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STATEMENT BY MR. PHILIPPE DE SEYNES, UNDER-SECRETARY
FOR ECONOMIC AND SOCIAL AFFAIRS OF THE UNITED
NATIONS AT THE OPENING MEETING, 15 MAY 1957

The Secretary-General would have liked to attend this seventh session of your commission in person. Unfortunately, circumstances have prevented him from doing so and he has asked me to convey to you with his regrets at not being among you, his best wishes for the success of your work.

So far as I am concerned, this is the first time I have had the opportunity to take part in the deliberations of the Economic Commission for Latin America in my capacity as Under-Secretary for Economic and Social Affairs. I appreciate the occasion all the more keenly in that it brings us to this beautiful capital, in its magnificent setting - la tempestad petrificada, as it has so graphically been described - and enables us to enjoy the generous hospitality of the Bolivian Government and people.

This session in La Paz brings to my mind the special ties which exist between this country and the work of the United Nations. In 1950 Mr. Keenleyside - who was later to become the Director-General of the United Nations Technical Assistance Administration - led a study group to this country. On the basis of the report of that group a long-term programme of technical assistance for Bolivia was initiated. More recently,

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at the request of the Bolivian Government, the ECLA secretariat undertook a study of the problems and possibilities of development in Bolivia; and the importance of that study is made clear by the interim report which has been submitted to you in that connexion. I hope that this continuing co-operation will help Bolivia to overcome the obstacles - not the least of which are those due to nature and geography - which it is now attacking with so much courage and determination.

Looking at the world economy in 1956, one fact is at once obvious: that the growth in world production and trade has continued, although at a somewhat slower rate than in 1955. This expansionary trend is mainly due to investments in the industrialized areas; however, consumption, too, has remained high despite the efforts made in several countries to limit its increase. The result is that despite the anti-inflationary measures that have been taken by several European countries in order to protect their balance of payment, the over-all demand for imports in these countries has increased appreciably.

Such circumstances undoubtedly indicate a tendency which is encouraging and favourable, provided it is maintained, to the growth of the foreign exchange income of the under-developed countries, particularly when, as was the case in 1956, the increase in demand reflects an expansion in consumption and not the accumulation of inventories. However, the under-developed countries, in assessing the effect of foreign trade in a given year on their own income, cannot consider the volume of trade

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in isolation from the relative price levels of the products which make up their imports and exports. In that connexion it must be noted that although there was an increase of 4 per cent in world exports of primary commodities during 1956, there was also a deterioration, during the same year, in the terms of trade of under-developed countries, due principally to an increase of about 4 per cent in the price of manufactured products on the international market.

So far as concerns Latin America in particular, the economic situation during 1956 was characterized both by a slight decline in average export prices and by the fact that world demand did not increase for all the chief export products. In fact, the contribution of foreign trade to gross national revenue increased by only 3 per cent, a rate hardly higher than the rate of the increase in population.

The increase in the gross product of Latin America as a whole, as the ECLA report shows, barely kept pace with the population increase, and the uncertainties which have characterized the short-term fluctuations of world prices and demand are probably responsible at least partially, for the small increase in production.

.. This does not mean that the internal factors peculiar to the various countries and the steps taken by their governments did not play a decisive part in the development of the economic situation in 1956. In particular, the action undertaken by certain countries to halt growing inflationary trends did much to maintain production at levels at which various factors
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were not fully utilized. Certainly, we must all regret that, for external and internal reasons, which naturally vary from one country to another, the rate of the areas' economy growth has been slowed down. But we can only acquiesce once again so far as concerns the need to eliminate any acute and inflationary situation if we wish to establish a solid foundation for future economy growth.

Many countries in the area are today at grips with the task - a very disconcerting one for the chief industrial powers as well - of reconciling the exigencies of continuous growth with the solution of the daily problems raised by the imbalance of their accounts and the need to pursue a policy of stabilization. These difficulties are the more difficult for the under-developed countries to surmount in that the less highly evolved monetary and tax systems of these countries do not always lend themselves to flexible action, so that serious slow-downs in the development of production are sometimes the price which must be paid for stability.

To a certain extent international movements of capital, although they represent only a fraction of the receipts from export trade, had aided the measures taken for internal stabilization. Although such movements remain very inadequate in comparison with the needs of long-term development, they can at least exercise a beneficial influence by providing a respite during which a policy of stabilization can take effect.

Of course, general trends conceal the disparities between

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countries, but external equilibrium remains an overriding preoccupation in Latin America, and this fact emphasizes the importance of ECLA's work in the field of trade.

The Trade Committee of your Commission has made an encouraging start. While stressing the development of inter-regional trade, it has clearly indicated that the regional market envisaged should not be a substitute for an increase in the volume of multilateral trade but should rather promote such an increase. The resolutions adopted by this Committee at its first session leave no doubt on that score and we cannot but be pleased that such studies are being carried out within the framework of a universal organization.

Among the efforts to achieve a market covering the whole of Latin America, one sector is ahead, where attention is already being given to economic integration. I am referring to the agreement recently reached by the Economic Ministers of five States of Central America, who met under the auspices of ECLA, on a draft treaty for the creation of a free exchange zone in Central America and for the development of its industry into a more coherent whole with a greater potential.

The value of these measures will depend on the extent to which they will effectively promote the expansion and liberation of trade in a world scale: this expansion and liberation should promote productive effort and lead to increased revenue. We should perhaps attach particular importance to the fact that the plan for a common market between six Western European

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countries has brought about proposals to extend free trade to a greater number of countries. A parallel development seems to be taking place in this hemisphere where the plan for the integration of Central America has now been supplemented by the plan for a regional market and where the arrangements known as the "Paris Club" and "The Hague Club" introduced an additional element of multilateralisation.

These efforts will probably call for considerable and often difficult adjustments, both inside and outside the regions in question. Addressing the Economic Commission for Europe, a few days ago, the Secretary-General outlined the part it might play, not only by studying the problems raised by the establishment of a common market in Western Europe and the adjustments which such a measure entailed, but also by endeavouring to ensure that such a plan would develop into a wider movement, a movement towards the integration of the European economy and, beyond that, of world economy. I feel that this is the kind of role that ECLA should try to play in Latin America, where economic co-operation does not depend on political contingencies as it does in Europe.

That, I think, is the situation. We must therefore try to see what it implies. In the first instance, this responsibility falls upon the Economic and Social Council, and it is my duty, and the duty of my Department in New York, to supply the Council with the information and studies

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it needs for its work, basing myself on what has been done in the regions. At the Secretariat level, this might well provide us with yet another opportunity for acting in concert, as requested by the Council, in order gradually to find for the problem of co-ordination a more effective solution than that of merely avoiding overlapping and duplication of work.

At this session your Commission will have to broach this problem in studying the rationalization of work programmes and the concentration of effort. A study of the work of ECLA now in progress gives the impression that resources are already to a large extent concentrated on a limited number of major problems.

That is why the essence of the suggestions which the Executive Secretary is submitting to you on this subject concerns projects to which it has already proved impossible to give priority. With regard to co-ordination, the concerted action which the Council is asking of us and of the specialized agencies is already evident in the programme of work on industrialization and productivity and it should also continue in other fields, for example in that of the development of national resources.

The economic and social advancement of the underdeveloped countries is the chief goal which the Council has set itself. ECLA is contributing to the attainment of that goal. Its work concerns an area which is rich in resources

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but whose economic development has been retarded by the vicissitudes of history. This delay, however, has not prevented Latin America from playing an important part in the struggle for world peace and security, just as it has not dimmed the splendour of its artistic and literary genius. Latin America has a great past behind it and an even greater future before it. This Commission is the instrument it has chosen within the community of nations to help it to advance towards that future and ECLA already has great traditions in which its members and all the Members of the United Nations may take legitimate pride.

We can rely on the vigorous impulsion provided by Dr. Raul Prebisch, your Executive Secretary, and on the work of his assistants, to perpetuate and enhance that tradition.