is already approaching its limits, especially in the more industrialized countries.

396. Without a deliberate and serious effort, involving a definition of certain common lines of development aimed at unifying Latin America's trade policy, the countries of the region can scarcely hope to secure an adequate share of world trade, which on the whole is highly dynamic. Hence it is not merely a case of expanding the traditional flows of exports to equally traditional markets, but of making important qualitative changes in the nature of that trade, involving greater geographical diversifications of markets — taking advantage of the opportunities for increased trade with economies that show a high growth rate — and substantial changes in the export structure itself by starting and progressively developing exports of manufactured and semi-manufactured goods. The difficulties that the latter aim undoubtedly presents will tend to decrease as regional integration progresses, and moreover encouraging signs of a policy in line with this aim are beginning to appear in the industrialized centres.

397. In this connexion, there was general agreement within the Commission that the forthcoming United Nations Conference on Trade and Development would give the under-developed countries an exceptional opportunity to put forward their points of view and secure remedies for their trade problems, both in the institutional sphere and in regard to markets and prices. The review of the very foundations of international trade which the Conference can undertake — covering trade machinery, reciprocity norms, methods of financing and more generally the ways in which the developing economies might benefit in the future from the economic expansion of the great western and socialist countries — comprises subjects of profound interest to the Latin American countries.

398. During the debates it was pointed out that the advantages which Latin American could derive from the Conference would depend on whether the countries of the region went to it with common objectives and specific approaches to the most suitable ways of achieving those objectives. Furthermore the approaches in question are



such as might largely coincide with those of the underdeveloped countries of Africa and Asia. Thus, apart from their very keen interest in the forthcoming conference, the countries members of the Commission attach great importance to adequate preparation for Latin America's participation.

399. The invitation from the Secretary-General of the United Nations to the regional economic commissions to participate actively in the preparatory work was therefore welcomed, and the secretariat was asked to prepare a series of studies which would at the same time provide basic criteria for any decisions the Latin American countries might take with regard to a common approach at the Conference.

400. Redoubled efforts to achieve integration and an active policy of promotion and change in the structure of its foreign trade will enable Latin America to abolish the external bottle-neck that has so seriously hampered its development. This will establish some of the basic conditions for achieving the growth targets that the countries are including in their development plans.

401. In connexion with this last question, the views advanced by the members of the Commission illustrate the great progress achieved since the last session. It is no longer a question of adopting vital political decisions in order to embark on the planning of economic and social development programmes, but of tackling the problems raised by the extension and progressive improvement of a process that has already begun and is producing its first results, as shown by the large number of countries which have installed the initial basic machinery and drawn up their first over-all development plans.

402. Nevertheless, concern was expressed at the delay in producing specific plans for immediate action following the initial step of outlining long-term guide-lines; at the weaknesses still apparent in the preparation and evaluation of specific projects; at the inadequate co-ordination of economic policy programmes; and at the unsatisfactory progress made in reinforcing and integrating the machinery for the revision, supervision and implementation of the plans, as well as suitable machinery for national participation, which was essential to a comprehensive planning system on a permanent basis. Likewise, concern was expressed at the lack of adequate co-ordination between planning at the national level and the aims of regional integration.

403. In connexion with planning and general research on the development of Latin America, one positive factor noted was that the documents submitted by the secretariat for consideration by the Commission showed greater concern for social problems. The feeling that the task facing the Commission is not confined to purely economic matters but in the last analysis is virtually a matter of social transformation lends great weight to systematic studies of social conditions in Latin America; this led to the suggestion in the course of the debates that a high priority should be given to the objective analysis of such problems, as regards both the continuation of research in which the secretariat is engaged and the programme on the same subject being prepared by the Latin American Institute for Economic and Social Planning.

404. The documents prepared by the secretariat also assisted the Commission in considering the problems linked with specific sectors — in particular, agriculture and industry — within the more general context of the structural transformations and changes demanded by the development of the economies of Latin America. Furthermore, the numerous sectoral studies on other specific branches of the manufacturing industry are helping to build up a body of research that facilitates examination of the possibilities of expanding and diversifying trade in manufactured goods as regional integration agreements develop. With regard to other topics dealt with, the secretariat submitted to the Commission, for the first time, the preliminary results of surveys recently initiated on natural resources in Latin America.

405. Side by side with the main issues represented by the basic problems to which reference has been made, opinions and suggestions concerning other cognate matters were also put forward in the course of the discussions. Stress was laid on the strategic role of external finance in the next phases of development, not only from the immediate point of view of the balance of payments, but as a means of facilitating internal structural changes and as a vehicle for technological assimilation. In this connexion it was also pointed out that Latin America's backwardness in assimilating the technical progress being made throughout the world was tending to become more pronounced, and that consequently a greater effort must be made in this direction, and more resources provided for technological research within the region itself, in order to facilitate rapid assimilation of technical progress and its adaptation to the conditions peculiar to the Latin American economies.

406. In another context, it was pointed out that the great political decisions which must be taken to speed up the economic and social development of Latin America depended on the support of public opinion; this called for a great deal of work in publicizing development experiences and goals, with special emphasis on the problems of regional economic integration.

407. The Commission took cognizance of the first report on the setting up and activities of the Latin American Institute for Economic and Social Planning (E/CN.12/678), whose establishment had been recommended by the Commission at its previous session. Despite the short time which has elapsed since this new body was set up — under the aegis of ECLA and with the help of contributions from the Special Fund and IDB — the Commission was able to note that considerable progress had already been achieved in the training of personnel and in the provision of technical advice to Governments in planning, and it was also informed of the Institute's future research programme. Several of the resolutions adopted at the tenth session recommend that the secretariat in performing the tasks assigned to it should keep in close touch with the Institute or operate on the basis of a joint work programme.

408. The characteristic feature of the debates on this occasion was the desire to evaluate the collective experience acquired during the post-war period as a basis for the formulation of a dynamic policy of economic and social development, and this was related in



several of the statements to the completion of fifteen years of work by the Commission. It was stressed that Latin America owed a great deal to the work accomplished by ECLA since it was established in 1948, when the available knowledge of the obstacles hampering the development of Latin America was purely intuitive, and the rest of the world regarded the region as a mere appendage of the economies of the industrialized centres.

409. The basic problems of the Latin American economies today are not fundamentally different from those which they faced at that time, but accurate knowledge of the problems has increased greatly and the instruments essential for dealing with them have gradually taken shape. Every single significant step taken since then is closely linked with the work of ECLA, whose ideas — frequently considered impracticable at the outset — have proved feasible, effective and capable of being adapted to the fundamental requirements of Latin American development.

410. It was likewise pointed out in the course of the debates that the time-lag between the formulation and the realization of those ideas had been gradually shrinking. Twelve years had to elapse before the ideas on planning and structural reforms embodied in the *Economic Survey of Latin America, 1949*,<sup>44</sup> were crystallized in the Charter of Punta del Este; ten years were needed for the consolidation of the Central American common market; five years to set up the Inter-American Development Bank and sign the Montevideo Treaty; and less than two years for the Latin American Institute for Economic and Social Planning to be established.

411. The fact that the appraisal of fifteen years' work by the Commission coincided with the announcement of the retirement of the man who almost throughout this period has served as Executive Secretary prompted unanimous expressions of gratitude to Mr. Raúl Prebisch on the part of the Governments of the member countries during the session. In addition to tributes to the services which he has rendered to Latin America in his capacity as Executive Secretary, expression was given to the great satisfaction and confidence inspired in Latin American circles by his appointment as Secretary-General of the United Nations Conference on Trade and Development, and also by the fact that he would remain as Director-General of the Latin American Institute for Economic and Social Planning. The Commission took the opportunity of welcoming the new Executive Secretary, Mr. José Antonio Mayobre, at present United Nations Commissioner for Industrial Development; Mr. Mayobre was present at the beginning of the session.

#### ECONOMIC AND SOCIAL DEVELOPMENT

412. When it examined the documentation presented by the secretariat on the general aspects of economic and social development, the Commission agreed that the weakening of Latin America's rate of growth in the last five years, combined with an acceleration in the demographic growth rate and the increasing demands arising out of the need to raise the level of living of the low-

income groups, made it even more imperative to work out solutions based on the planning of an integrated development policy.

413. In the course of the discussions, particular attention was paid to the external factors which hamper the development of the Latin American countries. Stress was laid on the depressive effect on the regional economy of the trends of the terms of trade, and on the need to expand and diversify those countries' exports. In pointing to the importance of external financing as a complement to the internal effort that would have to be made to achieve economic development, the Commission deemed it necessary for the industrialized countries to supply a larger volume of credit on better financial terms in order to make it possible for more capital goods to be bought. The Commission adopted resolution 232 (X) which, *inter alia*, recommends that credit institutions operating in the international field should consider the possibility of securing greater speed and flexibility in the concession and disbursement of credits, and that countries supplying capital goods should consider the possibility of increasing their financial contribution to Latin America. Similarly, it was recommended that member countries should, through their representatives to IDB, support the continuation of studies on the problems of financing Latin American exports.

414. As regards internal obstacles to development, attention was drawn to the inadequacy of national savings to finance capital formation at a level calculated to speed up economic development without delay. It was considered that the income distribution patterns in the Latin American countries constituted a potential source of internal savings which could be utilized on a more satisfactory scale. Accordingly, progressive redistribution of income might provide a considerable volume of savings which could be channelled to the productive sectors. The Commission further recognized that the slow rate of growth of income and its extremely uneven distribution were imputable to the operation of structural factors, which would have to be modified if economic and social progress was to be achieved.

415. The importance attached to this topic in the discussions found concrete expression in resolution 229 (X) in which the Commission takes note with satisfaction of the studies carried out by the secretariat in this field, and recommends Governments to undertake studies on the distribution of income, as well as analyses of the structural factors affecting the distribution pattern typical of Latin America. In addition, the secretariat is recommended to explore ways and means of adapting social programmes to a policy capable of accelerating development and influencing income distribution.

416. Stress was laid on the importance of studying effective machinery for channelling savings for development purposes, and the Committee adopted resolution 226 (X) requesting the secretariat to devote special attention to research on the structure, volume and distribution of internal savings which may serve as a basis for formulating a development financing policy.

417. As far as the social aspects of development are concerned, it was stated that Latin America's present social structure was in many respects incompatible with

<sup>44</sup> United Nations publication, Sales No. : 1951.II.G.1.



economic and social progress, and that a more thorough knowledge of the structure in question would be needed if it was to be adapted to development requirements. It was pointed out that the studies on social questions presented by the secretariat represented an important step forward in this direction, and interest in the continuance of the relevant research was reaffirmed. Among the motives of concern voiced in this connexion were the repercussions on food, education and housing requirements of a rapid demographic growth rate and a population structure characterized by a low proportion of adults. To this must be added the relative stagnation of the rural economy and the marked concentration of the population in the principal cities, where it is employed in low-productivity occupations in which earnings are insufficient to ensure a level of living compatible with a minimum standard of well-being. The secretariat was requested to carry out studies on population trends, with special emphasis on the problems created by the redistribution of the population; to analyse the social prerequisites for the incorporation of the marginal population in urban culture and productive employment; and to convene a working group to discuss the problems of social planning. In the same connexion, reference was made to the need to intensify the studies on educational planning and, in general, those concerning human resources. Resolutions 230 (X) and 231 (X) were adopted by the Commission in connexion with these points.

418. Moreover, the Commission devoted special attention to the problem of housing, and agreed that the unsatisfactory conditions in which large sectors of the Latin American people lived were deteriorating still further despite the efforts that had been made. There was agreement on the need for rationalizing house-building and also on the desirability of integrating government housing programmes in over-all development programmes. Recommendations were also formulated on studies to be carried out by the secretariat and the Latin American Institute for Economic and Social Planning, especially with regard to the formulation of appropriate methodological bases for drawing up housing programmes (see resolution 224 (X)).

419. The share of the private sector in economic and social development was given special attention during the discussions, since it is expected to be responsible for a substantial proportion of the investment effort contemplated in development plans. The secretariat was requested to undertake studies and to suggest appropriate formulas whereby private initiative and enterprise could play a more dynamic part in the economic and social development of Latin America (see resolution 228 (X)).

420. Special attention was devoted to the question of publicity for the activities of ECLA. It was felt that economic and social development in the Latin American countries depended not only on the efforts of Governments and international agencies, but also on the support they received from public opinion. Hence, it was agreed to request the secretariat to set up a small *ad hoc* advisory group, composed of experts on economic information and publicity, to draw up a programme of action on the subject (see resolution 223 (X)).

421. The Commission took note with satisfaction of

the creation of an Economic Projections Centre within ECLA established by virtue of General Assembly resolution 1708 (XVI), and stressed the importance of this step. The Centre will be responsible for intensifying technical activities in the field of economic projections in the Latin American region as a whole, in groups of countries and in individual countries. It will also compile data and projections prepared outside the region.

#### DEVELOPMENT PLANNING

422. Since the political decisions required for channelling planned development efforts have been taken at previous international meetings, and since these ideas have been generally accepted and are being put into practice, the Commission's discussions on this topic were notable for placing particular stress on practical problems connected with the extension and perfecting of the planning machinery and systems that are being established by the Latin American countries. Attention was drawn to the need for the actual planning of development programmes to be properly integrated within an administrative, technical and publicity framework in such a way as to ensure in practice the application of the guiding principles established in the programmes themselves.

423. The consequences of the unequal rate of development in the different planning organs or mechanisms in the Latin American countries were examined, and it was recommended that the less advanced components should be strengthened. Emphasis was placed on the desirability of supplementing or giving specific form to general development plans through the preparation of sectoral and regional programmes, the preparation of financing and investment programmes, the practice of formulating economic policy in harmony with the established outlines of the plans, the reconciliation of monetary stabilization programmes with the objectives set forth in development plans, the modification of traditional budgetary and accounting systems with a view to adapting them to the technique of performance budgeting, and the organization of statistical systems to facilitate the process of formulating and supervising the execution of programmes through adequate provision of sufficient and timely information. Moreover, it was made clear that the execution of a scheme such as this involves the implementation of far-reaching administrative reforms.

424. The foregoing also entails the active participation of various public agencies and the main economic groups of the population, particularly workers and employers. In this connexion, the Commission considered the experience of various countries where steps have been taken to extend the process of planning to those economic groups.

425. In view of the difficulties encountered in preparing specific investment projects — which are essential for carrying out development programmes, guiding private enterprise towards higher priority branches of activity and facilitating the process of financing — the importance of expanding and strengthening the national bodies responsible for such projects was recognized. This is one of the fields in which international co-operation is most



desirable and urgent, since skilled personnel are so scarce in Latin America and the cost of such studies in general is so high. Similar views were voiced on the need for technological research, for the purpose of enabling technical advances to be both more rapidly assimilated and adapted to the particular conditions prevailing in Latin America.

426. The Commission thought it indispensable that programming in the social sectors should be systematically integrated with the planning of directly productive activities, on the grounds that both aspects were indivisible factors in the development process. It was agreed that social programming comprised questions much broader than the regulation of investment in housing, environmental sanitation and education, the fields in which efforts have been mainly concentrated hitherto. Consequently, it was recommended that research should be conducted, *inter alia*, on the problems connected with the incorporation of some sectors of the population into national economic life, the distribution of income by type of earnings and by areas, and the possibility of establishing consumption targets directly related to the levels of living of the major sectors of the population.

427. When the programming systems and methods established in the various Latin American countries were discussed, it was felt that it would be very useful to promote the active exchange of experience between planning offices in various countries. In keeping with this idea, the Commission reaffirmed the terms of resolution 185 (IX) in so far as it requested the secretariat to continue to organize technical meetings on planning. Another recommendation was the organization of a programme of visits whereby members of the staffs of planning offices could familiarize themselves with the methods, organization and techniques used in other Latin American countries.

428. The Commission considered with particular interest and thoroughness the question of linking national development programmes with regional economic integration processes. If the opportunities afforded by the regional markets are exploited, they may provide dynamic impulses calculated to speed up the economic development of all the Latin American countries. It was therefore considered of interest to promote a systematic examination of such possibilities and to seek co-ordination of complementarity and industrial specialization plans, or plans for the establishment of productive activities likely to benefit from the integration process. The Commission recommended that the secretariat and the Latin American Institute for Economic and Social Planning should pursue and expand their research and teaching work and their technical advisory services in support of the efforts made by Governments in the fields of economic planning and integration; and that, in particular, they should investigate regional import substitution possibilities and the methodological changes which might have to be introduced in planning techniques in order to give explicit consideration to economic integration problems.

429. In connexion with the topics dealt with here, the Commission specifically adopted — in addition to other pertinent resolutions — resolutions 227 (X) and 233 (X).

430. The marked extent to which the falling-off in the rate of economic development of the Latin American countries is imputable to bottle-necks in the external sector accounts for the fact that on this occasion the Commission's discussions on integration problems and international trade were closely linked to more general questions of economic development.

431. The countervailing, by the deterioration of the terms of trade, of efforts to expand the volume of exports, the continued adoption of trade policies unfavourable to Latin America on the part of the industrialized centres, the maintenance of discriminatory practices and the strengthening of regional agreements are all factors which have combined of late to aggravate the difficulties besetting Latin America's foreign trade. In these circumstances, efforts to accelerate development entail a radical overhauling of the very bases of trade and the formulation of a trade policy which will offer Latin America more favourable conditions in the world market. They also necessarily involve the evaluation of the progress achieved in respect of regional integration, with a view to defining lines of action whereby the formation of a broad Latin American common market can be expedited.

#### *Progress in regional integration*

432. The Commission noted with great satisfaction the progress achieved since its last session in respect of the integration programme of the Central American countries. During the interval, the tenacious and persistent efforts made in the last few years have produced concrete results. By now it is a matter not merely of the liberalization of Central American trade — fully achieved, save for a few exceptions — but of the effective co-ordination of five economic systems. At the present time, the initial phase of the economic integration process may be taken as completed, since an appropriate legal and institutional framework for promoting the formation of the common market is now available. Trade within Central America has been liberalized in respect of over 90 per cent of tariff items, and the pertinent time limits and other terms have been agreed upon for the remainder. In addition, a common tariff has been established, with due regard for the requirements of economic development and the protection of the region's productive activities.

433. From the standpoint of the organization of a regional system to regulate and channel efforts making for the economic development of Central America, highly significant progress has been made. A series of institutions has been established, such as the Advanced School of Public Administration for Central America (ESAPAC), the Central American Research Institute for Industry (ICAII), the Central American Bank for Economic Integration (BCIE) and the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA).

434. The common market, built up with the foregoing instruments, implies a powerful incentive to industrial investment, which the Central American Governments have determined to encourage, in order to channel the



capital formation process towards the establishment of a sound industrial basis in Central America.

435. The recent incorporation of Costa Rica has completed, geographically speaking, the formation of the Central American common market and has fulfilled the long-standing aspiration of the Governments of the area to possess an economic market basis broad enough to permit of rapid industrial development, which hitherto the area has almost if not entirely lacked.

436. Mention was also made in the discussions of what has been done to establish an economic infrastructure to support the expansion of regional trade and the economic integration process in general. In this respect, considerable progress has been made in the design and construction of the Central American road network, by virtue of which transport facilities between the countries of the region have been substantially improved. A decision has also been taken to channel the development of the electric power sector on regional lines, taking advantage both of the possibilities for interconnecting national systems and of the water resources of the area.

437. One of the prospective improvements in the mechanisms and pattern of integration is the formation of a customs union among the Central American countries. The progress achieved in the building up of the common market has generated forces which will cumulatively tend to create favourable conditions not merely for an expansion of the region's trade but — over the longer term — for the true integration of the individual economies. The form to be assumed by the customs union, and its procedural features, are being studied by the Governments and the Central American Economic Co-operation Committee, with a view to seeking practical solutions that will meet the need to accelerate progress towards regional integration. Similarly, the Economic Co-operation Committee and the Central American Economic Council have devoted a great deal of attention to the formulation of a policy designed to forge trade links with other countries or groups of countries.

438. The Commission also had the opportunity of considering the substantial progress achieved since its last session by the Latin American Free-Trade Association. The accession of two new members — Colombia and Ecuador — was mentioned with particular satisfaction, as well as the success of the first two rounds of negotiations, as a result of which the commitments in respect of reduction of duties and charges agreed upon in the Montevideo Treaty were easily surpassed. It was pointed out that these reductions have already created more favourable conditions for intraregional trade, as is shown by the fact that during the first year of application of the new tariff levels, the intraregional trade figures increased by about 40 per cent.

439. While the significance of these advances was stressed in the course of the discussion, concern was also voiced lest the efforts that are being made, great as they are, should not yet be commensurate with the demands of development in the countries members of ALALC. In the first place, it was thought highly probable that future negotiations would encounter increasing difficulties, the effect of which would be to halt or weaken the progress of integration. It was also pointed out that complemen-

tarity agreements — potentially the most dynamic instruments of the Montevideo Treaty — have not played the role expected of them.

440. The foregoing considerations bear out the view that new decisions are required to give a more dynamic impetus to these efforts, including possible commitments with respect to quantitative targets for tariff reductions. The Commission therefore attached the greatest importance to the initiative recently taken by the Presidents of Brazil and Chile — and subsequently endorsed by the Minister for Foreign Affairs of Argentina — which would result in any such new decisions being discussed at the highest possible political level.

441. The suggestions for the strengthening of the instruments placed at the disposal of ALALC were made in the light of a full recognition of the work being done by the Standing Executive Committee of ALALC and its secretariat, and of the fact that little time has elapsed since those instruments were approved and put into effect. The Commission also considered that the meetings recently sponsored by ALALC at Bogotá and Lima — devoted respectively to an examination of the possibilities of co-ordinating trade policy and financing exports, and to problems in development planning industrial — as well as the meetings in preparation on industrial questions, constituted a positive contribution to the more rapid attainment of the aims of integration.

442. In the course of the discussions, a number of views were put forward on different questions relating to integration. Attention was drawn to the persistence of serious maritime transport problems and the consequent need for establishing basic loads and special storage areas; the lack of knowledge in broad areas of the trade prospects that have been opened up by tariff reduction; the urgent need to study suitable methods of co-ordinating the development programmes of the Latin American countries and the possibility of creating free sectoral markets for trade in such primary commodities as foodstuffs, building materials and pharmaceuticals. These and other important points made in the debate were expressed by the Commission in resolution 222 (X).

443. The Commission also referred to the value for the Latin American countries of the machinery recently adopted by the Board of Governors of IDB at its fourth meeting, held at Caracas, and designed to facilitate the financing of exports of capital goods. With respect to the same question, the hope was expressed that consideration would be given to the possibilities of extending the mechanism to other products, and it was recommended that the secretariat should collaborate in such studies (see resolution 222 (X)).

#### *Expansion of Latin American trade and the United Nations Conference on Trade and Development*

444. As pointed out in the introduction to the present account of proceedings, in view of the aim of accelerating Latin American development, it is both urgent and indispensable to complement efforts to achieve regional integration by equally rapid and far-reaching action in the field of trade with other areas. The documents submitted by the secretariat on this subject at the tenth session draw



attention to the risks involved in the extension of the discriminatory practices and special protectionist measures that are being adopted in other areas. There are threatening indications that such measures have already begun to affect Latin America's foreign trade, and that GATT has not yet succeeded in taking measures to avert such effects.

445. This has led the group of experts convened by the secretariat to discuss trade policy to conclude that it is essential for an immediate start to be made on preparations for joint action by the Latin American countries (see E/CN.12/632). For their part, the representatives of the European Economic Community pointed out during the discussions that their member countries intend the process of integration of their economies to provide increasingly ample opportunities for the developing countries to place their exports, and stressed that the paramount concern of the Community is not to restrict but to liberalize world trade flows.

446. The conclusions reached by the Commission show clearly that the establishment of closer economic ties with the rest of the world should not be confined to the mere negotiation of preferential agreements, but should aim at creating conditions favourable to a continuous and sustained growth of the flow of goods and services exported by Latin America to the rest of the world. In the last analysis, this implies the need for a change in the actual structure of Latin America's foreign trade. In that connexion emphasis was placed on the region's need to prepare itself to undertake and progressively expand a substantial flow of exports of industrial and semi-manufactured goods, at the same time effecting a greater geographical diversification of its trade flows. It is equally important to define a common policy aimed at ensuring adequate price levels for Latin American exports.

447. It was stated that the achievement of the foregoing aims does not depend exclusively on the definition of a joint policy of links with the rest of the world, but that it is also essential to obtain full and active international co-operation that will make it possible to overcome the obstacles that have thus far stood in the path of expanded trade for Latin America.

448. The Commission agreed unanimously that the forthcoming United Nations Conference on Trade and Development would offer Latin America an exceptional opportunity to place before the world the basic problems of its trade relations with other areas. Consequently it was considered vital to make the maximum use of that occasion to study the problems and propose specific solutions, in both the institutional and the strictly economic sphere. In addition it was regarded as essential to ensure that the Latin American countries should arrive at the conference having achieved a common stand on the topics that will be discussed. For that purpose it was regarded as most important to study in advance the particular problems of each country, how they can be reconciled, and what common aims can be defined.

449. In the belief that it is essential to present a united front in regard to trade problems at the conference table, the Commission adopted resolution 221 (X) in which, in addition to asking the secretariat to give top priority to preparatory studies relating to the provisional agenda of

that conference, it recommends that those studies should be extended to other matters that would contribute to the region's presentation of its problems. The secretariat is also asked to organize a seminar on the same subject, with the co-operation of specialists appointed by all the Governments of the Latin American countries, in order to provide the information calculated to enable them to adopt a concerted position at the conference, which will constitute the first step in the process of the structural transformation of Latin American trade.

450. The basic documents submitted by the secretariat and the discussion of the question during the session showed how vitally important the United Nations Conference on Trade and Development can be. The way in which the Latin American countries make their preparations to take part in the conference, and the degree of understanding with which their arguments are received in the large industrial countries and the rest of the world, will constitute a turning-point for the future of Latin America's economic and social development. Either the region will be able to enjoy, with resulting benefits to all, the opportunities offered by expanding trade, on new and more equitable bases, or it will have once more to retreat into itself and face the continuation of the process of import substitution in progressively more difficult circumstances, in order to meet the requirements of its internal development.

#### AGRICULTURAL DEVELOPMENT

451. The Commission considered questions relating to agriculture as an essential factor in the evaluation of the area's economic and social development experience, taken as a whole, during the post-war period, and in its prospects. In particular, attention was devoted to a number of economic and technical points relating to production, trade and consumption in respect of agricultural commodities in Latin America, as well as to questions bearing on the levels of living and social conditions of the rural population.

452. Expression was given to the concern caused by the slow development of agricultural production during the last twenty years, and to the serious effects this has had on internal supplies and foreign trade in agricultural commodities. There has been a trend towards complete stagnation and even a reduction of *per caput* production and consumption of certain items, especially livestock products. For this reason, exports of agricultural products in many countries have been adversely affected while imports of those products have recently shown a tendency to rise.

453. Consequently the Commission considered it indispensable to achieve a substantial increase in agricultural production for the purpose of meeting future demand and preventing further deterioration in the balance of trade of the Latin American countries or a drop in the consumption levels of the population.

454. It was pointed out that increases in agricultural and livestock production are achieved largely through an expansion in the area under cultivation and a numerical increase in herds, with little increase in unit yields. This, combined with the fact that the arable land area in



various countries cannot be extended any further, means that it is essential to raise agricultural productivity levels by the wholesale adoption of more modern production techniques.

455. However, it was acknowledged that the application of those techniques involves serious structural and institutional obstacles such as outmoded systems of land tenure and of control of the distribution of irrigation water, inadequate agricultural research, extension and education services, and deficiencies in marketing and credit facilities. Consequently it is necessary to bring about a far-reaching and rapid change in the agrarian structures in many countries, as an essential condition for speeding up the development of their agriculture and stock-breeding. In that context the Commission considered the experience and progress made in some Latin American countries in their programmes of agrarian reform, and their stimulating impact on economic development in general. Similarly, it was agreed that better distribution of land ownership does not necessarily result in a decrease in agricultural production, even over the short term, so long as it is accompanied by additional measures aimed at an eventual increase in productivity.

456. The Commission devoted special attention to the introduction of agricultural technology, and indicated the basic need to strengthen agricultural research, extension, education and training services, and to bring them to farmers everywhere. In view of the desirability of having a full picture of the manner in which these services are currently functioning and of the changes and improvements that will have to be introduced in order to adapt them to the requirements of a more rapid agricultural development, the Commission requested the secretariat and FAO to undertake the appropriate studies.

457. The Commission considered it important to go deeper into research concerning the levels of agricultural productivity prevailing in Latin America and the factors responsible for the differences noted between countries and between agricultural zones in the individual countries. In that connexion it was considered essential to have a comprehensive knowledge of those factors in order to determine the technological changes to be recommended for the purpose of raising unit yields and bringing about a larger measure of complementarity in the agricultural economies of the Latin American countries.

458. The Commission also stressed that it was advisable for the Latin American countries to co-ordinate their national plans for agricultural development, on the grounds that the existence of agricultural areas having similar characteristics and problems is likely to facilitate research for solutions common to more than one of those countries. In that connexion the Commission requested the secretariat and FAO to undertake the necessary studies.

459. The Commission took note of the studies that the secretariat and FAO are carrying out jointly with some inter-American agencies through the Inter-American Committee for Agricultural Development (CIDA) on problems of land tenure in certain Latin American countries, and asked that the studies should be extended to other Latin American countries. It likewise noted the projects that FAO and the Special Fund are carrying

out in the region in connexion with technical training in forestry, fisheries and agrarian reform. These and other matters referred to in the foregoing paragraphs were included by the Commission in resolution 225 (X) on agricultural development.

#### INDUSTRIAL DEVELOPMENT

460. In examining industrial development problems, the Commission analysed the topics relating to the establishment of a sound industrial structure for the Latin American countries, as the foundation for their over-all economic development, and to the utilization of the facilities offered by the processes of economic integration taking place in the region. The heavy volume of investment that would have to be made in the next few years in order to increase industrial production gave particular cause for concern.

461. Such investment will bring about an acceleration in development only if it goes hand in hand with a realignment of the process of industrial growth and a progressive modernization and rationalization of working conditions in the manufacturing sector. This entails a more careful selection of the branches to be developed and of the production techniques to be adopted, with due regard, *inter alia*, to the relative abundance of capital and labour; it also entails the establishment of large industrial plants, with a view to economies of scale and the possibilities afforded by regional integration.

462. It was also pointed out in the discussions that the modernization of existing industry often entails the gradual creation of competitive conditions, which can also be achieved through trade liberalization within the purview of ALALC, the General Treaty on Central American Economic Integration, and the future Latin American common market.

463. It was pointed out that capital, although the scarcest factor of production, is not turned to good account, because of the small number of shifts and low machine performance. Furthermore, the existing mechanisms for industrial promotion tend to encourage the purchase of machinery, favouring the application of capital-intensive techniques.

464. The Commission paid special attention to the role of industrial development in the economic integration of Latin America. The deficient structure of Latin American industry, which is characterized by low productivity, the unsatisfactory use of capital and skilled labour, a weak consumer market and little competition, presents problems which will have to be solved through national programmes as well as integration efforts. In that connexion, it was felt that problems of this kind loom particularly large in the basic industries, which need for their development a volume of investment per unit of product that diminishes rapidly in relation to the scale of operations.

465. The Commission was thus led to conclude that the markets for the existing consumer goods and capital goods industries could be substantially expanded if the possibilities offered by the integration process were turned to account.



466. In resolution 234 (X), the Commission requests the secretariat to give special attention to the preparation of studies which will provide Governments with the necessary information to institute negotiations that would facilitate the creation of industries whose production would be chiefly intended for the Latin American common market.

467. The Commission took note of the provisional report of the Seminar on Industrial Programming, held in March 1963 at São Paulo, Brazil. Stress was laid on the relations that should exist between planning agencies and the private sector. It was also pointed out that the studies submitted by the secretariat on steel-making, and on the metal-transforming, pulp and paper, textile and chemical industries provided background material for programming in these branches with respect to both operating conditions in existing plants and investment requirements in new plants.

468. The advantages that regional integration can offer for the manufacturing sector were clearly shown when the volume of investment required per unit of product for different sizes of specific kinds of plants was considered. In the case of the pulp and paper industry, a plant of optimum size might signify a reduction of 40 per cent in unit cost and more than 50 per cent in investment per unit of product as compared with a plant whose capacity was one-fourth of the optimum size. Similar figures were quoted for the chemical industry.

469. With respect to established industries, the Committee considered that their technical improvement would require integrated action, covering questions of labour productivity, entrepreneurial administration and organization and the adoption of suitable production techniques. The Commission took note with satisfaction of the studies that the secretariat was carrying out in that connexion and adopted resolution 235 (X), which refers particularly to the textile industry.

470. The question was also raised of the technological research essential for the development of new processes conducive to the efficient use of Latin America's natural resources, and for the adaptation of techniques developed in other parts of the world to the particular conditions of the region. It was deemed advisable to explore alternative production techniques and types of equipment in order to determine which would be best for the conditions prevailing in small-scale and medium-scale industry. Since one of the restrictive factors in this type of industry is the shortage of working capital, it was suggested that due attention be paid to this point in industrial financing programmes.

471. It was pointed out that there are three basic requirements for industrial development: (a) systematic industrial programming that would form part of overall economic development planning, due heed being paid to the need for close co-ordination between import substitution policy and the aims of industrial development; (b) permanent technical assistance in all industrial sectors in order to improve operating conditions in existing industry on the basis of a prior diagnosis of the current situation and an analysis of probable market evolution; and (c) a regional integration policy for the

manufacturing sector, comprising the new capital goods industries and consumer goods industries.

472. In its resolution 236 (X), relating to forest resources and industries, the Commission stressed the importance of professional training and industrial safety for the satisfactory operation of this sector.

473. During the discussions, reference was made to collaboration between ECLA and other international organizations, examples cited being the joint studies on the pulp and paper and forest industries which ECLA has been carrying out in collaboration with FAO; the Technical Meeting of Experts in Management Development and Productivity sponsored jointly with the ILO, and the Seminar on Industrial Programming sponsored in conjunction with the United Nations Industrial Development Centre and BTAO.

474. Mention was likewise made of the fact that various international organizations can assist the industrialization process, among them the Special Fund, which is in a position to pay part of the cost of preinvestment studies for manufacturing industry. It was also considered that the secretariat could usefully collaborate with Governments at their request in the preparation of applications to the Special Fund and to other international credit agencies in this connexion.

#### NATURAL RESOURCES AND ELECTRIC POWER

475. The Commission examined a document prepared by the secretariat describing the progress made to date in a survey of Latin America's natural resources (E.CN.12/670 and Add.1-5). Both the preliminary findings of this study and the statements made during the course of the discussions brought to light the insufficient knowledge of the subject existing in the region. With the reservations imposed by the fragmentary and incomplete nature of the data available, it may be affirmed that Latin America possesses nearly all the natural resources required by an up-to-date economy, but that there are marked discrepancies between areas, some of which are notably deficient in certain resources. It was further pointed out that certain resources tended to be inadequate in the face of the growth in demand and that their utilization was frequently inefficient.

476. The Commission emphasized the need for each country to redouble its efforts to acquire a better knowledge of the quantity and quality of its natural resources and to plan their utilization. It was considered expedient to use new techniques for the preparation of inventories of natural resources: geophysical processes, aerophotogrammetric surveys, the interpretation of aerial photographs and the making of basic topographical and geological maps.

477. It was stated repeatedly in the discussions that the lack of uniformity in the basic definitions of reserves — principally of mineral resources — and other concepts gives rise to heterogeneous figures which make it difficult to compile adequate statistics.

478. The experiences recounted show that national services in general lack the necessary funds and technical personnel to extend the knowledge of natural resources in keeping with economic development needs. Mention



was made also of the need to modernize the laws relating to the utilization of natural resources and to pool the efforts of scientists, economists and technicians for the investigation, programming and utilization of such resources.

479. As regards the conservation of non-renewable resources, attention was drawn to the scant importance attached to soil conservation in the Latin American countries; at the same time reference was made to the damage caused by the intensive extraction of certain resources, principally for export, without previous knowledge of the reserves available.

480. By its resolution 239 (X) the Commission, grouping together the suggestions formulated during the course of the discussions, makes recommendations to the Latin American countries, the secretariat and other international agencies, all aimed at improving the knowledge and utilization of natural resources in the region.

481. The Commission considered the secretariat studies on water resources, and attention was drawn to the desirability of proceeding with the systematic study of these resources. Similarly, it was pointed out that water resources should be planned with the object of promoting the over-all and multipurpose development of catchment basins, and that the interdependence of the water-soil-vegetation system made a joint study by experts in those fields advisable.

482. Among other relevant topics discussed by the Commission were (a) underground water resources; (b) the co-operation of the Latin American countries in the International Hydrological Decade; (c) the role of water in the generation of electric power; and (d) the organizations concerned with the measurement and utilization of water resources in various countries.

483. The Commission reviewed electric power problems in the Latin American countries and the work of the secretariat in that connexion. The discussion covered the characteristics of electrification in a number of countries, recent advances, the efforts made to ensure the systematic and efficient development of resources, and the participation of the public sector and private enterprise in that development. It was pointed out that Latin America possesses abundant hydroelectric resources and fuels, the use of which should be studied in combination and at an early stage. Again, electric power development should be promoted by means of programmes taking into account national, regional and sectoral demand, and continuing electricity development policies should be adopted as an integral part of over-all economic policy.

484. Another suggestion was that it would be desirable to study the interconnexion of systems with a view to complementarity in respect of generation from different sources and different hydrological régimes, and attention was drawn to the importance of standardizing cycles at an early stage. In addition, the existence of ample opportunities for the improved use of fuels in thermo-electric generation and in industry was pointed out. Lastly, it was recommended that rural electrification should be promoted, and due advantage taken of the experience of other countries.

485. It was thought necessary to give the electric

power industry proper financial and economic stability by fixing rates that reflected the real cost of supplying the service. However, in view of the intensive rate of expansion required to cover the existing deficit and the increase in demand, the desirability was recognized of obtaining external financing for the electricity sector, with amortization periods and rates of interest consonant with the nature of public utilities and the high capital intensity in this sector. Mention was also made of the possibility of much more economical handling of electricity services through the rationalization of their administrative procedures.

#### GENERAL QUESTIONS

##### *Co-operation with inter-American agencies*

486. The Commission considered the report on co-operation between the secretariats of ECLA and other inter-American agencies (E/CN.12/674), which gives an account of the principal fields where close contact has been maintained, or work done jointly, with OAS, IDB, CIDA, the Panel of Experts appointed by the Inter-American Economic and Social Council, SIECA and ALALC.

487. In the consideration of the work done jointly by the secretariat of ECLA and other inter-American agencies, mention was made in particular of that of the OAS/ECLA/IDB *ad hoc* Committee on Co-operation. The establishment of that Committee has made it possible to give increased impetus to the work of the advisory groups. The representatives of OAS and IDB expressed their gratification at the way in which the work done under the Tripartite Agreement had been carried out.

488. The Commission noted with satisfaction the valuable contribution made by IDB to financing the Latin American Institute for Economic and Social Planning. IDB provided a sum of \$1 million to finance the Institute during its first five years of operation, and at the same time financed ten fellowships for its basic planning course. OAS is also financing a considerable number of fellowships for the same course.

489. The applications from the Governments interested were dealt with by the *ad hoc* Committee, which decided the composition of the advisory groups, the policy to be followed and the general orientation of the work. These decisions and the immediate supervision of the groups were delegated to the Executive Chairman of the Committee, who was also Director-General of the Latin American Institute for Economic and Social Planning.

490. The Commission took note of the fact that the Governments of Bolivia, Colombia, Haiti, Paraguay, Peru and Uruguay were at present being given advice in this field.

491. During the debate emphasis was laid on the valuable contribution made by the advisory groups. Reference was also made to the delay in forming the groups, at least in one case. In that connexion it was pointed out that the difficulties encountered in engaging experts had become one of the main problems arising in the operation of the groups.

492. The Commission took note of the decisions taken by the *ad hoc* Committee on Co-operation with regard



to the *Economic Survey of Latin America*, the progress of studies on taxation and other joint work done by ECLA and OAS, such as a general study on transport in Latin America and the study on ports.

493. Note was also taken of a study of the steel industry jointly undertaken by IDB and the secretariat, in co-operation with ILAFA.

494. The Commission was able to learn something of the secretariat's participation in the work of CIDA and of the Panel of Experts, both set up at the Punta del Este Conference, and of the work of SIECA. It also considered the joint participation by international and inter-American agencies in various meetings and seminars.

495. Particular importance was attached to the co-operation of the secretariat of ALALC. A detailed report on this was submitted (E/CN.12/674; see para. 486 above).

#### *The United Nations building at Santiago, Chile*

496. The Commission took note of the fact that the construction of the United Nations building at Santiago, Chile, had begun in January 1963. It was stated that although the deficit for the satisfactory completion of the building operation was considerable, despite the further adjustments made with a view to achieving the greatest possible saving, an attempt was being made to implement the decision of the General Assembly to the effect that construction should proceed to its completion in accordance with plans approved, in the confident hope that the appeal made to the Governments of member States would receive a wide and generous response.

497. In addition to the offers already mentioned in the report of the *ad hoc* Committee on the Gift Programme (E/CN.12/676), various delegations took the floor in order to ratify, supplement or announce donations which their respective Governments would make in due course.

#### *Programme of work and priorities presented by the Executive Secretary*

498. The Commission welcomed the new presentation given to the programme of work and priorities, which would facilitate its incorporation into the functional classification adopted provisionally by the Economic and Social Council in resolution 936 (XXXV) on the basis of the proposal made by the Secretary-General in his report.<sup>46</sup> It was considered that the detailed break-down of projects was helpful in providing a better over-all idea of the real scope of the work programme.

499. The Commission took note of the additional resources that would be needed in order to carry out the work involved in priority areas for the United Nations Development Decade, and of the fact that a request for such additional resources had been included in the presentation of the Commission's budget estimates for 1964. It also considered the financial implications of the decisions taken at the tenth session.

500. Six new projects were included in the work programme, four of which were directly associated with the priority areas for the Development Decade. Changes were introduced, as a result of decisions taken at the session, in seven projects. Four projects were eliminated. There was a consensus that the highest priority should be given to those projects relating to preparations for the United Nations Conference on Trade and Development, to the Latin American Free-Trade Association, to the Central American Economic Integration Programme, and to planning in relation to economic and social development. The programme of work and priorities for 1963-1964, with the modifications indicated, was approved unanimously, although one delegation made the reservation that its support should not be construed as approval on the part of the Government it represented of any over-all increase in the United Nations budget.

501. The Commission took note of the resolutions of the General Assembly and of the Economic and Social Council which were of concern to it (see E/CN.12/651 and Add.1), including Council resolution 909 (XXXIV), in addition to those mentioned in the present report as having a specific bearing on the work of the secretariat.

#### TECHNICAL ASSISTANCE

502. The Commission took note with satisfaction of General Assembly resolution 1823 (XVII) and Economic and Social Council resolution 879 (XXXIV) referring to the decentralization of the economic and social activities of the United Nations and the strengthening of the regional economic commissions, and also of the report by the secretariat on the subject (E/CN.12/669) and of the secretariat note on CELADE (E/CN.12/687).

503. Current plans for decentralization considered by the Commission may be summed up as follows:

(a) During the first stage of decentralization, the secretariat will be responsible for the operation of technical assistance projects at the regional level, including the administration, as the executing agency, of the project concerning the Latin American Institute for Economic and Social Planning, as a regional project of the Special Fund;

(b) At a later stage it is expected that the secretariat will participate more actively in the preparation, administration and operation of national technical assistance programmes of countries in the region, especially those connected with the planning of economic and social development. This means that an effort will be made to ensure that national technical assistance programmes fit in with the country's development plans, so as to form an integral part of them. It is hoped that, through united action and close co-operation with the resident representatives of the Technical Assistance Board, co-ordinating machinery can be set up which will enable the secretariat to furnish Governments with technical advice, at their request, during the early stages of country programmes;

(c) Decentralization will imply a certain degree of autonomy for the secretariat, though the direction of technical assistance policies, financial administration and personnel matters will remain in the hands of United

<sup>46</sup> Official Records of the Economic and Social Council, Thirty-fifth Session, Annexes, agenda item 17, document E/3702.



Nations Headquarters. The degree of this autonomy will depend upon how far the ECLA secretariat is allowed authority in substantive and financial matters and in the engagement of expert staff. In that connexion, it seems essential that the secretariat should be given wide powers to engage technical assistance experts for limited periods. In addition, the delegation of financial authority should allow some latitude to the secretariat for the transfer of funds between the various parts of each regional project, and between projects, as and when the need arises at the implementation stage;

(d) The Expanded Programme of Technical Assistance for the two-year period 1965-1966 will have to be prepared early in 1964. In order to enable the Executive Secretary of the Commission to play a leading part in the planning, implementation and co-ordination of regional technical assistance programmes, it is hoped that the operational procedures for decentralization will shortly be defined by United Nations Headquarters; the Executive Secretary would thus be able to take an active part in the negotiation of these projects;

(e) In addition to the permanent staff, it is envisaged that for 1963 a total of sixteen technical assistance regional advisers in specific fields will be assigned to the secretariat as part of the programme of strengthening its resources and its activities. Apart from these regional advisers, it is also expected that there will be technical assistance experts assigned to specific regional projects for which the Executive Secretary has substantive responsibility, in some cases jointly with specialized agencies. It is estimated that the total number of these regional experts in 1963 will be thirty-one.

504. The decentralization of United Nations technical assistance programmes and the transfer of responsibility to ECLA received wide support in the Commission. Likewise the recent establishment of a Technical Assistance Co-ordinating Unit at Santiago and an auxiliary unit at the Mexico office was noted with satisfaction. This will enable the secretariat to act as a focal point for the planning and implementation of regional technical assistance projects. It was pointed out that in carrying out these functions the secretariat worked in close collaboration with the resident representatives of the Technical Assistance Board.

505. However, it was observed that adequate authority had not yet been delegated to the secretariat in the substantive, administrative and financial fields, or in the recruitment of technical assistance experts. It was pointed out that if the secretariat was to fulfil its functions successfully in the technical assistance field, it was essential that it should have sufficient flexibility and the necessary machinery to enable it to play the vital role expected of it in the programming of technical assistance requirements within Latin America, and in the implementation of projects approved by the competent organs of the United Nations.

506. In its resolution 237 (X), the Commission recommended that the Secretary-General should expedite decentralization by delegating functions and authority in substantive, financial and administrative matters, and in the engagement of expert technical assistance staff at the regional level on a scale calculated to enable the

secretariat of the Commission to take prompt decisions with regard to the execution of projects, without prejudice to the retention by United Nations Headquarters of its over-all direction of technical assistance policies, and financial and staff administration.

507. With respect to regional technical assistance projects, the same resolution recommends to the Secretary-General that the necessary financial resources should be made available with a view to increasing the extent to which such projects from part of ECLA's programme of work, especially in the fields of social and industrial development, statistics and housing, by means either of meetings of expert groups or in the form of direct advice to Governments of member States.

508. The Commission also considered the work of CELADE and noted the close co-operation between the Centre and the secretariat in connexion with demographic studies. Concern was expressed at the fact that the present arrangement would come to an end late in 1964, at which time the agreement between the United Nations and the University of Chile would expire. On that subject, the Commission decided to recommend that financial resources should be provided to enable CELADE to continue its work beyond 1964, until such time as the Latin American countries had available a sufficient number of specialists in the field of demographic education and research. At the same time, the Commission decided to point out to Governments the desirability of arranging, as speedily as possible, with the Special Fund and other international agencies, for the financial assistance needed for the continuation and extension of the operations of CELADE and the establishment of a demographic research institute in Central America (see resolution 238 (X)).

509. The Commission heard a statement by the United Nations Commissioner for Technical Assistance, in which he described the steps that were being taken to effect decentralization of technical assistance activities and the necessary delegation of authority. Representatives of the non-Latin American countries members of the Commission reiterated their interest in technical assistance work and gave an account of the scope of their own bilateral technical assistance to countries in the region, in the form of associate experts, fellowships and other specific bilateral programmes.

510. A request was made that the gratification felt at the establishment of an ECLA Office at Bogotá should be put on record, and the hope was expressed that it would soon start work.

#### LATIN AMERICAN INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING

511. At one of its final plenary meetings, the Commission took cognizance of the report on the work of the Institute submitted to it by the Governing Council (E/CN.12/678). The Institute began its work in July 1962. Between that date and the tenth session, its basic professional staff has been completely organized and has been engaged in the three main functions of the Institute: (a) training, (b) advice to Governments on planning, and (c) research.



512. The existence of the Institute has made it possible to put through on a broad basis programmes for the training of professional planning personnel. The first basic course in planning, attended by fellowship holders from almost all the countries in Latin America, began in July 1962. The second basic course began on 15 April 1963. The Training Programme has covered a good number of Latin American countries through the intensive development planning courses held in Bolivia, Brazil, Mexico, Paraguay, Peru and Uruguay. Special courses in education and health planning have been given at the headquarters of the Institute at Santiago to round off this training. Altogether, more than 400 officials and professional workers from Latin America have attended these courses.

513. The Institute has been delegated the responsibility for the direct administration of the OAS/ECLA/IDB advisory groups, which advise Governments at the technical level on problems connected with the drafting and implementation of development plans. At present there are six advisory groups, in five countries — Bolivia, Colombia, Paraguay, Peru and Uruguay — and in Central America.

514. The research performed by the Institute should lead to better knowledge of the problems of planning in Latin America as well as to the improvement of the methodology and technique of planning and the development of new methods relating to sectors where there are still no adequate techniques, as for example the social aspects of development. Research on systems and machinery needed for the proper execution of plans is also becoming important. This work was begun in co-operation with the ECLA secretariat, and the results of the first survey were submitted to the Commission in the note on progress in the planning field in Latin America (E/CN.12/677) and in the study on the distribution of income included in the report on the economic development of Latin America in the post-war period (E/CN.12/659 and Add.1).

515. The Institute is financed by the Special Fund and by the Latin American Governments through IDB. Their strong support was a decisive factor in the prompt ini-

tiation of its work. Close working relations have been established with the ILO, FAO, UNESCO, the Pan American Sanitary Bureau, UNICEF and the United States Agency for International Development. All this, together with the participation of OAS and BTAO, has helped to give the work of the Institute greater scope.

516. During the tenth session, in accordance with the terms of resolution 220 (AC/52) of the Committee of the Whole, the Commission elected the members of the Governing Council of the Institute. The new Council will remain in office for two years, i.e., until the next session of the Commission. As a result of the election held on 15 May, its membership (in alphabetical order) is as follows, in addition to the three members appointed by IDB, OAS, and ECLA: Mr. Luis Escobar Cerda (Chile), Minister for Economic Affairs, Development and Reconstruction; Mr. Alberto Fuentes Mohr (Guatemala), Chairman of the Central American Advisory Mission on Planning; Mr. Celso Furtado (Brazil), Minister for Planning and Superintendent of SUDENE; Mr. Plácido García Reynoso (Mexico), Under-Secretary for Industry and Trade; Mr. Hector Hurtado (Venezuela), Director-General, Central Co-ordination and Planning Office; Mr. Bernal Jiménez Monge (Costa Rica), Director of the Economic Planning Office; Mr. Manuel San Miguel (Argentina), Vice-President of the National Development Council; Mr. Angel Valdivia Morriberón (Peru), Director, National Planning Institute.

517. At the meeting of heads of delegation at which the election took place, various opinions were advanced as to the meaning of the expression "equitable geographical distribution" used in resolution 220 (AC.52), and on other points. Some delegations stressed the need to establish a proper rotation by countries with the purpose of ensuring the equitable geographical distribution mentioned, although the difficulty of setting precise standards to ensure it was admitted. Emphasis was laid on the need to maintain continuity on the Council, in order to facilitate its work, and it was pointed out that the members were elected on the strength of their qualifications and their connexion with the work of planning in their respective countries, not as the representatives of their Governments.

### PART III

#### RESOLUTIONS ADOPTED BY THE COMMISSION AT ITS TENTH SESSION

518. At its tenth session, the Commission adopted the following resolutions:

- 221 (X). United Nations Conference on Trade and Development
- 222 (X). Latin American trade and integration
- 223 (X). Publicity concerning the Commission's work
- 224 (X). Programming of housing
- 225 (X). Agricultural development
- 226 (X). Financing of development
- 227 (X). Economic integration and planning
- 228 (X). Private enterprise and economic development
- 229 (X). Income distribution
- 230 (X). Programming of social development

- 231 (X). Planning of education and economic and social development
- 232 (X). External financing
- 233 (X). Planning
- 234 (X). Integration industries
- 235 (X). Problems of the textile industry
- 236 (X). Forest resources and industries
- 237 (X). Decentralization of the economic and social activities of the United Nations and strengthening of the regional economic commissions
- 238 (X). Demography
- 239 (X). Natural resources
- 240 (X). Date and place of the eleventh session



519. The following are the texts of the resolutions :

**221 (X). United Nations Conference on Trade and Development**

*The Economic Commission for Latin America,*

Considering that the development process of the Latin American countries is encountering serious obstacles to the maintenance of sufficient speed and continuity in the immediate future, owing to the increasingly unsatisfactory foreign trade situation, and that import substitution, which had constituted the chief dynamic factor in this development, is beset by increasing difficulties as it progresses in the various countries of the region, inasmuch as the high-cost factors of many consumer goods are being aggravated, and the economy is becoming daily more vulnerable to the fluctuations in the external markets for traditional export commodities,

Taking into account the fact that this unsatisfactory foreign trade situation in Latin America largely derives from the present structure of international trade, characterized by slow expansion of the region's traditional exports in comparison to internal demand and the growth of import requirements in respect of manufactured goods, especially capital goods essential for development, and that this slowness is in contrast to the rapid rate of expansion of the reciprocal trade of the developed countries,

Bearing in mind that the slow growth of Latin America's export trade is a result both of the discriminatory and restrictive measures affecting the exports in question and of the deterioration in the terms of trade, as well as of internal and international structural factors which hamper the expansion of exports of manufactured goods,

Considering that the United Nations Conference on Trade and Development, to be convened by the Economic and Social Council in 1964, will devote its attention to the search for practical ways of solving the international trade problems currently besetting the developing countries,

Considering that among these problems special importance attaches to those relating to the institutional aspect of international trade, as well as to those connected with markets and prices,

Taking into account the fact that sufficient background data must be prepared to enable the Latin American countries to adopt a concerted position, and that their problems and prospects must be put forward in clear and convincing terms if Latin America is to take due advantage of the opportunity afforded by the United Nations Conference on Trade and Development to find a satisfactory solution to their foreign-trade problems,

1. Expresses its deep interest in the United Nations Conference on Trade and Development, since this will constitute an excellent opportunity for the developing countries to present their foreign trade problems in close relation to their economic development problems;

2. Expresses its conviction that, the fundamental purpose of the Conference being to find practical solutions for the serious trade problems that hamper economic development, its attention should be concentrated on such problems, and that it should avoid discussing problems

of a political nature which might jeopardize the attainment of the objectives of the Conference;

3. Recommends to the secretariat that it should concentrate its efforts on the preparation of the studies that are intended for the Conference, giving them top priority, so that they may be of assistance in the search for ways and means of solving Latin America's foreign trade problems and meeting the requirements created by intensive development; these studies will follow the pattern already outlined in the provisional agenda of the Conference,<sup>46</sup> but should in addition be supplemented by any others recommended by the Commission at the tenth session and by the inclusion of any further topics which the secretariat, in consultation with the Secretary-General of the Conference, may deem to be conducive to a better presentation of the problems of the region;

4. Recommends that the studies which the secretariat carries out in accordance with paragraph 3 above should be developed in such a way that they may provide sufficient data to enable the Latin American countries to adopt a concerted position at the Conference;

5. Requests the secretariat to hold a seminar on the United Nations Conference on Trade and Development, prior to the Conference, at a date to be determined in consultation with its Secretary-General; this seminar should be conducted with the co-operation of specialists appointed by the Governments of all the Latin American countries and should aim at promoting more efficient preparation and fuller mutual knowledge of those problems of the countries of the region which are to be discussed at the Conference.

16 May 1963

**222 (X). Latin American trade and integration**

*The Economic Commission for Latin America,*

Taking into account the studies which the secretariat has been carrying out, at the request of the Governments of member States, on subjects relating to the promotion of foreign trade and the diversification of Latin America's exports, and to the gradual establishment of a Latin American common market,

In view of the world trend towards the creation or formation of economic groupings, and its repercussions on the trade and economy of Latin America,

Considering the opportunities afforded by the forthcoming United Nations Conference on Trade and Development for seeking ways and means of strengthening the external trade of the Latin American countries as a dynamic factor in their economic development,

Considering that the Board of Governors of the Inter-American Development Bank, at its fourth meeting, held recently at Caracas, adopted resolution AG-8/63, in pursuance of which it will take immediate steps with a view to making an efficacious and rapid contribution to the financing of intraregional exports, thereby doing much to facilitate increased trade between the Latin American countries,

<sup>46</sup> Official Records of the Economic and Social Council, Thirty-fifth Session, Annexes, agenda item 6, document E/3720, para. 6.



Considering the desirability of extending the financing of exports to the field of intermediate goods and primary commodities,

1. *Requests* the secretariat:

(a) To give the highest priority to activities connected with the formation of a Latin American common market, with special attention to:

(i) Co-operation in the study of new industries which might be established in the zone on a multinational basis, and of the possible effects that might follow from the process of integration for certain specific sectors, by means of recommendations as to financial and other measures — in particular the creation of a fund or funds — calculated to contribute to the solution of the problems in question;

(ii) The study of those specific fields that might be the subject of complementarity agreements by industrial sectors and of groups of products that might form the basis for the early establishment of sectoral free markets;

(iii) Ways and means of facilitating the distribution of goods between countries in the area, especially by sea transport, using such devices as the establishment of basic loads and the organization of special storage areas;

(b) To continue the study of the potential consequences for the trade and economy of Latin America of the formation and development of multinational groupings in other regions, and to suggest possible ways and means of finding a solution and of co-ordinating the policy of the Latin American countries in relation to world trade and trade between Latin American countries;

(c) To proceed with its work on the expansion and diversification of the external trade of Latin America, at both the world and the regional level, to identify and analyse the internal and external factors hampering such expansion and diversification in each country, and to study possible solutions to the problems concerned, together with appropriate policies and measures designed to ensure that external trade makes an effective contribution to the economic development of Latin America;

(d) To analyse in particular guiding principles and methods for action intended to bring about the gradual reduction, in the industrialized countries, of restrictions on imports of goods from Latin America;

(e) To study ways and means of increasing the exchange and application of technological knowledge in Latin America;

2. *Requests* the secretariat to carry out the studies on economic integration referred to in the present resolution in close co-operation with the competent organs of the Latin American Free-Trade Association and of the General Treaty on Central American Economic Integration, and with the other international bodies concerned with the relevant questions, and to report periodically to the Governments of member States on the results of its work;

3. *Recommends* to the secretariat that, in consultation with the existing integration agencies in Latin America, it should carry out studies on different ways of establishing links between the Latin American Free-Trade Association and the General Treaty on Central American Economic Integration;

4. *Recommends further* to the secretariat that it should offer its collaboration to the Inter-American Development Bank in the preparation of the studies which the Bank is undertaking with regard to the extension of export financing activities to the field of intermediate goods and primary commodities.

16 May 1963

223 (X). *Publicity concerning the Commission's work*

*The Economic Commission for Latin America,*

*Bearing in mind* resolutions 191 (IX), 192 (IX) and 198 (IX), and Economic and Social Council resolution 819 A (XXXI),

*Taking into account* the documentation submitted by the secretariat at the tenth session, and particularly the report entitled "Towards a dynamic development policy for Latin America" (E/CN.12/680),

*Considering* that the region's future economic and social development will depend not only upon the efforts of Governments and international agencies, but also on the support they receive from public opinion in Latin America,

*Considering* that it is urgently necessary to enlist all the dynamic elements in the Latin American communities in the service of regional economic development and co-operation,

*Taking note* of the fact that, in the discussions at the tenth session, general concern has been expressed at the weakness of the machinery for transmitting the useful and copious theoretical and technical studies prepared by the Commission and other regional agencies to the widest possible areas of public opinion in Latin America,

1. *Requests* the secretariat to set up at an early date a small *ad hoc* advisory group composed of experts on economic information and publicity, with experience in Latin America, and appointed in their personal capacity;

2. *Requests* this advisory group to draw up, before the end of 1963, a programme of immediate action including:

(a) An analysis of the obstacles which in the past have prevented the timely and extensive dissemination among the widest possible areas of public opinion in Latin America of information on the valuable theoretical and practical contributions made by the Commission and other regional co-operation agencies;

(b) Specific proposals for the early removal of these obstacles, with special emphasis on the measures that may be adopted to enlist in the service of information and publicity on economic matters the centres of education at various levels, the press, radio and television and private-sector organizations in Latin America;

(c) Suggestions for the mobilization of the financial resources required in order to put into practice such a campaign to publicize regional efforts in the field of economic development and co-operation;

3. *Requests* the secretariat to report to the Governments of States members of the Commission, at the next session of the Committee of the Whole, on the recommendations of the advisory group and the action taken to implement them.

16 May 1963



## 224 (X). Programming of housing

### *The Economic Commission for Latin America,*

Having studied the note by the secretariat (E/CN.12/681) on the report of the Committee on Housing, Building and Planning established in compliance with Economic and Social Council resolution 903 C (XXXIV) and the provisional report (E/CN.12/647) of the Latin American Seminar on Housing Statistics and Programmes, held at Copenhagen, Denmark, from 2 to 22 September 1962, under the joint auspices of the Government of Denmark and the United Nations, in co-operation with several agencies of the Organization of American States,

Considering that in Latin America the housing conditions of large sectors of the population are extremely unsatisfactory, and that they are, moreover, considered to have deteriorated in a number of countries during the decade 1950-1960, a state of affairs which calls for the immediate adoption of national policies and programmes based on more adequate statistics and suitable methods of planning,

Recognizing the need for Governments to formulate national house-building programmes in the context of national economic and social development plans, as a means of ensuring more effective utilization of resources and compatibility between the aim of improving living conditions in respect of housing and the requirements of economic development,

Bearing in mind that the Economic and Social Council recommended, in its resolution 903 C (XXXIV), that the Secretary-General should be authorized to provide additional staff in the Bureau of Social Affairs and the corresponding strengthening of the staffs in the regional economic commissions in accordance with General Assembly resolution 1709 (XVI) of 19 December 1961, to carry out the research and organizational work necessary for the effective development of the housing, related community facilities and physical planning programme of the United Nations.

Bearing in mind the activities undertaken in regard to housing by various regional institutions, especially those channelled through the Inter-American Development Bank and the interest of that institution in improving the objective bases for the formulation of housing policies and programmes in the Latin American countries,

1. Takes note of Economic and Social Council resolution 903 C (XXXIV), by which the Council invites the regional economic commissions to strengthen their activities in this field and to co-operate fully in the work of the Committee on Housing, Building and Planning;

2. Takes note with satisfaction of the provisional report on the Latin American Seminar on Housing Statistics and Programmes (E/CN.12/647), endorses the general conclusions contained therein (paragraphs 578-582), recommends the secretariat to issue the report in its final form and distribute it to Governments, and expresses its special thanks for the co-operation of the Economic Commission for Europe in the conduct of the Seminar;

3. Takes note with satisfaction of the establishment, under the United Nations technical assistance programme, of a group of consultants on the programming and

financing of housing projects, attached to the Commission's secretariat;

#### 4. Requests the secretariat:

(a) To prepare, in co-operation with the Latin American Institute for Economic and Social Planning, and with the assistance of experts if necessary, appropriate methodological bases for the formulation of housing programmes in the Latin American countries, including in particular methods of estimating housing deficits and building requirements for the satisfaction of minimum housing needs;

(b) To promote intergovernmental exchanges of experience in relation to housing policies and programmes and house-building and financing methods, to collaborate with national agencies in the preparation of specific research or demonstration projects conducive to the satisfactory solution of the housing problem, and to extend to the rest of the region and intensify the studies carried out by the Commission's Mexico office in connexion with the standardization of materials and modular co-ordination;

(c) To co-operate with the Latin American Institute for Economic and Social Planning in the organization of training courses in housing programming for officials from national housing institutions or agencies;

(d) To co-ordinate its activities closely with those of the international agencies operating in this field, with a view to avoiding duplication.

16 May 1963

## 225 (X). Agricultural development

### *The Economic Commission for Latin America,*

Considering that agricultural production in several Latin American countries has recently not been increasing at a satisfactory rate, a fact which has tended to aggravate their external trade problems; that it has not contributed directly to improving the level of nutrition of their inhabitants; and that in general it has adversely affected the economic and social development of those countries,

Considering that it is indispensable to remove the structural and institutional obstacles to the wholesale use of up-to-date production techniques calculated to raise the productivity of land and labour and ensure the proper conservation of agricultural and forest resources,

Bearing in mind that unsatisfactory land and water tenure systems, and inadequate services for research, extension, credit, marketing, education and training in agriculture are among the most important of these obstacles,

Realizing that the process of structural and institutional readaptation of agriculture calls for planning within the framework of general programmes of economic and social development;

1. Notes with satisfaction the document entitled "Agriculture in Latin America: problems and prospects" (E/CN.12/686 and Corr.1), prepared jointly by the secretariat and the Food and Agriculture Organization of the United Nations, and the joint action and co-ordination carried out in regard to agricultural development and land reform by the Commission, the Food and Agriculture



Organization of the United Nations, the Organization of American States, the Inter-American Development Bank and the Inter-American Institute of Agricultural Sciences, through the Inter-American Committee for Agricultural Development;

2. *Notes further with satisfaction* the co-operation being given by the Food and Agriculture Organization of the United Nations Special Fund in regard to technical training through the establishment and strengthening of faculties of agriculture and forestry, and special schools and research and training institutes in the sphere of forestry, fisheries and agrarian reform;

3. *Requests* the secretariat and the Food and Agriculture Organization of the United Nations, in co-operation with other competent international and regional bodies, in particular those which are members of the Inter-American Committee for Agricultural Development, to continue or to initiate basic studies on the agricultural development of the countries of Latin America, paying particular attention to the following:

(a) The study of the systems of land and water tenure in those countries of the region not included in the study now being made by the Inter-American Committee for Agricultural Development, with a view to providing Governments with a more satisfactory basis for such measures as they may decide to adopt for the transformation of those structures in order to overcome the obstacles in the way of technological improvement and the economic and social progress of the rural populations;

(b) The study of the levels of agricultural productivity prevailing in the various countries of the region, in an endeavour to determine what technological changes should be made in order to raise those levels and bring about greater complementarity in the agricultural economies of the Latin American countries, bearing in mind the existence within the region of agricultural zones with common characteristics and problems;

(c) The study of agricultural research, extension, education and training services, in an effort to define their existing structure, operation and degree of efficiency, the improvements which should be introduced in those services in order to make technological transformation possible on the scale needed to produce a faster rate of economic and social development in the Latin American countries, and the future requirements in trained personnel at all levels;

4. *Requests* the secretariat, the Latin American Institute for Economic and Social Planning and the Food and Agriculture Organization of the United Nations, in conjunction with the other inter-American organizations belonging to the Inter-American Committee for Agricultural Development, to intensify their technical co-operation with Governments of member States which so request, in the formulation of economic development plans;

5. *Recommends* to Governments of member States that they should give all possible assistance in carrying out the above-mentioned studies and likewise that they take the fullest advantage of the technical training programmes of the Food and Agriculture Organization of the United Nations and the Special Fund.

16 May 1963

## 226 (X). Financing of development

### *The Economic Commission for Latin America,*

*Considering* that, in order to expedite the rate of economic growth of the countries of the region, it is imperative to bring about a substantial increase in the accumulation of capital,

*Bearing in mind* that the financing of investment should derive primarily from the internal efforts of the Latin American countries themselves,

*Having regard* to the need for preventing the financing methods adopted from creating internal inflationary pressures or marked balance-of-payments disequilibria,

*Taking into account* the fact that existing patterns of income distribution in most of the Latin American countries constitute a potential source of internal savings which can be utilized on a larger scale, and at the same time channelled more effectively,

1. *Takes note with satisfaction* of the progress made in research on the financing of development undertaken by the secretariat, as reflected, *inter alia*, in the documents entitled "Towards a dynamic development policy for Latin America" (E/CN.12/680), "The economic development of Latin America in the post-war period" (E/CN.12/659 and Add.1) and "The role of external financing in the economic development of Latin America" (E/CN.12/649), as also of the studies and meetings conducted in compliance with the OAS/ECLA/IDB Joint Tax Program;

2. *Reaffirms* the terms of resolution 3 (IV), adopted by the Commission in June 1951, and others on the same topic;

3. *Requests* the secretariat, in proceeding with its studies on these subjects, in co-ordination with other interested international agencies as appropriate, to devote special attention to research on the structure, volume and distribution of internal savings so that it may serve as a basis for formulating a financial policy compatible with the aim of accelerating the economic and social development of the countries of the region.

16 May 1963

## 227 (X). Economic integration and planning

### *The Economic Commission for Latin America,*

*Considering* that the processes of economic integration in Latin America constitute a highly important factor in the acceleration of the economic development of the countries of the region,

*Bearing in mind* the urgent need to intensify and regulate the exploitation of such development possibilities through the strengthening of movements towards the integration and co-ordination of national development programmes,

1. *Recommends* to the Governments of Latin America that in formulating their development plans they take into consideration the broader markets resulting from economic integration, in such a way as to facilitate the process and ensure that due advantage is taken of the possibilities opened by complementarity in their economies;

2. *Requests* the secretariat to carry out, in co-ordination with the secretariat of the Latin American Free-Trade Association and the Permanent Secretariat of the General



Treaty on Central American Integration, the studies required to determine, having regard to the volume of the market and the feasibility of the projects in question, what products are in demand but are not produced in the Latin American countries, with a view to their manufacture within the integration areas;

3. *Recommends* the secretariat to study, in conjunction with the secretariat of the Latin American Free-Trade Association, specific regional market industrial projects which can be executed in the relatively less developed countries of the region,

4. *Requests* the secretariat and the Latin American Institute for Economic and Social Planning to conduct methodological research designed to facilitate the comparability and progressive co-ordination of the development plans of the countries of the region;

5. *Requests* the Latin American Institute for Economic and Social Planning to take into consideration in its personnel training programmes the technical problems deriving from the co-ordination of national plans in the context of economic integration.

16 May 1963

## 228 (X). Private enterprise and economic development

*The Economic Commission for Latin America,*

*Bearing in mind* that in almost all the Latin American countries the private sector is responsible for a substantial proportion of the investment effort,

*Considering* that the achievement of the development plans prepared by many countries in the region depends to a high degree on whether the active participation of the private sector can be assured,

*Mindful* of the fact that an indeterminate proportion of the private funds of some Latin American countries is transmitted abroad every year,

*Requests* the secretariat, having regard to prevailing conditions in Latin America, to undertake the necessary studies in order to work out formulas that would serve to encourage private initiative and enterprise to play a more dynamic part in the economic and social development of Latin America, and, in particular, formulas that might make it possible:

(a) To promote the spirit of enterprise of the Latin American private sector, in consonance with the social objectives of regional development and integration;

(b) To encourage the association of private domestic capital and technique with foreign private capital and technique in joint enterprises;

(c) To provide incentives to Latin American capital so that it will be kept and used within the region itself;

(d) To improve and expand the capital markets in each of the Latin American countries, and to study the possibility of establishing a regional capital market;

(e) To facilitate the exchange of views between the planning agencies and the bodies representing employers, employees, workers, and other social sectors.

16 May 1963

## 229 (X). Income distribution

*The Economic Commission for Latin America,*

*Recognizing* that the slow rate of growth of income and its inequitable distribution are the result of structural causes which hinder the full utilization of output capacity and prevent a rapid increase in the net capital formation required for the expansion of the product and of income and the attainment of a substantial improvement in levels of living,

*Recognizing* that these structural conditions must be altered if economic and social progress is to be furthered and a more equitable distribution of income secured,

*Recognizing* that an increase in net capital formation must basically derive from internal effort, and that in this connexion a redistribution of income in the Latin American countries may afford an additional source of internally productive savings of considerable magnitude, which can be supplemented, in the over-all context of development policy, by international financial and technical co-operation,

*Considering* that the different forms of economic policy offer various alternative possibilities for influencing income distribution, and that knowledge of the repercussions of these alternatives is a prerequisite for the formulation of a truly integrated over-all policy,

*Considering* that it is essential to possess the information required for analysing, in development plans, the possibilities of increasing net capital formation, and establishing the economic and social targets which will enable the most rapid rate of development to be achieved with maximum equity,

1. *Takes note with satisfaction* of the documents submitted by the secretariat entitled "Towards a dynamic development policy for Latin America" (E/CN.12/680), "The economic development of Latin America in the post-war period" (E/CN.12/659 and Add.1) and "The social development of Latin America in the post-war period" (E/CN.12/660);

2. *Recommends* to Governments that they should undertake studies on the distribution of income — according to its magnitude — among individuals and households, social groups and geographical areas in their respective countries, as well as analyses of the structural factors affecting its distribution;

3. *Recommends* to the secretariat that it should proceed further with the studies on income distribution by countries at their request, conduct research on the methods and techniques of analysis best suited to this field of activity, and explore the most efficacious means of adapting the various social programmes to a policy capable of accelerating development and influencing income distribution in ways conducive to economic development itself and to a greater measure of social justice.

16 May 1963

## 230 (X). Programming of social development

*The Economic Commission for Latin America,*

*Bearing in mind* resolution 189 (IX) on social problems in Latin America,



*Having taken note of the remarkable efforts made by the secretariat in connexion with the study both of these problems and of the social requisites for economic development,*

*Considering that the studies in question still represent only the first steps towards a complete grasp of all the social requirements that are essential for integrated development planning, as well as of the urgent measures required to raise the level of living in the Latin American countries,*

*Requests the secretariat, in co-operation with the Latin American Institute for Economic and Social Planning, the United Nations Bureau of Social Affairs and interested organizations :*

(a) To convene in 1964 a working group of specialists in social planning, and to continue, for the purposes of that meeting, the studies already begun on the methodology of social planning, with very particular attention to the need for establishing the indispensable criteria for determining targets and priorities that could be incorporated in a plan for the various social sectors as a whole, within the context of over-all planning, and bearing constantly in mind the generally accepted scheme of the components and indicators of the level of living;

(b) To carry out further studies on all those aspects of the social structure of the Latin American countries which affect the acceleration of economic development;

(c) To continue research on the geographical distribution of the population and of the causes, characteristics and effects of the various shifts and settlements of both urban and rural population, within the economic development process, laying special emphasis on :

(i) The causes and effects of major urban concentrations;

(ii) The search for the best methods of strengthening regional economies that would be conducive to the development of population centres, and for procedures that would facilitate the rapid incorporation of marginal populations in the economic process.

(d) To maintain, in fulfilling this task, the closest possible co-ordination with the United Nations research institute for social development to be established at Geneva early in 1964.

16 May 1963

#### 231 (X). Planning of education and economic and social development

##### *The Economic Commission for Latin America,*

*Having regard to the note by the secretariat on problems of the programming of social development (E/CN.12/661), which contains an important section on the programming of the educational sector, and other documents in which allusion is made to the human aspects of economic development,*

*Considering that, in order to promote and secure the rapid economic and social development of Latin America, all levels and forms of education are called upon to discharge a function whose importance has been stressed during the tenth session,*

*Considering that it is essential for the region's educa-*

*tional systems to be developed by means of a planning process whereby the structure and efficiency of these systems can be dynamically geared to the requirements of population growth and to development needs in the matter of human resources,*

*Considering that efficacious planning of this kind calls for appropriate mechanisms duly co-ordinated with those of over-all development planning, properly trained personnel, the continuous improvement of planning techniques, and the integration of plans for education with economic plans and with those of other social sectors.*

1. *Notes with satisfaction the speed and intensity with which, ever since the second Inter-American Meeting of Ministers of Education, held at Lima in 1956, the concepts and practice of educational planning have been extended and improved in Latin America and other regions, and expresses its appreciation of government action and the co-operation of international organizations, more particularly of the United Nations Educational, Scientific and Cultural Organization (UNESCO), in this field;*

2. *Stresses the importance, for the integration of educational planning with economic planning, of joint action by UNESCO and the Commission in the form of undertakings such as the Conference on Education and Economic and Social Development in Latin America, held at Santiago, Chile, in March 1962, and the participation of UNESCO in the provision of advisory services to the States members of the Commission;*

3. *Welcomes the establishment by UNESCO and the Latin American Institute for Economic and Social Planning of a special educational planning section, which will be an integral part of the Institute and will concentrate on training and research with a view to ensuring that educational planning is undertaken within the context of over-all development planning;*

4. *Pays a special tribute to the value of the contribution which the international and regional financing organizations are making to the promotion of education through their programmes of credit and assistance to the Latin American countries;*

5. *Recommends to Governments that they should intensify the application of the principles and techniques of educational planning to the formulation and execution of education policy as a means of vindicating the right of the Latin American peoples to education, training the human resources that are indispensable for development, and enhancing the efficacy of existing educational services;*

6. *Recommends that the international and regional organizations concerned should intensify their co-ordinated action in order to co-operate with Governments requesting such assistance at the different stages of the educational planning process in relation to economic and social development.*

16 May 1963

#### 232 (X). External financing

##### *The Economic Commission for Latin America,*

*Considering that the high levels of capital formation essential for the acceleration of the economic develop-*



ment of Latin America necessitate, besides a substantial internal effort, an increase in external financial co-operation by virtue of which the requisite structural reforms can be put into effect and internal resources mobilized to facilitate economic growth within a framework of financial stability,

*Considering* that such a volume of external financing will entail a joint effort on the part of the industrialized countries to provide more extensive credit on appropriate financial terms, so that the capital goods most needed in each individual case can be purchased,

*Considering* that the countries of the region will have to strive to increase their exports of industrial goods, and that it will accordingly be necessary for them to have at their disposal systematic studies on the relevant financial problems,

*Considering* that, despite the efforts made to secure greater flexibility in the granting and disbursement of credits, sufficient speed has not yet been attained to impart greater fluidity to investment programmes,

*Considering further* the need for more satisfactory co-ordination between economic development programmes and currency stabilization plans, in order to prevent undesirable fluctuations in the levels of employment and consumption of developing countries,

1. *Recommends* to the credit institutions operating in the international field that they should consider the possibility of:

(a) Intensifying their efforts to secure greater speed and flexibility in the concession and disbursement of credits;

(b) Allowing each country, in granting their credits, a wider margin of opportunity for the purchase of equipment produced domestically;

2. *Recommends* to countries supplying capital goods that they should consider the possibility of increasing their financial contribution to Latin America by granting credits on easier maturity terms and in a manner more appropriate to the needs of the countries importing such goods;

3. *Recommends* to the Latin American member States that the formulation of their internal and external financing policies should be consistent with the development programmes of the public and private sectors;

4. *Takes note with satisfaction* of resolution AG-8/63 adopted by the Board of Governors of the Inter-American Development Bank at its fourth meeting, and recommends to States members of the Commission that they should support, through their representatives to that institution, the continuation of studies on the problems of financing Latin American exports.

16 May 1963

### 233 (X). Planning

#### *The Economic Commission for Latin America,*

*Bearing in mind* that planning systems require for their effectiveness the organization and co-ordination of a series of administrative and technical mechanisms to provide guidance in establishing development targets, the administration of development programmes and the channelling of economic and social policy along lines

consistent with those mechanisms, and the periodical production of data for the control and execution of plans,

*Considering* that development plans should embody the aspirations of the various sectors of the population and that the active participation of those sectors is required for their execution,

*Considering* that economic and social factors constitute two inseparable aspects of development, and that in consequence an integrated approach to planning must be adopted, taking account, *inter alia*, of problems relating to income distribution and to the need to seek the balanced development of the different areas in each country,

1. *Recommends* the Governments of Latin America to promote the organization or consolidation of programming systems, so that the phases of formulation, execution and control of development plans may be properly integrated, and, as a supplement to the formulation of long-term and short-term plans, to ensure the balanced development of the other instruments or mechanisms forming the planning system, the greatest attention being devoted to those at a relatively less advanced stage, in accordance with a work schedule whose main items might be the following:

(a) Preparation of regional development plans within each individual country;

(b) Formulation of over-all and sectoral medium-term investment plans;

(c) Preparation of over-all and sectoral financing programmes;

(d) Formulation of economic and social policy in terms of the over-all and sectoral objectives of the plans;

(e) Application of the system of programme budgeting and adaptation of the public sector's accounting systems to planning requirements;

(f) Creation of machinery for the compilation, processing and analysis of the data required for the formulation, execution and control of programmes;

(g) Participation of the various sectors of the population and of state agencies in the programming process;

(h) Consolidation or creation of agencies for the preparation and evaluation of specific investment projects and preliminary projects;

2. *Reaffirms* the terms of resolution 185 (IX), in so far as it requests the secretariat to continue organizing technical meetings for the discussion of planning problems, and recommends to the Governments of States members of the Commission that they should organize a programme of visits for the exchange of experience among the various programming offices established in Latin America;

3. *Requests* the secretariat and the Latin American Institute for Economic and Social Planning to continue and expand their research in the field of planning, in order to support the efforts of Governments in the directions mentioned in the foregoing paragraphs, and to pursue their work on income distribution, rendering technical assistance to the countries of the region and pressing on with the study of the methodological and technical problems of analysis;

4. *Recommends* to the Latin American countries that they should study the desirability of setting up, in addi-



tion to the central planning offices, sectoral offices at the ministerial level or autonomous agencies, in order to increase the effectiveness of the over-all planning process.

16 May 1963

## 234 (X). Integration industries

### *The Economic Commission for Latin America,*

*Considering* that during the next few years the Latin American countries will have to invest heavily in industry, in order to attain the economic and social development targets that have been set,

*Having regard* to the fact that, if the maximum benefit is to be derived from such investment, industrial development must be effectively programmed, so that the branches of industry to be developed are selected on consistent lines and in conformity with an over-all economic and social development outlook,

*Considering* that in each branch of industry, production techniques and industrial equipment must be selected with due regard for the characteristics of Latin America in respect of raw materials, the size of the market, and the relative abundance or shortage of the various factors of production,

*Bearing in mind* that the secretariat, in a study on industrial development in Latin America (E/CN.12/664), has stated these problems in concrete terms and has at the same time drawn a clear picture of the present status and development prospects of the main branches of Latin American industry,

*Considering* that in addition, since the ninth session, the secretariat has prepared studies on various branches of industry<sup>47</sup> which provide useful technical and economic data as a basis for defining the form taken by these problems in the steel-making, metal-transforming, chemical, textile, forest and pulp and paper industries, and that in the course of carrying out such studies it has acquired extensive experience in this field,

*Considering* that in rechannelling Latin America's industrial development in a direction which will enable it to give renewed impetus and better balance to the region's economic and social development process, increasing attention should be devoted to the extensive possibilities for co-ordinated industrial development opened up by the economic integration of Latin America,

*Considering* that the progress of the industrial integration of Latin America depends, on the one hand, on the carrying out of preliminary studies and the assembly of basic data on each specific industry in the various countries, and, on the other hand, on the adoption of a regional approach consistent with the prospects and guiding principles of the economic and social development of Latin America as a whole,

<sup>47</sup> E/CN.12/570/Rev.1 (United Nations publication, Sales No.: 63.II.G.7), E/CN.12/619/Rev.1 (United Nations publication, Sales No.: 63.II.G.2), E/CN.12/622 (United Nations publication, Sales No.: 63.II.G.5), E/CN.12/623, E/CN.12/624 (United Nations publication, Sales No.: 63.II.G.1), E/CN.12/628 and Add. 1-3, E/CN.12/629 and Add. 1-5, and E/CN.12/633 (United Nations publication, Sales No.: 63.II.G.4).

*Taking into account* the fact that the Governments of some member States have announced their decision to adopt measures to expedite the liberalization of trade within the framework of the Latin American Free-Trade Association,

*Bearing in mind* that if this procedure for expediting the integration process is to prove efficacious, the Governments must have at their disposal at the earliest possible date concrete and accurate technical and economic information on the possibilities of developing integration industries,

*Considering* that the studies already carried out and the experience acquired in the field of industry enable the secretariat to prepare such studies and data,

1. *Expresses its appreciation* to the secretariat for the studies it has undertaken on industrial questions and recommends their continuation and acceleration on the basis of the highest possible priority;

2. *Recommends* to the secretariat that in carrying out such work it should explore more and more specifically the possibilities of creating industries aimed primarily at the common market, or integration industries such as those concerned with steel-making, chemical and petrochemical products, metal-transforming, transport and building materials, with a view to facilitating their establishment, bringing about import substitution and increasing production, and that it should indicate the methods and procedures which it deems to be most suitable for attaining this objective;

3. *Recommends* to the secretariat that, in planning and implementing such studies, it should pay special attention to the particular situation of the less advanced countries of Latin America, in order to pave the way for government action to enable them to take an active part in the regional integration process;

4. *Requests* the secretariat to bring each one of these studies to the attention of the Governments of member States as soon as they have been completed, so that the Governments may take appropriate action without waiting for the next session of the Commission;

5. *Suggests* to the Governments of member States that they should give priority to projects for the establishment of integration industries;

6. *Invites* international financing institutions to give priority, in the granting of credit, to industrial integration projects.

16 May 1963

## 235 (X). Problems of the textile industry

### *The Economic Commission for Latin America,*

*Noting with satisfaction* the progress of the work of the secretariat in connexion with the analysis of the present situation and prospects of the textile industry in the Latin American countries members of the Latin American Free-Trade Association with a view to their participation in an integrated regional market,

*Considering* that the reports submitted so far reveal a high degree of under-utilization of available resources of capital, labour and raw materials and suggest that co-ordinated action should be taken at the national and inter-



national levels to remedy these shortcomings — action which has, in some cases, already been initiated,

*Bearing in mind* that the countries on which the secretariat has already completed studies — Brazil and Chile — have initiated, through the relevant technical agencies, co-ordinated technical assistance to this industrial sector, aimed at introducing organizational and structural changes which will enable them to realize their full potential as regards satisfying and expanding domestic markets and taking part in a possible integrated regional market,

*Paying due heed* to the influence exerted on industrial operations by the quality of raw materials, the level of training of workers and administrative personnel, and the choice of suitable techniques,

*Invites* the international organizations interested in the various aspects mentioned, namely, the International Labour Organisation, the Food and Agriculture Organization of the United Nations, the Organization of American States and the Inter-American Development Bank, to consider jointly with the secretariat of the Commission and the United Nations technical assistance programme the possibility of providing co-ordinated collaboration with the competent national organs and relevant industrial bodies in implementing the plans of action of the countries concerned, and, if necessary, to visualize the establishment of an *ad hoc* working group to examine in each country, at its request, the technical and financial assistance that the said organizations might be able to provide in this connexion in the light of the conclusions of the Commission's relevant studies, and thereafter to evaluate the progress made as a result of such assistance.

16 May 1963

### 236 (X). Forest resources and industries

*The Economic Commission for Latin America,*

*Having considered* the study entitled *Latin American Timber Trends and Prospects* (E/CN.12/624)<sup>48</sup> and the report on forest resources (E/CN.12/670/Add.3), prepared jointly by the Commission and the Food and Agriculture Organization of the United Nations,

*Considering* that although Latin America is the richest region in the world in respect of *per caput* forest resources, it produces only 10 per cent of all the timber consumed by the world market and only 4 per cent of the timber used for industrial purposes,

*Taking into account* the rapid rate at which demand for timber products and derivatives is increasing, both in the region itself and in the world at large, and the emergence of new markets in countries that have hitherto been exporters of such products,

*Bearing in mind* the fact that, up to the present, detailed studies on the region's forest resources have covered only some areas in certain countries, and that research in this field must be completed at the earliest possible date, to prevent the formulation of misguided policies with regard to the utilization of these resources,

*Considering* that, unless the question of a sound and

co-ordinated forest policy for the region as a whole is tackled promptly, there will be a risk of incurring substantial expenditure in future years on imports of forest products and on land rehabilitation projects,

1. *Takes note with satisfaction* of the studies mentioned above in the first preambular paragraph and recommends the secretariat and the Food and Agriculture Organization of the United Nations (FAO) to proceed with such studies;

2. *Expresses gratification* at the announcement by FAO that it is planning to carry out a thorough study of the region's forest resources as a contribution towards the economic integration earnestly desired by the Latin American countries;

3. *Recommends* FAO to seek co-operation from the secretariat of the Commission and from the competent agencies of both the United Nations family and the inter-American system;

4. *Recommends* the Governments of member States to provide all the facilities and co-operation they can for the preparation of these studies,

5. *Recommends* the Governments of member States to give express attention in their development plans to the industrial processing of their forest products, and to provide the necessary financing with a view to effecting import substitution in respect of these products, inasmuch as they can be processed from raw material of excellent quality of which the region possesses plentiful supplies.

16 May 1963

### 237 (X). Decentralization of the economic and social activities of the United Nations and strengthening of the regional economic commissions

*The Economic Commission for Latin America,*

*Taking into account* the fact that the General Assembly at its seventeenth session adopted resolution 1823 (XVII), in which it reaffirmed the policy of decentralization of the economic and social activities of the United Nations and strengthening of the regional economic commissions as stated in its resolution 1709 (XVI),

*Bearing in mind* that the Economic and Social Council, in its resolution 879 (XXXIV) relating to decentralization, expressed its gratification at the adoption of General Assembly resolution 1709 (XVI) and expressed its confidence that the Secretary-General would continue to take further steps to carry out the process of decentralization in accordance with resolution 1709 (XVI),

*Recognizing* that decentralization implies an appropriate degree of autonomy while maintaining at United Nations Headquarters the role of policy guidance and uniform financial and personnel administration,

*Considering* that the secretariat has submitted to the Commission at its tenth session a note (E/CN.12/669) in which it describes the present status of the decentralization of the economic and social activities of the United Nations, and reports that on 1 September 1962 a Technical Assistance Co-ordinate Unit was established at the Commission's headquarters and that on 1 January 1963 an auxiliary co-ordinating unit was set up at the Commission's Mexico office,

<sup>48</sup> United Nations publication, Sales No.: 63.II.G.1.



Considering that, as far as regional projects of technical assistance are concerned, the secretariat should be the focal point for the preparation, execution and co-ordination of the technical assistance programmes and for providing advisory services to Governments of member States by means of experts and regional advisers attached to it,

Considering that, if decentralization is to be successful, sufficient authority must be delegated to the secretariat in respect of substantive, financial and administrative matters and in the engagement of experts to enable it to take immediate decisions with regard to the execution of regional projects, and that it must also be given the necessary resources to put them into effect, on the basis of authority to modify the programme, introduce financial changes within regional projects and engage expert technical assistance staff at the regional level, in accordance with the standards and regulations established by the competent bodies concerned with the over-all management of technical assistance programmes,

Considering further that by means of unified action and close co-operation with the resident representatives of the United Nations Technical Assistance Board, the resources and experience of the secretariat must be used to the full through more active participation in the preparation of national technical assistance programmes, in order thereby to make a positive contribution to the effective use of the financial resources assigned to the national technical assistance programmes of the Latin American countries,

1. *Takes note with satisfaction* of General Assembly resolution 1823 (XVII) and Economic and Social Council resolution 879 (XXXIV);

2. *Takes note with satisfaction* of the establishment of technical assistance co-ordinating units at the Commission's headquarters and at its Mexico office which will enable the secretariat to assume the role of focal point for the planning and execution of regional technical assistance projects;

3. *Recommends* to the Secretary-General that he should take steps to expedite decentralization by the delegation of functions and authority in substantive, financial and administrative matters and in regard to the engagement of experts at the regional level to the extent necessary to enable the secretariat to take immediate decisions with regard to the execution of regional projects, while maintaining at United Nations Headquarters the role of policy guidance and uniform financial and personnel administration;

4. *Requests* the secretariat to take whatever action may be necessary to assist the countries of the region, at their request, in reviewing their technical assistance requirements;

5. *Recommends* to the Secretary-General that the necessary financial resources should be made available with a view to increasing the share of regional technical assistance projects in the Commission's programme of work, especially in the fields of social and industrial development, statistics and housing, by means either of meetings of expert groups or of direct advice to the Governments of States members of the Commission.

16 May 1963

### *The Economic Commission for Latin America,*

*Taking into consideration* General Assembly resolution 1838 (XVII) of 18 December 1962, which recommends that studies and research on the interrelationship of population growth and economic and social development should be intensified, and Economic and Social Council resolution 933 (XXXV) of 5 April 1963, in which the Commission was invited to intensify its work in the demographic field within the general framework of the programme recommended by the Population Commission,

*Considering* the widespread and justifiable concern aroused by the rapid rate of growth of the population, with all its complex and manifold implications,

*Bearing in mind* that knowledge of the real demographic situation is essential for the formulation of problems relating to economic and social development planning, as was recognized by the Commission at its ninth session (resolution 187 (IX)),

*Having before it* the note (E/CN.12/687) in which the secretariat describes the demographic studies and research which it has carried out in co-operation with the Latin American Demographic Centre, and at the same time calls attention to the unfortunate circumstance that the Centre's valuable co-operation in the projected programme would necessarily be discontinued should its activities cease in 1964 under the terms of the agreement by which it is governed,

*Taking note with satisfaction* of the existence of a project to establish, with the support of the United Nations, a demographic research centre for the Central American area, under the auspices of the Government of Costa Rica,

1. *Requests* the secretariat to continue and expand its current demographic activities in order to promote a better understanding of population problems;

2. *Takes note with satisfaction* of the work done by the secretariat and by the Latin American Demographic Centre under their joint work programme and suggests the desirability of maintaining that co-operation and making it increasingly closer;

3. *Recommends* that, in order to ensure continuity in this joint endeavour, the necessary financial resources should be provided to enable the Latin American Demographic Centre to continue in operation beyond 1964, until the countries have trained specialists of their own — a process which has already begun — to carry on these research and educational activities;

4. *Supports* the establishment of the proposed demographic research centre in Central America, for the purpose of intensifying the study of population problems, particularly those connected with the Central American Economic Integration Programme;

5. *Points out* to Governments the desirability of making arrangements as soon as possible with the Special Fund and other international bodies interested in the activities of the Latin American Demographic Centre, such as the United Nations Educational, Scientific and Cultural Organization, the Economic Commission for Latin America, the International Labour Organisation and the



Pan American Sanitary Organization, to obtain the financial assistance necessary for the continuation and extension of the Centre's operations and for the establishment of the Central American demographic research centre.

16 May 1963

**239 (X). Natural resources**

*The Economic Commission for Latin America,*

Having examined General Assembly resolution 1710 (XVI) on the United Nations Development Decade, the report of the Secretary-General entitled *The United Nations Development Decade: proposals for action*<sup>40</sup> and the report on natural resources in Latin America (E/CN.12/670 and Add.1-5) prepared by the secretariat,

Considering that the efforts to expedite economic growth in the Latin American countries call for the maximum and most effective utilization of the region's natural resources,

Considering further that up to the present the knowledge of such resources is very fragmentary and insufficient, since there are no adequate systematic inventories and little progress has been made in their evaluation,

1. Takes note with satisfaction of the report by the secretariat on Latin America's natural resources, existing knowledge concerning them and the relevant research that is required (E/CN.12/670 and Add.1-5);

2. Recommends to the Governments of the Latin American countries:

(a) That they should redouble their efforts on a permanent and continuing basis to complete the inventory and evaluation of their natural resources and extend scientific and technical research in this field, as part of their economic and social development;

(b) That they should establish specialized bodies for that purpose in order to undertake research on, and the administration of, the various natural resources and, where such bodies already exist, grant them priority budget treatment for the efficient fulfilment of their functions;

(c) That universities and technical training institutes should give special attention to the training of scientists and technicians in the different subjects related to the utilization of natural resources, renewable or non-renewable;

<sup>40</sup> United Nations publication, Sales No.: 62.II.B.2.

(d) That they should establish maximum co-ordination between technical services and those responsible for the conduct of economic affairs in each country;

3. Requests the secretariat and the Latin American Institute for Economic and Social Planning, in co-operation with the appropriate international agencies and with the object of finding solutions to problems of common interest, to promote research on the region's natural resources and to extend the knowledge of techniques for their evaluation, through joint action based on systematic programmes, both short-term and long-term, as part of Latin America's economic and social development, and to that end to encourage the interchange of information, the standardization of technical terminology and nomenclature, the completion of general and specific studies of that nature and the organization of meetings and conferences of experts;

4. Requests the international agencies operating in the region to co-ordinate their efforts as far as possible and to develop coherent action on the basis of systematic programmes, both short-term and long-term, focusing particular attention on regional studies which involve joint action by several countries and bodies;

5. Expresses its appreciation of the contribution being made by the Special Fund in respect of natural resources and stresses the importance to the Latin American countries of the expansion of such activities, particularly where highly specialized and costly processes are required.

16 May 1963

**240 (X). Date and place of the eleventh session**

*The Economic Commission for Latin America,*

Bearing in mind paragraph 15 of its terms of reference and rules 1 and 2 of its rules of procedure,

Considering the invitation from the Government of the Dominican Republic to hold the eleventh session of the Commission at Santo Domingo,

1. Expresses its gratitude to the Government of the Dominican Republic for its generous invitation;

2. Decides to hold its eleventh session at Santo Domingo in April 1965, or in the following month if this should prove necessary as a result of the consultations to be held by the Executive Secretary of the Commission with the Secretary-General of the United Nations and the Government of the Dominican Republic.

16 May 1963

**PART IV**

**DRAFT RESOLUTION FOR ACTION  
BY THE ECONOMIC AND SOCIAL COUNCIL**

*The Economic and Social Council*

1. Takes note of the annual report of the Economic Commission for Latin America covering the period 17 February 1962 to 17 May 1963 (E/3766/Rev.3) and of the recommendations and resolutions contained in parts II and III of that report;

2. Endorses the programme of work and priorities contained therein.



## PART V

### PROGRAMME OF WORK AND PRIORITIES, 1963-1964

#### INTRODUCTION

520. In presenting the draft programme of work and priorities for 1963-1964, the Commission approved the new form of presentation, in which projects that were formerly of a comprehensive nature were broken down as far as possible into individual studies and projects. The new numeration has the advantage of linking the individual studies more directly to the major project, while the introduction of vertical columns for project numbers and priority groups facilitates the identification of priorities.

521. It is believed that the new presentation will provide a much clearer indication than hitherto of the scope of the programme that has been laid down by the Commission at its different sessions. Clearly, the programme as set out cannot be fully implemented by the secretariat over the next two years, but it should be much easier in future to see which projects have been partially or fully completed and to assess the response which the secretariat is able to give to the growing volume of work entrusted to it by the Commission.

522. When the programme was drawn up, due attention was paid to the basic directives of the General Assembly and of the Economic and Social Council, and, in particular, to General Assembly resolution 1797 (XVII) on integrated programme and budget policy, to the reports of the Secretary-General submitted to the Council pursuant to that resolution (E/3702 and E/3741) and to resolution 909 (XXXIV) and 936 (XXXV) of the Economic and Social Council. It is felt that the new presentation will facilitate incorporation of the programme into the new functional classification approved provisionally in that last resolution. In addition, the work programme in its new form also takes into account the need for concentration of effort and streamlining of activities. Moreover, every effort has been made to reduce the number and length of the meetings of the Commission, which are held only every two years, and of its subsidiary bodies and *ad hoc* working groups.

523. Other directives affecting the whole programme are contained in General Assembly resolution 1708 (XVI), setting up a United Nations Economic Projections and Programming Centre at Headquarters and urging that similar centres be set up in the regions, and in General Assembly resolution 1710 (XVI) and Economic and Social Council resolution 916 (XXXIV), relating to the United Nations Development Decade. Other pertinent resolutions of the Economic and Social Council are 903 C (XXXIV), in which the regional economic commissions are invited to strengthen their activities in relation to housing and to co-operate fully in the work of the Committee on Housing, Building and Planning, and 917 (XXXIV), whereby the regional economic commissions are requested to co-operate in the preparations for the United Nations Conference on Trade and Development.

524. In accordance with the policy laid down in paragraph 17 of the annex to Economic and Social Council

resolution 693 (XXVI), the secretariat has continued to enlist the co-operation of such bodies as universities, national private or public institutions and non-governmental organizations, in order to make the most effective use of its resources. Details of this co-operation appear in part I of this annual report and under the different projects in the work programme.

#### REVIEW OF THE WORK PROGRAMME FOR 1963-1964

525. The Commission introduced the following changes into the work programme:

| Project number | Group | A. New projects   |
|----------------|-------|---|
| 00-35          |       | Private enterprise and economic development                                 |
| 00-7           |       | Latin American Regional Centre for Economic Projections                     |
| 01-3           |       | Housing   |
| 02-0           |       | Preparatory work for the United Nations Conference on Trade and Development |
| 07-21          |       | Development of natural resources  |
| 10-01          |       | <i>Ad hoc</i> advisory group on publicity                                   |

#### B. Projects that have been eliminated

|         |  |
|---------|--|
| 30(ii)* | Customs policy   |
| 26*     | Construction materials (merged with project 05-2)  |
| 27*     | Special meeting on the mining industry   |
| 5*      | Joint ECLA/BTAO Economic Development Training Programme (transferred to the Latin American Institute for Economic and Social Planning) |

#### C. Projects that have been modified

| Title, authority and description |   |  |
|----------------------------------|---|--|
| 00-51                            | 1 | <i>Domestic financing of development</i><br>Authority: ECLA resolution 226 (X).<br>This project will be modified to include research on the structure, amount and distribution of domestic savings, and on the incentives needed to attract private domestic capital for development purposes. |
| 02-4                             | 1 | <i>Common market and integration</i><br>A new sub-project has been added, as follows:  |
| 02-44                            | 2 | <i>Study on alternative formulas for linking ALALC and the General Treaty on Central American Economic Integration</i><br>Authority: ECLA resolution 222 (X).  |
| 02-5                             | 1 | <i>Meetings of groups of experts</i><br>A new sub-project has been added, as follows:  |
| 02-53                            | 2 | <i>Preparatory seminar on the United Nations Conference on Trade and Development</i><br>Authority: ECLA resolution 221 (X).  |

\* Former number.



| <i>Project number</i> | <i>Group</i> | <i>Title, authority and description</i>   |
|-----------------------|--------------|---|
| 05-1                  | 1            | <i>Studies of dynamic industries</i><br>In carrying out these studies, the secretariat will pay special attention to the situation of the less developed countries in the region, as requested in ECLA resolution 234 (X).  |
| 06-21                 | 1            | <i>Problems of agricultural economy and land reform</i><br>This project will include a study by the secretariat of problems of land and water tenure in those countries not covered by the CIDA programme, as requested in ECLA resolution 225 (X).   |
| 07-21                 | 1            | <i>Development of natural resources</i><br>The last sentence describing this project will be modified as follows, in accordance with ECLA resolution 239 (X): "It is planned to continue this work in greater depth, in co-operation with the Latin American Institute for Economic and Social Planning and other interested international organizations, with a view to convening a meeting of experts." |
| 08-21                 | 2            | <i>Maritime transport in relation to the ALALC countries</i><br>This project will include research into the establishment of basic loads, organization of special storage zones and so forth in relation to maritime transport, as requested in ECLA resolution 222 (X).  |

**D. Projects on which little or no specific work has been done since the eighth session of the Committee of the Whole**

526. During the past year, using the resources released by the creation of the Latin American Institute for Economic and Social Planning, the secretariat has made a determined effort to work on a number of projects on which little progress had been made in the past for lack of resources (see E/3581/Rev.1). Although the results are still far from satisfactory, the position as shown in the last annual report has improved considerably and is reflected in the documentation prepared for the tenth session.

**IMPLEMENTATION OF THE WORK PROGRAMME**

527. On previous occasions the Commission has authorized the Executive Secretary, in dealing with the different work projects, to use available resources to arrange for such conferences, expert working groups and meetings or panels of experts as he may consider necessary, providing that prior approval has been obtained from the Government concerned and consultations with the

appropriate specialized agencies have taken place. The Commission wished the Executive Secretary to continue that policy.

528. Although it is desirable to have as stable a work programme as possible, unforeseen factors may make it necessary to abandon certain projects or to establish different priorities. For that reason, the Commission, as in the past, wished to leave it to the discretion of the Executive Secretary to modify or defer projects or alter the order of priority within the approved programme, should such unforeseen developments make it necessary.

**EXPLANATORY NOTES**

529. The programme of work is divided into nine broad sections, dealing respectively with the following questions: economic development and research; social development; trade and integration; industrial development; economic problems of agriculture (projects undertaken in collaboration with FAO); natural resources, including energy; transport; statistics; and other projects. One project, relating to the technical assistance programme, covers various fields of activity and is therefore given separately at the end of the programme.

530. The programme is presented in three columns, as follows:

1. *The number of the project.* A numbering system has been introduced which makes it easier to identify major projects and sub-projects under the different headings.

2. *The priority group.* The projects are classified in three groups in accordance with resolution 402 B (XIII) of the Economic and Social Council. Group 1 relates to continuing projects and activities of high priority, group 2 covers high priority *ad hoc* projects, and group 3, other projects.

3. *Title of project, authority and description.* In this column, the corresponding resolutions are listed beneath the title of each project. When the same resolutions apply to several consecutive projects or sub-projects, they are listed only the first time, with an indication in parentheses of the succeeding projects to which the same resolutions apply. Resolutions of the Committee of the Whole are identified by an arabic numeral indicating the serial number, followed by the appropriate committee symbol in parentheses. Resolutions of the Central American Economic Co-operation Committee are identified by the the abbreviation "CCE" and the number of the resolution. Trade Committee resolutions are identified by an arabic numeral followed by a roman numeral in parentheses indicating the session at which they were adopted.

**ANNOTATED LIST OF PROJECTS**

**00. Economic development and research**

| <i>Project number</i> | <i>Group</i> | <i>Title, authority and description</i>   | <i>Project number</i> | <i>Group</i> | <i>Title, authority and description</i>  |
|-----------------------|--------------|---|-----------------------|--------------|--|
| 00-0                  | 1            | <i>Current economic situation</i><br>Authority: ECLA resolutions 7 (IV), 32 (IV), 44 (V), 79 (VI) and 211 (IX). |                       |              | <i>Description:</i> This is an annual publication which in 1962, under the terms of the agreement reached with OAS in 1961, was prepared as a joint project, OAS being the executing agency. |
| 00-01                 | 1            | <i>Economic Survey of Latin America</i><br>Authority: ECLA resolutions 7 (IV), 44 (V), 79 (VI) and 211 (IX).    |                       |              | The 1961 agreement has since been reviewed and, by mutual agreement, OAS and ECLA will   |



| Project number | Group | Title, authority and description   | Project number | Group | Title, authority and description   |
|----------------|-------|--|----------------|-------|--|
|                |       | undertake joint research for the annual <i>Survey</i> but will publish their findings separately. A very brief résumé of events in 1962 was prepared for the tenth session (E/CN.12/679).  |                |       | Latin American development policy in its different economic and social aspects. Such over-all studies will continue, with a view to analysing institutional reforms and the different economic, fiscal and monetary measures which should make up a development policy.  |
| 00-02          | 1     | <p>Beginning with 1963, it is planned to include in the <i>Survey</i> a special analysis of the annual development of the economy of Central America as a whole, which will enable an objective evaluation to be made of the future development of the Central American common market and the economic integration programme.</p> <p><i>Economic Bulletin for Latin America</i><br/> Authority: ECLA resolutions 32 (IV) and 79 (VI).</p> <p>Description: The <i>Bulletin</i> is published twice yearly. The <i>Statistical Supplement</i>, which has been a feature of the <i>Bulletin</i> in recent years, was published twice in 1962, as a separate issue.</p>   | 00-132         | 1     | <p><i>Analysis of economic policy by countries</i><br/> Description: No systematic studies have yet been made of the economic policy applied by the countries in the region. As resources permit, studies by countries will be started, comprising the following: (a) an analysis of the general guiding principles of economic and social policy and the targets established by the Governments; (b) an analysis of the particular measures which make up this policy; (c) a study of the efficiency of the methods used in terms of the targets aimed at; (d) a study of the efficiency of over-all policy in relation to development.</p>   |
| 00-1           | 1     | <p><i>Economic growth and technique of planning</i><br/> Authority: ECLA resolutions 48 (V), 81 (VI), 137 (VII), 147 (VIII), 148 (VIII), 155 (VIII) and 184 (IX).</p>  | 00-14          | 1     | <p><i>Planning of development</i><br/> Authority: ECLA resolutions 137 (VIII), 155 (VIII), 184 (IX), 227 (X) and 233 (X). (Applicable also to projects 00-141 to 00-146 below.)</p> <p>Description: In collaboration with the Latin American Institute for Economic and Social Planning, ECLA will continue to examine techniques of planning suitable for the countries in the region, giving preference to the following:</p>  |
| 00-11          |       | <p><i>Economic development of the region as a whole</i><br/> Authority: ECLA resolution 81 (VI).</p> <p>Description: An over-all study was completed for the tenth session relating to the economic development of Latin America in the post-war period (E/CN.12/659 and Add.1). Work will continue on these over-all studies, which are not limited to an analysis of the current situation but endeavour to evaluate the region's economic growth, establish those factors which determine it and explore in depth other institutional factors of an economic and social nature, as well as those economic and social events which limit growth, and the prospects for future development. This project in fact aims at crystallizing and bringing up to date a specific theory of economic growth in Latin America.</p> | 00-141         | 2     | <i>Most efficient techniques of planning for Latin America</i>   |
| 00-12          | 1     | <p><i>Economic growth in individual countries</i><br/> Authority: ECLA resolution 48 (V).</p> <p>Description: The structural conditions peculiar to the different countries in the region and the experience of the general studies show the need to carry out country studies in greater depth. This project is being carried out in collaboration with the advisory groups and the Latin American Governments. Country studies are being undertaken in Nicaragua, Guatemala and Brazil. The Brazilian study, in particular, reviews economic development in the different regions of Brazil. Work is also proceeding on a study of the development prospects of the Central American countries within the framework of economic integration.</p>   | 00-142         | 2     | <i>Techniques for integrating economic and social planning</i>   |
| 00-13          | 1     | <p><i>Economic policy for development</i><br/> Authority: ECLA resolution 48 (V). (Applicable also to projects 00-131 and 00-132 below.)</p>   | 00-143         | 2     | <i>Regional planning</i>   |
| 00-131         | 1     | <p><i>Over-all studies on development policy</i><br/> Description: A document was prepared for the tenth session entitled "Towards a dynamic development policy for Latin America" (E/CN.12/680) which provides a framework and a strategy for a</p>   | 00-144         | 2     | <i>Selection and integration of projects within development plans</i>  |
|                |       |  | 00-145         | 2     | <i>Techniques of planning for dealing with problems of national development plans in the framework of the common market</i>  |
|                |       |  | 00-146         | 2     | <i>Organization of planning</i>  |
|                |       |  | 00-147         | 1     | <p><i>Budget techniques and methods in relation to planning</i><br/> Authority: ECLA resolutions 81 (VI) and 148 (VIII).</p> <p>Description: Work on budget methods and programmes has been conducted in collaboration with BTAO and the United Nations Fiscal and Financial Branch, in close co-operation with the Latin American Institute for Economic and Social Planning. A second South American budget workshop was held at ECLA headquarters in September 1962 (see E/CN.12/534) and plans are being made for a second Central American budget workshop to take place in September 1963, with the Advanced School of Public Administration for Central America (ESAPAC) offering host facilities. This workshop is being organized by ECLA's Mexico office with BTAO and the United Nations Fiscal and Financial Branch.</p> |
|                |       |  | 00-148         | 2     | <p><i>Analysis of plans drawn up by countries</i><br/> Authority: ECLA resolution 184 (IX).</p> <p>Description: This analysis will be carried out in close collaboration with the Latin American Institute for Economic and Social Planning.</p>   |



| Project number | Group | Title, authority and description  | Project number | Group | Title, authority and description   |
|----------------|-------|---|----------------|-------|--|
| 00-15          | 2     | <i>Meetings and seminars on planning</i><br><i>Authority:</i> ECLA resolutions 185 (IX) and 233 (X).<br><i>Description:</i> Under the joint sponsorship of ECLA, OAS and IDB, a Latin American Seminar on Planning was held in February 1962; its report was submitted to the Commission at its tenth session (E/CN.12/644).<br>The ECLA secretariat will collaborate with the Latin American Institute for Economic and Social Planning in any other meetings or seminars on planning which may be held in the next two years.   |                |       | the section on "Trade and integration" below, and in particular with projects 02-11 to 02-14, 02-4 and 03-4.<br>There is an urgent need to undertake basic studies on the prospects and long-term structure of a common market in relation to the economic growth of the countries in the region. Such studies should include the following main aspects:  |
| 00-2           | 1     | <i>Monetary and fiscal policy</i><br><i>Authority:</i> ECLA resolutions 3 (IV), 81 (VI) and 186 (IX).   | 00-31          | 2     | <i>A suitable method for analysing the prospects and implications for the region as a whole and by countries of an expansion of intra-Latin American trade within the framework of a common market or of free-trade zones</i><br><i>Authority:</i> ECLA resolution 208 (IX); Trade Committee resolution 6 (II).  |
| 00-21          | 1     | <i>Joint Tax Program</i><br><i>Authority:</i> ECLA resolution 186 (IX). (Applicable also to project 00-211 below.)<br><i>Description:</i> Recent work on fiscal policies has been carried out on a joint basis with OAS and IDB, as part of the OAS/ECLA/IDB Joint Tax Program. The Conference on Fiscal Policy was held at ECLA headquarters in December 1962, and its provisional report was submitted at the tenth session (E/CN.12/638).  | 00-32          | 2     | <i>Projections of supply and demand under different alternative assumptions</i><br><i>Authority:</i> ECLA resolution 208 (IX).<br><i>Description:</i> This would include sectoral production and distribution by countries, under different hypotheses.  |
| 00-211         | 2     | <i>Joint Tax Program — country studies</i><br><i>Description:</i> The OAS/ECLA/IDB Joint Tax Program is conducting a number of country studies, with a view to analysing existing Latin American tax systems.   | 00-33          | 2     | <i>Projections of foreign trade within the area and with the rest of the world</i><br><i>Authority:</i> ECLA resolutions 102 (VI) and 121 (VII).   |
| 00-22          | 2     | <i>Study of the Brazilian fiscal system</i><br><i>Authority:</i> ECLA resolutions 3 (IV) and 81 (VI). (Applicable also to project 00-23 below.)<br><i>Description:</i> The Joint ECLA/BNDE Centre for Economic Development is conducting a study of the Brazilian fiscal system, with a compilation of all laws and regulations on taxation and of detailed statistics on the revenue deriving from the main taxes during the period 1954-1960.   | 00-34          | 1     | <i>General analysis of economic location and mobility in the countries of the region</i><br><i>Authority:</i> ECLA resolution 208 (IX).  |
| 00-23          | 1     | <i>Inflation and growth</i><br><i>Description:</i> The secretariat has carried out intensive studies of the inflationary process in relation to economic growth and the establishment of a policy of development with stability. An article entitled "Economic development or monetary stability: the false dilemma" was published in vol. VI, No. 1, of the <i>Economic Bulletin for Latin America</i> .<br>It is expected that this work will be continued, with due regard for the present prospects of external financing for the Latin American countries, new conditions of international and intra-Latin American trade, and the ideas put forward at the tenth session in relation to economic policy in general. | 00-35          | 2     | <i>Private enterprise and economic development</i><br><i>Authority:</i> ECLA resolution 228 (X).<br><i>Description:</i> This project is designed to find incentives for ensuring a more dynamic participation by private enterprise and initiative in the economic and social development of Latin America. Some work on this project will also be carried out in connexion with projects 00-5 and 05-0.   |
| 00-3           | 1     | <i>Economic development and integration</i><br><i>Authority:</i> ECLA resolutions 55 (V), 81 (VI), 102 (VI), 121 (VII), 208 (IX) and 227 (X); Trade Committee resolution 6 (II).<br><i>Description:</i> The projects under this heading are closely associated with several that appear under   | 00-4           | 1     | <i>Studies on income distribution</i><br><i>Authority:</i> ECLA resolutions 54 (V) and 229 (X). (Applicable also to 00-41 to 00-43 below.)<br><i>Description:</i> The study on economic development in the post-war period (E/CN.12/659 and Add.1) includes an analysis of income distribution in the Latin American countries, and a preliminary outline has been drawn up of the prevailing type of distribution. A complete country study is being undertaken in collaboration with the Government of Argentina, which will analyse the pattern of income distribution and its relationship to economic and social development. It is intended to continue with this project, which is associated with project 01-03, and to encourage other countries to undertake similar studies. The main aspects to be covered are as follows: |
|                |       |   | 00-41          | 2     | <i>Distribution of income and economic development</i><br><i>Description:</i> The effects of economic growth on income distribution will be analysed on the basis of experience in Latin America and other areas. In addition, a study will be made of the obstacles to development implicit in existing structural conditions and the form in which income is distributed.  |



| Project number | Group | Title, authority and description  | Project number  | Group | Title, authority and description   |
|----------------|-------|---|---|-------|--|
| 00-42          | 2     | <i>Study of the factors which determine the present pattern of income distribution</i>  | 00-64   | 2     | <i>Requirements for the training of skilled manpower and educational planning</i>  |
| 00-43          | 2     | <i>Economic and social policy in relation to income distribution</i>  | 00-65   | 2     | <i>Policy of wages and distribution of real income</i>   |
| 00-5           | 1     | <i>Financing of economic development</i><br><i>Authority:</i> ECLA resolutions 3 (IV), 226 (X) and 228 (X); Trade Committee resolution 6 (II).<br><i>Description:</i> In addition to the integrated studies on development policy, work will continue on specific studies on the financing of economic development, dealing respectively with domestic and external financing.  | <i>Note:</i> Some work on project 00-64 was presented at the Conference on Education and Economic and Social Development in Latin America (March 1962); some work on other aspects of human resources is included in the study on the economic development of Latin America in the post-war period (E/CN.12/659 and Add.1) submitted to the Commission at its tenth session.  |       |  |
| 00-51          | 1     | <i>Domestic financing of development</i><br><i>Authority:</i> ECLA resolutions 3 (IV), 226 (X) and 228 (X).<br><i>Description:</i> Research on domestic financing of economic development will pay particular attention to the instruments and institutional organization required in Latin America in order to mobilize the resources needed for investment financing. The project will also include research on the structure, amount and distribution of domestic savings and on the incentives needed to attract private domestic capital for development purposes.   | 00-7  | 1     | <i>Latin American Regional Economic Projections Centre</i><br><i>Authority:</i> ECLA resolutions 48 (V) and 81 (VI).<br><i>Description:</i> Since its inception, ECLA has worked on economic and social projections for the region as a whole and for individual countries and has been drawing up a technique for formulating these projections.  |
| 00-52          | 1     | <i>The role of external financing in Latin America's economic development</i><br><i>Authority:</i> ECLA resolutions 3 (IV) and 226 (X); Trade Committee resolution 6 (II).<br><i>Description:</i> A paper was prepared for the tenth session analysing the flows of external financing towards Latin America (E/CN.12/649). Its sources, different types of financial movements, policies of international financing institutions and the evolution of the balance of payments were explored. It is intended to expand the study, paying special attention to the role of external financing in economic development, private investment, the most suitable formulas for achieving this purpose, the capacity of the Latin American countries to absorb foreign investment and its limitations. | Under General Assembly resolution 1708 (XVI), an Economic Projections and Programming Centre has been set up at United Nations Headquarters, and the same resolution urged that regional centres be set up within the regional economic commissions. A Latin American regional centre was accordingly established within ECLA at the beginning of 1963, and work on projections will be intensified as a result. The functions of the new centre, which will work closely with the Latin American Institute for Economic and Social Planning, are as follows: |       |  |
| 00-6           | 1     | <i>Human resources</i><br><i>Authority:</i> ECLA resolutions 83 (VI), 149 (VIII), 191 (IX), 206 (IX) and 209 (IX). (Applicable also to projects 00-61 to 00-65 below.)<br><i>Description:</i> Work on this project is carried out in conjunction with the ILO and in some cases with the Latin American Institute for Economic and Social Planning in relation to the advisory groups. The project includes the following studies, which will be undertaken as resources permit:  | (a) To prepare, on a systematic and permanent basis, projections on Latin American economy, for the region as a whole and for countries or groups of countries;   |       |  |
| 00-61          | 2     | <i>General diagnosis of problems of employment and economic development in Latin America</i><br><i>Description:</i> This project includes an analysis of the labour force, employment, patterns of employment and productivity in economic activities, and so forth.  | (b) To explore techniques and methods of projection in order to propose and apply those considered most suitable for the conditions prevailing in the Latin American countries;   |       |  |
| 00-62          | 2     | <i>Projections relating to the labour force, productivity and demand for manpower, by economic activities</i>   | (c) To examine the statistical and technical information required for preparing projections;  |       |  |
| 00-63          | 2     | <i>Analysis of production techniques and the intensity of labour and capital</i>  | (d) To compile and analyse projections prepared by other international and national organizations on world economy and on Latin America, with particular reference to those countries and subjects of most interest for assessing the prospects for economic development of the Latin American countries.   |       |  |
|                |       |   | <b>01. Social development</b>   |       |  |
|                |       |   | 01-0  | 1     | <i>Social aspects of economic development</i><br><i>Authority:</i> ECLA resolutions 82 (VI), 124 (VII), 189 (IX) and 230 (X). (Applicable also to projects 01-01 and 01-02 below.)<br><i>Description:</i> In carrying out studies relating to social aspects of economic development, the secretariat works in co-operation with the Latin American Institute for Economic and Social Planning and with the United Nations Bureau of Social Affairs. Several studies relating to this project and dealing respectively with social trends and programmes (E/CN.12/645), sociological |



| <i>Project number</i> | <i>Group</i> | <i>Title, authority and description</i>  | <i>Project number</i> | <i>Group</i> | <i>Title, authority and description</i>   |
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|                       |              | considerations relating to development (E/CN.12/646), social development in the post-war period (E/CN.12/660), the industrial entrepreneur in Latin America (E/CN.12/642 and Corr.1 and Add.1-4) and urbanization in Latin America (E/CN.12/662) were prepared for the tenth session. It is hoped that BTAO will collaborate in this project in 1964 by providing a regional adviser on urbanization problems. The studies to be undertaken in 1963-1964 include the following three projects:                 | 01-2                  | 1            | <i>Demographic studies</i><br><i>Authority:</i> ECLA resolutions 187 (IX) and 238 (X). (Applicable also to projects 01-21 to 01-24 below.)<br><i>Description:</i> In accordance with the Commission's resolutions on the relationship between population growth and economic and social development, work on demography will be intensified and will be carried out in close co-operation with the Latin American Demographic Centre (CELADE), on the following continuing projects:  |
| 01-01                 | 1            | <i>Rural settlement patterns and community organization</i>  | 01-21                 | 1            | <i>Compilation of available population estimates and projections</i>  |
| 01-02                 | 2            | <i>Functions of urban centres in relation to size and location</i>   | 01-22                 | 1            | <i>Preparation of compendia of demographic data, estimates and projections for each country</i>   |
| 01-03                 | 1            | <i>Social significance of the distribution of income</i> (See also project 00-4.)<br><i>Authority:</i> ECLA resolutions 54 (V), 82 (VI), 124 (VII), 189 (IX), 229 (X) and 230 (X). (Applicable also to projects 01-04 to 01-06 below.)   | 01-23                 | 1            | <i>Trends in the composition of Latin American manpower</i>   |
| 01-04                 | 3            | <i>Marginal social groups and their assimilation</i>   | 01-24                 | 1            | <i>Trends of urban and rural population</i><br><i>Note:</i> Documents on demographic questions submitted at the tenth session include a study on the geographic distribution of the population of Latin America (E/CN.12/643) and a report on the work of CELADE (E/CN.12/687).   |
| 01-05                 | 3            | <i>The industrial enterprise as a social institution in Latin America</i>  | 01-3                  | 1            | <i>Housing</i><br><i>Authority:</i> ECLA resolution 224 (X). (Applicable also to projects 01-31 to 01-33 below.)<br><i>Description:</i> Work on housing will be continued along the lines indicated below. Two BTAO posts for regional advisers on housing programming and housing finance have been established in 1963, and the advisers will work in close collaboration with ECLA's Social Affairs Division.<br>Some work had already been done in relation to the Central American Economic Integration Programme, and further progress was made in connexion with the Latin American Seminar on Housing Statistics and Programmes held at Copenhagen in September 1962 (see E/CN.12/647). However, there is need for much more work on this subject, with particular reference to development planning. Hence, as resources permit, work will be carried out on the following continuing projects, which in some cases will require close collaboration with the Latin American Institute for Economic and Social Planning: |
| 01-06                 | 3            | <i>The agricultural enterprise as a social institution in Latin America</i>  | 01-31                 | 1            | <i>Development of methodology for housing planning</i>  |
| 01-1                  | 1            | <i>Social planning</i><br><i>Authority:</i> ECLA resolutions 82 (VI), 188 (IX), 189 (IX), 230 (X) and 231 (X).<br><i>Description:</i> Social planning is an integral part of development planning, and activities in this field will be intensified. A first approach to the problems of social programming was submitted at the tenth session (E/CN.12/661). Work will be carried out on several continuing projects, as follows:   | 01-32                 | 1            | <i>Problems of administration of national housing programmes</i>  |
| 01-11                 | 1            | <i>Techniques and methods of planning in the various social sectors</i><br><i>Authority:</i> ECLA resolutions 188 (IX) and 231 (X). (Applicable also to projects 01-12 and 01-13 below.)<br><i>Description:</i> This study will continue the work on the planning of education carried out in conjunction with UNESCO (see the provisional report of the Conference on Education and Economic and Social Development, in Latin America (E/CN.12/639)), and the collaboration with WHO/PASB in health planning. | 01-33                 | 1            | <i>Productivity in the building industry</i>  |
| 01-12                 | 1            | <i>The problem of integrating economic and social objectives and targets into a single pattern of development planning</i>   | 01-34                 | 2            | <i>Workshop on physical planning aspects of urbanization</i><br><i>Authority:</i> ECLA resolutions 82 (VI), 124 (VII) and 189 (IX).<br><i>Description:</i> Plans are being made for this workshop to be held in 1964. Some of the studies indicated in projects 01-01 and 01-02 will provide background material.   |
| 01-13                 | 1            | <i>Role of social services in the context of economic and social planning</i><br><i>Description:</i> Work has started recently on this study, which is part of a continuing project, designed to make the fullest use of the knowledge acquired.   | 01-4                  | 1            | <i>Rural and community development</i><br><i>Authority:</i> ECLA resolution 230 (X). (Applicable also to projects 01-41 and 01-42 below.)<br><i>Description:</i> Lack of resources has thus far prevented much research from being done on this   |
| 01-14                 | 2            | <i>Meeting of experts on social development planning</i><br><i>Authority:</i> ECLA resolutions 188 (IX) and 230 (X).<br><i>Description:</i> The results of this work will be presented to a meeting of experts on social development planning, to be held under the technical assistance programme in 1964.  |                       |              |   |



| Project number | Group | Title, authority and description  |
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|                |       | subject by ECLA, but in view of its importance for development planning, work has already been started on the following two continuing projects:  |
| 01-41          | 1     | <i>State and trends of community development in Latin America</i>   |
| 01-42          | 1     | <i>Content and objectives of community development programmes in the general process of development planning</i>  |
|                |       | <b>02, 03 and 04. Trade and integration</b>   |
| 02             | 1     | <b>GENERAL TRADE PROBLEMS</b>   |
| 02-0           | 2     | <i>Preparatory work for the United Nations Conference on Trade and Development</i><br><i>Authority: ECLA resolution 221 (X).</i><br><i>Description: It is envisaged that this project will absorb most of the resources of the secretariat's Trade Policy Division during 1963, in view of the importance of this conference for the countries of Latin America.</i>  |
| 02-1           |       | <i>Expansion of trade</i><br><i>Authority: ECLA resolutions 45 (V), 46 (V), 102 (VI), 119 (VII), 121 (VII) and 222 (X); Trade Committee resolution 4 (I).</i>   |
| 02-11          | 1     | <i>Trade in traditional products</i><br><i>Authority: ECLA resolutions 119 (VII) and 222 (X); Trade Committee resolution 4 (I).</i><br><i>Description: Some work on this project will be included under project 02-0 above. The topic is discussed in other studies, notably in document E/CN.12/659 and Add.1. No specific study has been undertaken, for lack of resources.</i>   |
| 02-12          | 1     | <i>Trade between Latin America and the rest of the world</i><br><i>Authority: ECLA resolutions 45 (V), 102 (VI), 121 (VII) and 222 (X).</i><br><i>Description: This topic has already been discussed, with particular reference to the European Economic Community, in documents E/CN.12/631, E/CN.12/632 and E/CN.12/667. It is also discussed periodically in the Economic Bulletin, and work on it will be carried out under project 02-0 above.</i> |
| 02-13          | 1     | <i>Study of changes in the composition of Latin American imports from industrialized countries</i><br><i>Authority: ECLA resolution 45 (V).</i><br><i>Description: Some work in this project is envisaged in relation to project 02-0 above. Work is nearing completion on the study of import substitution in Brazil undertaken by the Joint ECLA/BNDE Centre for Economic Development.</i>  |
| 02-14          | 1     | <i>Studies of the terms of trade and their influence on the rate of economic development</i><br><i>Authority: ECLA resolution 46 (V).</i><br><i>Description: This subject is discussed periodically in the Economic Survey and the Economic Bulletin and has also been reviewed in document E/CN.12/659 and Add.1 and E/CN.12/680.</i>  |
| 02-2           | 2     | <i>Regional Advisory Group on Trade Policy</i><br><i>Authority: Trade Committee resolution 11 (III)</i><br><i>Description: In accordance with the request contained in this resolution, BTAO has provided</i>   |

| Project number | Group | Title, authority and description  |
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|                |       | the necessary financing to set up a Regional Advisory Group on Trade Policy, staffed by three high-level experts. One expert has already been engaged and negotiations are under way in regard to the other two.  |
|                |       | The work programme for 1963-1964 stipulates that the experts are to advise the Latin American Governments, in close consultation with ECLA, on problems relating to: (a) trade policy and economic integration; (b) trade policy and diversification of exports; (c) financial topics related to the programme for widening of markets and diversification of exports. The experts are also expected to work in close co-operation with the Latin American Free-Trade Association (ALALC).  |
| 02-3           | 3     | <i>Seminars and special training courses in trade policy</i><br><i>Authority: ECLA resolution 214 (IX); Trade Committee resolution 14 (III).</i><br><i>Description: With financial support from BTAO, plans are being made for a seminar on trade policy to take place in the second half of 1963. The course planned for November 1962 was not held because a large number of the government officials scheduled to attend it participated in the second round of ALALC negotiations, which lasted longer than had been foreseen.</i>  |
| 02-4           | 1     | <i>Common market and integration</i><br><i>Authority: ECLA resolutions 69 (V), 101 (VI), 115 (VII) to 122 (VII), 168 (VIII), 214 (IX) and 222 (X); Committee of the Whole resolution 172 (AC.45); Trade Committee resolutions 1 (I) to 4 (I), 6 (II) to 10 (II) and 11 (III) to 13 (III).</i><br><i>Description: Work on the prospective Latin America common market and on integration problems is reflected in many of the secretariat's studies, particularly those relating to the Central American Economic Integration Programme, ALALC, and economic development and industry. It is closely linked with project 00-3, relating to economic development and integration. The Commission has included in the work programme for several years past a number of specific studies of problems relating to the establishment of the common market, namely:</i> |
| 02-41          | 1     | <i>Comparative study of exchange controls and other quantitative and administrative restrictions, with special reference to their effects on the establishment and operation of a common market</i><br><i>Authority: Trade Committee resolution 6 (II).</i><br><i>Note: No work has been done on this project for lack of resources. However, work has been begun on a study of protectionism and industrialization in Latin America in relation to economic development.</i>   |
| 02-42          | 1     | <i>Comparative study of the incentives for new investment, both foreign and domestic, particularly in the industrial sector, and the disparities which may exist and make for distortions in the common market</i><br><i>Authority: Trade Committee resolution 6 (II).</i><br><i>Note: No work has been done on this project since the ninth session for lack of resources.</i>   |



| Project number | Group | Title, authority and description  | Project number | Group | Title, authority and description  |
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| 02-43          | 1     | <i>Factors affecting productivity and their repercussions on the competitive position of the different countries and industries</i><br><i>Authority:</i> ECLA resolution 86 (VI); Trade Committee resolution 6 (II).<br><i>Note:</i> Although no specific study has been prepared on this subject, it is dealt with in several of the secretariat's industrial studies.   | 03-1           | 1     | <i>Alternative ways and means of intensifying the integration process</i><br><i>Authority:</i> Trade Committee resolution 6 (II).<br><i>Description:</i> General work is being started on the possible alternatives as regards measures whereby the States members of ALALC could intensify the process of integration. The study will cover in each instance the possible impact of the different alternatives on the basic sectors of the economy of the country concerned, on the general rate of development attainable and on the balance-of-payments situation. |
| 02-44          | 2     | <i>Study on alternative formulas for linking ALALC and the General Treaty on Central American Economic Integration</i><br><i>Authority:</i> ECLA resolution 222 (X).  | 03-2           | 1     | <i>Co-ordination of national development programmes at different levels</i><br><i>Authority:</i> ECLA resolution 208 (IX).<br><i>Description:</i> An endeavour will be made to analyse the different methods of co-ordination and their possible effect, within the framework of ALALC, on the growth rate of participating countries.  |
| 02-45          | 1     | <i>Studies on payments and preparations for the third session of the Central Banks Working Group</i><br><i>Authority:</i> ECLA resolution 115 (VII); Trade Committee resolutions 1 (I), 8 (II) and 9 (II).<br><i>Note:</i> Lack of resources has prevented any work from being done on this project since the ninth session.  | 03-3           | 1     | <i>Specific studies on basic industrial and agricultural sectors to serve as a basis for complementarity agreements within the framework of ALALC</i><br><i>Authority:</i> ECLA resolutions 182 (IX) and 222 (X); Trade Committee resolution 6 (II).  |
| 02-5           | 1     | <i>Meetings of groups of experts</i><br><i>Authority:</i> ECLA resolutions 69 (V) and 221 (X); Trade Committee resolutions 3 (I), 6 (II) and 14 (III).<br><i>Description:</i> In 1962, the secretariat convened a group of four experts to discuss, in their personal capacity, recent events in trade policy in Europe and the bases for economic and trade policy between Latin America and Europe. This was followed by a symposium attended by the four experts and by government representatives to the executive organ of ALALC (see E/CN.12/631 and E/CN.12/632.) The project calls for further meetings of experts, of two kinds: | 03-31          | 1     | <i>Industry</i><br><i>Authority:</i> ECLA resolution 222 (X); Trade Committee resolution 6 (II).<br><i>Description:</i> The aim is to draw on the material contained in the sectoral studies on industry with a view to identifying the prospects for integration and complementarity within the framework of ALALC. This project is closely linked with project 05-01.   |
| 02-51          | 2     | (a) Meeting of a group of government-appointed experts to explore the possibilities of establishing a Latin American common market now that ALALC and the Central American Economic Integration Programme have entered the operational stage. This meeting has been deferred since 1960, in consultation with Governments.  | 03-32          | 1     | <i>Agriculture</i><br><i>Authority:</i> ECLA resolution 182 (IX).<br><i>Description:</i> In close collaboration with the Joint ECLA/FAO Agriculture Division, studies will be undertaken on the impact of different approaches to integration on the agricultural sector.   |
| 02-52          | 2     | (b) Meetings of government experts on trade policy from different groups of Latin American countries. Further meetings of this kind will be convened as the need arises.  | 03-4           | 1     | <i>Infrastructure</i>   |
| 02-53          | 2     | (c) <i>Preparatory seminar on the United Nations Conference on Trade and Development</i><br><i>Authority:</i> ECLA resolution 221 (X).  | 03-41          | 1     | <i>Transport</i><br><i>Authority:</i> ECLA resolution 101 (VI); Trade Committee resolution 15 (III).<br><i>Description:</i> Studies will be undertaken on transport problems within ALALC, with particular reference to maritime transport (see also project 08-2)  |
| 03             | 1     | <i>STUDIES AND OTHER WORK RELATING TO THE LATIN AMERICAN FREE-TRADE ASSOCIATION (ALALC)</i><br><i>Authority:</i> ECLA resolutions 222 (X) and 234 (X); Committee of the Whole resolution 172 (AC.45); Trade Committee resolution 11 (III).<br><i>Description:</i> In fulfilment of the directives contained in a number of the Commission's resolutions on trade and integration (see also project 02-4 above), work is proceeding on a number of specific projects relating to several basic questions bound up with the future of ALALC.  | 03-5           | 1     | <i>Advisory services to the ALALC countries</i><br><i>Authority:</i> Committee of the Whole resolution 172 (AC.45); Trade Committee resolution 11 (II). (Applicable also to projects 03-51 and 03-52 below.)<br><i>Description:</i> In compliance with the request made by the signatories of the Montevideo Treaty and endorsed by the Commission, the secretariat has continued to undertake the activities indicated below:  |
|                |       |   | 03-51          | 2     | <i>Technical advice to ALALC, with particular reference to the tariff negotiations;</i>   |



| Project number | Group | Title, authority and description  | Project number | Group | Title, authority and description   |
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| 03-52          | 2     | <i>Provision of advisory services to Governments which so request in relation to problems bearing on their possible or actual participation in ALALC. This work will in future be very closely co-ordinated with that undertaken in connexion with project 02-2 above. In 1962, at the request of the Government of Panama, the secretariat undertook a study on the prospects and implications for Panama of its possible participation in ALALC, while a similar study was prepared on the possible incorporation of Panama into the Central American Economic Integration Programme. Likewise, advisory work was undertaken in Venezuela at the request of the Government on the implications for Venezuela's trade policy of its possible entry into ALALC.</i>   |                |       | (c) Establishment of a basis of productive capacity appropriate to the common market with a view to meeting the needs for rapid and balanced economic and social development in Central America.<br><br>As part of this programme, and in order to assess the work done and indicate the corresponding action to be taken by Governments, it is planned in 1963 to hold ten meetings of the different sub-committees and working groups, the objectives being indicated below under the different projects relating to specific aspects of integration.<br><br>In carrying out its work on the economic integration of Central America, the secretariat maintains close collaboration with the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), the Central American Bank for Economic Integration (BCIE) and the Organization of Central American States (OCAS). The secretariat also co-ordinates the United Nations regional technical assistance programme for Central American economic integration, which is carried out with the collaboration of BTAO, the ILO and FAO. |
| 04             | 1     | <b>CENTRAL AMERICAN ECONOMIC INTEGRATION PROGRAMME</b><br><br><i>Authority: ECLA resolutions 24 (IV), 55 (V), 84 (VI), 123 (VII), 152 (VIII), 194 (IX), 195 (IX) and 222 (X); Committee of the Whole resolutions 140 (AC.40) and 173 (AC.45); CCE resolutions 27, 101, 102, 104, 107, 118, 120 and 121.</i><br><br><i>Description: The general status and prospects of the Central American Economic Integration Programme are examined in a document submitted at the tenth session (E/CN.12/666).</i><br><br>Two special sessions of the Central American Economic Co-operation Committee were held in 1962, and reports will be found in documents E/CN.12/657 and E/CN.12/658. For these meetings, the secretariat co-operated with Governments in the work leading to the Protocol to the Central American Agreement on the Equalization of Import Duties and Charges and the Central American Agreement on Tax Incentives to Industrial Development, both signed at the third special session, and to the Protocol to the General Treaty on Central American Economic Integration, containing the list of goods subject to interim régimes constituting an exception to free trade between Costa Rica and the various other Treaty countries, and signed at the fourth special session.<br><br>The Central American Economic Co-operation Committee held its eighth session in January 1963. The report of the session is contained in document E/CN.12/672. At this session, the Committee laid down general guiding principles for the future work to be done to accelerate the process of bringing the common market into full operation and to start studies on different aspects of progressive integration of the national economic systems of the Central American countries.<br><br>Within this framework the secretariat's activities will be centred on three main points:<br><br>(a) Constitution of a customs union, with due regard to the particular characteristics of Central America and the objectives pursued through integration;<br><br>(b) Establishment of a Central American policy for economic relations with the rest of the world which will strengthen regional foreign trade and foster economic complementarity with other countries or groups of countries; | 04-0           | 1     | <i>Economic development and planning</i><br><br><i>Authority: ECLA resolutions 48 (V), 81 (VI), 137 (VII), 148 (VIII), 155 (VIII), 186 (IX), 227 (X) and 233 (X).</i>  |
|                |       |   | 04-01          | 1     | <i>Country studies on economic development</i><br><br><i>Authority: ECLA resolution 48 (V).</i><br><br><i>Description: During the course of 1963, the secretariat will complete the country studies on the development of Guatemala and Nicaragua. Studies on El Salvador and Panama were published in 1960 and on Honduras in 1962.</i>   |
|                |       |   | 04-02          | 1     | <i>Analysis of economic development and projections for the region as a whole</i><br><br><i>Authority: ECLA resolution 81 (VI).</i><br><br><i>Description: Work has started on a study on the growth prospects for Central America as a whole, within the framework of the economic integration programme.</i>   |
|                |       |   | 04-03          | 1     | <i>Studies on fiscal policy</i><br><br><i>Authority: ECLA resolutions 81 (VI), 148 (VIII) and 186 (IX); CCE resolution 50.</i><br><br><i>Description: The secretariat, with the co-operation of BTAO experts, will make a start in 1963 on a systematic study of the fiscal problems which may arise in connexion with the accelerated development of Central America, the efficient operation of the common market and the future establishment of a Central American customs union.</i>  |
|                |       |   | 04-04          | 1     | <i>Planning of economic development</i><br><br><i>Authority: ECLA resolutions 137 (VII), 155 (VIII), 184 (IX) and 227 (X); CCE resolution 124.</i><br><br><i>Description: Following a request made by the Central American Economic Council to the OAS/ECLA/IDB ad hoc Committee on Co-operation, an advisory committee on planning for Central America has been set up, consisting of representatives of the three organizations</i>  |



| Project number | Group | Title, authority and description  | Project number | Group | Title, authority and description  |
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|                |       | mentioned, the Secretary-General of the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) and the President of the Central American Bank for Economic Integration (BCIE). The Advisory Committee will be in general charge of the work of the Joint Central American Programming Mission, which is composed of experts appointed by BTAO, OAS and IDB.   | 04-12          | 2     | <i>Prospects for increasing and consolidating exports</i><br><i>Description:</i> This study is designed to determine the prospects for increasing and consolidating non-traditional exports of agricultural origin, goods manufactured on the basis of the region's raw materials, and others which for economic operation require access to other markets in addition to those of Central America. As part of this project, research will be undertaken on present and potential complementarity between the Central American economy, considered as a unit, and other countries or economic groupings in Latin America.   |
| 04-05          | 1     | <i>Incorporation of Panama into the Central American Economic Integration Programme</i><br><i>Authority:</i> CCE resolution 80.<br><i>Description:</i> During 1962, the secretariat submitted to the Government of Panama for consideration a study on the possible incorporation of that country into the Central American common market or into ALALC. The study included an analysis of the implications which this would have for Panama's trade and tariff policy in either case, and of the general possibilities for development which could be expected, particularly in the industrial sector. (See also project 03-52.)   | 04-2           | 1     | <i>Industrial development</i><br><i>Authority:</i> ECLA resolutions 222 (X), 227 (X) and 234 (X); Committee of the Whole resolution 2 (AC.17); CCE resolutions 2, 8, 25-27, 38-41, 57, 59, 60, 70, 71, 75, 84, 85, 88, 104, 112-114, 121-123. (Applicable also to projects 04-21 to 04-24 below.)<br><i>Description:</i> The secretariat's activities in relation to industrial development in Central America will continue to be carried out in collaboration with BTAO and the United Nations specialized agencies and, where pertinent, with the Central American Bank for Economic Integration (BCIE) and the Central American Research Institute for Industry (ICAITI). A study was submitted to the Commission at its tenth session on the prospects for integrated industrial development in Central America (E/CN.12/683). Work in 1963 will be concentrated on the formulation of a broad programme of research and studies analysing the prospects for import substitution, expansion of production and trade in manufactured goods in Central America. These studies include: |
| 04-06          | 1     | <i>Economic development of British Honduras or Belize</i><br><i>Authority:</i> ECLA resolution 195 (IX).<br><i>Description:</i> Work has started on a study of the possibilities for linking British Honduras or Belize economically with the Central American common market, including an analysis of the prospects for trade and development within the regional economic framework.  | 04-21          | 2     | <i>Natural resources</i><br><i>Description:</i> On the basis of economic analyses of present and future needs, this project will include inventories and preinvestment studies of selected types of mineral and agricultural resources.   |
| 04-1           | 1     | <i>Central American trade</i><br><i>Authority:</i> ECLA resolution 222 (X); Committee of the Whole resolutions 9 (AC.17) and 19 (AC.17); CCE resolutions 4, 7, 11, 22, 24, 37, 58, 81, 83, 101-103, 106, 109-111, 115, 117-120. (Applicable also to projects 04-11 and 04-12 below.)<br><i>Description:</i> The secretariat prepared background material for the twelfth session of the Central American Trade Sub-Committee held from 22 January to 3 February 1962. During 1963 it will complete the research work and studies relating to the adoption of the Central American customs code. In addition, the secretariat will continue to collaborate in other studies aimed at bringing the Central American common market into full operation.<br>Two new studies will be undertaken, namely: | 04-22          | 2     | <i>New industrial possibilities within the common market</i>  |
|                |       |   | 04-23          | 2     | <i>Skilled manpower needs of the industrial sector</i>  |
|                |       |   | 04-24          | 2     | <i>Location trends for industrial activities</i><br><i>Description:</i> This study will explore the trends for location of industrial activities among the different Central American countries and related problems which may emerge within the common market.   |
| 04-11          | 2     | <i>Economic and fiscal effects of the establishment of a customs union</i><br><i>Description:</i> This study will aim at determining the possible economic and fiscal effects of the establishment of a customs union. The secretariat will also, in co-operation with SIECA, examine the possible characteristics and form of such a customs union and the measures required in order to establish it.   | 04-3           | 1     | <i>Agricultural development</i><br><i>Authority:</i> ECLA resolution 225 (X); CCE resolutions 1, 14, 20, 48, 49, 62, 63, 76, 89, 90, 91 and 125. (Applicable also to projects 04-31 and 04-32 below.)<br><i>Description:</i> The secretariat, in co-operation with FAO, will initiate basic studies to determine the prospects for specialization and integrated development of the agricultural sector. This will be useful in the programming effort and in establishing the proper relationship with the objectives of economic integration. The Agricultural Development Sub-Committee will meet  |



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|                |       | in the second half of 1963, and will draw up a programme of future activities in accordance with the current requirements of Central American economic integration. It will also review the work done under the original programme, including the studies prepared by the secretariat and FAO on different aspects of agriculture.   |
|                |       | The secretariat is collaborating with the national development organizations, SIECA and BCIE in work for the harmonization of production and supply policies within the Central American common market and in the formulation of a regional programme for grain storage installations. In addition, the secretariat will complete the two following studies:   |
| 04-31          | 2     | <i>Analysis and projections of demand for agricultural commodities</i>   |
| 04-32          | 2     | <i>Marketing systems for agricultural products subject to temporary restrictions on free trade régimes under the General Treaty</i>  |
|                |       | <i>Note:</i> These two studies will provide a basis for drawing up the special agreements needed before total free trade can be applied for these commodities.   |
| 04-4           | 1     | <i>Economic infrastructure</i>   |
|                |       | <i>Authority:</i> Committee of the Whole resolutions 3 (AC.17), 4 (AC.17) and 21 (AC.17); CCE resolutions 18, 19, 25, 42-46, 54, 59, 65, 67, 92, 126 and 127.  |
|                |       | <i>Description:</i> Work on the economic infrastructure has dealt so far with transport and electric power problems, as described in projects 04-41 to 04-424 below.   |
| 04-41          | 1     | <i>Transport</i>   |
|                |       | <i>Authority:</i> Committee of the Whole resolutions 4 (AC.17) and 21 (AC.17); CCE resolutions 18, 19, 42-46, 64, 65, 67, 92 and 127. (Applicable also to projects 04-411 to 04-413 below.)  |
|                |       | <i>Description:</i> The secretariat is conducting two studies relating to transport within the Central American Economic Integration Programme:  |
| 04-411         | 2     | <i>Present situation of transport in Central America</i>   |
|                |       | <i>Description:</i> This study brings up to date the work carried out in 1952 and 1953; it analyses the progress made since that time and the principal obstacles standing in the way of the development of transport in Central America.  |
| 04-412         | 2     | <i>Transport costs and operating conditions in Central America</i>   |
|                |       | <i>Description:</i> A study is in progress on the costs of transport in Central America and the operating conditions and management needed in order to meet the growing needs of regional and national trade. This project will also include an examination of the problems facing national transport departments in relation to the prefunctional execution of road-building programmes. In addition, an economic analysis of the necessity for adapting road-building and maintenance techniques to Central American conditions will be started. |
| 04-413         | 2     | <i>Second session of the Transport Sub-Committee</i>   |
|                |       | <i>Description:</i> The Transport Sub-Committee is scheduled to hold its second session in the first   |

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|                |       | half of 1963, in order to review several studies now completed on the economic feasibility of Central American road network projects, to establish priorities and to work out maintenance requirements. It will also study other ways and means of formulating a regional plan for the prompt completion of the road network, as defined at the first session of the Sub-Committee.  |
| 04-42          | 1     | <i>Electric power</i>  |
|                |       | <i>Authority:</i> Committee of the Whole resolution 3 (AC.17); CCE resolutions 25, 59 and 126. Applicable also to projects 04-421 to 04-424 below.)  |
|                |       | <i>Description:</i> Two studies are at present in progress as indicated below (projects 04-421 and 04-422). A third (project 04-423) will be started in the course of 1963.  |
| 04-421         | 2     | <i>Study on interconnexion of electric power systems</i>   |
| 04-422         | 2     | <i>Combined development of the energy resources of the region</i>  |
| 04-423         | 2     | <i>Study on the evaluation of available water resources in the region</i>  |
|                |       | <i>Description:</i> This study will deal mainly with water resources in terms of hydroelectric potential, and other uses. (See also project 07-14.)  |
| 04-424         | 2     | <i>Second session of the Electric Power Sub-Committee</i>  |
|                |       | <i>Description:</i> The Electric Power Sub-Committee is scheduled to hold its second session in May 1963. It will examine the co-ordinated development of the electricity sector in accordance with future needs of economic integration, and industrial growth and the regional and national problems which affect such development. An analysis will be made at the technical level of the studies prepared by the mission on the specific possibilities for interconnecting the electricity systems between Costa Rica and Panama and between El Salvador and Honduras; and a draft regional programme will be considered for water resources research and evaluation. The session will also have before it the project on uniformity of accounting methods, rates policy and the regional programme for electricity statistics. Finally, a number of other matters will be examined, relating to programmes involving the combined study of other sources of energy. |
| 04-5           | 1     | <i>Statistics</i>  |
|                |       | <i>Authority:</i> Committee of the Whole resolution 20 (AC.17); CCE resolutions 3, 21 47 and 69. (Applicable also to projects 04-51, 05-511 and 04-512 below.)   |
|                |       | <i>Description:</i> The Statistical Co-ordination Sub-Committee held its fifth session in February 1963. It approved a new programme of activities, bearing in mind the needs of economic integration and the process of drawing up development plans recently started by the Central American countries. This programme will be submitted to the ninth session of the Economic Co-operation Committee. The secretariat will continue to advise Governments, the Sub-Committee and its technical working groups in regard to the fulfilment of this new programme.   |



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| 04-51          | 1     | <i>Meetings of working groups</i>  |                |       |  |
| 04-511         | 2     | <i>Working group on industrial statistics</i><br><i>Note:</i> This group is scheduled to meet in the second half of 1963 for the purpose of assessing the quality of industrial statistics and formulating recommendations on specific measures for improving them.  |                |       |  |
| 04-512         | 2     | <i>Working group on agricultural statistics</i><br><i>Note:</i> This group will also meet in the second half of 1963, with a view to examining the quality of agricultural statistics and recommending measures for their improvement.   |                |       |  |
| 04-6           | 1     | <i>Social Affairs</i><br><i>Authority:</i> CCE resolutions 27, 51, 73, 93, 94, 128 and 129.  |                |       |  |
| 04-61          | 2     | <i>Study on labour productivity and income distribution</i><br><i>Authority:</i> ECLA resolution 229 (X); CCE resolutions 27, 51, 73, 93, 94, 128 and 129.<br><i>Description:</i> Work will continue in 1963 on the study relating to costs of labour and levels of productivity and the pattern and process of income distribution in the Central American countries. The purpose of the study is to determine the consequences of these factors for economic integration. It is being carried out by BTAO experts and the ILO, in co-ordination with the secretariat.  | 04-641         | 2     | <i>Intensification and regional co-ordination of low-cost housing programmes</i><br><i>Authority:</i> ECLA resolution 224 (X); CCE resolutions 27, 51, 73, 93, 94, 128 and 129. (Applicable also the projects 04-642 and 04-643 below.)  |
| 04-62          | 2     | <i>Study on land tenure and agricultural working conditions</i><br><i>Authority:</i> ECLA resolution 225 (X); CCE resolutions 27, 51, 73, 93, 94, 128 and 129.<br><i>Description:</i> This study is being carried out under the auspices of the Central American Higher University Council, with the co-operation of BTAO, FAO and ILO experts. Some of the country studies involved have already been completed.  | 04-642         | 2     | <i>Problems and effects of urban development</i>   |
| 04-63          | 1     | <i>Demographic studies</i><br><i>Authority:</i> ECLA resolution 238 (X); CCE resolutions 27, 51, 73, 93, 94, 128 and 129. (Applicable also to projects 04-631 and 04-632 below.)<br><i>Description:</i> These studies are being undertaken by a BTAO expert with the co-operation of the secretariat.  | 04-643         | 2     | <i>Prospects for trade in building materials produced in the Central American countries</i><br><i>Description:</i> This study will also explore the possibilities for improved utilization of the region's raw materials by the building materials industry and the housing programmes themselves.   |
| 04-631         | 2     | <i>Distribution and concentration of population in Central America</i><br><i>Note:</i> A general study of this problem will be undertaken.   | 04-7           | 1     | <i>Research and training institutes</i><br><i>Authority:</i> Committee of the Whole resolutions 7 (AC.17) and 23 (AC.17); CCE resolutions 5, 6, 31, 52, 53, 72, 95, 98 and 130. (Applicable also to projects 04-71 to 04-714 and 04-72 below.)   |
| 04-632         | 2     | <i>Study on demographic movements in the metropolitan area of El Salvador</i><br><i>Note:</i> Work on this study is nearing completion and the final draft is scheduled to be ready in the first half of 1963.   | 04-71          | 1     | <i>Advanced School of Public Administration for Central America (ESAPAC)</i><br><i>Description:</i> During 1963, the activities of ESAPAC will be closely linked with the needs of the Economic Integration Programme and the development process in Central America, with a view to overcoming the administrative deficiencies found in the Central American countries. The following seminars and meetings will be held, with BTAO financing, in 1963: |
| 04-64          | 2     | <i>Second session of the Housing, Building and Planning Sub-Committee</i><br><i>Authority:</i> CCE resolutions 27, 51, 73, 93, 94, 128 and 129.<br><i>Description:</i> This Sub-Committee will hold its second session in June 1963. In addition to formulating its future programme of activities, the Sub-Committee will evaluate the progress made in regional co-ordination of national housing programmes, with particular reference to better utilization of raw materials and building materials produced in the region and to the application of the principles of modular co-ordination. It will also review the present status and development of industries producing building materials and the repercussions of the various national housing programmes on these industries. In addition, priorities and guiding principles need to be established for carrying out the studies requested of the secretariat by the Economic Co-operation Committee at its eighth session. These studies are: | 04-711         | 2     | <i>Seminar on Central American uniform customs code and tariff legislation</i>   |
|                |       |  | 04-712         | 2     | <i>Course on administration of development programmes in Central America</i>   |
|                |       |  | 04-713         | 2     | <i>National intensive courses on the application of the General Treaty on Economic Integration</i>   |
|                |       |  | 04-714         | 2     | <i>Workshop on budget administration for Central American countries</i><br><i>Description:</i> This workshop, to be held in September 1963, will be organized in conjunction with the United Nations Fiscal and Financial Branch.  |
|                |       |  | 04-72          | 1     | <i>Central American Institute for Research and Technology (ICAITI)</i><br><i>Description:</i> The secretariat will continue to co-operate with ICAITI, particularly on the identification and evaluation of specific industrial development projects in the Central American   |



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|                |       | countries. At its eighth session, the Economic Co-operation Committee requested the United Nations to join a committee of study the position and future role of ICAITI within the accelerated process of Central America's industrial development. This committee's findings should be submitted for consideration at the next session of the governing committee of ICAITI. The secretariat will sit on this special committee.   |
|                |       | <b>05. Industrial development</b>  |
| 05-0           | 1     | <p><i>Studies of industrial economics</i></p> <p><i>Authority:</i> ECLA resolutions 13 (IV), 116 (VII), 137 (VII), 160 (VIII), 200 (IX), 203 (IX), 222 (X), 228 (X) and 234 (X); Trade Committee resolutions 2 (I) and 3 (I).</p> <p><i>Description:</i> Industrial economic studies are a continuing feature of the Commission's work on industry. Recently, an effort has been made to design them in such a way that their conclusions may lead to immediate practical steps by Governments and private enterprise to speed up industrial development in the different countries. This objective is already reflected in several of the sectoral projects described in the following sections. A major activity in this connexion was the Seminar on Industrial Programming, organized jointly by ECLA, BTAO and the United Nations Centre for Industrial Development, and held at São Paulo, Brazil, in March 1963. The provisional report of the Seminar (E/CN.12/663) contains the complete list of documents, of which fifteen were prepared by the secretariat and one (on the experience of the advisory groups in formulating industrial development programmes — ST/ECLA/CONF.11/L.7), by the Latin American Institute for Economic and Social Planning. The ECLA papers are mentioned under the appropriate sections of the work programme, but three should be specified here, since they deal with problems of industrial programming (ST/ECLA/CONF.11/L.2), economies of scale in relation to industrial programming (ST/ECLA/CONF.11/L.5) and the selection of techniques and manpower absorption (ST/ECLA/CONF.11/L.3).</p> <p>On the basis of experience in analysing the industrial sector, certain general conclusions can be drawn, some of which are contained in the papers already mentioned and in the document on problems and prospects for industrial development in Latin America prepared for the tenth session (E/CN.12/664). Projects planned for the next two years, or already under way, include the analysis of the institutional framework of industrialization, industrial promotion policy and other aspects which were not usually considered in sufficient depth in the traditional approach used in earlier studies.</p> |
| 05-01          | 1     | <p><i>Analysis of the possibilities for trade in manufactured goods</i></p> <p><i>Authority:</i> ECLA resolutions 116 (VII), 137 (VII) and 222 (X); Trade Committee resolution 2 (I).</p> <p><i>Description:</i> This project deals with the prospects for expanding trade in manufactures among</p>   |

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|                |       | the Latin American countries, with particular reference to ALALC, in the light of the ECLA studies on industrial sectors recently completed or nearing completion. This project is closely linked with project 03-31.  |
| 05-02          | 1     | <p><i>Problems of financing of industry</i></p> <p><i>Authority:</i> ECLA resolution 116 (VII); Trade Committee resolution 3 (I).</p> <p><i>Description:</i> ECLA has done little work on the problems of financing of industry; those problems have been explored in some depth only in the studies on the manufacture of basic equipment. The project envisages a study on a number of financing problems of manufacturing industry and formulas for solving them in accordance with the characteristics of the Latin American credit systems and capital markets.</p>   |
| 05-03          | 1     | <p><i>Problems of small- and medium-scale industries in less developed countries</i></p> <p><i>Authority:</i> ECLA resolutions 116 (VII), 127 (VII) and 137 (VII); Trade Committee resolution 2 (I).</p> <p><i>Description:</i> This project is designed to include in the work programme, for the first time, the problems of small- and medium-scale industries. In view of the enormous scope of such problems and the limited resources available, the study will be confined to exploring the possibilities of building industrial estates as an instrument for promoting and modernizing small industries, preference being given, for the purposes of the study, to those concerned with metals and simple machinery. Subsequently, it is planned to hold a seminar on small-scale industries, to be organized jointly with BTAO and the Centre for Industrial Development.</p> |
| 05-04          | 2     | <p><i>Technological research for industry</i></p> <p><i>Authority:</i> ECLA resolutions 13 (IV), 53 (V), 200 (IX), 203 (IX) and 222 (X).</p> <p><i>Description:</i> On 1 January 1963, this became a regional ECLA/BTAO project, for which BTAO provides a regional adviser. Its basic objective is to promote the expansion in the region of the technological research activities in progress for industrial application, eventually with international assistance, and to encourage the growth of co-operation among the different national technological institutes. On the basis of research carried out by the secretariat in 1962, an initial approach to the problem was submitted at the tenth session (see <i>Economic Bulletin for Latin America</i>, vol. VIII, No. 1).</p>  |
| 05-05          | 3     | <p><i>Industrial promotion policy and institutional problems of industrialization</i></p> <p><i>Authority:</i> ECLA resolution 160 (VIII).</p> <p><i>Description:</i> Subject to the availability of funds, tentative plans are being made for a joint ECLA/BTAO/Centre for Industrial Development seminar on industrial promotion policy towards the end of 1964. As a result of recent work the secretariat has acquired considerable experience of industrial promotion problems relating to important sectors of industry such as basic equipment, machine tools and chemical industries. The expansion to be achieved in pro-</p>   |



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|                |       | viding advisory services to Governments, through the combined resources of ECLA and the Centre for Industrial Development, would be channelled towards the preparation of material for the proposed seminar.  | 05-113         | 2     | <i>Analysis of the prospects for steel-making in Uruguay</i><br><i>Authority:</i> ECLA resolution 96 (VI). (Applicable also to projects 05-114 and 05-115 below.)<br><i>Description:</i> This analysis will be derived from, and complementary to, the monograph on Uruguay in the study on the Latin American steel industry (project 05-111). It forms part of the Industrial Development Division's collaboration with the advisory group operating in Uruguay.   |
| 05-06          | 1     | <i>Collaboration with the Latin American Institute for Economic and Social Planning</i><br><i>Authority:</i> ECLA resolution 137 (VII).<br><i>Description:</i> ECLA's Industrial Development Division will work closely with the Institute in relation to industrial programming, both for the advisory groups and the training programme. There was co-operation on these lines during 1962, with particular reference to such industrial sectors as steel, chemicals and textiles.  | 05-114         | 2     | <i>Definition of preliminary work needed for the analysis of the prospects for establishing a steel industry in Honduras</i><br><i>Description:</i> In response to a request from IDB, ECLA's Mexico office and ECLA's Industrial Development Division have collaborated in the preparation of a preliminary analysis.   |
| 05-1           | 1     | <i>Studies of dynamic industries</i><br><i>Authority:</i> ECLA resolutions 57 (V), 58 (V), 96 (VI), 97 (VI), 127 (VII), 137 (VII), 161 (VIII), 162 (VIII), 201 (IX), 202 (IX), 207 (IX), 222 (X), 234 (X) and 236 (X).<br><i>Description:</i> The secretariat's earlier work on specific industries and sectors of industry was undertaken with a view to analysing the technical and economic characteristics of production or the development prospects for a given industry in one or more Latin American countries, taking into account their markets, the probable trends of national demand and the investment effort needed to reach the production targets based on the estimated growth of the markets. The studies on dynamic industries now being carried out are directed more towards the possibilities offered by the growing economic integration of Latin America. In carrying out these studies, the secretariat will pay particular attention to the situation of the less developed countries in the region. | 05-115         | 1     | <i>Economies of scale in the steel industry</i><br><i>Description:</i> This study, on which work started early in 1963, will bring up to date and expand an earlier one, presented at the Expert Working Group on the Iron and Steel Industry in Latin America (Bogotá, 1952). A progress report was prepared for the Seminar on Industrial Programming (ST/ECLA/CONF.11/L.15).  |
|                |       |   | 05-12          | 1     | <i>Basic equipment industries</i><br><i>Authority:</i> ECLA resolutions 57 (V), 96 (VI), 127 (VII), 161 (VIII), 162 (VIII) and 207 (IX). (Applicable also to projects 05-121 to 05-125 and 05-13 below.)<br><i>Description:</i> A number of studies prepared for the Seminar on Industrial Programming dealt with problems of the basic equipment industries, with particular reference to programming criteria and economies of scale. Other studies have been completed since the ninth session, including an initial study on the manufacture of basic equipment in Argentina, with particular reference to petroleum refining and the petrochemical industries, electric power generation and transmission, steel production and ship-building (E/CN.12/629 and Add.1-6); a similar study was prepared on Brazil, covering the same sectors as in Argentina, except that equipment for cement production was studied instead of ship-building (see <i>The Manufacture of Industrial Machinery and Equipment in Latin America—I. Basic Equipment in Brazil</i> , United Nations publication, Sales No.: 63.II.G.2). BTAO will be collaborating in this project as from 1963 by providing a regional adviser in the metal-transforming industries.<br>It is proposed to continue with these studies, as follows: |
| 05-11          | 1     | <i>Steel industry</i><br><i>Authority:</i> ECLA resolutions 57 (V), 96 (VI) and 127 (VII). (Applicable also to project 05-111 below.)   | 05-121         | 2     | <i>Basic equipment in Argentina</i><br><i>Description:</i> Work is now proceeding on the second stage of the study, which includes an analysis of institutional factors and of industrial policy affecting the manufacture of basic equipment.   |
| 05-111         | 1     | <i>Study of the economics of steel-making in Latin America</i><br><i>Description:</i> Work is proceeding on a study of the present situation and development prospects for steel-making in individual Latin American countries (including those where there are as yet no industrial activities of this kind) and in the region as a whole, with a view to determining possible lines of complementarity and specialization among the countries. The study is being undertaken in co-operation with the Latin American Iron and Steel Institute (ILAFA), with financial support from IDB.   | 05-122         | 2     | <i>Basic equipment in Chile</i><br><i>Description:</i> A preliminary study on basic equipment in Chile was prepared by a BTAO expert and the Chilean Development Corporation (CORFO), with the co-operation of ECLA.   |
| 05-112         | 1     | <i>Technological research necessary for the Latin American steel industry</i><br><i>Authority:</i> ECLA resolutions 13 (IV), 96 (VI) and 203 (IX).<br><i>Description:</i> This project is closely connected with project 05-04, on technological research in general. It involves a minimum programme of essential research on Latin America's steel industry, the use of the region's coal production, the adaptation of new processes to Latin American conditions, and so forth. It will be carried out in close co-operation with ILAFA.  |                |       |  |



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| 05-123         | 2     | <i>Basic equipment in Mexico</i><br><i>Note:</i> It is intended to continue the series with a study of basic equipment in Mexico.  |                |       |  |
| 05-124         | 2     | <i>Basic equipment in other countries</i><br><i>Description:</i> As resources permit, it is intended to proceed with studies of the basic equipment industries in Colombia, Ecuador and Venezuela, in accordance with the needs indicated in the relevant development programmes.  | 05-151         | 2     | <i>Seminar on the programming of integrated development in the chemical industry</i><br><i>Authority:</i> ECLA resolution 97 (VI).<br><i>Description:</i> In view of the findings of the study indicated under project 05-15 above, and the request in resolution 97 (VI), BTAO has included in the regular technical assistance programme for 1963 the necessary funds for holding a seminar on the programming of regionally integrated development of the chemical industry, scheduled for 1963. It would be convened jointly by ECLA, BTAO and the United Nations Centre for Industrial Development.   |
| 05-125         | 2     | <i>Seminar on machinery manufacture and construction of heavy equipment</i><br><i>Description:</i> In view of the findings of the studies included under project 05-12, it is hoped that funds may be available in the technical assistance programme in 1964 for a seminar on machinery manufacture and construction of heavy equipment, to be organized jointly by ECLA, BTAO and the United Nations Centre for Industrial Development.  | 05-152         | 2     | <i>Advisory services for carrying out development programmes in the chemical industry</i><br><i>Authority:</i> ECLA resolution 137 (VII).<br><i>Description:</i> It is envisaged that advisory services will be requested of the secretariat from time to time in connexion with the development of the chemical industry. Such services were provided to Uruguay in 1962, as a contribution by ECLA to the work of the ECLA/BTAO/OAS/IDB advisory group in that country, and where closely co-ordinated with the Latin American Institute for Economic and Social Planning. Individual projects will be reviewed, as well as the entire chemical sector in different countries; in some cases, the advice will be given on a regional basis in connexion with the negotiation of complementarity agreements within the framework of ALALC.  |
| 05-13          | 1     | <i>Machine-tool industries</i><br><i>Description:</i> Following the study on basic equipment in Brazil, a study on the machine-tool industry in that country was prepared (E/CN.12/633). A paper on criteria for programming the machine-tool industry was presented at the Seminar on Industrial Programming (ST/ECLA/CONF.11/L.12), together with a study on the methodological aspects of programming of the machine-tool industry (ST/ECLA/CONF.11/L.11). It is planned to continue work on this industry in other countries, with a view to the seminar described under project 05-125 above.   |                |       |  |
| 05-14          | 1     | <i>Motor vehicle industry</i><br><i>Authority:</i> ECLA resolution 207 (IX).<br><i>Description:</i> The secretariat has for some time been concerned with the development of the motor vehicle industry in Latin America. A study on some specific aspects of the industry in Brazil was submitted at the eighth session. For the Seminar on Industrial Programming, an analysis was made of the Brazilian motor vehicle industry as a case of sectoral programming (ST/ECLA/CONF.11/L.16), and a tentative approach made to the subject of economies of scale in this industry, in the light of the experience in that country.   | 05-16          | 1     | <i>Forest industries</i><br><i>Authority:</i> ECLA resolutions 58 (V), 98 (VI), 128 (VII), 163 (VIII), 202 (IX) and 236 (X).<br><i>Description:</i> The work programme for the pulp and paper and timber industries is prepared and carried out with the collaboration of FAO and BTAO, since it incorporates the activities of the ECLA/FAO/BTAO Pulp and Paper Advisory Group. Two studies have been completed since the ninth session, relating respectively to the timber industry (see <i>Latin American Timber Trends and Prospects</i> , United Nations publication, Sales No.: 63.II.G.1), and to supply, demand and trade in pulp and paper products (see <i>Pulp and Paper Prospects in Latin America</i> , United Nations publication, Sales No.: 63.II.G.7). In addition, a paper on economies of scale in the pulp and paper industry was prepared for the Seminar on Industrial Programming (ST/ECLA/CONF.11/L.19). It is envisaged that the work during 1963-1964 will be concentrated mainly on advisory services to Governments, with particular reference to integration prospects and the preparation of projects for submission to the Special Fund. |
| 05-15          | 1     | <i>Chemical industry</i><br><i>Authority:</i> ECLA resolutions 59 (V), 97 (VI), 137 (VII) and 162 (VIII).<br><i>Description:</i> The preliminary version of the first part of the study on the chemical industry, submitted at the ninth session and dealing with the market for chemical products, has been revised and brought up to date (E/CN.12/591), and the second part, dealing with the supply situation, cost of raw materials and potentialities for further development, has also been completed (E/CN.12/628 and Add.1-3). A paper on economies of scale in the chemical industry was prepared for the Seminar on Industrial Programming (ST/ECLA/CONF.11/L.17). It would be desirable to follow up these studies with a periodic progress report on the development of the chemical industries in the region, in which available technological information would be brought up to date. The work will be facilitated by the co-operation of a BTAO regional adviser on matters relating to the chemical industry as from 1963. | 05-2           | 1     | <i>Traditional industries</i><br><i>Authority:</i> ECLA resolutions 10 (IV), 11 (IV), 116 (VII), 127 (VII), 137 (VII), 201 (IX) and 235 (X); Trade Committee resolution 2 (I).   |



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|                |       | (Applicable also to projects 05-21 and 05-211 to 05-214 below.)  |                |       | <b>06. Economic problems of agriculture</b><br>(Projects undertaken in collaboration with FAO)  |
|                |       | <i>Description:</i> Work on traditional industries has so far been concentrated on textiles. In some cases, the methods used are applicable to other traditional and consumer-goods industries, and as resources permit, it is intended to extend the work to these other industries, as requested in a number of the Commission's resolutions, in particular to the building materials industry.  | 06-0           | 1     | <i>Agricultural development and planning</i><br><i>Authority:</i> ECLA resolutions 62 (V), 88 (VI), 89 (VI), 158 (VIII), 182 (IX), 183 (IX) and 225 (X).<br><i>Description:</i> Work on this topic constitutes one of the Joint ECLA/FAO Agriculture Division's most important continuing projects. Some of the research involved is used to provide material for the preparation of the <i>Economic Survey of Latin America</i> , and the FAO publication entitled <i>The State of Food and Agriculture</i> , both published annually.<br>A study was completed for the tenth session on problems and prospects for agriculture in Latin America (E/CN.12/686 and Corr.1). It is necessary to expand research on agricultural problems, in order to cover some basic areas in Latin America that urgently require investigation for sound agricultural development planning. The following projects (06-01 to 06-21) are envisaged under this heading for 1963-1964: |
| 05-21          | 1     | <i>Textile industries</i><br><i>Description:</i> The first study in this series, relating to Chile, has now been published (United Nations publication, Sales No.: 63.II.G.5) and a preliminary version of a study on Brazil has been issued in Portuguese (E/CN.12/623). BTAO collaborates in the work on textiles by providing a regional textiles adviser. Work is currently proceeding on a number of other studies as indicated in the detailed projects below.   | 06-01          | 1     | <i>Studies on comparative agricultural productivity in the various Latin American countries</i><br><i>Authority:</i> ECLA resolutions 62 (V), 87 (VI), 92 (VI), 134 (VII) and 225 (X).<br><i>Description:</i> For a group of selected commodities, the main factors that condition present levels of productivity will be explored, as well as the possible future degree of competitiveness and/or complementarity of different areas on the basis of alternative hypotheses as to technological improvements. This project also incorporates the study of the possibilities of increasing agricultural investment requested in ECLA resolution 92 (VI).   |
| 05-211         | 2     | <i>Studies of the textile industry in the ALALC countries</i><br><i>Description:</i> Work is in progress on studies of the textile industry in Peru and Uruguay. It is planned to extend the country studies to the remaining ALALC members, beginning with Argentina and Colombia during 1963. The recommendations and conclusions will be followed up by the secretariat in collaboration with the interested national and international agencies and the textile industry.  | 06-02          | 2     | <i>Study on the existing agricultural research (both technical and economic) and extension facilities in Latin America</i><br><i>Authority:</i> ECLA resolutions 158 (VIII) and 225 (X).<br><i>Description:</i> This will assess the future expansion needed to meet the increase in production and level of productivity required to satisfy future demand for agricultural commodities.   |
| 05-212         | 2     | <i>Regional study of operating conditions in the textile industry in the ALALC countries</i><br><i>Description:</i> Following the completion of the country studies described in project 05-211 above, a regional study is envisaged, summing up the results obtained and presenting them on a comparative basis.  | 06-03          | 1     | <i>Study on the terms of trade for agricultural commodities within each country</i><br><i>Authority:</i> ECLA resolution 62 (V).<br><i>Description:</i> The relationship between prices received and paid by farmers will be investigated as well as its influence on agricultural income and investment.   |
| 05-213         | 2     | <i>Study of operating conditions in the textile industry in Bolivia and Venezuela</i><br><i>Description:</i> Field work has started in Bolivia for a study similar to those for the ALALC countries, and a study of the same type will subsequently be undertaken for Venezuela.   | 06-04          | 1     | <i>Study on the patterns of consumption of agricultural commodities in Latin America</i><br><i>Authority:</i> ECLA resolution 158 (VIII). (Applicable also to project 06-05 below.)<br><i>Description:</i> The study will be made on different areas and in relation to various income groups.  |
| 05-214         | 2     | <i>Programming manual for the textile industry</i><br><i>Description:</i> In addition to studies on individual countries, work has been undertaken on the selection of techniques and manpower absorption, economies of scale and programming data (ST/ECLA/CONF.11/L.3, L.20 and L.21). It is planned to use these studies, presented at the Seminar on Industrial Programming, as the nucleus for the preparation of a manual outlining a methodology for measuring textile productivity, evaluating the obsolescence of machinery and estimating needs for replacement, indicating the action needed for internal reorganization in individual cases, and so forth.<br>A small technical meeting on this and other related aspects of the textile industry was held at São Paulo on 18 and 19 March 1963. | 06-05          | 1     | <i>Study on long-term prospects for domestic demand and supply in respect of agricultural commodities</i><br><i>Description:</i> The study will be made on the basis of the information provided by the previous  |



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|                |       | studies. An analysis will be made of the requisite increase in agricultural production by main commodities and geographical areas.  | 07-111         | 2     | <i>Follow-up to the Latin American Electric Power Seminar</i>   |
| 06-06          | 1     | <i>Collaboration with the Latin American Institute for Economic and Social Planning</i><br><i>Authority:</i> ECLA resolutions 89 (VI) and 184 (IX).<br><i>Description:</i> The collaboration will be with special reference to the preparation and conduct of the courses on agricultural planning and the work of the advisory group. Work should be started in 1964 in collaboration with the Institute's Agricultural Unit on the preparation of a manual on agricultural planning.  |                |       | <i>Description:</i> Some follow-up work was undertaken in 1962 on the basis of the findings of the Latin American Electric Power Seminar (Mexico City, 1961). It consisted of two small meetings of experts dealing respectively with electricity statistics and terminology and with the rates structure.<br>If the necessary financing can be found in 1963-1964, it is proposed to hold some further small meetings — e.g., on rural electrification.  |
| 06-1           | 1     | <i>Study of factors affecting the development of livestock products in Latin America</i><br><i>Authority:</i> ECLA resolution 91 (VI).<br><i>Note:</i> With the publication in 1962 of the study on livestock in Brazil (E/CN.12/636), the first studies made in connexion with this project have been completed.   | 07-02          | 1     | <i>Study of petroleum resources and their utilization in Latin America</i><br><i>Authority:</i> ECLA resolution 99 (VI).<br><i>Description:</i> Subject to the availability of resources, it is planned to start work on a study of petroleum resources and their utilization in Latin America.   |
| 06-2           | 1     | <i>Expansion of intraregional trade in agricultural products</i><br><i>Authority:</i> ECLA resolutions 158 (VIII) and 182 (IX).<br><i>Description:</i> A number of technical papers will have to be prepared, with a view to facilitating the expansion of agricultural trade among the Latin American countries. The series will include some market studies relating to selected commodities, to be undertaken possibly in collaboration with the recently established Latin American Institute of Agricultural Marketing. The results of the study on productivity (project 06-01 above) will also provide a good basis for determining the degree of complementarity among countries and the corresponding effects on trade.  | 07-1           |       | <i>Water resources</i><br><i>Authority:</i> ECLA resolutions 99 (VI), 166 (VIII) and 204 (IX). (Applicable also to projects 07-11 to 07-14 below.)  |
| 06-21          | 1     | <i>Problems of agricultural economy and land reform</i><br><i>Authority:</i> ECLA resolutions 66 (V), 182 (IX) and 225 (X).<br><i>Description:</i> The Joint ECLA/FAO Agriculture Division collaborates in the work of the Inter-American Committee for Agricultural Development (CIDA), jointly established in 1961 by OAS, FAO, ECLA, IDB and the Inter-American Institute of Agricultural Sciences. Studies on problems of agricultural economy and land reform form part of CIDA's programme, but the secretariat will study land and water tenure in countries not covered by CIDA. The CIDA programme includes the following projects:<br>(a) Inventory of the information available on Latin American agriculture;<br>(b) Situation of land tenure in Latin America;<br>(c) Mission to the Department of Caldas, Colombia;<br>(d) Mission to Brazil. | 07-11          | 1     | <i>Multiple utilization of water resources in Latin America</i><br><i>Description:</i> The secretariat's work on water resources is carried out in close conjunction with BTAO, as part of a regional technical assistance project to provide water resources survey missions to those countries requesting them. The World Meteorological Organization participated in the project, to which it contributed the services of a regional hydrologist and hydro-meteorologist.<br>A study submitted at the tenth session (E/CN.12/650) describes the experience gained as a result of the six missions already completed. |
|                |       | 87. Natural resources, including energy   | 07-12          | 2     | <i>Water resources survey mission to Argentina</i><br><i>Description:</i> This mission is being carried out in close collaboration with the Federal Investment Council of Argentina, which has already collected much of the basic material. Field work should be completed in the course of 1963, and the final report should be ready during 1964. A progress report was prepared for the tenth session (E/CN.12/625).  |
| 07-0           |       | <i>Energy</i>   | 07-13          | 2     | <i>Water resources survey mission to Peru</i><br><i>Description:</i> The Government of Peru has requested a mission on water resources, to be organized towards the end of 1963. In the meantime, the Government is organizing the collection of data and has appointed staff to work on the preparatory stages of the project.   |
| 07-01          | 1     | <i>Development of energy resources</i><br><i>Authority:</i> ECLA resolutions 99 (VI), 100 (VI), 130 (VII), 164 (VIII) and 165 (VIII). (Applicable also to project 07-111 below.)  | 07-14          | 2     | <i>Water resources survey mission to Central America</i><br><i>Description:</i> In connexion with the Central American Economic Integration Programme, the ECLA Mexico office is organizing a water resources survey mission to the Central American countries (see project 04-423).  |
|                |       |   | 07-2           |       | <i>Other natural resources</i><br><i>Authority:</i> ECLA resolutions 60 (V), 131 (VII) and 239 (X). (Applicable also to project 07-21 below.)   |



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| 07-21   | 1     | <p><i>Development of natural resources</i></p> <p><i>Description:</i> In view of the stress laid on natural resources in connexion with the United Nations Development Decade, and the mandate contained in Economic and Social Council resolution 916 (XXXIV), as well as the Commission's resolution 60 (V), requesting the secretariat to prepare an inventory of non-agricultural natural resources, the secretariat prepared for the tenth session a first estimate of the present status of knowledge of the main resources in the region (E/CN.12/670 and Add.1-5). The work on soil, vegetation and fisheries is being undertaken with the help of FAO. It is planned to continue this work in greater depth, in co-operation with the Latin American Institute for Economic and Social Planning and other interested international organizations, with a view to convening a meeting of experts.</p> | 08-2                         | 2     | <p><i>Improvement of transport conditions and services for the development of regional trade</i></p> <p><i>Authority:</i> ECLA resolutions 214 (IX) and 222 (X); Trade Committee resolution 15 (III). (Applicable also to projects 08-21 and 08-22 below.)</p> <p><i>Description:</i> This project calls for a study of the need for improving the availability and conditions of inland and maritime transport facilities with a view to the expansion of trade among Latin American countries, including the incidence of freight rates on present and future commodity trade flows and other problems of trade policy in regard to transport. It further involves the study of transport problems related to the implementation of multilateral economic integration agreements in the area and co-operation in this respect with ALALC. (This project is closely linked with project 03-41.)</p> |
| 07-22   | 3     | <p><i>Utilization of international rivers and lakes</i></p> <p><i>Authority:</i> ECLA resolution 131 (VII).</p> <p><i>Note:</i> No work has been carried out on this project since the ninth session. In view of the particular interest in international river basin development as expressed in resolution 916 (XXXIV) of the Economic and Social Council, plans are being made to make a start on this study in 1964.</p>  | 08-21                        | 2     | <p><i>Maritime transport in relation to the ALALC countries</i></p> <p><i>Description:</i> Work has recently started on the maritime aspects of the main project described under 08-2 above. This should include research on the establishment of basic loads and the organization of special storage areas.</p>   |
| <p><b>08. Transport</b></p> <p>(carried out by ECLA with the co-operation of OAS)</p> |       |   | 08-22                        | 2     | <p><i>Transport problems in relation to expansion of trade in manufactured goods</i></p> <p><i>Description:</i> If means permit, it is planned to prepare, in 1964, a study of transport problems in relation to the expansion of trade in manufactured goods from Latin America to developed areas.</p>   |
| 08-0  | 1     | <p><i>Study of the transport situation and basic transport problems in Latin America</i></p> <p><i>Authority:</i> ECLA resolutions 69 (V) and 120 (VII); Committee of the Whole resolution 38 (AC.16). (Applicable also to project 08-01 below.)</p> <p><i>Description:</i> Work has started on a survey of the evolution of transport in the post-war period and of the basic problems for the future. A progress report on the work accomplished and some of the main conclusions reached was prepared for the tenth session (E/CN.12/673), and the main study should be completed during 1963.</p>   | 08-3                         | 2     | <p><i>Seminars and expert working groups in intra-regional transport problems</i></p> <p><i>Authority:</i> Committee of the Whole resolution 179 (AC.45).</p> <p><i>Description:</i> It is anticipated that the general study (project 08-0) will define specific problems related to inland or maritime transport or transport planning, requiring special attention by working groups or seminars. As efforts are being made to include one or two small meetings in the technical assistance programmes for 1964 or 1965, the preparatory work should be started in 1964.</p>   |
| 08-01   | 2     | <p><i>Study of sectoral and special problems</i></p> <p><i>Description:</i> It is envisaged that further studies of special and sectoral problems, including those relating to agricultural, industrial and regional development, will be needed in the course of 1963-1964, in the light of the conclusions reached by the general study.</p>  | <p><b>09. Statistics</b></p> |       |  |
| 08-1  | 2     | <p><i>Ports</i></p> <p><i>Authority:</i> ECLA resolution 69 (V); Committee of the Whole resolution 38 (AC.16).</p> <p><i>Description:</i> The secretariat is collaborating with OAS in its study on ports undertaken in pursuance of a resolution adopted at the Punta del Este Conference in 1961. In this way, work is being done on a project which has been a matter of concern to the Commission for many years, though little progress has been made on it for want of resources.</p>   | 09-1                         | 1     | <p><i>Preparation of statistical series</i></p> <p><i>Authority:</i> Terms of reference of the Commission; ECLA resolutions 44 (V), 64 (V) and 79 (VI).</p> <p><i>Description:</i> The preparation of statistical series is a continuing task which has been pursued ever since the Commission was established. Series are maintained for national income, industry, agriculture, external trade, and so forth. Other series include demographic and vital statistics, housing, health, education and levels of living. The <i>Statistical Supplement</i>, which has been a regular feature of the <i>Economic Bulletin for Latin America</i> for several years, was published separately in two issues in 1962.</p>   |



| Project number | Group | Title, authority and description  |
|----------------|-------|---|
| 09-2           | 1     | <p><b>Regional statistical advisers</b></p> <p><b>Authority:</b> ECLA resolutions 154 (VIII) and 196 (IX).</p> <p><b>Description:</b> A regional technical assistance project was started by BTAO in 1962, under which three regional statistical advisers have been provided to assist countries, at their request, in operational activities relating to economic statistics, sampling and field surveys, and demographic and social statistics. This work is co-ordinated by the Statistical Division of ECLA.</p> <p>So far, technical assistance missions on demographic and social statistics have been undertaken in Colombia, Ecuador, Paraguay and Peru; on sampling and field surveys in Bolivia, Chile and Peru; and on economic statistics, in Chile and Peru.</p>  |
| 09-21          | 1     | <p><b>Mission to Peru</b></p> <p><b>Authority:</b> ECLA resolution 137 (VII).</p> <p><b>Description:</b> A mission was sent to Peru with the co-operation of the three statistical advisers mentioned above to prepare an inventory of statistics and cognate services in relation to development programming.</p>  |
| 09-3           | 1     | <p><b>Meetings and seminars on specific statistical problems</b></p> <p><b>Authority:</b> ECLA resolutions 154 (VIII) and 196 (IX). (Applicable also to projects 09-31 to 09-33 and 09-4 below.)</p> <p><b>Description:</b> Following the earlier Seminar on Industrial Statistics (October 1960), the secretariat collaborated with the United Nations Statistical Office, BTAO, the Government of Denmark, ECE and the Inter-American Statistical Institute (IASI) in a seminar on housing statistics and programmes, which was held at Copenhagen, in September 1962. (See the provisional report of the Seminar, E/CN.12/647.)</p> <p>Plans are being made to hold further seminars or meetings in 1964, if resources permit, with the collaboration of the United Nations Statistical Office and BTAO, as follows:</p> |
| 09-31          | 2     | <p><b>Seminar on basic statistics for economic programming</b></p> <p><b>Note:</b> This seminar has been included as a high priority project in the plans for the 1964 technical assistance programme.</p>  |
| 09-32          | 2     | <p><b>Second Latin American seminar on civil registration</b></p> <p><b>Note:</b> This seminar has also been included as a high priority project for the 1964 programme.</p>  |
| 09-33          | 2     | <p><b>Seminar on wholesale and retail prices</b></p> <p><b>Note:</b> This seminar has been included on a second priority basis for 1964.</p>  |
| 09-4           | 1     | <p><b>Preparation of a minimum programme of basic statistics</b></p> <p><b>Description:</b> As a contribution towards the definition of a minimum programme of basic statistics, a paper has been prepared on the use of national accounts for purposes of analysis and development programming (E/CN.12/671).</p>  |
| 09-5           | 2     | <p><b>Studies on specific statistical topics</b></p> <p><b>Authority:</b> ECLA resolution 197 (IX).</p>   |

| Project number | Group | Title, authority and description   |
|----------------|-------|--|
|                |       | <p><b>Description:</b> For the tenth session, a special study was prepared on the measurement of price levels and the purchasing power of currencies in Latin America, 1960-1962 (E/CN.12/653) which brings up to date and expands an earlier study on the subject.</p>  |
|                |       | <p><b>10. Other projects</b></p>   |
| 10-0           | 1     | <p><b>Publicity concerning the Commission's work</b></p> <p><b>Authority:</b> ECLA resolutions 108 (VI), 199 (IX) and 223 (X); Trade Committee resolution 10 (II).</p>   |
| 10-01          | 2     | <p><b>Ad hoc advisory group on publicity</b></p> <p><b>Authority:</b> ECLA resolution 223 (X).</p> <p><b>Description:</b> An ad hoc advisory group is to be set up in 1963 to undertake the following tasks:</p> <p>(a) To analyse past obstacles to extensive dissemination of information on the Commission's work;</p> <p>(b) To make specific proposals for the early removal of such obstacles, with special emphasis on measures that may be adopted to enlist in the service of information and publicity on economic matters the educational centres, the press, radio and private sector organizations;</p> <p>(c) To make suggestions for mobilizing the necessary financial resources for a publicity campaign.</p>   |
| 10-02          | 1     | <p><b>Dissemination of information on the benefits to be obtained from the expansion of trade and on the reasons for establishing a common market</b></p> <p><b>Authority:</b> Trade Committee resolution 10 (II).</p> <p><b>Description:</b> Addresses, lectures and statements have been given in relation to this project, and numerous press releases have been distributed. At the request of the Planning Office of Venezuela, the services of one ECLA officer were supplied early in 1963 in order to provide the private sector with technical information on the common market.</p>  |
|                |       | <p><b>11. Technical assistance programme</b></p>   |
| 11-0           | 1     | <p><b>Decentralization of regional technical assistance activities and co-operation in the technical assistance programme</b></p> <p><b>Authority:</b> ECLA resolutions 51 (V) and 210 (IX); Committee of the Whole resolution 110 (AC.34).</p> <p><b>Description:</b> Since the latter part of 1962, in accordance with the directives on decentralization of technical assistance activities laid down by the General Assembly and the Economic and Social Council, the secretariat has been participating even more actively than in the past in the preparation of regional technical assistance programmes. Within its province, and as resources have permitted, it has been assisting in drawing up job descriptions and in briefing experts and has prepared comments on reports of technical assistance experts and on projects submitted to the Special Fund. In addition, it has substantive responsibility for a number of regional projects which have been described in the course of the work programme, including an increasing number of regional advisers.</p> |



| Project number | Group | Title, authority and description  | Project number | Group | Title, authority and description  |
|----------------|-------|---|----------------|-------|---|
|                |       | <p>The regional programme for 1963 has been discussed with BTAO and, at a meeting held in Mexico on 18 and 19 April 1963 with the resident representatives of the Technical Assistance Board and directors of Special Fund programmes. Plans have also been drawn up for the 1964 programme.</p> <p>In the case of the Central American Economic Integration Programme, the secretariat plays a particularly important role in supporting technical assistance activities.</p> <p>Through the advisory groups now organized by the Latin American Institute for Economic and Social Planning, the Commission has also taken part in the preparation of some country programmes in the economic and social field (see E/CN.12/678).</p> <p>BTAO provides fellowships for the Training Programme and supports the intensive training courses organized by the Institute (see E/CN.12/678).</p> <p>A note on decentralization of United Nations economic and social activities and strengthening of the regional economic commissions (E/CN.12/669) describes the activities undertaken in the field of technical assistance. The list below is divided into continuing regional projects, including regional advisers, and seminars or meetings, as well as the proposed programme for 1964. [The project numbers in parentheses on the left refer to the corresponding projects as described in the work programme above.]</p> |                |       |   |
|                |       | <i>Joint regional projects, including regional advisers</i>   |                |       |   |
|                |       | <p>1. <i>Under the substantive responsibility of ECLA headquarters, Santiago</i></p> <p>(a) Advisory Groups Programme (with the Latin American Institute for Economic and Social Planning).</p> <p><i>Authority:</i> Economic and Social Council resolution 222 (IX). (Applicable also to items (b), (c), (d) (i) and (d) (ii) below.)</p> <p>(b) Training Programme (also with the Institute).</p> <p>(05-16) (c) ECLA/FAO/BTAO Pulp and Paper Advisory Group.</p> <p>(05-21) (d) Regional advisers on industrial problems:</p> <p>(05-04) (i) Textiles (one adviser);</p> <p>(05-12) (ii) Technological research for industry (one adviser);</p> <p>(05-15) (iii) Mechanical industries (one adviser, to be recruited in 1963);</p> <p><i>Authority:</i> General Assembly resolution 200 (III). (Applicable also to (iv) below.)</p> <p>(02-2) (iv) Chemical industry (one adviser, to be recruited in 1963).</p> <p>(e) Regional Advisory Group on Trade Policy (three advisers).</p> <p><i>Authority:</i> Economic and Social Council resolution 222 (IX).</p> <p>(09-2) (f) Three regional statistical advisers.</p> <p><i>Authority:</i> General Assembly resolution 200 (III).</p>   | (07-1)         |       | (g) ECLA/BTAO/WMO Water Resources Survey Group.   |
|                |       |   |                |       | <i>Authority:</i> Economic and Social Council resolution 222 (IX).  |
|                |       |   | (01-3)         |       | (h) Two regional advisers on housing.   |
|                |       |   |                |       | <i>Authority:</i> General Assembly resolution 418 (V).  |
|                |       |   |                |       | (i) Regional adviser on public administration (in co-operation with the Latin American Institute for Economic and Social Planning). |
|                |       |   |                |       | <i>Authority:</i> General Assembly resolution 723 (VIII).   |
|                |       |   |                |       | (j) Regional adviser on community development (Andean Indian project).  |
|                |       |   |                |       | <i>Authority:</i> General Assembly resolution 418 (V).  |
|                |       |   | (01-2)         |       | (k) Latin American Demographic Centre (CELADE).   |
|                |       |   |                |       | <i>Authority:</i> General Assembly resolution 200 (III).  |
|                |       |   |                |       | 2. <i>Under the substantive responsibility of the Mexico Office of ECLA</i>   |
|                |       |   | (04)           |       | (l) Central American Economic Integration Programme.  |
|                |       |   |                |       | <i>Authority:</i> General Assembly resolutions 200 (III) and 418 (V); Economic and Social Council resolution 222 (IX).              |
|                |       |   | (04-71)        |       | (m) Advanced School of Public Administration for Central America (ESAPAC).  |
|                |       |   |                |       | <i>Authority:</i> General Assembly resolution 723 (VIII); Economic and Social Council resolution 222 (IX).                          |
|                |       |   |                |       | (n) Regional Fundamental Education Centre (CREFAL).   |
|                |       |   |                |       | <i>Authority:</i> General Assembly resolutions 418 (IV) and 723 (VIII).   |
|                |       |   |                |       | (o) Regional economic adviser for the Caribbean (vacant).   |
|                |       |   |                |       | <i>Authority:</i> General Assembly resolution 200 (III).  |
|                |       |   |                |       | (p) Regional community development for the Caribbean (vacant).  |
|                |       |   |                |       | <i>Authority:</i> General Assembly resolution 418 (V).  |
|                |       |   |                |       | 3. <i>Seminars or meetings</i>  |
|                |       |   | (05-0)         | 2     | (q) Seminar on Industrial Programming (São Paulo, 4-15 March 1963).   |
|                |       |   |                |       | <i>Authority:</i> Economic and Social Council resolution 222 (IX).  |
|                |       |   | (05-151)       | 2     | (r) Seminar on chemical industries in Latin America — November 1963.  |
|                |       |   |                |       | <i>Authority:</i> General Assembly resolution 200 (III).  |
|                |       |   | (02-3)         | 2     | (s) Seminars or courses on trade policy — latter half of 1963.  |
|                |       |   |                |       | <i>Authority:</i> Economic and Social Council resolution 222 (IX).  |



| <i>Project number</i>   | <i>Group</i> | <i>Title, authority and description</i>   | <i>Project number</i> | <i>Group</i> | <i>Title, authority and description</i>  |
|---|--------------|---|-----------------------|--------------|--|
| (04-712)  | 2            | (f) Course on administration of development programmes in Central America (jointly with ESAPAC).<br><i>Authority:</i> General Assembly resolution 723 (VIII). (Applicable also to items (u) and (v) below.)   | (09-3)                | 1            | (aa) Second seminar on civil registration (with the Statistical Office).   |
| (04-713)  | 2            | (u) National intensive courses on the application of the General Treaty on Economic Integration (jointly with ESAPAC).  | (09-3)                | 2            | (bb) Seminar on wholesale prices (with the Statistical Office).  |
| (04-711)  | 2            | (v) Seminar on Central American uniform customs code and tariff legislation (jointly with ESAPAC).  | (01-13)               | 1            | (cc) Meeting of experts on social development planning (with the United Nations Bureau of Social Affairs).<br><i>Authority:</i> General Assembly resolution 418 (V). <sup>1</sup> (Applicable also to items (dd) to (ff) below.) |
| (04-714)  | 2            | (w) Workshop on budget administration for Mexico, Central America and the Caribbean countries (jointly with the United Nations Fiscal and Financial Branch and ESAPAC) — September 1963.<br><i>Authority:</i> General Assembly resolution 200 (III).    |                       | 1            | (dd) Meeting of experts on organization and administration of social services (with the Bureau of Social Affairs).   |
| 4. New projects proposed for inclusion in the 1964 regular technical assistance programme |              |   | (01-34)               | 1            | (ee) Workshop on physical planning aspects of urbanization.  |
| (05-125)  | 1            | (x) Seminar on machinery manufacture and construction of heavy equipment (jointly with the United Nations Centre for Industrial Development).<br><i>Authority:</i> General Assembly resolution 200 (III). (Applicable also to items (y) to (bb) below.) | (01-0)                | 1            | (ff) Regional adviser on urbanization problems.  |
| (05-03)   | 2            | (y) Seminar on small scale industries (jointly with the United Nations Centre for Industrial Development).  |                       | 1            | (gg) Study on the adaptation of government organization and management to the needs of development policy.<br><i>Authority:</i> General Assembly resolution 723 (VIII).  |
| (09-3)  | 1            | (z) Seminar on basic statistics for economic and social programming (with the United Nations Statistical Office).   |                       |              | (hh) Central American Economic Integration Programme:<br>(i) Three fiscal experts;<br><i>Authority:</i> General Assembly resolution 200 (III).   |
|   |              |   | (04-01)               |              |  |
|   |              |   | (04-06)               | 1            | (ii) Five experts on housing, demography, equalization of social charges, income distribution and land tenure.<br><i>Authority:</i> General Assembly resolution 418 (V).   |

## STATEMENT BY THE EXECUTIVE SECRETARY ON FINANCIAL IMPLICATIONS OF THE WORK PROGRAMME

### I. General observations

531. The programme of work and priorities for 1963-1964 has been drawn up on the basis of the directives given by the Commission, taking into account the resolutions of the Economic and Social Council which have a direct bearing on the work of the regional economic commissions.

532. In reviewing the programme, it should be borne in mind that the secretariat is being increasingly called upon to contribute to United Nations programmes, under the relevant resolutions of the General Assembly and the Economic and Social Council on decentralization of United Nations economic and social activities and strengthening of the regional economic commissions. The present scope of the secretariat's participation in the work of technical assistance as assigned to it by Headquarters can be seen in document E/CN.12/669. In accordance with these and other directives laid down by the General Assembly and the Economic and Social Council, the work programme envisages increasing participation by the Commission, its subsidiary bodies and the secretariat in a number of programmes for concerted action by the United Nations and the specialized agencies. Through the

Tripartite Agreement reached with the OAS and IDB joint programmes are being undertaken in relation to a number of projects. In addition, the secretariat works very closely with the Latin American Institute for Economic and Social Planning.

533. The Executive Secretary is convinced that even with the maximum use of existing staff and the elimination or postponement of work of less importance, and with the assistance given by government and private organizations in relation to many projects, the implications of the programme of work already approved would be at least a few additional professional and general service posts together with and increases in the budgetary allocation for consultants in 1964. Some of these new posts were already requested for 1963, but have not been granted. In submitting his budget estimates for 1964 to the Secretary-General, the Executive Secretary has therefore renewed his request for additional resources needed to meet the heavy demands made upon the secretariat, with particular reference to the United Nations Development Decade (see document E/CN.12/685).

534. Three of the resolutions adopted by the Commission at the tenth session have direct financial implications.



gross, and staff assessment, which averages about 25 per cent, must be deducted to arrive at actual net cost. Common staff costs, covering recruitment charges and various allowances and benefits, are uniformly calculated at 25 per cent of gross salary. While the details below refer to a full calendar year, funds for the posts would be requested on the basis of a 25 per cent deduction for delayed recruitment for the initial year 1964.

The details of the financial implications of the resolutions are given below. All salary figures are shown as

|   |       |        |   |                                     |               |
|---|-------|--------|---|-------------------------------------|---------------|
| <b>A. Ad hoc advisory group on publicity</b>          |       |        | <b>C. Housing programmes</b>              |                                     |               |
| <b>Five experts for a period of one week :</b>        | \$    | \$     | <b>Addition of one P-5 staff member :</b> | \$                                  | \$            |
| Travel and per diem for the five . . . . .            | 2,500 |        | Salary . . . . .                          | 14,000                              |               |
| Miscellaneous . . . . .                               | 500   |        | Common staff costs . . . . .              | 3,500                               |               |
|   | <hr/> | 3,000  | <b>Addition of one P-4 staff member :</b> |                                     |               |
|   |       |        | Salary . . . . .                          | 11,400                              |               |
|   |       |        | Common staff costs . . . . .              | 2,850                               |               |
| <b>B. Intensification of demographic work</b>         |       |        | <b>Addition of one P-1 staff member :</b> |                                     |               |
| <b>Addition of one demographer (P-3) for the ECLA</b> |       |        | Salary . . . . .                          | 5,750                               |               |
| Mexico office :                                       |       |        | Common staff costs . . . . .              | 1,437                               |               |
| Salary . . . . .                                      | 9,300 |        |   | <hr/>                               | 38,937        |
| Common staff costs . . . . .                          | 2,325 |        |   |                                     |               |
|   | <hr/> | 11,625 |   |                                     |               |
|   |       |        |   | <b>TOTAL financial implications</b> | <b>53,562</b> |



## ANNEXES

### ANNEX I

#### List of delegations

##### REPRESENTATIVES OF STATES MEMBERS OF THE COMMISSION

###### *Argentina*

*Representative:* H.E. Mr. Eustaquio Méndez Delfino, Minister for Economic Affairs

*Alternate Representatives:* Mr. Jorge Aja Espil, Under-Secretary for Foreign Affairs; Mr. Eduardo Tiscornia, Under-Secretary for Economic Affairs.

*Advisers:* Mr. Ernesto Parellada, Mr. Alberto Fraguio, Mr. Carlos A. González Torrontegui, Mr. Leopoldo Hugo Tettamanti, Mr. Angel Oscar Prece, Mr. Alfredo Eric Calcagno, Mr. Salvador Becciu, Mr. Manuel San Miguel, Mr. Juan Pascual Martínez, Mr. Febo U. Terzy, Mr. Santiago V. Pigazzi, Mr. Evaristo H. Evangelista, Mr. Adolfo Edgardo Buscaglia, Mr. Juan Carlos Dardalla, Mr. Hugo Augusto Urtubey, Mr. Antonio Estrany Gendre, Mr. Jorge Raúl Alcibar, Mr. Elías Dabas, Mr. Carlos Alberto Wirth, Mr. Carlos Armando Mazzitelli, Mr. Santiago Fortunato Díaz, Mr. Alberto Tandurella, Mr. Feliciano Fernández, Mr. Roberto Diego Cotta, Mr. Juan A. Figueroa Bunge, Mr. Roberto V. Tezón, Mr. Alberto L. Grandi, Mr. Sabas L. Gracia, Mr. Jorge Juan C. Riva.

###### *Bolivia*

*Representative:* Mr. Oscar Gandarillas Vargas

*Alternate Representative:* Mr. Adolfo Aramayo Anze

*Advisers:* Mr. Mario Velarde, Mr. Juan José Vidaurre

###### *Brazil*

*Representative:* H.E. Mr. Celso Furtado, Minister for Planning

*Alternate Representative:* Mr. Ezio Távora dos Santos

*Advisers:* Mr. Ovidio de Andrade Mello, Mr. Pedro Hugo Belloc, Mr. Américo Barbosa de Oliveira

###### *Canada*

*Representative:* H.E. Mr. G. B. Summers, Ambassador to Chile

*Advisers:* Mr. J. R. Midwinter, Mr. J. R. Roy

###### *Chile*

*Representative:* Mr. Luis Escobar Cerda, Minister for Economic Affairs, Development and Reconstruction

*Alternate Representative:* H.E. Mr. Abelardo Silva Davidson, Ambassador, Representative to the Latin American Free-Trade Association

*Advisers:* Mr. Miguel Rioseco Espinoza, Mr. Luis A. Fuenzalida, Mr. Mario Darrigrandi Valdés, Mr. Lautaro Peña Hernández

###### *Colombia*

*Representative:* Mr. Pablo Samper García

*Advisers:* Mr. Juan de Narváez, Mr. Héctor Gómez

###### *Costa Rica*

*Representative:* H.E. Mr. Isaac Felipe Azofeifa, Ambassador to Chile

###### *Cuba*

*Representative:* Mr. Francisco García Valls, Vice-Minister for Economic Affairs

*Advisers:* Mr. Mario García Incháustegui, Mr. Enrique Serrano Avila, Mr. Carlos M. Sánchez Bosquet

###### *Dominican Republic*

*Representative:* Mr. Jaime M. Cestero, Acting *Chargé d'Affaires* in Argentina

###### *Ecuador*

*Representative:* Mr. Eduardo Arosemena Gómez

*Alternate Representative:* Mr. Edwin Marchán

*Adviser:* Mr. Oscar Loo

###### *El Salvador*

*Representative:* H.E. Mr. Armando Peña Quezada, Ambassador to Argentina

###### *France*

*Representative:* H.E. Mr. Gabriel Lisette, Ambassador

*Advisers:* Mr. Albert Tréca, Mr. Yves Delahaye, Mr. Louis Bruneau, Mr. Jacques Edin, Mr. René Miot, Mr. Jean-Paul Abadie, Mr. Michel Angel, Mr. Pierre Dubreuil

###### *Guatemala*

*Representative:* Mr. José Antonio Palacios

###### *Honduras*

*Representative:* Tomás Calix Moncada

*Advisers:* Mr. Arturo Corleto, Mr. Roberto Rendón

###### *Jamaica*

*Representative:* H.E. Mr. George Arthur Brown, Financial Secretary

*Alternate Representative:* Mr. Silbourne St. Arthur Clarke

###### *Mexico*

*Representative:* Mr. Plácido García Reynoso, Under-Secretary for Industry and Trade

*Alternate Representative:* Mr. Antonio Calderón Martínez

*Advisers:* Mr. Juan Delgado Navarro, Mr. Isaías Gómez Guerrero, Mr. Víctor Navarrete, Mr. Abel Garrido, Mr. Marco A. Solís, Mr. Salvador Gómez Gómez

###### *Netherlands*

*Representative:* H.E. Mr. L. C. Zuiverloon, Minister for Economic Affairs of Surinam

*Alternate Representatives:* Mr. R. A. C. Henriquez, Mr. J. H. Lubbers

*Advisers:* Mr. H. S. Radhakishun, Mr. R. H. Fein, M. A. Prahim, Mr. B. L. H. Morsink



*Nicaragua*

*Representative:* H.E. Mr. Francisco Gaitán C., Ambassador to Argentina

*Adviser:* Mr. Rodolfo Aguilar Morales

*Panama*

*Representative:* Mr. Hermán Rodríguez, Jr.

*Paraguay*

*Representative:* Mr. Julio Sanabria, Under-Secretary for Industry and Trade

*Alternate Representative:* Mr. Crispiniano Sandoval

*Adviser:* Mr. Justo C. González Oviedo

*Peru*

*Representative:* Colonel Angel Valdivia Morriberón

*Alternate Representative:* Mr. Alejandro Deustua

*Advisers:* Mr. José Bailetti, Mr. Emilio Barreto, Mr. Javier Silva Ruete, Mr. Gustavo Dreyfus, Mr. Manuel Ugarteche, Mr. Augusto González Ibarra, Mr. Germán de la Fuente

*United Kingdom of Great Britain and Northern Ireland*

*Representative:* H.E. Sir George Middleton, Ambassador to Argentina

*Alternate Representative:* Mr. J. L. Taylor

*Advisers:* Mrs. Elaine M. Lowry, Mr. J. M. Watson, Mr. H. J. Griffiths, Mr. Alan G. Mill, Mr. Michael W. Atkinson, Mrs. Veronica Atkinson, Miss Lindsay M. Odhams

*United States of America*

*Representative:* H.E. Mr. Edwin M. Martin, Under-Secretary of State for Inter-American Affairs

*Alternate Representative:* H.E. Mr. Jonathan Bingham, Ambassador, Representative on the United Nations Economic and Social Council

*Advisers:* Mr. Schubert Dyche, Mr. James M. Ealum, Mr. Joseph S. Evans, Jr., Miss Dorothy M. Jester, Mr. Peter T. Jones, Mr. Paul B. Lanjus, Mr. Ives Maroni, Mr. Paul L. Oechsli, Mr. Samuel Pizer, Mr. Charles M. Serns, Mr. William V. Turnage.

*Uruguay*

*Representative:* Mr. Héctor Gros Espiell, Under-Secretary for Foreign Affairs

*Alternate Representative:* Mr. Pablo Tarigo

*Advisers:* Mr. Mario Maldini, Mr. Mario Bucheli, Mr. Santiago G. Antuña, Mr. Osvaldo C. Pittaluga, Mr. José María Traibel, Mr. Juan Domingo del Campo, Mr. Luis Giorgi

*Venezuela*

*Representative:* Mr. Hugo Pérez la Salvia

*Alternate Representatives:* Mr. Antonio Ledesma Lanz, Mr. Moritz Eiris-Villegas

ASSOCIATE MEMBERS OF THE COMMISSION

*British Guiana*

*Representative:* H.E. Mr. Charles Jacob, Minister for Financial Affairs

REPRESENTATIVES OF STATES MEMBERS OF THE UNITED NATIONS NOT MEMBERS OF THE COMMISSION, ATTENDING IN A CONSULTATIVE CAPACITY

*Australia*

*Representative:* Mr. Malcolm J. Dan

*Austria*

*Representative:* H.E. Mr. Wolfgang Hoeller, Ambassador to Argentina

*Alternate Representative:* Mr. Max Hofinger

*Adviser:* Mr. Joseph Schwald

*Belgium*

*Representative:* H.E. Mr. Conrad Seyfert, Ambassador to Argentina

*Alternate Representative:* Mr. Roger Prues

*Bulgaria*

*Representative:* Mr. Georgiev Spas, Minister Plenipotentiary in Argentina

*Czechoslovakia*

*Representative:* Mr. Miroslav Piroch

*Denmark*

*Representative:* Mr. Joergen Michael Behnke

*Finland*

*Representative:* Mr. Kaarlo Muranen

*Adviser:* Mr. Kari Mannola

*Hungary*

*Representative:* Mr. Imre Kepes, Minister Plenipotentiary in Argentina

*Adviser:* Mr. Vilmos Józsa

*Italy*

*Representative:* Mr. Domenico Toppani

*Japan*

*Representative:* Mr. Shintaro Tani

*Alternate Representative:* Mr. Hiroshi Matsuoka

*Poland*

*Representative:* Mr. Waldemar Rómmel, Chargé d'Affaires in Argentina

*Adviser:* Mr. Andrzej Onacik

*Romania*

*Representative:* Mr. Ion Radu, Chargé d'Affaires in Argentina

*Adviser:* Mr. Pamfil Ruica

*Spain*

*Representative:* Mr. Raimundo Bassols

*Adviser:* Mr. Victor Arroyo

*Sweden*

*Representative:* Mr. Jan Martenson

*Union of Soviet Socialist Republics*

*Representative:* H.E. Mr. Nikolai Alexeev, Ambassador to Argentina

*Advisers:* Mr. Vladimir P. Ludintsev, Mr. Evgeni Kossarev, Mr. Vladimir Gorgassidze

*Yugoslavia*

*Representative:* H.E. Mr. Lazar Latinovic, Ambassador to Argentina

*Adviser:* Mr. Samuilo Protic



REPRESENTATIVES OF STATES, NOT MEMBERS OF THE UNITED NATIONS,  
ATTENDING IN A CONSULTATIVE CAPACITY

*Federal Republic of Germany*

Representative: Mr. Hans-Joachim Mewes

*Switzerland*

Representative: Mr. J. A. Graf, Acting Chargé d'Affaires in Argentina

Alternate Representative: Mr. Ives Berthoud

REPRESENTATIVES SPECIALLY INVITED BY THE SECRETARIAT

Mr. A. Rosenstand Hansen, Chairman of the Preparatory Committee of the United Nations Conference on Trade and Development

Mr. Raúl Sáez, Acting Co-ordinator of the Committee of Nine appointed by the Inter-American Economic and Social Council

REPRESENTATIVES OF SPECIALIZED AGENCIES

*International Labour Organisation (ILO)*: Mr. Héctor Ruiz Moreno  
*Food and Agriculture Organization of the United Nations (FAO)*: Mr. Hernán Santa Cruz, Mr. Jacobo Schatan, Mr. Eero Kalkkinnen, Mr. J. C. Westoby, Mr. Jacques Chonchol, Mr. S. H. Holt, Mr. Hernán Valdovinos, Mr. Alvaro Chaparro

*United Nations Educational, Scientific and Cultural Organization (UNESCO)*: Mr. Alfonso de Silva, Mr. Vicente Lema, Mr. Simón Romero Lozano, Miss Clara James

*International Monetary Fund (IMF)*: Mr. Paul J. Brand, Mr. Jack D. Guenther

*World Health Organization (WHO)*: Mr. Emilio Budnik, Mr. Raúl Vargas, Mr. John J. Bloomfield, Mr. Ednardo Izurieta

*International Telecommunication Union (ITU)*: Mr. Juan A. Autelli

REPRESENTATIVES OF INTER-GOVERNMENTAL ORGANIZATIONS

*European Economic Community (EEC)*: Miss Gisèle Delhaye

*General Agreement on Tariffs and Trade (GATT)*: Mr. Jean Etienne

*Inter-American Development Bank (IDB)*: Mr. Felipe Herrera, Mr. José Cárdenas, Mr. Cecilio Morales, Mr. Raúl Rey Alvarez

*Inter-Governmental Committee for European Migration (ICEM)*:

Mr. Antonio Lago Carballo, Mr. Jacques Delons

*Latin American Free-Trade Association (ALALC)*: Mr. René Eduardo Ortuño, Mr. Alberto Solá

*Organization of America States (OAS)*: Mr. Alvaro Magaña, Mr. Julio C. Banzas

*Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA)*: Mr. J. A. Bennaton Ramos

REPRESENTATIVES OF NON-GOVERNMENTAL ORGANIZATIONS

*Category A*

*International Confederation of Free Trade Unions (ICFTU)*: Mr. José María Aguirre López, Mr. Francisco Pérez Leirós, Mr. Salvador Marcovechio

*International Co-operative Alliance (ICA)*: Mr. Enrique Corona Martínez

*International Federation of Christian Trade Unions (IFCTU)*: Mr. Alfredo Di Paccè

*International Organization of Employers (IOE)*: Mr. Ildefonso Recalde, Mr. Israel Dujovne

*World Federation of Trade Unions (WFTU)*: Mr. Pedro Ríos Castillo

*Category B*

*Catholic International Union for Social Service (CIUSS)*: Miss Alicia Arango

*Carnegie Endowment for International Peace*: Mr. Henryk Gali

*Centre for Latin American Monetary Studies (CEMLA)*: Mr. Miguel Wionczek

*Inter-American Council of Commerce and Production*: Mr. Abraham Scheps

*International Council of Women*: Mrs. Carmen de Suárez, Mrs. Blanca Cassagne Serres, Mrs. Elida R. B. de Suárez

*International Federation of University Women*: Mrs. Elena Berjman

*International Federation of Women Lawyers*: Mrs. Filomena Quintana, Mrs. Elizabeth J. Morrison

*World Jewish Congress*: Mrs. Noé Davidovich, Mr. José Kestelman

ANNEX II

A. Message from the Secretary-General of the United Nations

I deeply regret that urgent duties do not permit me to be present at the tenth session of the Economic Commission for Latin America which marks its fifteenth anniversary.

The session is being held at a crucial time for the United Nations. So far there has been no significant relaxation of world tensions. Yet, in this nuclear age of ours, peaceful coexistence and friendly and active international co-operation are not only noble and universal ideas and a question of necessity, but indeed a question of survival. A universal understanding of this new world reality and therefore of the need for disarmament is only equal to the other imperative for a durable peace, namely the rapid economic development of the less developed countries, to which objective the regional commissions are dedicated.

I am convinced that the Economic Commission for Latin America, as an integral part of our global organization, fully appreciates not only its privileges but also its obligations which stem from the philosophy, objectives and necessities to which I have just referred.

I believe that we can look with considerable pride at the achievements of ECLA in the course of its short history. Your Commission

and its secretariat, early in their history, undertook a systematic analysis and diagnosis of the problems of the economic and social development of your continent; it called for the rejection of certain out-dated views and for the promotion of conscious and well focussed planning; it forcefully emphasized that the question of international aid and trade are two sides of the same coin, and initiated among less developed countries the idea of economic integration and common markets for the promotion of development.

Raúl Prebisch has submitted to you at this session his farewell message as Executive Secretary of the Commission, in the form, if I may say so, of a sincere and dramatic statement<sup>a</sup> of policies of a bold and imaginative character that appear inescapable for the attainment of real progress in your countries. Not only the Latin American countries, but the less developed countries throughout the world, are indebted to Raúl Prebisch for his wisdom and his courage, and I take this opportunity to pay a tribute to him. As you know, he recently assumed at my request the duties of Secretary-

<sup>a</sup> "Towards a dynamic development policy for Latin America" (E/CN.12/680).



General of the United Nations Conference on Trade and Development — a conference to which we all look forward eagerly in the expectation that it will contribute to the gradual establishment of a new world system of trade.

International economic problems, together with the equally important problem of the domestic mobilization of your economies, will constitute the essence of your deliberations. In the pursuit of your objectives I wish you a fruitful and harmonious session.

Finally, I should like to emphasize how glad I am that José Antonio Mayobre, at present the United Nations Commissioner for Industrial Development, has agreed to succeed Raúl Prebisch. Mr. Mayobre, who served for some years as Director of the Development Division of ECLA, needs no introduction to you. I wish him all success in his challenging new task.

#### **B. Statement by the Under-Secretary for Economic and Social Affairs**

It is a great privilege for me to attend the proceedings of your Commission once again. This ECLA session will draw particular inspiration from the forthcoming United Nations Conference on Trade and Development. We must adjust our sights to this new prospect, and aim to be even more precise and incisive than in the past in formulating the principles of policy and the practical measures needed to serve the collective interests represented in this chamber.

Here, as in the rest of the under-developed world, the phenomenon of growth is a phenomenon of creative adaptation to changing external circumstances. These circumstances are in some respects less favourable than they were. The demand in consumer markets for agricultural produce is not growing in proportion to the rise in income; technical progress leads to economies in the use of raw materials and to the invention of synthetic products; the industrial countries sometimes pursue the policy of "substitution" which ought rather to be kept for the use of those on the periphery; they adopt preferential systems which limit imports of goods from the region. The persistence of excess productive capacity in the United States has for several years prevented this huge market from realizing its full growth potential to the advantage of the continent as a whole. All these factors are reflected in the decline of the regional export price index and in the weakness of the balance of payments almost everywhere.

Nevertheless, exports are increasing in value and volume — less, admittedly, than in the industrial countries; but, with an annual increase of 3.5 per cent since 1958, the trend is considerably more favourable than it was previously. For the region as a whole, gross national product is setting new records, mainly through the showing of Brazil, Mexico and Venezuela.

There are, therefore, certain adverse factors over which your countries have no control. But no inevitable fate awaits you. This year in particular, the weakness in your external positions and the abrupt fall in gold and foreign currency reserves are due in large part to domestic conditions in your countries. The dwindling flow of foreign capital and the flight of domestic capital, which have recently grown so much worse, are not world-wide phenomena but rather a reflection of the imbalance and the internal instability to be found in certain countries.

Furthermore, the terms of trade — that strategic parameter in any development policy — would appear to be making for a measure of stability which incidentally is to be welcomed, for the erosion observable earlier, and the feeling of alienation to which it led, seem to have left a profound impression on present-day economic thinking in Latin America.

A few years ago, when the problems of the under-developed countries began to impinge on world consciousness, the first thing to strike the imagination was the apparently inexorable nature of certain processes. Everyone talked about immutable laws and vicious circles. It seems to me that today a more pragmatic attitude — and therefore a more optimistic one — tends to prevail. The paths to be followed can be seen more clearly, and there are

heartening signs in the progress already made here and elsewhere. It is gradually being discovered that wise planning and monetary stability can produce, without any breakdowns, a climate of expansion and optimism justified by the behaviour of private capital, both foreign and domestic.

It is true that Latin America is going through a particularly dangerous period, in which social aspirations, having grown more rapidly than economic capacity, express themselves in impatience and sometimes in anger: a period in which certain archaic structures resist essential reforms. One of the most visible symptoms of these tensions is inflation, which continues to dominate economic life in some of your countries, diverting capital from the most useful investments, discouraging the inflow of foreign capital, prompting the flight of domestic capital and, in the aggregate, reducing the real volume of resources available for development. In this connexion, a persistent doctrinal quarrel seems to have shaken the continent. Perhaps it is not too much to hope that this has now spent itself, and that the theories which clashed, sometimes so violently, will doubtless now tend to be transmuted into positive and comprehensive action, which, drawing strength from the very ardour of the dispute, will recognize inflation as a curable malady rather than a chronic condition and will accept the inevitable irksomeness of effective treatment; but which, at the same time and almost in the same breath, will attack the structural elements that make the economy dangerously rigid and paralyse its ability to respond in time to changes in demand.

In a gathering such as this, the counsels of the pessimists seem to lose their force, not only because the often heroic efforts of your Governments are in evidence, but also because the benefits of international co-operation can be seen in action, and we can appreciate all the opportunities it offers us.

In reality this process of creative adaptation which we call growth is not a one-way affair. Day in and day out, through the operation of multilateral diplomacy, corrective action is taken. The last decade witnessed the emergence and growth of financial and technical assistance as a durable feature of the world economy. It is to be hoped that the current decade will leave its mark in a reorganized system of trade.

Discussions and negotiations on trade are carried on through several different channels. It is easy to see, however, a degree of convergence between the programme of action submitted to GATT for its consideration, the broad principles of the Trade Expansion Act, and the aspirations expressed — probably still in unduly general terms — in United Nations debates.

The United Nations is very well qualified to undertake the task of devising new structures for international trade, not only because it is more universal than any other organization but also, and perhaps more importantly, because it normally takes both a wider and a longer view. In the United Nations, consideration of the problems cannot be reduced to the scale of honest bargaining between private interests. It fits naturally into the context of a working hypothesis covering the evolution of economic structures and power relationships and fertilized by the ideal of a better-integrated world economy.

Highly characteristic of such an approach is the attitude that has emerged in the United Nations in the matter of industrial development. The industrialization of the under-developed countries has gradually become an end in itself, an international co-operative enterprise based on the acceptance of the world community's collective responsibility for an inevitable phase of economic and social development. This approach is fraught with major consequences and, first and foremost, means taking the responsibility of creating the international conditions for a policy of industrialization.

As matters stand today, the export of manufactured goods seems an immediate or early prospect only for a small proportion of the items your countries can produce. But the problem is far more urgent than that observation might suggest; for the policy of "substitution" is being actively pursued everywhere. Investment decisions are being taken every day on the basis of economic calcu-



lations influenced by the setting of a world market clogged by obstacles of every kind, where the concept of "unfair competition" and the newer but no less obtrusive notion of "market dislocation" limit or bar access to major trading centres for manufactured goods in which, today or tomorrow, your countries might be in a decisively advantageous position. In the absence of an alternative in the shape of wide-open export markets, the policy of substitution is often applied at costs unduly different from those obtaining on the world markets, and behind a banner of excessive protection which tends to be self-perpetuating. The habit persists and spreads, for the entrepreneurs offset the narrowness of the markets with high margins of profit.

Countries whose *per caput* income is still low are thus driven to put their meagre capital resources to the least profitable use. Doubtless Governments are sometimes complacent or passive, and fail to take the action that might induce and help producers to gain a foothold in foreign markets — there are enough examples to show that this is not impossible. It must be recognized, however, that they find a valid excuse in the protectionism of the main industrial centres. To reverse the trend would require a rapid change in outlook, even if immediate progress was limited.

This is not a context in which a policy of international financial assistance, for example, would offer an acceptable alternative. Even if aid is forthcoming on the most liberal scale, it is the conditions governing international trade that directly determine the line to be pursued by a policy of industrialization — in other words, the economic structure and performance of your societies.

It is no easy matter to attack the protectionist policies of the industrial powers. Generally speaking, the industries that would constitute the most natural sources of exports for the under-developed countries are not those most flourishing in the advanced countries. On the contrary, they are very often in difficulties there, and the vested interests involved are all the more ready to protest against any threat of an increase in foreign competition. But unless these obstacles can be overcome, the machinery of international relations may very soon grind to a halt. We must hearten ourselves with the thought that, in the last analysis, the required changes will benefit everyone. In this connexion, I venture to quote something which I told the Economic Commission for Asia and the Far East in March 1963, and which seems to me equally applicable to this region's problems:

"From a medium or long-term point of view, there should be no fundamental conflict between the economic policies of the under-developed and the most advanced countries. On the contrary, there is a certain convergence of their interests. The progress of science and technology compels the technically most advanced societies to accept and even to seek a rapid rate of transformation, making it possible for them to specialize sooner in the most complex industries, which are also the most dynamic and the most productive, at the same time opening up their markets to the elementary goods which the under-developed countries can produce. In countries where producers come up against the problem of full employment of resources, they should, of course, be even more anxious for such complementarity. The only obstacles are to be found in short-run and local situations, but they account almost everywhere for an impressive power of resistance."

A concerted strategy to wean the industrial powers away from protectionism may of course take various forms. Between nations of comparable economic strength, the abolition or reduction of tariffs can be a highly effective tool of expansionist policy. But it would be futile to try to apply the same procedures, abruptly and without precautions, to economic relations between your countries and the industrial world. To stand any chance of success, the action taken will doubtless have to be gradual, flexible, and accompanied by certain guarantees. Although very disappointing in content, the Long-term Arrangement regarding International Trade in Cotton Textiles concluded in February 1962 illustrates one possible method by which markets may be gradually opened up. The action pro-

gramme submitted to GATT suggests other possible approaches: in particular, a drastically new interpretation of the concept of reciprocity, according to which a vast preferential tariff zone, embracing all the under-developed countries, would be set up for certain commodities, the list of which could probably be extended from time to time. This idea becomes fascinating to a degree when one considers the large number of countries now embarking simultaneously on development. Under such an arrangement, a worth-while specialization could emerge spontaneously, as it did in the northern hemisphere during the nineteenth century. Even small countries, and those least well endowed with natural resources, might repeat the experience of Switzerland or Sweden by achieving an undisputed mastery, and a strong competitive position, in certain manufactures.

Perhaps, also, progress towards a rational policy would be easier if it could be made attractive immediately, and not merely as a distant prospect, to producers and bankers in the industrial countries, in the context of a campaign to decentralize manufacturing industry. There is already an increasing tendency for industries which, only a short while ago, were completely concentrated and integrated to farm out certain phases of their production to sub-contractors, often a considerable distance away, in a systematic search for cheaper labour and the most favourable location. There is no essential reason why frontiers should be an obstacle to such a process, which would make it possible for spare parts, or components of complex finished products, to be manufactured in your countries. In this way combinations of interests, renewable almost indefinitely, would be evolved.

In the industrial trade field, the difficulty is perhaps less to think of solutions than to break down resistance. But the implementation of an agricultural policy on the world scale presents, in addition to the practical difficulties, singularly complex conceptual problems, because the market machinery has too long been off centre.

One aspect of the present situation to which countries in this region have now become particularly sensitive is the existence of the system of preferences created for African countries by the Treaty establishing the European Economic Community. This is also a matter of concern to the United Nations because of the discrimination set up by this system between nations which in so many respects share the same destinies. But to put too lofty — and too rigid — an interpretation on principles would be to over-simplify a complex problem. Some of the new African States, which have just emerged from colonial rule and have no prospect of economic viability in the near future, would be subjected to unbearable strains if the protection they have enjoyed so far were suddenly withdrawn. That is a legacy of the past which international policy can help to correct over a reasonable period, and in that respect the principle of "progressive reduction" of preferences introduced in the new contract negotiated between eighteen African countries and the European Economic Community is to be welcomed; it points to the disappearance, stage by stage, of a form of discrimination which is all the more keenly felt since it applies to a very large fraction of the world output of certain commodities.

A minimum of organization of the raw material and primary commodity markets is one of the most important objectives in regularizing the system of world trade. The already long experience of commodity agreements has not been particularly encouraging; yet, in the absence of a general system of compensation, based on earnings rather than prices, there can be no question of giving them up. But if they are to be anything more than a series of defence measures, as they were so often in the past, and if they are to become a tool of a constructive over-all policy, the fundamentals must be seriously reconsidered and we must show ourselves capable of some innovations. These agreements are still very primitive tools. They emerge only after long and difficult negotiations, and are subject thereafter to the automatic application of the clauses governing them until they are renewed or fall apart. If they are to become the dynamic instruments of a better market organization, consideration should be given to the idea of providing them with



executive machinery in the form of a management to which the participants would delegate wide powers, and which would be free to ensure flexible application. They would thus be able to deal with the possibilities for expansion which might appear, at a given time and place, as a result of changes in productivity; ensure that prices were kept in close relation to production costs and to the prices of substitute products; and adjust quotas to known or possible variations in production and costs. Such ideas represent a considerable departure from an already long tradition, but they do not seem to me out of place in a rapidly changing world. Without such improvements, the usefulness of commodity agreements will remain limited and sometimes even questionable.

The problem of reconversion should also be tackled more boldly. Fixing prices and establishing quotas or buffer stocks do not in themselves bring about the necessary adjustments; sometimes they even help to maintain or increase surpluses. Where it is necessary to restrict production, measures of financing with a view to reconversion may be the key to success. Provision could be made for such measures in the commodity agreements themselves, or through parallel channels of action. The idea has been written into the International Coffee Agreement, 1962, and probably no other commodity could offer a more fruitful field of experiment, in which international assistance and trade policy measures can be closely combined.

Production surpluses often persist even where the economy is already highly diversified and seems sufficiently adaptable, in purely physical and economic terms, to permit and even indicate a redistribution towards more productive occupations. They are then the result, not of economic calculation, but rather of institutional and psychological factors and of social rigidity.

The consortia which have flourished in recent times, and which feature concerted international action on behalf of a development plan, offer perhaps the most promising setting for an endeavour to determine the amount and forms of assistance in the light of the requirements of a national policy for raw materials, in a reconversion programme whose benefits would extend — through a healthier market — beyond the frontiers of the recipient country to all those producing the same commodity.

The most disquieting sector, and the least amenable to any action, is probably temperate agriculture; you, in this region which takes in both the tropical and the temperate zone, are well aware of that. The situation is extremely confused. The countries which are most "open" in the industrial sense often prove the most restrictive-minded when it comes to the products of temperate agriculture. Considerable resources are being spent on increasing productivity just where surpluses are beginning to build up. The so-called national "solutions" are entangled in successive contradictions, and there is as yet no sign of a minimum of planning on a world-wide scale. Since the commodities in question are mainly foodstuffs, the mind naturally turns to the under-nourishment which is still rampant in vast areas of the world, and which is surely one of the blots on contemporary society. Food aid is taking on moral and humanitarian importance; it plays an indisputable part in the development of several countries. It must therefore be continued and, if possible, increased. But we should realize its faults as well as its limitations. As now conceived and practised, concerned as much with the interest of certain producers as with the fate of the hungry populations, it does little to improve the organization of markets. It does nothing to encourage the necessary reorientation and reconversion and, despite the precautions taken to maintain the position of the exporting countries, probably tends to limit market outlets for those producers who are in the most competitive position.

As matters stand today, it is probably too much to expect that any semblance of equilibrium can be established on the markets for temperate agricultural products until the incomes of the countries chronically short of food have increased considerably. Yet it is urgently necessary to make some progress, even if only towards limited objectives or imperfect solutions; for the problem has a determining influence on the development of world trade policy.

In fact it has to a large extent dominated recent developments in the European Economic Community by putting the greatest obstacle in the way of its expansion. Tomorrow it might hinder progress in the great tariff negotiations.

Here, in this world organization, it seems to me that we can at least suggest that an early approach should be made to the problem in its world context — the only approach which will ensure some small progress — and hope that meanwhile, in smaller-scale negotiations aimed at partial arrangements, nothing will be done that would jeopardize the chances of a more general agreement.

We are able to set out hopefully and resolutely on the road towards the liberalization and organization of world trade mainly because we have confidence in the vitality and diversity of the institutional machinery built up by the international community since the last war. The capacity for transformation which GATT has shown as an institution is bound to strengthen it; for tomorrow's international system, with all its complexities and subtleties, will be less dependent than its predecessor on the application of precise mechanical rules and more on the exercise of advisory functions and the development of case-law. It is also necessary to grasp the essential role of the International Monetary Fund, and the efforts made under its auspices to strengthen international liquidity. This development is particularly clear from the decision taken early this year to free supplementary resources — already referred to as the "fifth quarter" — in order to avoid the balance-of-payments difficulties created by adverse developments in primary commodity prices. But the financial co-operation measures between industrial powers are equally of concern to the developing countries. Without such arrangements, there is no doubt that the attitude of the industrial countries would be more cautious and noncommittal, and the general climate of trade negotiations infinitely less propitious for desirable solutions. Since pressures on the balance of payments are a phenomenon inherent in economic development, it is inevitable that the International Monetary Fund should now take on the character of a development agency, and it is necessary to become fully aware of the conditions, possibilities and restrictions affecting its operations.

In this concert of agencies, this network of simultaneous or consecutive action, the United Nations, which is now tackling the problem comprehensively for the first time, must define its approach and perhaps modify a traditional course of action somewhat in order to adapt it to new concerns. But it is to be hoped that the Organization will continue to perform the "anticipatory function" which has distinguished it since its inception: a function which is most useful, even indispensable, to the international community provided that it is performed with discernment and without losing contact with day-to-day reality.

In this respect the tradition which is the pride of this Commission — a body that has never been afraid to take risks — is precious, and will be still more so as the great tasks before us are accomplished.

After these few remarks, it is easy to pass directly to the subject of Mr. Prebisch. Few men have so completely identified themselves as he with one problem, one epoch, one environment, or have dedicated themselves to their task with such clear-sighted fervour. In him we have seen a brilliant example of the great tradition, typical of the spirit, of the organizing mind, so instinctively on guard against the temptations of dogmatism. Now that he is closing an important chapter of his career, we wish to express to him both our gratitude and our admiration. May he continue to be a shining example to us in his new fields of endeavour.

Mr. Mayobre, who succeeds him, is of the same school, and we can rest assured that the great tradition will be carried on.

#### C. Address by Mr. Raúl Prebisch, Executive Secretary of the Commission

The generous words addressed to me this morning by the President of the Republic of Argentina are still ringing in my ears. I am deeply grateful for his moving tribute. I must also thank Mr. Plácido García Reynoso and Mr. Luis Escobar, and Mr. Eustaquio Méndez



Delfino, Chairman of the Commission at its tenth session, for the equally kind remarks which I unhesitatingly pass on to all my ECLA colleagues, both those who have left the secretariat to hold high office in the Latin American Governments and the inter-American institutions, and those who are still working in this organization.

I likewise wish to convey all the gratitude I feel to my good friend Philippe De Seynes, who this morning gave fresh proof of his unfailing generosity towards me and of the compatibility that has always existed between us throughout the many years of our service in the United Nations.

Lastly, I wish to give public expression to my appreciation of the encouraging words of the Secretary-General of the United Nations as well as of the honour he recently conferred upon me in appointing me to the difficult post of Secretary-General of the forthcoming United Nations Conference on Trade and Development.

We thought it desirable to present at this session a series of documents in which, in the course of implementing the work programme drawn up by the Governments, we have been led to place emphasis on those internal and external structural factors which are increasingly hampering Latin America's economic and social development. These studies are of various kinds, and represent the outcome of several years' thought and reflection. For my own part, at the instance of my colleagues, I am submitting a report<sup>b</sup> which is the last I shall make as Executive Secretary of ECLA and to which this morning's speakers did me the honour of alluding in complimentary terms. I am doing so not only with the aim of systematically setting forth our ideas on Latin America's structural problems, but also because I am convinced that these questions relating to the economic and social structure of the region are problems that we ourselves must investigate thoroughly in order to find our own solutions. And I say this because, unfortunately, there is a tendency in some sectors, both inside and outside the region, to consider that the Charter of Punta del Este contains a foreign panacea for all Latin America's ills. Of course this is not and cannot be so, and in order to make known our views in this connexion, I thought it advisable to expound the ideas we have formed after long years of analysis and research.

What is more, with the swing of the pendulum that we have been witnessing of late the notion is now appearing in some Latin American and foreign circles that it was a serious mistake to lay so much stress in the Charter of Punta del Este on structural reforms in Latin America. A few days ago, in the city of Buenos Aires, a leading foreign banker said to me: "Why so much effort to bring about structural reforms that create a climate which discourages foreign private investment? Why press for such reforms? Why not wait until these problems are gradually solved by economic development itself?" This point of view is entirely mistaken, and perilous in the extreme, for Latin America's situation will not brook delay in the introduction of these structural reforms. And if, in order to encourage foreign private enterprise, we stubbornly eschew such reforms both in the social and in the economic structure of the region, we shall not thereby create an auspicious climate for foreign and domestic private enterprise. Quite the contrary. The aggravation of social tensions might lead to situations extremely unfavourable to private enterprise, with economic power concentrated in the hands of the State.

I shall not repeat all the considerations set forth in our study on the type of structural reforms that Latin America must introduce. I merely wish to state once more that the report submitted by us is, and by its very nature was bound to be, a series of generalizations. Every country is beset by these problems, but in very differing degrees. For example, the problem of land tenure does not take the same form everywhere; it arises in all the Latin American countries and constitutes an obstacle to economic development, but its characteristics differ from one country and one region to another.

The same might be said of the tax problem and income distribution, and of the other symptoms of economic and social disequilibrium mentioned in our report.

Undeniably, however, all these variants have common denominators. And one of these is the notorious lack of dynamism in the economic system, which prevents a satisfactory rate of growth from being attained. Statistics for various Latin American countries have been presented to the Governments in other reports. We have pointed out what this lack of dynamism consists of and how it is manifested. In a nutshell, it is the inability of the economic system, as it operates at present, to absorb, at a satisfactory level of productivity, the labour force which, failing to find employment in agriculture, the handicraft industry and a series of poorly paid low-productivity occupations, seeks it in others where productivity is higher, such as industry and allied activities. This phenomenon is rife in Latin America.

Let us not forget that growth in *per caput* income takes place in two ways: firstly, through the increased productivity of all economic and social groups already engaged in satisfactory productive activity — particularly in industry — and, secondly, through the transfer of the labour force which, being no longer required in agriculture, the handicraft industry or other low-productivity activities, seeks employment in other fields where the productivity level is higher.

This may well be the most important factor contributing to the rise in mean productivity in Latin America. And it is precisely this factor that is not operating efficiently, because only part of the population which is not needed in low-productivity activities can find employment in high-productivity activities, while the remainder are unemployed or — more often — find employment in very badly paid activities, or in commerce or the public service, where they are really redundant.

People who swarm into the cities and form the settlements which we know as "shanty towns" are a characteristic feature of the development process in Latin America. There are two aspects to this phenomenon: the concentration of people in the cities and their hand-to-mouth existence. These two aspects must be carefully emphasized, because they are both serious. There is another ECLA report on the social aspects of economic development<sup>c</sup> which describes how Latin America is becoming a continent with an excessive concentration of population in the big cities, which is proceeding at a rate much higher than the historical rate in more advanced countries. That means that the concentration is proceeding faster than can be justified by the development of industrialization in these countries.

This, I repeat, is an extremely serious matter, to which not enough attention has yet been paid in Latin America. In point of fact, the problem will not be solved merely by the construction of housing and by measures for assisting these marginal social groups. The solution must be more radical and sought in the development process itself. Why are these people flocking to the big cities? For the same reasons which have already become apparent in all the developed countries. But why are they coming in even larger numbers? Why are they coming in such droves? The greater part of the population lives in the rural areas of Latin America; these are the indigent 50 per cent to which the report refers. They are concentrated chiefly in that area. These people have a very low coefficient of demand. What inducement is there for the population to stay on the land when all or much of the demand is concentrated in the cities? That is how the vicious circle starts; people go to the city because there is not enough demand for industrial products and skilled labour in the small and medium-sized towns in the rural districts and they look for work in urban centres and go there in the hope of finding better-paid employment.

<sup>b</sup> "Towards a dynamic development policy for Latin America" (E/CN.12/680).

<sup>c</sup> "Economic development in Latin America: sociological considerations" (E/CN.12/646).



So this problem of urban concentration must be tackled not only in its outward manifestations; the organic factors which cause a social disequilibrium of steadily increasing gravity must also be dealt with.

Moreover, some improvement must be made without delay in the situation of the rural masses, and it cannot be achieved without a steady increase in productivity, i.e., without systematically introducing improved agricultural techniques in accordance with the conditions peculiar to each country. But, as agricultural techniques improve, the people engaged in primary activities will increasingly shift or tend to shift to other activities. If we make a frontal attack on the problem of the economic inferiority of the rural masses, we shall create a larger population surplus which will be unable to find employment in primary activities. Thus the problem before us, despite the slow rate of improvement in agricultural techniques in Latin America, will grow more serious if we do not strive to remedy the lack of dynamism from which the system suffers.

Are we going to stop the migration of all these people who cannot find productive employment in the rural areas? Of course not, and there lies the root of the problem we have to tackle. Technical improvements must be made in agriculture, productivity must be increased, less people must be kept in primary activities — although not necessarily on the land — and at the same time high-productivity employment must be found for the people who are not needed in those activities. How is this to be done? That is one of the essential features of a development plan.

First and foremost, there must be capital investment on a vast scale, because the people ousted from primary activities cannot be productively absorbed without a substantial increase in the coefficient of investment in Latin America. The more advanced agricultural techniques are introduced, and the more the artisan labour force is reduced in the cities and new industrial techniques are adopted to raise productivity, the greater must be the coefficient of investment in Latin America, if this social disequilibrium is not to be aggravated.

Consequently, we are faced with a basic problem of capital formation, which we must solve as a matter of urgency. I think that Latin America has a huge savings potential, which is going to waste. For that reason, I have bluntly drawn attention in the report to the way in which we are treating this savings potential.

This is a serious problem which we must tackle energetically. Capital formation in Latin America could be much greater than it is today, if better use were made of this savings potential. We are also faced with the inexcusable problem of the great disparities in income distribution. This is one of the most blatant inconsistencies on the Latin American scene: on the one hand, the economic system is not vigorous enough to absorb the population into productive activity, and on the other, the enormous savings potential of our countries is being wasted — largely through the superfluous and excessive consumption of the high-income groups.

So long as contemporary production techniques had not the possibilities they have today to enable us to solve quickly problems like poverty and its attendant evils, it might perhaps be said that this grave disparity in the distribution of income was fatal. But this is no longer true. Here we have the master switch for modifying the standard of living of that 50 per cent of the population and doing so very quickly, though the rate of progress may be slower in other social groups.

The more thought I give it the more I am convinced that this problem is unavoidable. There is no escaping it. But unfortunately our difficulties do not end there. If we did succeed within a short time in effectively mobilizing this savings potential, we would be faced with enormous difficulties in transforming it into capital goods. There are two fundamental reasons for this. On the one hand, if we wish to use savings to purchase capital goods manufactured abroad we immediately run into foreign payments difficulties. Actually, in view of the external bottle-neck in the development process which also characterizes Latin America, it would

not be possible in most countries to marshal the savings potential and use it to import capital goods, since that would aggravate the already critical balance-of-payments problem.

On the other hand, if we look at the internal production structure we likewise find that it would not be able to cope with a transformation of savings into capital goods owing to the embryonic character of most of the capital goods industries in Latin America.

Consequently, even if we did manage to turn this great savings potential to account we could not transform it into capital goods until such time as modifications in the internal economic structure made this possible. In the meantime a considerable measure of international aid is essential to enable us to import all the capital goods we need in addition to those produced at home.

But that is not the whole story. Not only are there difficulties in increasing the production of capital goods at short notice; in addition the acceleration of growth rates as a result of greater capital investment would create a demand for intermediate and consumer goods which would help to accentuate the external imbalance even further.

This brings us to one of the problems which I felt it appropriate to discuss at length in our report, not only because the very nature of the problem demands it, but also because I believe that by so doing we could make a useful contribution to the forthcoming United Nations Conference on Trade and Development. The external bottle-neck is in my opinion not a passing phenomenon which will be solved by monetary remedies alone. Admittedly it has a monetary side, like all economic phenomena, but it should not be treated solely with monetary remedies, as has been advocated in Latin America, ignoring the fact that fundamentally the phenomena are of a structural kind. As we have pointed out from the time of ECLA's earliest reports onwards, these phenomena are due on the one hand to the congenital weakness of the peripheral countries, i.e., the primary-producing countries, in regard to the retention of all or part of the fruits of technical progress in export activities, if we consider the producing countries as a whole within the world economy. This weakness has with brief interruptions, been manifested since the great world depression mainly in the deterioration of the terms of trade.

This bottle-neck, however, is also a reflection of the clearly divergent trend between the slow expansion of primary exports and the accelerated demand for manufactured products which is a characteristic feature of the world economy. Attention has been drawn repeatedly to this phenomenon in our publications and Mr. de Seynes put the matter in a nutshell this morning when he described it as a basic factor within the framework of the international economy. It is a spontaneous phenomenon of economic development and we must regard it as such. But, in addition, it is accentuated by the impact of the economic policy of the great world centres. I refer not only to the disposal of agricultural surpluses on the world markets, which naturally has an adverse effect on producers in the peripheral areas, but also to the protectionist measures about which so much has been and is being said; these add yet another adverse factor to the divergent export and import trends.

The mention of protectionism at once calls to mind western Europe and the European Common Market. Clearly, the discrimination already existing before the Common Market was established in respect of tropical commodities and the excessive protectionism which the Common Market has not only endowed with its blessing but is developing still further, are highly unfavourable factors which are seriously affecting Latin American exports. From time to time figures are quoted which appear to contradict the assertions made by those of us who have analysed these phenomena from the Latin American standpoint. At a recent meeting I had occasion to attend in Europe the question was asked: but what has Latin America to complain about if its exports have increased substantially between 1956-1957 (prior to the European Common Market) and the present time? And indeed figures were quoted which made me doubt for



a moment whether my judgements and assertions were sound. But later, with the advice and assistance of my collaborators, I was able to see where the problem really lay. It is true that a palpable increase is recorded in Latin American exports, and two factors must be taken into account in regard to it: first, a large part of this increment represents the region's recovery from the losses incurred in its trade with Europe during the war and the post-war period. Furthermore, this increase is found in some commodities and not in others which are vitally important to Latin America.

Here I should like to quote some figures. We have classified the commodities in two groups. Let us look first at the items affected by discrimination or protection — principally wheat, maize, coffee, cacao and meat; this will enable us to gain a clear picture of what is happening. In 1951, the index corresponding to the quantum of imports of these commodities was 43, whereas during the period 1958-1961 it was 90. Seemingly, therefore, a sharp increase occurred, and in fact such an increase did take place, but it so happens that these indices are based on the pre-war period. The figure of 90 is 10 per cent lower if compared with the period 1934-1938. This gives us some idea of the position as regards imports of those commodities. Has European consumption diminished? No, it has not; European imports and those of other countries of the world — including the six members of the European Common Market — rose by 61 per cent with respect to the pre-war period. That is to say, while our exports declined by 10 per cent, imports from the Common Market countries and from the rest of the world — excluding Latin America — rose by 61 per cent. Is there or is there not any cause for concern in the face of these figures?

To demonstrate that Latin America makes good use of its opportunities when there are no discriminatory difficulties involved, I shall refer to other commodities which are not affected by this kind of obstacle, excluding petroleum which is subject to special marketing conditions. In the case of these products, the increment in European imports from both the Common Market countries and the rest of the world was 49 per cent between the pre-war years and the recent period, while the increase in imports from Latin America was 47 per cent — a very similar figure. This makes it clear that where there is no discrimination and Europe has need of commodities which it does not produce itself, Latin America does not fail to take advantage of the possibilities of absorption offered by the European market.

Nevertheless, even if we are successful in achieving a policy of reducing protectionism and gradually eliminating discrimination, as mentioned by Mr. de Seynes this morning, it would not solve the problem of Latin America's external bottle-neck. We have endeavoured to demonstrate this in our report, and the further the countries advance along the paths of industrialization the greater this bottle-neck will be if the divergent trends between external demand for primary exports and Latin America's demand for imports of manufactured goods subsist.

Consequently, the only way of solving this problem will be by developing the industrial exports of Latin America, like those of other primary-producing countries. The solution involving import substitution has been exploited to the limit of reasonable economic expediency in the more advanced of the Latin American countries. Unquestionably, new import substitution lines can still be developed, but the problem will continue to exist, since our primary need is to import those goods in which the technical progress achieved in the great industrial centres is continually reflected. Effective import substitution over the short term is impossible where these goods are concerned, and Latin America must continue to import them as basic requisites for its own economic progress, as well as other items which it would be very costly to produce at home.

Our industrial exports must therefore be energetically developed. Herein lies the fundamental importance of the United Nations Conference on Trade and Development. In addition to the deterioration in the terms of trade, one of the principal topics to be discussed may be summed up as follows: How can Latin America, in the immediate and near future, avail itself of the economic expansion

of the large Western and the socialist countries to develop its industrial exports? In what way can it do so? Through what trade machinery? Under what system of reciprocity? To what extent? The possible replies to these questions should make us realize that this Conference is of capital importance for us in Latin America, as it is for other developing countries.

Furthermore, an increasingly more understanding approach to this problem is being adopted in the large industrial centres. The negative attitude which characterized the Havana conference has given place to new ways of thinking which, if not yet very profound, at least open up the possibility of using persuasive argument as a means of achieving satisfactory solutions.

This is why we must forthwith set about analysing these and other problems, taking advantage of our regional facilities — ECLA, OAS, ALALC and the General Treaty on Central American Economic Integration. Every aspect of the matter must be systematically studied, so that effective action can be taken at the United Nations Conference on Trade and Development. For this purpose, it is essential that during these months of preparation the Latin American countries should discuss the common objectives that must be pursued and the most efficacious procedures for attaining them. They must also consider what must be avoided at the Conference. There are some world problems that can be solved there and others, of a political nature, which cannot. Thus, the developing countries should do their utmost to focus attention on the problems that are important to them and that are solvable, since the rest cannot be solved at a trade conference, and belong to other international forums.

It would be a grave mistake if the attention of the Conference were wastefully to be diverted to problems it cannot solve, at the expense of those basic questions which are of importance to the developing countries.

So convinced am I of the need for a supreme effort that I did not hesitate — if I may make this allusion to myself — to accept this colossal responsibility at the very moment when I was expecting to be able to concentrate all my energies on the Latin American Institute for Economic and Social Planning, and was greatly looking forward to working in close personal contact with the rising generations of Latin American economists. I must postpone this experience and I do so without regret, for I believe that the success of the Conference is of vital importance for Latin America.

But there is something that we can do, and it does not depend on international co-operation in a wider field. I refer to reciprocal trade between our countries. This is not the place to enter into the arguments on the inescapable need for a Latin American market; that is recognized and is no longer questioned. But the effort we are making does not seem to be vigorous enough, despite the great efficiency of the Standing Executive Committee of ALALC and its secretariat. We cannot ask them to go beyond the limits laid down by the Governments. I believe that what we are achieving is perhaps the most that could be achieved in present conditions.

The situation has begun to be a cause of concern in various Latin American circles and this concern has now reached a stage at which the Presidents of Brazil and Chile have indicated, in a recent document which I regard as outstandingly important, the need for major political decisions to give real impetus to our progress towards the Latin American common market. I stress the words "political decisions" in order to make it clear that it is no longer the technicians, meeting on a permanent basis in Montevideo, nor the secretariat, that can resolve this problem. It is the members of Governments, the Presidents, the Ministers for Foreign Affairs, meeting together, who must take these large-scale measures to breathe life into the Latin American common market.

What are these major decisions? Since we have devoted one section of our report to the consideration of this problem, I shall confine myself to mentioning what I consider the main ones. One, and in my view the most urgent, is that the Governments should



reach agreement on the quantitative objective of rapid elimination of customs duties that they wish to achieve within a given period.

What is the common market? It amounts to the total elimination of customs duties, by gradual steps, within a given time. The actual length of time does not particularly matter; it could be eighteen years, or twenty, or twenty-five. The essential point is to forge ahead for the achievement of the aims we have set ourselves. There are a number of reasons why we should not now agree on the total abolition of customs duties, but should select an intermediate target — a substantial reduction of duties within twelve or fourteen years in accordance with a technical formula that would not be difficult to work out. For example, duties could be reduced to an average of 15 or 20 per cent instead of the 100 per cent that is now the prevailing rate in Latin America; or it could be agreed to reduce duties to a given level. There are a number of possible solutions. But what we cannot do is nurse the illusion that we can advance towards the common market without setting ourselves an objective, and without clearly outlining our path towards that market.

If we are not ready for a deliberate act of boldness, by means of a quantitative commitment of this nature, we had better stop talking about a common market. Boldness is essential in the face of the serious situation that confronts Latin America. Either we want a common market, or we do not. Hence we cannot escape from a quantitative commitment. If we are not capable of the necessary decision, it would be better to close this chapter and convert ALALC into a body concerned with making preferential arrangements between Latin American countries — which will not greatly help to solve the basic problem of the strangling of our economies.

When I speak of boldness, I am not advocating that we should cast prudence to the winds. It would not be prudent to enter into such undertakings in Latin America unless two essential conditions were forthcoming. The first of these is the establishment of a large fund of Latin American and, if possible, international resources for achieving a series of basic targets essential to the carrying out of this policy of abolishing duties.

The first of such targets would be for Latin American enterprise to begin remedying its technical and economic weaknesses vis-à-vis its foreign competitors. If the common market were established without any encouragement to private enterprise within our countries, the effect would largely be to replace it by foreign private enterprise, with its admitted economic and technical superiority, and one of the fundamental aims of the common market, the promotion of national development, would be sapped of its strength. We have written a great deal on this point, and there is no need to go over the ground again here.

Another essential objective would be that the fund in question should have sufficient resources to permit the transformation of all industries and activities likely to suffer from the gradual reduction and eventual abolition of duties and protective régimes.

Lastly, the resources of the fund should be devoted to stimulating the development of export activities in all those countries of the common market that are at an early stage in their progress, that are lagging behind and have not been able to benefit from the facilities offered by the market to the same extent as other countries.

These are, in outline, the three aims that must be pursued; and I consider that they must be pursued since I would not feel the urge to press for quantitative commitments as a necessary step unless at the same time such a fund for the promotion of the common market were established; the fund would likewise have its technical aspects, as already explained on other occasions.

The other basic point relates to credits and payments within the common market. The Board of Governors of the Inter-American Development Bank at its Caracas meeting has just taken a most constructive step by establishing a system of export credits — one more proof of the useful work that this agency is doing to promote Latin America's economic growth effectively.

But this is not enough, since there is a series of payment problems to be faced. In ECLA we have come to the conclusion that payments and credit arrangements would have to be made between the countries of the common market, in order to give the market flexibility and to prevent the difficulty that would inevitably arise if the balance of any one country with the other participants had to be settled in free foreign exchange and on a short-term basis. We have been told, and are still being told, that this conflicts with the world trend towards multilateralism. This is a sound trend, but if the multilateral payments system is to function, it is absolutely essential to solve the problem of Latin America's external bottle-neck.

Until we correct these factors that are standing in the way of the free flow of international payments, there can be no solution of this type. In the meantime, let us have solutions in those cases where it is feasible by organizing a system of credits or payments that will meet the difficulties of multilateral compensatory financing within the common market; and once the policy of export expansion has become effective, the time will have come to give up our own arrangements and replace them by the world system of compensatory financing. In all this, as in other fields, ECLA has frequently had to follow ways of thinking that depart from generally accepted canons.

ECLA is heretical by nature, and will have to go on being heretical in its operation for many years to come. Each thought and each idea which comes to us from the major countries, however brilliant it may be, must be sifted and analysed in order to ascertain whether it is applicable to the conditions prevailing in Latin America. I for one believe that I have already put in thirty-odd years of non-conformity. And I am saying that, because the world depression taught me a great lesson and I think that something of that experience later crept into the work of ECLA. I believed what all the classic text-books of the major centres told me. I believed in free trade and in the automatic operation of the gold standard. I believed that all development problems were solved by the free play of the international or of the domestic economy. But when the world depression came, those years of anxiety gradually demolished all that I had been taught. The contradiction between reality and the theoretical interpretation worked out in the major centres was so striking that the interpretation proved to be not merely inoperative in practice but it also produced the opposite effect to that intended. Even in the countries which were plunged in the great world depression this contradiction arose and it became necessary to explain it. Then came Keynes, but we soon discovered in Latin America that Keynes's genius was not universal, and that his analyses covered the economic phenomena of the major centres but failed to take into account the problems of the peripheral countries.

It so happened — after adverse circumstances removed me from public service in Argentina and during the five years before I joined ECLA — that I spent almost all my time reflecting on my experience and what I had been taught in an effort to find some explanation for the economic problems of our countries. I therefore immediately found ECLA to be a very congenial milieu, and there I encountered a group of young men who, even though they had not had my opportunity of experiencing the adversities of the thirties, or known the frustration caused by the break-down of theory, had become non-conformists by a process of intellect and of reasoning.

So we met together. Many doubts had entered my mind in the course of my life, which I nursed within me, and then I found myself among men who had come to have the same doubts by means of reasoning. We set to work together in ECLA, starting with theoretical interpretation, with an analysis of realities in Latin America, without any preconceived ideas, which we abandoned entirely, in an attempt to interpret the phenomena of our own continent. So, in our early reports, we came to speak of industrialization as a *sine qua non* of economic development. We pointed to the congenital weakness of the peripheral countries as regards their possibilities of retaining all or part of the results of their technical advances. There was a great deal of opposition from the upholders of doctrine. All kinds of arguments were used against us in an



attempt to prove that our figures were wrong or that the differences in the quality of products had not been taken into account. There is much less criticism today than there was in the early days. We also entered the field of international trade in an endeavour to point out that to consider the world as a homogeneous unit was a very serious mistake; that it was impossible to put the major developed centres on an equal footing with the primary-producing countries; that the effect of tariff protection in the major centres was entirely different from that in the less developed countries. In the latter, protection, within certain limits, brought external equilibrium, and, on the other hand, it accentuated inequalities of international demand in the major centres to the detriment of the peripheral countries. The old principle of reciprocity in trade policy could not therefore be applied and a new principle, compatible with the true situation of the developing countries, had to be sought.

We also pointed out that it was impossible to understand the phenomena of inflation and external disequilibrium without giving thorough consideration to structural factors. Because we cast doubts on the current anti-inflationist policy, we were mistakenly charged with teaching that inflation was indispensable to economic development. An anti-inflationist policy must be integrated within a rational economic development policy and not be an element extraneous to it. Finally, we insisted that the historic process of capitalist development in the major centres could not be repeated in our countries; that the development process in Latin America presented completely different characteristics, which called for a conscious and deliberate policy designed to act on the forces of development; that the free play of economic forces would not solve the problems of social justice in our countries. And from that conviction there also arose the idea of planned economic development, which was at first taken to be evidence of our intention to centralize the administration of all private economic activity in the State. It was not recognized as the expression of a new idea which is also making headway in the great capitalist countries. Now they also consider it necessary to act rationally and deliberately on the economic forces in order to speed up the rate of growth and to ensure progressively fairer distribution.

All this has been heresy on the part of ECLA. I mention it — and do not think that I am boasting — because I feel that we have been greatly privileged in ECLA, and that Governments have let us alone and have never interfered as we developed our ideas. Perhaps this is so because they tacitly admitted that, our secretariat being not an executive body but a group engaged in study and analysis, in advisory activities and in the presentation of new ideas and procedures, it had to be given a considerable degree of independence. In any organization having executive responsibility, the secretariat must follow at every step — and it is natural that this should be so — the decisions of the Governments, either the majority or all of them, depending on the constitution of the body in question. It is inconceivable that the secretariat should in its thinking go beyond the position of the Governments at a given moment.

But ECLA, not being an executive body, has constantly been able to progress beyond what was implied in the attitude of its constituent Governments. This is what has given it its intellectual strength and enabled it to put forward and launch new ideas which have subsequently been discussed, adopted or rejected by the Governments' members of our organization. But the essential point is that this intellectual freedom has in my opinion been of fundamental importance in the development of our theories, and I trust that it will continue to be so.

Not only has there been sympathetic support from the Governments but we have also had powerful backing in the United Nations Secretariat. We have had this from the very outset, ever since the first ECLA study, and thanks to that backing we have been able to advance towards new ventures, sometimes rather bold ones.

I recall a story which is not without significance as far as our work is concerned. There was a report which the Organization of American States requested from us in 1954 for the notorious and ill-fated Quitandinha conference, where we worked with the help

of a group of eminent Latin Americans. The drafting today seems to us to be rather full of commonplaces, but at that time it was at variance with the thinking current in certain quarters. Realizing the implications of the report, I went to see Secretary-General Dag Hammarskjöld and explained the contents of the report to him for an hour. He said that I should submit it. I said I would like him to read it. Two days later he passed it without changing a comma. Somebody was worried about the contents of the report, since it discussed the establishment of an inter-American organization to grant planning credit, the terms of trade, and the need to stabilize commodity prices — these and other ideas which were very revolutionary at the time. Somebody, greatly worried, went and told Hammarskjöld: "That report is going to get us into trouble". And the Secretary-General replied: "I have read it. The author is skating on very thin ice, but I fully support it". This incident is of importance because it illustrates the character of the man and his understanding of the significance of the United Nations as a dynamic organization developing economic thinking faster than the rate imposed by current considerations, and also because this attitude succinctly expressed the policy pursued from the outset until now by the Secretariat. I should now like to pay a tribute to Mr. Philippe de Seynes because he has been one of those who have vigorously advocated the need to set fresh courses and encourage the regional organizations of the United Nations to think on new lines.

We need to continue along that road. The false claim to universality of the economic theories worked out in the large world centres will have to give way more and more to an examination of our own phenomena and real conditions. Latin America has reached sufficient maturity to find its own solutions and even to project the Latin American image and ethos in everything we do. That is the fundamental significance of the independence we have won.

This does not mean to say that we must dispense with foreign theories. On the contrary, they should be studied thoroughly but with a highly critical sense. We must take care to determine in every case the extent to which they reflect the requirements of our real situation and the extent to which they are sometimes inconsistent with such requirements.

When we started to speak this language, not all the Latin American economists agreed with us. I recall a few years ago that an orthodox Brazilian economist, whom I highly respect, said ironically: "To be an ECLA economist you must have at least one grandparent born in Latin America in order to interpret the real Latin American situation correctly". This saying reached Harvard University where an eminent professor wrote my name on the blackboard, saying: "This gentleman maintains that one should have at least one grandparent born in Latin America to be able to develop economic theory in Latin America". The professor had taken the Brazilian economist's quip seriously.

There are many people in ECLA whose grandparents were not born in Latin America but who have played an active part in working out this body of theory. This thought leads me to do something that I hope you will forgive, since it is on the occasion of my retirement from ECLA, and that is to say a few words about my ECLA colleagues. I cannot mention them all, and I will only refer to those who are here today. But I want to emphasize that I am thinking of all those who were with ECLA and who are still there.

In the first place I want to say something about Louis Swenson, a typical product of the Roosevelt era in the United States, who came to ECLA in its very early days. I met him there, and quickly realized his qualifications, his clear-sightedness and grasp of the facts of Latin America, and his ready identification with our own views; he strove in ECLA for the triumph of those ideas. Those relating to Latin American economic integration owe much to his efforts. He has been an inseparable friend to whom I offer my grateful tribute, and I hope that he will continue to be so and long remain my adviser at the Latin American Institute for Economic and Social Planning.

We also have here my present deputy, who succeeded Louis



Swenson: Alfonso Santa Cruz. This is a source of great satisfaction to me, because I pride myself on having discovered him at Headquarters engaged on work of lesser importance. I recognized his merits and invited him to work with me. I watched his abilities grow and develop in such a way that I had no hesitation in appointing him as my deputy in ECLA after his distinguished performance as the Director of the Mexico Office. He is a highly qualified man, with a great insight into our problems, and he has been extremely valuable as regards ECLA's internal operations and its relations with Governments and international bodies.

Although he is not in ECLA, I must mention the name of Wladyslaw Malinowski, a staff member at United Nations Headquarters and at present Secretary of the Economic and Social Council. He was my pilot in the early years when I had to sail a stormy international sea that was completely unknown to me. I could always count on his skilful guidance, his sound advice and, above all, on his efforts to prevent a body that is, geographically speaking, regional from thinking only in terms of the region and from forgetting that it is part of an international system, whose smooth operation we must all endeavour to promote. On the occasion of my departure I wish to express my sincere gratitude to him.

Lastly, I cannot refrain from mentioning, even if not by name, the whole staff of ECLA. For me, forced as I was to abandon everything to which I had devoted myself so wholeheartedly in my youth in this country, it was wonderful to find in our secretariat an increasingly gratifying reward in the devotion of the staff at all levels to ECLA's work and in its loyalty to the United Nations. I do not believe that we should have been able to accomplish everything for which we are now given generous credit, without this loyalty, this sense of mission, that had led to all kinds of personal sacrifices in the interest of achieving our aims.

Such is the great legacy that I am leaving in the hands of José Antonio Mayobre — a legacy to which he made a decisive contribution in the days of his brilliant co-operation in the building up of ECLA. This is why I am going with a quiet mind, a mind completely at rest, because I know how skilful and how steady are those hands in which the responsibility for ECLA will remain. José Antonio Mayobre is no new acquaintance of mine. I have a very clear memory of the first time I saw him, many years ago, before the Commission came into being. He had just returned from a post-graduate course in London, and his serene and generous spirit bore no mark of what he had suffered in the dungeons of President Gómez of Venezuela, the dictator who had thrown him into prison at the age of seventeen because he dared to think for himself. I began to admire Mayobre when I recognized that he faced the problems of Latin America with a calm objectivity. This, in combination with his insight, his brilliance, his spirit of social and intellectual *camaraderie*, made him the sort of man we needed in ECLA. After working with us for several years, he returned to his country when the democratic régime was restored, and there we watched his career in the Ministry of Finance and subsequently at the Embassy in Washington. I saw him often while he was in this latter post, and had the opportunity of observing the great prestige he had acquired in a short space of time.

I am further cheered by the certainty that ECLA will continue to envisage the development process not merely as an economic phenomenon, but as something of deep social and political significance.

We are all convinced that our problems will not solve themselves of their own accord; they will have to be consciously and deliberately tackled through the adoption of a systematically rational approach to the major decisions of Latin America's economic development policy. But these decisions cannot be confined to the economic field. Modes of action must be sought that are compatible with the vindication of human rights in Latin America, where, for a large proportion of the economically and socially submerged population, they are still no more than a name. And we must also discover how far certain instruments and methods of using them may be conducive to giving a minority limitless power not only to control the forces of the economy, but also to subdue other human beings to their

own will. In the vast process of assimilation of modern techniques on which we are embarking in Latin America, there is nothing that postulates the subjection of one group of human beings to another. Should such a situation arise, it will be the result of a doctrinaire aberration or of *force majeure*.

My attempts to probe the nature of the external bottle-neck in Latin America's development process have led me to the conclusion that if the trends pursued in the last thirty years persist, if Latin America's foreign trade contracts more and more in relation to the growth of income, we shall find ourselves obliged to adopt certain types of closed development which will compel us gradually to reduce — not by design but by force of circumstances — our contact with the outside world. And this would be serious indeed, since the more we cut ourselves off, the greater our difficulties will be.

The development process will become increasingly difficult. Unless the structure of Latin America's trade is substantially altered, and the downward trend of the terms of trade is checked, we shall lapse into a type of closed development which involves grave consequences, since the more formidable the obstacle to development become, the less possible it will be to press on towards democratic ideals and the consolidation of human values in Latin America. Such economic difficulties, together with those of a political character to which they give rise, may result in the concentration of economic power in the hands of the State, with all that that implies.

Stubborn and uncomprehending resistance to structural reforms in Latin America could likewise generate political difficulties whose logical outcome might well be the same — concentration of all economic power in the hands of the State. And there is no knowing where this may stop; for once a group of men have acquired the skill to dominate others, they may not confine themselves to coercive measures in everyday economic life, but may encroach upon the minds of others, their artistic creativeness, their inmost feelings. We can prevent this only by means of an enlightened policy which will lead us along the sole path compatible with the growing aspirations of the broad masses of the Latin American population — aspirations that we shall never be able to satisfy if, in order to free man from immediate need, we have to dispense with the indispensable: the enhancement of individual human dignity.

#### D. Statement by Mr. José Antonio Mayobre, Commissioner for Industrial Development

I must confess that it is with deep emotion that I take the floor. ECLA has been for me a place of work and friendship, and to assume the directorship of the Commission now that Mr. Raúl Prebisch is leaving is to take on a vast responsibility for which many men and women of Latin America will hold me to account, because ECLA has been a centre for ideas, for the spread of ideas, for positive action, and because our peoples in their concern to set forth along the road to economic and social development have placed their hopes in it.

The responsibility is all the greater in that I have to succeed a man of the stature of Raúl Prebisch, of whom I may say without fear of exaggeration that he has produced a historic achievement which will be seen to outlive our generation whenever the development of Latin America is studied.

Thus I am assuming this position in all modesty and, above all, with the firm determination to serve and keep the flag flying, and to preserve all that has been achieved in fifteen years of constructive work.

I do not want to recapitulate at length the work done by ECLA, but in view of my present position, and at the risk of being repetitious, I think it absolutely necessary to give expression to some of my ideas concerning ECLA's role in Latin America today.

The United Nations, of which we are a part, has discharged in the post-war world the primary function of maintaining the peace under very difficult conditions, of bringing colonial peoples to independence, and of co-operating with all the under-developed countries in the work of economic and social development.



But I do not think that I am exaggerating if I say that in Latin America — a region where disputes have been on a smaller scale — ECLA is the United Nations. It is in the economic and social field that the United Nations organs have made their greatest effort in our continent, and in that field ECLA has been giving tangible form to the hopes of peoples in the work of achieving harmony and universal progress which is the United Nations.

The reasons for this are many. ECLA came into existence fifteen years ago, when economic theory in Latin America was still a blank page. Enlightened men, illustrious thinkers, turned their minds to economic problems. But it must be admitted that there was no real Latin America economic theory; that, as was said here yesterday, basically an effort was being made to interpret and apply theories evolved to apply to developed countries; and that above all, the thinking was at the national level, each author and thinker trying to interpret the phenomena existing in his own particular State or nation.

ECLA is trying, for the first time, to produce a Latin American economic theory, and it is succeeding. I do not propose to outline the doctrine. It is, in brief, a theory of Latin American development which has spread beyond the frontiers of this continent. In fact, the theory of the economic development of our peoples, as produced by ECLA, has served as inspiration, as guidance or as a basis of study for economists, statesmen and organizations in other underdeveloped continents and even in the industrialized countries.

All this has been accompanied by the conflicts and disputes inherent in the blazing of new trails. Often the conflicts have been the result of honest differences of opinion, of divergent ideas and principles which have been discussed and clarified — or in some cases could not be clarified. On other occasions, the conflict has been against what Galbraith calls conventional truth, against set ideas; or, equally often, interests of a more questionable kind, endangered by what might be termed the new currents in Latin American developments, have come sharply into conflict with the theories and proposals of the Commission.

In the balance sheet of these fifteen years, it is gratifying to find that the ideas formulated or developed by ECLA have become part and parcel of Latin American thinking from both the theoretical and the practical points of view. The necessity for industrialization to bring about economic development and the vital need for diversification in our economies are now universally accepted concepts. The weak position of our exports, the deterioration of the terms of trade and the need to protect exports are also generally admitted. Latin American regional financing is now crystallized in the magnificent institution, the Inter-American Development Bank. As an essential element of economic policy, programming has received particular attention and has become the corner-stone of the new programme, the Alliance for Progress. Social or structural reforms are seldom questioned, if at all. In a word, the programme of inter-continental development embodied in the Alliance for Progress in all its economic aspects is the crystallization in programmes of action of the ideas formulated, developed or amplified during ECLA's fifteen years of activity.

May I at this point repeat a remark which I have had occasion to make before and which I should like to clarify, not for political but for historical reasons. Many people think that the Alliance for Progress is a programme devised in the United States to promote Latin American development, a United States programme for Latin America. That is not true; actually, the Alliance for Progress is the outcome of the acceptance by the United States Government of ideas which have long crystallized the hopes of Latin America, and the political expression of those ideas by that Government, just as the principle of non-intervention was not invented by President Roosevelt, but was formulated by him as the interpretation of a long-felt aspiration for which Latin America had fought. The principles of development and economic and social transformation embodied in the Alliance for Progress are likewise due to the fact that a United States Administration grasped in time the aspirations

clearly defined and manifested on many occasions, of the Latin American peoples.

The reasons for ECLA's credit balance are many, but I should like to mention a few in particular. I would say that the first of these has been the qualities of its leadership. Mr. Prebisch has spoken of the support given him by Dag Hammarskjöld, U Thant and Mr. de Seynes in carrying on the work of ECLA; he has mentioned the group of men who have collaborated with him in his task; but none of it would have been possible without his personal guidance. I have worked in ECLA and I can say now that seldom have I experienced such leadership, in the best sense of the word — intellectual and moral leadership — as in those years when I worked with Mr. Prebisch; and I would like to put on record this acknowledgement of one of the fundamental reasons for the success of ECLA.

The second fundamental point, the second reason for the positive outcome of ECLA's work is the freedom of judgement which ECLA has enjoyed in both economic and political matters. As Mr. Prebisch said yesterday, ECLA has been heterodox and independent, not just in a spirit of contradiction, but in order to make a critical analysis of principles and economic theories as applied to our environment. ECLA's position as a United Nations body particularly favoured that freedom. As a large world-wide organization to which all or nearly all the countries of the world belong, regardless of ideology, the United Nations naturally possesses a freedom of judgement, thought and action which enables it to act with the independence needed to give free rein to the progress of ideas.

Again, as the agency responsible for co-operation in the economic development of Latin America, ECLA has been able, within this over-all international framework, to concentrate on the problems of the region as such and to give first priority to the interests of our continent south of the Rio Grande. Hence it is that today ECLA is regarded as *par excellence* the Latin American agency competent to give expression to the needs and aspirations of our peoples. This status must be maintained, and this independence of judgement put foremost if ECLA is not to lose the essential stamp that is one of its fundamental *raison d'être*.

The third factor contributing to the success of the Commission is the calibre of its personnel. Had I not been so well acquainted with their high technical and personal qualifications, I should not have accepted the responsibility which the Secretary-General has laid on my shoulders. And here and now I voice my hope that they will continue to bear me company, and to assist me with their comradeship, their collaboration and above all their sincere and friendly criticism.

What future is in store for ECLA? The situation is not what it was fifteen years ago. Originally, it was ECLA that made Latin America development-conscious. It was the brains trust that conceived new approaches, which quickly became avenues to action. Today a more advanced stage has been reached. Concerted action is now an established fact; and agencies exist to put it into effect, each with its own specific task to perform. There is the Organization of American States, a political organ for discussion, negotiation and the adoption of decisions. There is the Inter-American Development Bank, the agency responsible for the financing of economic and social development. There are the Latin American Free-Trade Association and the instruments for the integration of Central America. Among all these bodies, what is the role of ECLA? I believe that its position can be clearly defined. Its basic contribution has taken the form of ideas, critical analysis, the determination of the starting-points for the development effort — that is, of a candid approach, regardless of the consequences, to the major obstacles in the way of the development of Latin America. This work in the realm of thought and analysis must continue unchecked. ECLA must endeavour to remain a centre for the elucidation and analysis of economic and social phenomena in Latin America, propounding ideas, evaluating situations, criticizing whatever merits criticism, suggesting to Governments methods and means of action.



But at the same time, ECLA has been driven by force of circumstances to embark upon action on its own account, and it cannot now withdraw. In many fields, its analytical and theoretical work, its intellectual contribution, must go hand in hand — as they have hitherto — with their practical application. The problems of industrialization constitute a vast sphere of action in which ECLA can and must continue to assist Latin America. And the same is true of trade policy, where the Commission must collaborate with the established agencies, and, indeed, of every aspect of national or international life in which the Governments consider ECLA can do useful work, whether at the Latin American or at the world level.

In this connexion, I wish to place it on record that after some years of participation in the activities of international agencies, I cherish the profound conviction that sincere co-operation among these agencies is an indispensable requisite for the success of our work. There is nothing that creates a sense of frustration, nothing that generates a feeling of failure to perform the task laid upon us, more surely than wasting time in futile argument over questions of jurisdiction or minor details relating only to this or that agency's prerogatives. My view is that we are here to serve the countries of the region, and that each agency must carry out its own specialized work in co-operation with the rest, with the sole aim of rendering such service, not in an attempt to enhance its own prestige.

As regards the work of ECLA, I believe in the need to continue this co-operation with the other agencies of the inter-American system, with those belonging to the family of the United Nations, and with whatever other agencies and institutions are concerned with Latin American affairs; and I am sure that in these other agencies I shall find the same spirit of co-operation and the same readiness for joint action.

So far I have spoken of ECLA as an organization. Now I should like to make a humble contribution to the topic which appears on our agenda and to say something of Latin America's development problems. I shall try to be brief, and although there are many facets and many problematical issues connected with this development, there are some crucial points which I would submit to this session as essential priorities in the future work of ECLA.

The first, which was lucidly described by the Executive Secretary in the document he has submitted to this session and in his brilliant statement here, is the internal structural transformation needed in Latin America. I do not see this structural change as the sum of a series of isolated operations in the fields of land tenure, taxation, education, etc. I envisage it as a total transformation of the Latin American social environment. There can be no thought of development and progress, industry and new forms of economic life so long as the archaic and primitive forms of land tenure inherited from a feudal colonial régime subsist. A revolution is called for in the sense that there must be a rapid transformation — as rapid as possible — of the social forms which have kept Latin America in a backward state in relation to other regions of the world. And this revolution must begin with a revolution in our way of thinking. We of this generation must begin by realizing that we are playing the leading roles in a historical episode, in which Latin America cannot go on being what it has been hitherto.

In economic affairs, the apparent alternative is stagnation or change. I use the word "apparent" advisedly, because stagnation is unthinkable. Latin America must change. There is more than one way of achieving economic development, more than one way which is practicable, as has been demonstrated by the recent history of the world. If one system fails, another will take its place, so that, as the world is today, and in the face of the aspirations of the peoples and of ideological conflicts, we can be sure that there will be no stagnation, and that, whatever path we choose, we must press ahead with determination.

I should like to explain that, in my view, there is no fundamental cleavage as regards economic and social problems. A dividing line is at present drawn between them, and for semantic or organizational

reasons, problems connected with education, health, housing etc. are defined as social. But these problems are closely linked with economics, and a policy based on the charitable or philanthropic aim of building new houses or providing better means of education but forgetting that the most important thing is to provide the entire population with opportunities and better living conditions, would be a poor sort of social policy which could not long endure.

The main thing, therefore, in considering the social problem is to work to raise incomes and improve living conditions through the medium of economic development, which must not be allowed to become a means of helping the chosen few to feather their nests, for, if that happens, development will be short-lived.

Hence the need to promote a system of higher wages for agricultural workers, and to provide better wages for industrial workers. And only on the basis of higher income for the labour sector can any real success be achieved in the field of social policy.

I need hardly say that I am not against education or housing programmes, since they are part of development. What I want to emphasize is that if we conclude that the whole of social policy lies there, we are doomed to failure. That policy should be based on an improvement in workers' wages, just as at the international level we think that foreign aid is simply an auxiliary implement and that the essential factors are the product of our own labour and the improvement of international trade relations. Similarly, on the home front, it is the income of the productive sectors that can provide a sure foundation for a genuine policy of social improvement.

Speaking of internal structural changes, I should like to refer to a matter which has already been mentioned and which I regard as of vital importance, namely, structural changes in relation to internal discipline and organization. I said a moment ago that there is more than one viable system for achieving economic development. There are radical differences of outlook — philosophic, political, economic etc. among those that are better known. They do, however, have one thing in common: development is only possible on the basis of effort and discipline. Without effort, discipline and order there can be no development policy on a lasting basis which will ensure success. Hence, the task of introducing order and method must be pursued energetically within the Latin American countries.

Furthermore, external bottle-necks, the external factors militating against development, cannot be used as an excuse for failure to adopt the internal measures required to establish an up-to-date and progressive society. Indeed, I have come to believe that the perpetuation of factors or situations involving disorganization and waste is often a dangerous substitute for a more thoroughgoing policy of social change. When government enterprises show a constant deficit, thus maintaining an economically unacceptable situation, the implication may well be that the country is not ready to provide workers with suitable conditions for earning a livelihood. To take the proper steps, by introducing the necessary social changes,

Next to internal structural changes, I regard industrialization as a basic priority in the region's economic development and, linked to industrialization, Latin American economic integration. I do not propose to enlarge on a fact well known to all of you, namely, that industrialization is regarded and recognized as the corner-stone of economic development. This notion is already commonplace in Latin America, and due recognition should be given to the efforts of all, or nearly all the countries, which have attained an appreciable level of industrial development in the post-war period by means of import substitution. But this development based on import substitution has its limits, and if we continue to think of industrialization as restricted to the exiguous markets of our own countries and based on a policy of protection which permits the existence of enterprises not economically viable in international trade, we run the immediate risk of creating closed units in which the living conditions of the bulk of the population are impaired by the high costs of protected merchandise and where, in short, development will quickly reach a state of stagnation, inasmuch as such possibilities



of growth within small economies cannot, at best, do more than increase consumption through social reform.

Hence, if we are to utilize the vast natural resources of our continent, and so gain ourselves a competitive position in the world market, safeguard the actual bases of supply of the capital equipment and intermediate materials we need, and ensure continued growth, we have to think, not of our restricted national markets, but of a Latin American common market. ALALC represents a magnificent first step in this direction. But we must be more ambitious. At this time when major economic units are the order of the day, Latin America cannot resign itself to developing slowly in the direction of integration, but we must be bold, as Mr. Prebisch urged, in advancing the cause of the common market. And here all sectors must participate. I feel that we have a great task before us, and that we must make all sectors of the population — management, and manual and professional workers, quite apart from Governments — realize the pressing need for economic union.

It is urgently necessary to collect, disseminate and discuss these ideas and ways and means of establishing a common market, so as to arrive as soon as possible at forms of action whereby we can emerge from our present situation — to my mind one of the primary reasons for the stagnation or the slow development of Latin America in the past few years.

I would give third place on my list of essential priorities to problems of external trade. Great emphasis has been laid, and is still being laid, on the need to defend our traditional exports and on the urgency of speeding up measures to improve market conditions, particularly in cases of discrimination and excessive protection which are impoverishing vast areas of our continent. All these efforts must continue; but there is a limitation on the traditional exports of Latin America. The limitation consists in the familiar phenomenon of the very low elasticity of demand for foodstuffs and certain primary commodities, and the increased absorption of personal income by manufactured goods.

We shall very soon have to think about exports of manufactured goods. We ourselves must take the necessary measures to make them possible. It is not just a matter of having the doors of the world markets opened to us, or of being given preferential treatment — as is necessary and fair — in order for our products to compete in the world markets; what we need is the ability to compete, a price and costs situation which will make it possible for us to enter those markets. All this would be impossible without economic integration — and I return to my previous point — to enable us to make use of economies of scale and develop industries which can compete with the large industries of the developed centres. In this connexion, I feel that ECLA must co-operate actively for the success of the United Nations Conference on Trade and Development. And I endorse Mr. Prebisch's idea that it would be highly desirable to convene a preliminary Latin American meeting with a view to determining

beforehand the realistic expectations of our continent with regard to the findings of the Conference.

I leave these ideas with you for discussion, as essential priorities, or as postulated essential priorities, for the formulation of our programme. Each of these fields affords vast scope for action. Ideas must be clarified, concepts defined, methods of action discussed and perfected, theories put into practice. But all this must not be allowed to distract our attention from the final target. These are only ways and means of attaining what must be the basic purpose of Latin America's economic development.

This in no way differs from the purposes of the United Nations. Our Organization upholds a unified set of principles: the preservation of peace, national independence, economic and social betterment. There can be no lasting peace without sovereignty and without an improvement in economic conditions. And these three separate factors combine to form a whole, whose integral is the dignity of man and respect for human rights. In Latin America the fulfilment of this aspiration is still a long way off.

So it is in the rest of the world; but more so perhaps among us, for we must recognize that our independence has been of a limited kind. Economically speaking, under-development has made us poor countries, subject to outside decisions and influences familiar to all. In international politics we have played second fiddle. None of these things is consistent with either the dignity or the aspirations of the Latin American peoples at the present time. And we must acknowledge that the root cause of this economic and political inferiority lies in the cleavages that have broken up our great homeland. While other regions of the world, on winning their independence, have had the intelligence and the wisdom to pool their resources in one united whole, our futile struggles, our petty local pride, have turned us into small and poverty-stricken countries in which — with one or two exceptions — we live in hardship. Hence, when we speak of economic development and economic integration, we must not lose sight of the goal for which Latin America must steer: the political unity of the region.

And in this context, I would recall in conclusion two great citizens of Latin America who helped to shape our region's destiny and whose influence is forever potent in our minds. At the close of the last century, one of Latin America's great patriots, José Martí, was analysing the work of another great patriot — Simon Bolívar — and in speaking of the dependent situation in which some areas still found themselves, and our political, economic and social inferiority, he ended with the words: "Bolívar still has work to do in America".

We are struggling on. And, contemplating what ECLA has already achieved and what still lies ahead, I can but recall the writings of the Cuban hero, and repeat: "ECLA still has work to do in America".

### ANNEX III

#### List of the principal documents issued by the Commission since the eighth session (February 1962) of the Committee of the Whole

| Symbol                              | Title   | Languages <sup>a</sup> |
|-------------------------------------|---|------------------------|
| E/3581/Rev.1-E/CN.12/AC.50/11/Rev.1 | Annual report covering the period 16 May 1961 to 16 February 1962<br>( <i>Officials Records of the Economic and Social Council, Thirty-fourth Session, Supplement No. 4</i> ) | E F S                  |
| E/3582/Add.1-E/CN.12/AC.51/2/Rev.2  | Report on the fourth extraordinary session of the Committee of the Whole (21-22 March 1962) ( <i>Ibid.</i> , <i>Thirty-third Session, Supplement No. 4</i> )                  | E F S                  |
| E/3649-E/CN.12/AC.52/3              | Report on the ninth session of the Committee of the Whole (6-7 June 1962) ( <i>Ibid.</i> , <i>Thirty-fourth Session, Supplement No. 4A</i> )                                  | E F S                  |

<sup>a</sup> The letters E, F, P and S indicate English, French, Portuguese and Spanish, respectively.



| Symbol                             | Title   | Language |   |
|------------------------------------|---|----------|---|
| E/CN.12/570/Rev.1                  | <i>Pulp and Paper Prospects in Latin America</i> (United Nations publication, Sales No.: 63.II.G.7)   | E        | S |
| E/CN.12/619/Rev.1                  | <i>The Manufacture of Industrial Machinery and Equipment in Latin America — I. Basic Equipment in Brazil</i> (United Nations publication, Sales No.: 63.II.G.2)   | E        | S |
| E/CN.12/620                        | <i>Livestock in Latin America: status, problems and prospects — I. Colombia, Mexico, Uruguay and Venezuela</i> (United Nations publication, Sales No.: 61.II.G.7)   | E        | S |
| E/CN.12/621                        | <i>Multilateral Economic Co-operation in Latin America — I. Texts and Documents</i> (United Nations publication, Sales No.: 62.II.G.3)  | E        | S |
| E/CN.12/622                        | <i>La industria textil en América Latina — I. Chile</i> (United Nations publication, Sales No.: 63.II.G.5)  |          | S |
| E/CN.12/623                        | <i>A indústria textil do Brasil</i> (2 volumes)   |          | P |
| E/CN.12/624                        | <i>Latin American Timber Trends and Prospects</i> (United Nations publication, Sales No.: 63.II.G.1)  | E        | S |
| E/CN.12/625                        | Estado de los trabajos de la Misión sobre Recursos Hidráulicos en la Argentina  |          | S |
| E/CN.12/626 and Corr.1             | Report of the fifth meeting of the Inter-Agency Working Party on Skilled Manpower in Latin America: explanatory memorandum prepared by the secretariat  | E        |   |
| E/CN.12/627                        | Report of the fifth meeting of the Inter-Agency Working Party on Skilled Manpower in Latin America (Santiago, Chile, 22-28 March 1962)  | E        |   |
| E/CN.12/628 and Add.1-3            | La industria química en América Latina  |          | S |
| E/CN.12/629 and Add.1-6            | Estudio sobre la fabricación de equipos industriales de base en la Argentina  |          | S |
| E/CN.12/630                        | <i>Estudios sobre la electricidad en América Latina — I. Informe y documentos del Seminario Latinoamericano de Energía Eléctrica reunido en la Ciudad de México</i> (United Nations publication, Sales No.: 63.II.G.3)                      |          | S |
| E/CN.12/631                        | Recent developments and trends in Latin American trade with the European Economic Community   | E        | S |
| E/CN.12/632                        | The achievement of co-ordination in Latin American trade policy: relations with the European Economic Community   | E        | S |
| E/CN.12/633                        | <i>The Manufacture of Industrial Machinery and Equipment in Latin America — II. The Machine-tools Industry in Brazil</i> (United Nations publication, Sales No.: 63.II.G.4)   | E        | S |
| E/CN.12/634/Rev.1 ST/TAO/SER.C/58  | Report of the Workshop on Budgetary Classification and Management in South America (Santiago, Chile, 3-14 September 1962)   | E        | S |
| E/CN.12/635 and Corr.1             | Information paper on technical assistance provided in 1962 to countries and territories of the ECLA region under the expanded and regular programmes, prepared by TAB   | E        | S |
| E/CN.12/636                        | Livestock in Brazil: status, problems and prospects   | E        | S |
| E/CN.12/637                        | Informe de la reunión de expertos sobre estadística y terminología eléctricas, conteniendo el glosario terminológico y los modelos de cuadros estadísticos (Santiago de Chile, 24-29 de septiembre de 1962)                                 |          | S |
| E/CN.12/638                        | Provisional report of the Conference on Fiscal Policy organized by the OAS/ECLA/IDB Joint Tax Program (Santiago, Chile, 5-14 December 1962)   | E        | S |
| E/CN.12/639                        | Provisional report of the Conference on Education and Economic and Social Development in Latin America (Santiago, Chile, 5-19 March 1962)   | E        | S |
| E/CN.12/640 and Add.1              | Report of the Meeting of Experts on Bases for Electricity Rates in Latin America (Santiago, Chile, 10-20 December 1962)   | E        | S |
| E/CN.12/641                        | Resumen de los debates y acuerdos de la reunión de representantes de las empresas eléctricas de América Latina que auspician la publicación de la "Revista Latinoamericana de Electricidad" (Santiago de Chile, 12-17 de diciembre de 1962) |          | S |
| E/CN.12/642 and Corr.1 and Add.1-4 | El empresario industrial en América Latina  |          | S |
| E/CN.12/643                        | Geographic distribution of the population of Latin America and regional development priorities  | E        | S |
| E/CN.12/644                        | Report of the Latin American Seminar on Planning (Santiago, Chile, 19-24 February 1962)   | E        | S |
| E/CN.12/645                        | Social trends and programmes in Latin America   | E        | S |



| <i>Symbol</i>           | <i>Title</i>   | <i>Languages<sup>a</sup></i> |                |
|-------------------------|--|------------------------------|----------------|
| E/CN.12/646             | Economic development in Latin America: sociological considerations   | E                            | S              |
| E/CN.12/647             | Provisional report on the Latin American Seminar on Housing Statistics and Programmes (Copenhagen, 2-22 September 1962; Stockholm, 23-25 September 1962)                           | E                            | S              |
| E/CN.12/648             | Proyecto de lista uniforme de productos manufacturados   |                              | S              |
| E/CN.12/649             | The role of external financing in the economic development of Latin America  | E                            | S              |
| E/CN.12/650             | Los recursos hidráulicos de América Latina: reseña y evaluación de la labor realizada por la CEPAL   |                              | S              |
| E/CN.12/651 and Add.1   | Note by the secretariat on resolutions of the General Assembly and of the Economic and Social Council of concern to the Commission   | E                            | S              |
| E/CN.12/652             | Note by the secretariat on the election of new members of the Governing Council of the Latin American Institute for Economic and Social Planning                                   | E                            | S              |
| E/CN.12/653             | A measurement of price levels and the purchasing power of currencies in Latin America, 1960-1962   | E                            | S              |
| E/CN.12/654             | United Nations programmes of technical assistance in public administration   | E                            | S              |
| E/CN.12/657             | Report of the third special session of the Central American Economic Co-operation Committee (San José, Costa Rica, 23-31 July 1962)  | E                            | S              |
| E/CN.12/658             | Report of the fourth special session of the Central American Economic Co-operation Committee (Tegucigalpa, 15-16 November 1962)  | E                            | S              |
| E/CN.12/659 and Add.1   | The economic development of Latin America in the post-war period   | E                            | S              |
| E/CN.12/660             | The social development of Latin America in the post-war period   | E                            | S              |
| E/CN.12/661             | Problems of the programming of social development: note by the secretariat   | E                            | S              |
| E/CN.12/662             | Urbanization in Latin America: results of a field survey of living conditions in an urban sector   | E                            | S              |
| E/CN.12/663             | Provisional report of the Seminar on Industrial Programming (São Paulo, 4-15 March 1963)   | E                            | S              |
| E/CN.12/664             | Problemas y perspectivas del desarrollo industrial latinoamericano   |                              | S              |
| E/CN.12/665             | Conclusiones de la reunión técnica sobre problemas de productividad y perfeccionamiento de personal dirigente (Santiago de Chile, 15-26 de octubre de 1962)                        |                              | S              |
| E/CN.12/666             | General situation and future outlook of the Central American Economic Integration Programme: note by the secretariat   | E                            | S              |
| E/CN.12/667             | Trade with Europe and Latin American trade policy: note by the secretariat   | E                            | S              |
| E/CN.12/668             | Realizaciones y perspectivas en el proceso del mercado regional  |                              | S              |
| E/CN.12/669             | Decentralization of the economic and social activities of the United Nations and strengthening of the regional economic commissions  | E                            | S              |
| E/CN.12/670 and Add.1-5 | Los recursos naturales en América Latina, su conocimiento actual e investigaciones necesarias en este campo  |                              | S              |
| E/CN.12/671             | The use of national accounts for economic analysis and development planning  | E                            | S              |
| E/CN.12/672             | Report of the eighth session of the Central American Economic Co-operation Committee (San Salvador, 21-29 January 1963)  | E                            | S              |
| E/CN.12/673             | Los transportes en América Latina: nota sobre el progreso de los estudios en esta materia y algunas de las principales conclusiones que se derivan de las investigaciones en curso |                              | S              |
| E/CN.12/674             | Note on the co-operation between the secretariats of the Economic Commission for Latin America and other inter-American agencies   | E                            | S              |
| E/CN.12/675             | United Nations building in Santiago, Chile: report of the secretariat  | E                            | S              |
| E/CN.12/676             | Report of the <i>Ad Hoc</i> Committee on the Gift Programme for the United Nations building in Santiago, Chile   | E                            | S              |
| E/CN.12/677             | Progresos en materia de planificación en América Latina: nota de la secretaría y del Instituto Latinoamericano de Planificación Económica y Social                                 |                              | S              |
| E/CN.12/678             | Informe del Consejo Directivo del Instituto Latinoamericano de Planificación Económica y Social, con nota de la secretaría   |                              | S <sup>b</sup> |

<sup>b</sup> Document E/CN.12/678 was distributed in Spanish only. The English text appears as annex IV to the present report.



| <i>Symbol</i>          | <i>Title</i>  | <i>Languages</i> |   |
|------------------------|---|------------------|---|
| E/CN.12/679            | Some aspects of the Latin American economic situation in 1962   | E                | S |
| E/CN.12/680            | Towards a dynamic development policy for Latin America  | E                | S |
| E/CN.12/681            | Note by the secretariat on the report of the Committee on Housing, Building and Planning of the Economic and Social Council | E                | S |
| E/CN.12/682            | United Nations Conference on Trade and Development: note by the secretariat   | E                | S |
| E/CN.12/683            | Examen preliminar de las posibilidades de desarrollo industrial integrado en Centroamérica                                  |                  | S |
| E/CN.12/684/Rev.1      | The World Food Programme: document prepared by the World Food Programme Administrative Unit, with a note by the secretariat | E                | S |
| E/CN.12/685            | United Nations Development Decade: note by the secretariat  | E                | S |
| E/CN.12/686 and Corr.1 | Agriculture in Latin America: problems and prospects  | E                | S |
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#### ANNEX IV

### Report of the Governing Council of the Latin American Institute for Economic and Social Planning

1. Pursuant to resolution 220 (AC.52), section A, paragraph 2 (c), of the Committee of the Whole of the Economic Commission for Latin America, the Governing Council of the Latin American Institute for Economic and Social Planning is required to submit to the Commission an annual progress report on the work of the Institute. The first report on the activities of the Institute, covering the period, 1 July 1962 to 16 May 1963, is submitted in compliance with the above-mentioned provision.

#### I. FUNCTIONS AND ORGANIZATION

2. The Latin American Institute for Economic and Social Planning was established by resolution 220 (AC.52), adopted on 6 June 1962 at the ninth session of the ECLA Committee of the Whole. The financing of the first five-year period was assured through the co-operation of the Special Fund and the Inter-American Development Bank (IDB).

3. In accordance with the above-mentioned resolution, the aims and functions of the Institute are as follows:

(a) To raise the technical level of government officials and specialists through training programmes in the form of courses and in-service training;

(b) To assist Governments in establishing the institutional and technical organization required for the more efficient programming of their economic and social development policies;

(c) To assist Governments, at a purely technical level, in preparing their economic and social development programmes;

(d) To carry out the theoretical studies required for the improvement of planning techniques used in Latin America.

4. The governing authorities of the Institute are the Governing Council and the Director-General. The Institute is also assisted by an Advisory Committee. The functions of the Governing Council

of the Institute are: (a) to lay down general rules governing the action of the Institute in matters entrusted to it; (b) to review and approve work programmes and the relevant budgets; and (c) to submit to ECLA, each year, a progress report on the work of the Institute. The Director-General of the Institute, appointed by the Secretary-General of the United Nations after prior consultation with the Governing Council, is entrusted with the direction and administration of the Institute, in accordance with the instructions issued by the Governing Council and the stipulations of resolution 220 (AC.52). The Advisory Committee, composed of representatives of the ECLA secretariat, IDB and OAS, and representatives of other organizations substantially contributing to the activities of the Institute, advises the Director-General on matters relating to the work of the Institute, and, in particular, the co-ordination of its activities with those of other international organizations assisting Latin America in economic planning and social development and in the training of specialists in these areas.

#### II. ACCOUNT OF ACTIVITIES

5. During the period covered by the present report the Governing Council held three meetings: the first at New York (7 and 8 June 1962); the second at Santiago, Chile (19 and 20 December 1962); and the third at Mar del Plata (14 and 15 May 1963).

6. On 15 April 1963, the Director-General submitted to the Governing Council a report on the Institute's activities and on the implementation of its work programme. During this period the Institute recruited almost its full complement of professional staff, developed an extensive training programme and co-operated in the establishment of six Advisory Groups which are at present serving in ten Latin American countries, including the five countries of Central America. The Institute began its research with studies on the progress of planning in Latin America and on income distribution, which were carried out in collaboration with the ECLA



secretariat. The formulation of a programme of research was also embarked upon.

7. The Training Programme of the Institute comprised: (a) the basic planning course 1962-1963; (b) six intensive courses in six different countries; and (c) special courses on educational and health planning.

8. The first basic planning course was held at the headquarters of the Institute from July 1962 to February 1963, and the second began on 15 April 1963. Their fundamental aim is to provide Latin American officials and professionals — both economists and specialists in other fields — with the necessary knowledge of economic and social development planning techniques to enable them to participate in the planning activities of the Latin American countries. The basic course is particularly useful as it not only teaches general planning techniques, but also spends a good deal of time on the specific problems of planning for the main economic and social sectors. Because of the existence of the Institute it has been possible to broaden the scope of these courses, which have been held since 1952 under a joint ECLA/BTAO programme. This development has been reflected in a substantial increase in the number of participants — more than 70 in each of the first two Institute courses. At the same time, almost all the Latin American countries were covered.

9. The six intensive courses were held in the following countries: Bolivia, Brazil, Mexico, Paraguay, Peru and Uruguay. By means of these courses — which last from three to four months — an attempt is made to train a larger number of officials in each country, so that planning objectives and methods may become more widely known throughout the public administration. In some countries short specialized courses have been added to the curriculum of basic subjects taught in the intensive courses, with the aim of strengthening the impact of the latter on key sectors of public administration in the Latin American countries.

10. In 1963, intensive planning courses will be given in the countries mentioned in paragraph 9 above — with the exception of Paraguay — as well as one for the Central American countries as a whole and another in Ecuador. It is also planned to hold an intensive course in the Dominican Republic. It is worth noting that Paraguay has organized an intensive course which is being carried out by a group of national economists and institutions, with help from the Institute as regards teaching materials. Brazil, too, is beginning to hold similar intensive courses, conducted mainly by national economists, in various parts of the country. For example, SUDENE has been receiving close co-operation for several years now in its programme for the training of personnel. In 1962, this co-operation was extended to the universities of Belem and Brasilia, and there are plans for including the State of Paraná in 1963.

11. The special courses on educational and health planning were held at the headquarters of the Institute from September to December 1962, in co-operation with UNESCO, the Pan American Sanitary Bureau and the International Labour Office. In these courses a concentrated effort was made to complement existing knowledge in respect of over-all planning with the application of planning techniques in the education and health sectors in Latin America. Each course was attended by about 25 Latin American officials who have distinguished themselves in these fields. As a result of this experiment, it has been agreed to set up a permanent group of UNESCO specialists in education and of economists to carry on the training activities begun in 1962 and to conduct further research with a view to improving educational planning techniques as part of over-all development planning. It is also proposed to continue the activities begun in 1962 in connexion with health planning. In 1963, the Institute will offer, with the co-operation of the International Labour Office, a six weeks' course for specialists in manpower and vocational training services. Furthermore, preparations are being made for a special course on the programming of housing, in which IDB will co-operate.

12. The Institute, in accordance with the OAS/ECLA/IDB Tripartite Agreement, is responsible for the immediate supervision

of any Advisory Groups which the Tripartite Committee may decide to set up to assist Governments in planning. Up to now, four Advisory Groups have been established, and are working in Paraguay, Peru, Uruguay and Central America. The Dominican Republic recently requested the services of an Advisory Group. Furthermore, there are two Advisory Groups, in Bolivia and Colombia, which were established by ECLA before the Institute was founded.

13. In conformity with resolution 220 (AC.52), the members of the staff of the Institute give part of their time to the Advisory Groups, mainly by briefing experts and exercising the over-all supervision required of them in their own fields of specialization. The Institute is devoting increasing attention to this aspect of the Advisory Groups, and also to the most suitable methods of putting into effect an economic and social development policy based on planning. In the same way, efforts have been made to intensify the work of the Advisory Groups in the preparation and evaluation of projects as part of medium and short-term plans, since this is another aspect in which the planning effort is still far from complete.

14. The Institute's research work is carried out with a view to improving existing programming techniques and advancing towards the formulation of new ones, and also to progressing with the analysis of the systems and machinery necessary for effective programming in the Latin American countries. As regards economic research, the two studies on progress in planning and on income distribution in Latin America, referred to in paragraph 6 above, were undertaken in co-operation with ECLA. These studies have been completed and were submitted to the Commission at its tenth session.<sup>a</sup> The Institute recently started to consider the general research scheme which, in addition to long-term studies, will include shorter-term work to meet immediate needs, such as the study of progress and requirements in planning in Latin America.

15. With regard to research on the social aspects of economic development in Latin America, the Institute, in co-operation with the Social Affairs Division of ECLA, has made a preliminary outline of fifteen projects having as their central theme the social changes taking place in Latin America as a result of the development process. An effort will be made to select from this group of projects those that are most closely linked with planning problems. Both these and the economic research projects will need the assistance of other agencies for their implementation.

16. During the period covered by this report, the Institute has participated in a series of seminars organized with the co-operation of ECLA and other organs of the United Nations Secretariat, international agencies and independent teaching bodies. The following are worth special mention: Seminar on natural resources and national planning, organized with the help of Resources for the Future; Workshop on Budgetary Classification and Management in South America, under the auspices of the Fiscal and Financial Branch of the United Nations Secretariat and ECLA; Seminar on Industrial Programming, under the joint auspices of ECLA, BTAO and the United Nations Centre for Industrial Development.

17. During the first year of the Institute's operations, close ties were established with the secretariat of ECLA and enthusiastic and effective co-operation was furnished by other agencies. This co-operation includes fellowships for participants in the courses given by the Institute, assistance in the organization of training courses and participation in the preparation of material for seminars. The agencies with which the Institute already has close ties are OAS, IDB, FAO, UNESCO, the ILO, UNICEF, the Pan American Sanitary Bureau and the United States Agency for International Development. The Institute has been in contact with the Panel of Experts appointed by the Inter-American Economic and Social Council under the Charter of Punta del Este and has been working out the bases for an arrangement for the short-term detachment of professional staff from the Institute to assist in the work of that group on the evaluation of national development plans.

<sup>a</sup> See documents E/CN.12/677 and E/CN.12/659 and Add.1, chap. VII.



### III. FINAL CONSIDERATIONS

18. Among the most prominent factors brought to light by an examination of the progress of the Institute's work is the short time it took to recruit its basic staff and complete its entire internal organization, all of which enabled it to carry out an extensive programme of activities aimed at solving some of the problems of planning in Latin America. This was made possible by the enthusiastic co-operation of ECLA, IDB and the Special Fund in the work of organization. The existence of the Tripartite Committee and the ECLA/BTAO Economic Development Training Programme also contributed to the rapid and important progress made in the Institute's advisory and training activities. The existence of the Institute has thus served to centralize the separate efforts that were being made in planning and to make available as simultaneous contributions to the planning process, the results of research, technical advisory services and the fundamental work of training specialized personnel. It is this aspect which holds out to the Latin American countries the prospect of deriving greater benefits from the Institute's services.

19. As regards the training of Latin American programming specialists, substantial progress has certainly been achieved in the first ten months of its activities. Over 400 officials and professionals from all countries of the region have participated in the Training Programme. This is the work which, in the long run, will make it possible to surmount Latin America's most pressing problem in connexion with planning, i.e., the shortage of specialized personnel. In consequence, notwithstanding the progress made, it would still be well to concentrate on three highly important phases of training. In the first place, it is necessary to supplement the planner's technical training with knowledge which will enable him to think in terms of regional economic integration and of the social needs of Latin America. Secondly, as research progresses and more experience is acquired from the work of the Advisory Groups, it should be possible to utilize the specialization stage of the basic course in order to advance towards developing increasingly more specific techniques for sectoral programming. This work is also necessary, above all, for programming in fields such as the social sectors where specific techniques for the formulation of programmes and for co-ordinating and integrating them in the over-all planning process have not yet been sufficiently developed. These efforts, which began with the special courses on educational and health planning referred to above, will have to be continued and extended to incorporate in the planning process sectors that are vital not only because of their social significance, but also because they account for a substantial proportion of public resources. Bearing in mind that planning is a process which demands the effective participation of a large number of officials from all levels of the public sector, and in view of the demonstrable results obtained in this connexion through the intensive planning courses held in several Latin America countries, it would be most advisable to move on to an even larger-scale programme for the instruction and training of officials in the basic ideas and techniques of planning. In this connexion, it would be well for the Institute, drawing on the experience of cer-

tain countries, to continue to do more and more to promote the participation of national experts and organizations in the holding of such intensive courses. Thus, not only could the effects of these activities be multiplied within each country, but resources at the Institute would also be freed to cover more countries, particularly those whose planning efforts are in the initial stages.

20. The decision of the Latin American countries to formulate economic and social development plans and the consequent need to set up mechanisms and systems to facilitate the organization of an effective process of planning have brought about a sharp increase in the demand for specialized planning personnel. This has been given concrete expression by the submission by Governments of applications for technical advice to the OAS/ECLA/IDB Tripartite Committee, but serious difficulties have been encountered in complying adequately with these requests because of the acute shortage of experts. Until such time as training activities produce a sufficient number of competent and adequately experienced personnel, it will be necessary to make the maximum use of the personnel available. For that purpose it would be wise to find out how many potentially useful technicians are available, not only within the region but outside it as well, taking into account the fact that, as the planning machinery improves, more technicians with increasingly more highly specialized qualifications will be needed. Furthermore, it would be desirable for the Institute, in providing advisory services, to encourage Governments to ensure the necessary internal co-ordination to enable them to take full advantage not only of their own trained personnel, but also of the international and bilateral technical assistance they receive, taking into account the experience of Governments which are seeking to co-ordinate those services through planning bodies or in liaison with them.

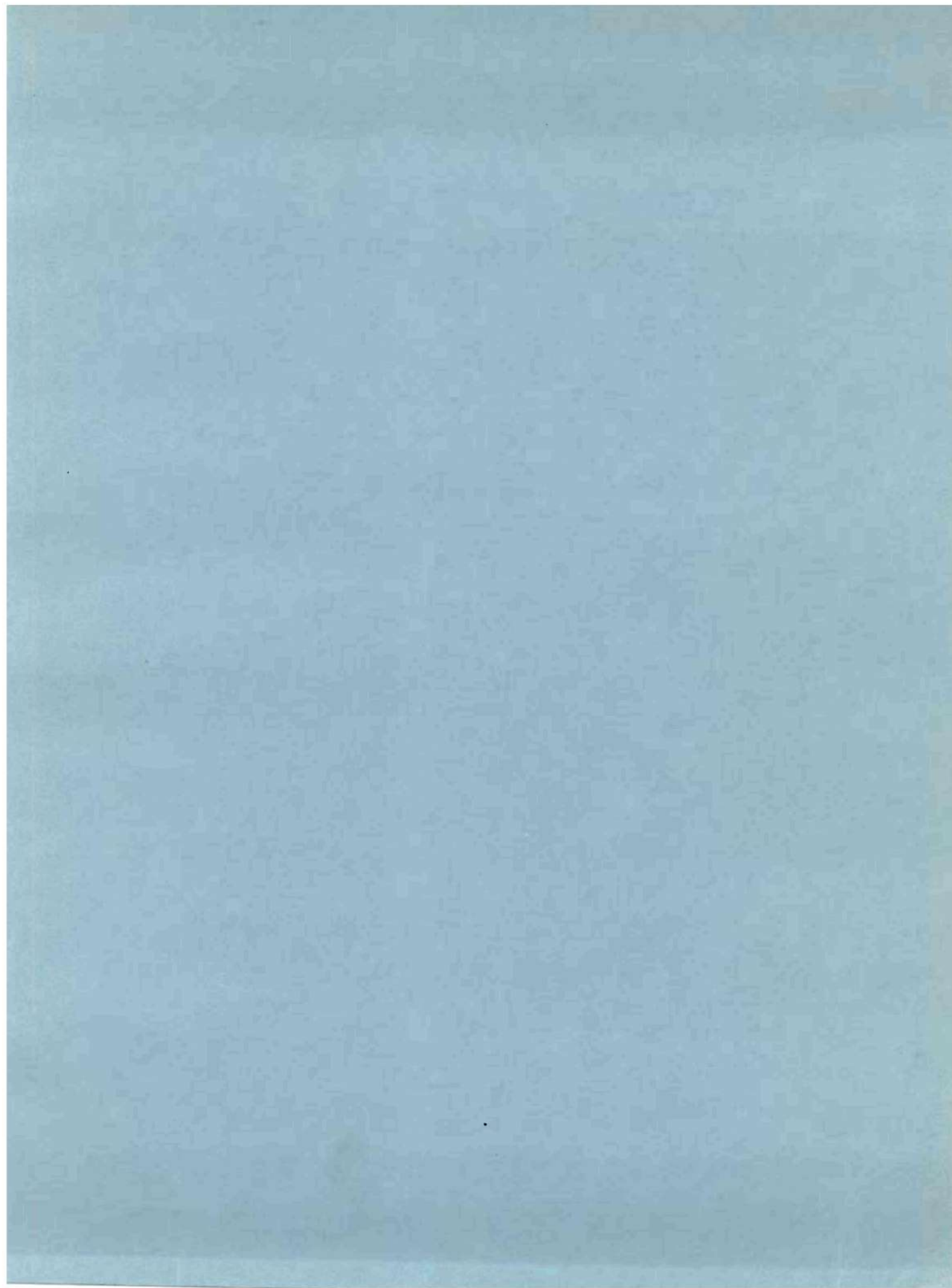
21. Research, on a continuing basis, as visualized by the Institute, will lead to the accumulation of a large reserve of experience and to the identification of problems through advisory activities. The study of those problems will contribute towards the formulation of planning procedures, methods and techniques which, in turn, will tend to enrich the training programme. In this way it should be possible to engage in the two activities which would seem to be most necessary: improving the techniques now available and finding methodological solutions in those areas where planning cannot make any headway for want of satisfactory methodology. The latter problem arises in varying degrees in the incorporation in planning of the needs and prospects of economic multi-national integration processes, in the different social aspects of economic development, and in the preparation of instruments of economic policy which will ensure execution of the plan.

22. The Council, following its examination of the Institute's progress, wishes to draw ECLA's attention to the magnitude and importance of the task which lies ahead for the Institute and to the necessity, if it is to be accomplished, of relying on the research being carried out in Latin America by various research agencies and on the co-operation of different national and international institutions concerned with the progress of planning in Latin America.











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