

UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



GENERAL

E/CN.12/AC.16/2/Rev.1
25 January 1952

ENGLISH

ORIGINAL: SPANISH

ECONOMIC COMMISSION FOR LATIN AMERICA

Committee of the Whole Meeting
11 February 1952
Santiago, Chile

PROGRESS REPORT BY THE EXECUTIVE SECRETARY

(Covering period 18 June to 31 December 1951)

At its Fourth Session held in Mexico City in June 1951, the Commission laid down a programme which while maintaining its basic objectives lent a new impulse and emphasis to its work. Until that time, the work of the Commission had centred mainly around a systematic analysis of the economic development and existing economic conditions in Latin American countries. The fund of economic knowledge and thought resulting from these studies -- reflecting as they did the realities and conditions of economic life in Latin America -- had proved more and more useful as a guide to Governments in the determination of their economic policies.

While the Mexico meeting reaffirmed the policy of concentrating particularly on theoretical and practical aspects of economic development, it made however the important decision that, since the Commission was being established on a permanent basis, and since it had acquired such considerable experience, knowledge and material suited to the definition and interpretation of urgent problems in the region, it should now take a further step towards the solution of those problems in a practical way. As envisaged by the Mexican resolutions this could best be done by:

1. Submitting certain studies, when completed, for the consideration of experts who could supplement the Secretariat's reports with their ideas and information, and who could (because of the positions they hold in their countries) make recommendations for applying the principles and findings to specific problems and projects in their respective countries. It was pointed out at the Mexico meeting that activities of this nature may also, in appropriate instances, lead to inter-governmental action.

2. Establishing the training programmes arranged by ECLA for Latin American economists who through experience gained both by working directly with ECLA economists and by the study of problems of economic development in their theoretical aspects could thus better qualify themselves for undertaking fundamental research and assisting in the building of sound programmes for economic development in their own countries.

3. Collaborating more closely with the Technical Assistance Administration in the appraisal and formulation of technical assistance
/needs of

needs of Latin American countries. This objective, it was felt, could best be achieved not only by assisting governments to formulate specific technical assistance projects but also by relating ECLA's studies to technical assistance needs. (These basic studies should thus not only give information concerning a problem, but should analyze and expose its elements in such a way that it may be seen where technical assistance can be most effective in a solution of the problem.)

The Council at its 13th Session considered the role of the Commission in the Technical Assistance programme, and in its Report (paragraph 426) to the General Assembly stated:

"The Council was in general agreement regarding the value of the technical assistance programme in the region, and considered that the Commission and its secretariat in co-operation with TAA should assist the member countries in appraising their needs in this respect. Several speakers also expressed the opinion that the secretariat should be fully utilized in the implementation of the technical assistance programme. The Commission's proposal for the establishment of an ECLA Centre for Economic Development received full support, especially in view of its potential value for the training of economists".

4. Holding informal discussions between the Executive Secretary and economists and government officials in the individual countries to discuss their economic problems. It has already been shown that such round-table discussions can be useful both to the governments in dealing with these problems and to the Executive Secretary in carrying out his work.

5. Assisting the Central American governments in their determination to achieve economic integration. This specific task of the Commission grew out of a resolution sponsored by the Central American governments calling on the Commission to make studies aimed at achieving this common purpose and to assist them in establishing the necessary inter-governmental machinery.

The work of the Commission during the past six months has been in accordance with the principles and directives of the Mexico meeting as outlined above. The programme may conveniently be discussed under the following headings:

1. Problems of economic development and the technique of programming;
2. Development of particular industries;

/3. Establishment of

3. Establishment of a centre for economic development;
4. Economic problems of agriculture;
5. Promotion of intra-regional trade;
6. Economic Survey 1951-1952;
7. Other activities;
8. Mexico Office;
9. Co-ordination with the specialized agencies of the United Nations and with the Inter-American Economic and Social Council;
10. Priorities in the work programme.

1. Problems of economic development and the technique of programming

The work which the Commission is now undertaking in this field falls under three categories: a. general problems of development and the technique of programming; b. specific problems of development; and c. studies of development in individual countries.

a. The study now being made on general problems of development in Latin American countries will attempt to achieve the following objectives: to characterize Latin American countries according to the degree of development reached; to estimate their rates of economic growth and the potentialities of their future development; to analyze certain basic obstacles which have hindered development and to discuss possible measures required to offset them; to relate the volume and composition of trade to the pattern and rate of development; and to estimate the course of development up to 1960, indicating in general the basic problems which could best be solved by establishing goals in accordance with a specific development programme. This latter phase of the work involves a major effort in the formulation of some well-founded hypotheses on trends of consumption requirements relative to production, imports and exports. The diagnosis of the problems and obstacles of growth will be followed by a systematic discussion of the different aspects of programming and relevant aspects of the technique of programming for economic development. This part of the study will be based on an analysis of concrete problems. It should be emphasized that this work may have great practical importance for Latin American governments attempting to stimulate and guide their economic development. This study which in effect carries forward the analyses presented to the Montevideo conference

/in the

in the Economic Survey 1949 and to the Mexico meeting in the paper on Theoretical and Practical Problems of Economic Growth, will be completed before the end of 1952 for submission to the Fifth Session at Rio de Janeiro in February 1953. It is also hoped that along with the special papers to be prepared on this subject, the study may serve as a background document for a seminar in 1953.

b. The Mexico conference requested the Executive Secretary with the assistance of the International Monetary Fund to prepare a report on fiscal and monetary policies relative to the requirements of economic development in Latin America. Preliminary discussions between the Executive Secretary and officials of the Fund indicate the willingness of members of the staff of the Fund to prepare some papers and participate in a seminar on this subject that may be held at ECLA Headquarters in Santiago in the early part of 1953. A proposal to hold such a seminar (meeting of experts) is now being discussed with the Technical Assistance Administration. If such a seminar is held the background documents will include papers prepared by the Secretariat and staff members of the Fund, should the Fund participate in this work.

c. The Secretariat presented in Part II of the Economic Survey of Latin America 1949, individual studies of development in four countries (Argentina, Brazil, Chile and Mexico). The long-term trends and the rate of development in various branches of industry, mining and agriculture were analyzed in relation to population growth, the capacity to export and import, and the estimated rate of capital formation. Additional studies of development in individual countries were presented to the Mexico meeting. Three more studies -- Cuba, Uruguay and Ecuador -- are now being made and will be completed prior to the Rio de Janeiro meeting. The study on Ecuador presents interesting features in that for the first time the Executive Secretary sent the group working on this study to the country in order to gather firsthand information. This was done partly to offset the lack of data relating to certain aspects of the country's economy but more particularly because of the desire expressed by the Ecuadorean Government for a more intensive study to be made on the spot by the ECLA Secretariat in full co-operation with the various departments of the government. The group which spent over two months in Ecuador consisted of the Chief of the Economic Survey Division, and an expert in
/each of

each of the fields of agriculture, industry, mining, and trade and finance. Their report, now being written, should be completed by June or July 1952. It is hoped that this method of studying development problems of individual countries may prove advantageous and useful for other countries which have yet to be studied.

2. Development of particular industries

The report on Labour Productivity of the Cotton Textile Industry in Five Latin American Countries presented to the Mexico meeting was well received and considered as a fundamental contribution in this field. One of the resolutions adopted at Mexico requests a further study of the textile industry which should attempt to assess the national and international economic factors influencing the present stage of development of that industry, particularly those which have impeded its technological progress.

The Commission decided that because of their importance to general development, studies of particular industries should be given special attention, and accordingly requested the Executive Secretary, specifically, to carry out studies and a programme of meetings of experts (seminars) on the iron and steel, the wood pulp and paper, the chemical and the food processing industries. In compliance with this request the Secretariat has started work on all of these studies except that of food processing.

Iron and Steel. The work that is being done in this field is being carried out in two stages. An analysis is being made to determine the relative advantages which Latin American countries have among themselves and in comparison with the United States in the location and quality of iron and coal resources for the development of iron and steel industries. In determining this, careful consideration is given in the case of each particular country to the principal problems and obstacles which impede or retard the industry's rapid development. The study is well under way -- the data has been collected and analyzed; future consumption requirements have also been calculated for each individual country.

Simultaneously with the preparation of this study the Secretariat, in collaboration with the Technical Assistance Administration, is making preparations for a meeting of experts in the latter part of 1952. The study referred to above will be circulated in advance as one of the background documents for the meeting.

/The Latin

The Latin American experts, who will be invited to the meeting, should have a thorough knowledge of the industry in their countries, both in its economic as well as in its technical aspects. Experts from the United States or Canada and Europe will also be invited to participate. Some of the participants will be expected to present papers on special aspects or technical problems of the industry, while all Latin American experts will bring as complete information as possible regarding the industry in their own countries, its main problems and the obstacles which it faces in its development. The primary purpose of the meeting will be to give each of the Latin American participants, a more comprehensive and factual understanding of the industry with a view that this will be helpful to technicians and leaders in the industry and to governments of the Latin American countries trying to establish and expand iron and steel production. The meeting of experts may wish to formulate recommendations for national governmental and for inter-governmental action. A full report of the meeting will be presented to the Rio conference in February 1953.

Paper and pulp. Having in mind the world shortage of newsprint and printing paper and the necessity for Latin American countries to conserve their foreign exchange resources for imports of capital goods and other essential products, the Commission has placed a high priority on assisting these countries in developing this industry. In doing this the Commission is also attempting to fulfill the mandate of the Council in its resolution 374(XIII) on "Production and Distribution of Newsprint and Printing Paper".

As a result of consultation with the FAO a joint ECLA-FAO study has been started. The report of this study which should be ready by July 1952 will show for Latin America the present and future consumption of pulp, the availability of raw materials, the present capacity to produce both pulp and paper, and the extent to which existing technical knowledge on industrial processes could be applied to natural resources within the region for the manufacture of pulp.

Although this would be a preliminary study it is felt that it will be useful to governments in ascertaining possibilities of developing the paper and pulp industry and also in appraising precisely the kinds of technical assistance which are required for the further exploitation

/of their

of their natural resources for such an industry.

The Secretariat has tentatively planned a further study of the industry which would be prepared subsequent to the present one. This study would be modeled somewhat along the lines of the study now being made of the iron and steel industry -- i.e., it would attempt to analyze the relative suitability of each Latin American country to establish and expand pulp and paper industries. It would also make an analytical survey of existing and contemplated plans for the development of the industry in selected Latin American countries with a view to relating such plans not only to the requirements of Latin America but also to the possibilities of supplying other areas. Should the Commission proceed with the second study it would then probably be advisable to hold a meeting of experts in 1953 to consider all aspects of the industry.

Chemicals. The preliminary stages of a study of the alkali industry -- covering the availability of natural raw material resources, the principal methods used for producing sodium alkalis on a commercial scale, and the relative merits of each method -- are now being completed. The main study involves research into the actual and potential productive capacity of the alkali industry in Latin American countries, together with an analysis of consumption trends in that area.

3. Establishment of a Centre for Economic Development

The Commission at its Mexico meeting adopted two resolutions which brought into focus the preoccupation and interest held by the Commission since its Second Session in the training of economists and in bringing together qualified specialists for discussions and training. The first resolution on the Establishment of an ECLA Centre for Economic Development in Latin America (resolution 4(IV), document E/2021, pp.79-80), requested the Executive Secretary, inter alia:

"to arrange for the establishment of an ECLA Centre for Economic Development, and to work out in consultation with the Director General of the Technical Assistance Administration, administrative and financial provisions to cover the training aspects of the activities to be carried on in the Centre".

In the second resolution, on Technical Assistance (resolution 12(IV), document E/2021, pp.95-96), the Commission, inter alia, requested the Secretary General:

"to utilize the ECLA Centre for Economic Development for arranging courses and seminars in economic development, and for placing

/follows and

fellows and scholars in the field of economic development under the United Nations fellowship and scholarship programme".

In this connection, it may be recalled that at its Fourth Session the Commission requested that studies and reports on particular industries should be the subject of meetings of experts before they are submitted to governments.

The Council in its consideration of the ECLA annual report at its Thirteenth Session paid special attention to these recommendations -- including in its Report (paragraph 401) to the General Assembly the following paragraph:

"Since its establishment, the Commission has been interested in training Latin American economists in problems of economic development. It requested the Executive Secretary to arrange for the establishment of an ECLA centre for economic development and to work out, in consultation with the Director-General of TAA, administrative and financial provisions to cover the training aspects of the activities to be carried out in the centre. It is envisaged that the centre will undertake training courses and seminars in specific problems of economic development".

Negotiations are now under way between the Executive Secretary of ECLA and the Director-General of TAA on the organization and programme of activities for the Centre. It is contemplated that a programme of training will be initiated in 1952, assuming governments nominate a sufficient number of candidates. Latin American economists selected as trainees will work and study with ECLA economists on specific problems as well as on general aspects of economic development. The number of trainees who may benefit from this programme will depend on the availability of suitable candidates and on ECLA's capacity, from the standpoint of staff and work projects, to offer opportunities for intensive training.

According to tentative plans, TAA and ECLA will jointly sponsor two seminars during 1952. One will be a meeting of experts on the development of the iron and steel industry; the other on transportation problems in Central America. The latter project is discussed in more detail in document E/CN.12/AC.16/5 on "Economic Integration of Central America" and in document E/CN.12/AC.16/3 on "Joint ECLA/TAA activities".

4. Economic problems of agriculture

The co-ordination of the work of ECLA with that of other organizations and agencies is exemplified in the activities of the Agriculture Section,

now headed by a senior FAO Agricultural economist. Whereas in previous years co-operation between FAO and ECLA had been confined to individual projects, since the Mexico Conference a joint work programme has been instituted covering a wide range within the field of economics as applied to agriculture, and the Agriculture Section also has the responsibility of avoiding any duplication of effort as between FAO and ECLA in the collection of agricultural information of an economic nature in Latin America.

Participation in Latin American Training Centre for Agricultural Plans and Projects held at Santiago, Chile, from 26 September to 19 December. The Executive Secretary, the Chief of the Agriculture Section and several other members of the staff contributed to the work of the Agricultural Training Centre which was sponsored by the Government of Chile, FAO, the United Nations (including ECLA) and the International Bank. This contribution consisted principally of lectures in the fields of economic development, farm management, agricultural credit and grain storage. The Agriculture Section also participated in some of the laboratory work of the Centre and carried on a series of discussions with trainees from a number of Latin American countries. Generally speaking, the trainees were agricultural specialists, many of whom hold key posts in their own governments.

Meeting of agricultural credit experts in Central America. In accordance with resolutions passed by the Third and Fourth Sessions of the Commission, ECLA and FAO are proceeding with detailed plans for a meeting of agricultural credit experts in Central America in May or June 1952. The general purpose of this meeting will be an inter-change of ideas and experiences on agricultural credit. It should lead to an improvement in credit services in the participating countries, particularly in the Central American area. The meeting will be purely of a technical nature and will be attended by specialists not only from Central American countries but also from other interested Latin American countries and the United States. While the Secretariat of ECLA and FAO will prepare some of the documents for the meeting, each of the participants is expected to prepare a paper on one of the various phases of the problem.

Among the subjects to be considered are the following:

a) Credit as an instrument of agricultural policy and its relation to economic development;

/b) International aspects

- b) International aspects of agricultural credit including studies aimed at mutual co-operation among the Central American countries;
- c) Financing of agricultural credit institutions;
- d) The internal organization of agricultural credit institutions;
- e) Agricultural credit and farm mechanization;
- f) Questions relating to guarantees and interest rates;
- g) Questions relating to the recovery of agricultural loans; and
- h) Justification for, security of, and repayment devices for long-term loans.

Studies on incentives to agricultural production. There is in general a lack of objective information on certain important problems of agriculture in Latin America. Among such problems are the factors which influence agricultural production. The Secretariat believes that perhaps the best way to deal with some of these problems is to develop a method for collecting information and for analyzing the problem, first in one country, with a view to determining whether such a method of survey could be applied in other countries.

It has therefore been decided to undertake a special survey on the application of incentives to agricultural production in the central valley of Chile. The survey will be based on visits to farms (by agronomists trained in the technique of this type of study) to make on-the-spot investigations of the factors which influence productivity on the farm and the decisions of the farmer, particularly with respect to land utilization and techniques of farming. An attempt will be made to measure the relative importance of such factors as irrigation, farm machinery, improved seeds, fertilizers, size of the farm, management ability and prices and availability of markets. A sampling of at least 3 per cent of the farms in the area included in the Survey will be made. The Survey is being made with the co-operation of the Ministry of Agriculture and the Chilean Development Corporation.

If this experimental method of survey proves successful it may then be used in other countries in order to collect information and to get a better understanding of the agricultural problems of these countries.

Individual country agricultural studies. It is planned to complete a series of reports on agricultural development and problems on an
/individual country

individual country basis during the next three or four years. The purpose of these studies which have now been started is to analyze and make available the broad economic aspects of agricultural development by countries with a view that these reports will present basic background material for an understanding of current agricultural developments in each of the countries. It is hoped that three or four such country studies can be completed before the next session of the Commission in Rio de Janeiro.

In addition to the country studies, the ECLA Agriculture Section is preparing the chapter on agriculture for the next Economic Survey of Latin America (see section 6 of this report).

5. Promotion of intra-regional trade

The debates at the Fourth Session in Mexico strongly emphasized the necessity to expand intra-regional trade as a means to widen markets and promote specialization in industrial development in the Latin American countries. The Latin American delegations placed high priority on the work which the Secretariat was doing in this field and requested the Executive Secretary to broaden the scope of the studies insofar as his resources permit. He was also authorized to call together non-governmental experts, whenever he deems it advisable, to consider the different aspects of this problem.

The Secretariat is putting a major effort into this project. The work is divided into two parts. In the first place, a comprehensive analysis is being made of the present conditions and trends in trade between individual Latin American countries and the obstacles and problems which hinder its expansion. In this connection, the influence of exchange rates and quantitative import and export controls, treaties and agreements, freight rates and availability of transport facilities, commercial ties and availability of financial services, quality and prices, and balance of payments problems on the flow of goods within the region, are among the principal factors being studied.

Secondly, the possibility of developing trade in new products is being explored. The trade of the Latin American countries is predominantly in raw materials and foodstuffs. While it is important to maintain and expand this class of trade a number of the countries have reached a stage in their development which opens up the prospect of exporting manufactures in order to secure the benefits of specialization and to ease their balance of payments difficulties. New industries are being

established which would make this feasible, particularly those in which certain countries have natural and economic advantages, if some of the obstacles (referred to above) could be overcome. The Secretariat proposes to base this part of the study on relatively few products of these new industries in an effort to examine precisely the conditions (including that of payments) required for an exchange of such products among Latin American countries and to measure mutual benefits which would flow from such trade. It is hoped that the report on intra-regional trade which will be presented to the Fifth Session may lead to inter-governmental action.

6. Economic Survey of Latin America

The Survey of 1951-1952 has been planned to reveal particularly current economic trends and problems which relate to the region as a whole. Factors concerning the economy of various countries within the region are at the same time examined but an endeavour is being made in this Survey to weld them together in such a way as to emphasize their regional as well as their national aspects.

In the introductory chapters, the emphasis on regional viewpoint is exemplified in a summarisation of the salient features characterising the economy of Latin America as a whole, and in an analysis of the international economic relations which influence to so great an extent the course of economic development in the Latin American area. Complementing this is an appraisal of outstanding events during the current year (both internal and external to Latin America), which have influenced the region.

Developing the central theme set forth in the introduction, the substantive part of the Survey is divided into three major sections:

- a. Economic relations with other areas;
- b. Production; and
- c. Monetary problems and the balance of payments.

Economic relations with other areas. Because of its importance in external economic relations, international commerce plays a leading part in this section of the Survey. It is, however, a broad view which is taken, and developments in this field are related, as far as possible, to conditions existing and events occurring in other parts of the world, /particularly in

particularly in Europe and in the United States. In such a perspective, the features and the potentialities of Latin American trade are discussed, with special attention given to the export trade of Europe and the United States insofar as it affects the Latin American region. At the same time, the structure of both the import and the export trade of Latin America is analyzed to the fullest possible extent on a regional as well as on a national basis. Arising out of such an analysis is a further study relating to the terms of trade and which apply to the whole of Latin America, to each of the principal countries, and to principal products. A final chapter within this section examines the trends and tendencies of the markets which exist for principal Latin American products with a view to determining future possibilities of expansion of exports. As with other parts of the Survey, emphasis is placed on markets in Europe and in the United States, not ignoring, however, markets in other parts of the world and within Latin America itself. Such an analysis involves a study of production possibilities, export capacities (both in Latin America and in competing regions) and consumption requirements for the various products concerned.

Production. This section of the Survey, in discussing broadly the changes in production and in the supply of available goods which have taken place, deals specifically with the fields of agriculture, mining and industry.

For agriculture, the trends in production for domestic use as well as their effects on imports and exports of countries within the region are presented. This is followed by an analysis of recent trends in imports and production of specific agricultural requisites such as agricultural machinery, fertilizers, insecticides and fungicides. At the same time, the most important developments in the fields of agricultural technology, research, experimental work and the dissemination of scientific knowledge and technique are also considered.

For mining, the Survey sets out the changes which have occurred in production, in productive capacity and in marketing conditions for various minerals. In particular, attention is focussed on the production of petroleum in Venezuela, tin in Bolivia, other metallic minerals in various countries, and such products as sulphur, manganese and chrome where special situations have arisen. On the marketing side, an assessment is made of the influence which United States stockpiling has

/had on

had on the metals market, and of the repercussions arising from substantially increased demand in Europe where prices are higher than those prevailing in North America.

The chapter on industry and energy, as well as analyzing trends generally, devotes particular attention to construction industries and public works, and to new or rapidly expanding industries which have achieved some measure of importance in various Latin American countries in recent years.

Monetary Problems and the Balance of Payments. The final section in the Survey is devoted to a study of the inflationary pressures exerting themselves in the economies of each country and of the region as a whole. The rate of increase in the means of payment -- money in circulation and demand deposits -- is carefully examined, relating this to regional and national trends for both prices and wages. Productivity and the rate of increase of capital goods will also be studied in order to relate, if possible, existing trends to inflationary phenomena. The balance of payments position for the various countries is also analyzed in the light of changes which have taken place in the means of payment, relating at the same time the equilibrium or disequilibrium which exists to the monetary and foreign exchange policies adopted.

7. Other activities

a. Immigration. In compliance with the resolution on immigration (document E/1717 pp.61-62) adopted at the Third Session in June 1950, the Executive Secretary set up an ECLA Working Committee on immigration and economic development at the Secretariat level with the co-operation of FAO, ILO and IRO. The objectives of this Committee were to study the relation of immigration to economic development in Latin America and provide the Latin American governments, when requested by them, with assistance on specific development projects involving immigration.

The Commission at its Fourth Session at Mexico, in reviewing the work of the Committee, considered that it had performed useful work in bringing together the international agencies interested in immigration activities in the region. However, taking into consideration that only one immigration project had been submitted to the Committee, and that some of the international organizations were operating technical assistance projects on a substantial scale in a number of the Latin

/American countries

American countries in fields related both to economic development and to immigration, the Commission recommended that the Executive Secretary consult with the executive heads of other international organizations concerned with this problem with a view to the establishment of an inter-agency regional co-ordination committee which would meet whenever necessary to review progress and co-ordinate action in the field of migration in Latin America. The discussions which led up to the adoption of this resolution (document E/2021, pp.83-86) made it quite clear that the work of an inter-agency committee should be limited to consultation and co-ordination and that the committee should select its own chairman.

The Executive Secretary has called the attention of the Directors General of FAO, ILO and IRO to the resolution, and consulted with them on the advisability of establishing such a committee within the near future.

The Secretariat, with the co-operation of ILO and FAO, is continuing work on a study of immigration in relation to economic development in Latin America, which it expects to complete within the next few months. This study will be submitted to the Member Governments before the next Session.

b. Survey of Technological Research. A resolution on Technological Research (resolution 13(IV), document E/2021 pp.97-98) was adopted at Mexico City recommending that the Executive Secretary, after collecting the necessary information, should call a meeting of experts with a view to the improvement of applied technological research. A preliminary survey is now being made with respect to both agricultural and industrial research. The information on agricultural research projects is being collected in three countries; that on industrial research in one country. The intention is not to appraise the efficiency or value of the research projects per se, but rather to tabulate and describe the types of research projects being carried out in specific fields of agriculture and industry, and to indicate the extent to which these research projects are adequate to meet the needs in the various fields of industry and agriculture. Should the results of this limited survey, which is in the nature of a pilot study, appear to justify a more extensive investigation, the Executive Secretary proposes to consult with the Technical Assistance Administration and with the interested specialized agencies in order to obtain their co-operation on this project.

/c. International

c. International meetings attended by the Secretariat. The Secretariat has participated in the following meetings:

- i. Seminar on "Problems of Development Programming". Sponsored by the International Bank and ECIA, 20-28 June 1951, Washington, D.C.;
- ii. Meeting of the Ad Hoc Committee of Technical Experts from Central Banks, Treasuries and Fiscal Agencies under the auspices of the Inter-American Economic and Social Council, 16-27 July 1951, Washington, D.C.;
- iii. Second Extraordinary Meeting of the Inter-American Economic and Social Council of the Organization of American States, 20-30 August 1951, Panama City.;
- iv. Fifth Pan American Highway Congress, 8-14 October, Lima, Peru;
- v. ILO Migration Conference, 2-16 October 1951, Naples, Italy;
- vi. Panama Conference on External Trade and Balance of Payments Statistics, 3-15 December 1951, Panama City.

d. Informal discussions with economists and government officials in individual countries. At the invitation of officials of the INFAIC (the new development bank) and other government agencies, the Executive Secretary, accompanied by the Deputy Executive Secretary, visited Cuba soon after the Mexico meeting, the purpose of this visit being to discuss various economic problems of that country, particularly in relation to the work of ECIA.

This visit was, in the course of the next few months, followed by two others of a similar nature. In August, the Executive Secretary, accompanied by an ECLA economist, visited Brazil for a period of two weeks where he participated in a series of round-table discussions relating to the economic problems of that country and to the major economic reports which have been prepared by the Secretariat. Later, in October, he accompanied the working group which went to Ecuador to study the economic development of that country (see page 4 above). The Executive Secretary spent one week there during which time a series of meetings with government officials and representatives of private economic activities was held and the work of the ECLA group initiated.

Frequent discussions have also been held, both by the Executive Secretary and by senior officers of the ECIA staff, with various government officials and economists in Chile.

Immediately after the meeting of the Committee of the Whole, the Executive Secretary, accompanied by the Deputy Executive Secretary and

/the Chief

the Chief of economic studies in the Mexico Office, plans to visit the Central American countries. Although the purpose of this visit is to discuss the problems related to the project on economic integration in Central America, the round-table discussions to be held in each country will attempt to explore major internal economic problems of the country.

The Secretariat has started this type of activity since the last meeting of the Commission. Judging by the opinions expressed and the response of the economists and government officials who have participated in these discussions, it would appear that activities of this nature are exceedingly useful both to the governments in dealing with their problems and to the Secretariat in carrying out its work.

8. Mexico Office

In accordance with the resolution adopted at the Fourth Session (resolution 30(IV), E/2021 p.130), an ECLA office is being established in Mexico in order to carry out more effectively the work of the Commission in the northern Latin American countries: Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua and Panama. Due to the distance from ECLA's headquarters and the limited funds and staff resources available, it had not in previous years been possible to conduct the essential field studies and research required for comprehensive reports on the economic problems in that area.

The Government of Mexico has generously placed at the disposal of ECLA all the necessary facilities for the office.

The Secretariat has already initiated an extensive work programme for the area; the major activities being as follows:

- a. Economic Integration of Central America (resolution 9(IV), document E/2021 pp.89-90). ECLA economists are now working in the field collecting information and analyzing problems the solution of which is required for the progressive attainment of the development of agricultural and industrial production and of transportation systems in the Central American /countries in

countries in order to promote the integration of their economies and the expansion of markets by the exchange of their products. It is proposed, when this preliminary study is completed in June or July 1952, to hold a meeting of the Ministers of Economy of the Central American countries to discuss the various elements of this project and to determine the next steps to be taken. (See note by the Executive Secretary on item 3 of the Provisional Agenda.)

- b. Preparation and organization, in collaboration with TAA, of a meeting of transportation experts in Central America. This project is an integral part of the foregoing project. Transportation is one of the most important obstacles to economic development in these countries. It is therefore necessary to make a critical appraisal of existing transport facilities in Central America and of the practical possibilities of enlarging and improving them with a view to promoting internal economic development and trade relations among these countries.

Negotiations are now under way with TAA to undertake a special technical study of transportation in Central America in preparation for a meeting of transportation experts which it is contemplated to hold in 1952.

- c. The preparation and organization, in collaboration with the FAO, of a meeting of agricultural credit experts in Central America; (see section 4 of this report);
- d. A survey of recent economic developments and trends in the ten northern countries (mentioned above), to be incorporated in the Economic Survey of Latin America 1951/52; (see section 6);
- e. Intra-regional trade, with particular reference to Mexico, Central America and the Antilles; (see section 5);
- f. A preliminary study on the maximum utilization of the facilities of the Free Zone of Colon, Republic of Panama.

In addition to the projects enumerated above, the Mexico Office will contribute to other regional studies being made by the Secretariat at ECIA's headquarters.

9. Co-ordination with the specialized agencies of the United Nations and with the Inter-American Economic and Social Council

From the beginning of its existence the Commission has made a special effort to co-ordinate its activities with other international bodies having programmes or interests in Latin America. The ways in which this has been done and the results and accomplishments of co-ordination and collaboration with other international agencies are set forth in the Executive Secretary's statement to the Council's Ad Hoc Committee on Organization and Operation of the Council and its Commissions (document E/AC.34/6) and in the Commission's last Annual Report to the Council (document E/2021).

No further mention need be made here regarding collaboration and co-ordination with the Technical Assistance Administration since this subject will be covered fully in documents to be presented under agenda item 2.

a. Specialized agencies.

Food and Agriculture Organization. The Memorandum of Understanding which had been entered into between the Executive Secretary of ECLA and the Director General of FAO in November 1950 was put into effect in August 1951 through the establishment of an ECLA Agriculture Section and the appointment by FAO of a senior agricultural economist to be Chief of this Section. This Memorandum recognizes that programmes related to economic problems of food and agriculture are a joint responsibility of both ECLA and FAO. It is therefore agreed that a programme of work in this field should be carried out jointly by the two secretariats in order to avoid duplication and competition. The Memorandum provides that the Chief of the ECLA Agriculture Section will be a senior FAO agricultural economist who will be the personal representative of the Director General of FAO and will be nominated by him in consultation with the Executive Secretary of ECLA; in addition to his responsibility to the Director General of FAO, he will also be responsible to ECLA's Executive Secretary for the work of the Agriculture Section.

The agreed-upon programme for 1951/52 includes the preparation of a chapter on food and agriculture for the next Economic Survey of Latin America; studies of agricultural economic development and problems in
/individual countries

individual countries (3 or 4 countries to be covered); meeting of agricultural credit experts in Central America; study of incentives to agricultural production in Central Chile; and a preliminary survey of agricultural research projects in selected countries.

International Labour Office. The principal area of collaboration between ECLA and ILO has been in the field of migration. (See section on Immigration, page 13 of this report.) Until recently ILO had a representative at ECLA Headquarters assisting on the study on the relation between economic development and immigration. The two organizations have had discussions on other aspects of Latin American problems and ECLA has maintained liaison with ILO's Regional Latin American Manpower Field Office, in Sao Paulo, Brazil.

International Bank for Reconstruction and Development. The Bank and ECLA sponsored a seminar on economic development, which was held at the Bank's headquarters in Washington after the Fourth Session of ECLA in Mexico, during the latter part of June 1951. The seminar was attended by a number of Latin American economists. The Executive Secretary and two ECLA economists participated in the discussions which dealt mainly with problems of development goals and programmes.

The Bank and ECLA exchange information on matters of common interest. The two organizations have also actively co-operated in other activities, such as the Latin American Agricultural Training Centre and on problems of migration.

International Monetary Fund. The representative of the Fund at the Mexico meeting offered the collaboration of his organization in the studies of monetary and fiscal measures related to economic development. The Executive Secretary has discussed with the officials of the Fund how this collaboration may be most effectively realized. Members of the staff of the Fund indicated their willingness to prepare papers and participate in a meeting of experts on development and monetary and fiscal policies. The possibilities of holding such a meeting are now being discussed with the TAA.

United Nations Educational, Scientific and Cultural Organization. Pursuant to a resolution adopted at Montevideo in June, 1950, the Secretariat consulted with UNESCO regarding measures to increase the availability of supplies of educational, scientific and cultural materials.

/It was

It was decided that ECLA should first gather the pertinent information on imports and exports of such supplies, after which an ECLA/UNESCO working party would be set up. A questionnaire was despatched to the governments but without any response. Subsequent to the Mexico meeting the Executive Secretary sent additional copies of the questionnaire to the governments and urged them to send in their answers as soon as possible so that the working party envisaged in the resolution could be established. This request of the Executive Secretary was supported by a letter from the Director General of UNESCO to the governments. A number of governments have since replied stating that they have sent the questionnaire to the appropriate departments of their governments and that the answers to the questionnaire would be forwarded to ECLA as soon as filled in.

b. Inter-American Economic and Social Council. The resolution on co-ordination with the Inter-American Economic and Social Council adopted by the Fourth Session, invited the IA-ECOSOC through its Executive Secretary to join with the Executive Secretary of ECLA in a committee on co-ordination which should assure that there would be continuous co-operation and that there would be no duplication of effort in the work programmes of the two organizations.

The resolution also invited IA-ECOSOC to appoint an official of the Organization of American States to study, jointly with an official of the United Nations designated by ECLA, measures which would be necessary and adequate to ensure that co-ordination at the government level may be achieved in a practical and positive manner. The Commission designated the Executive Secretary to represent ECLA.

The Second Extraordinary Meeting of the IA-ECOSOC held in Panama, 20-30 August 1951, accepted ECLA's invitation to set up a committee on co-ordination and to appoint an OAS official to study jointly with an official of the United Nations, measures to ensure co-ordination at the government level.

The Executive Secretaries of ECLA and IA-ECOSOC have agreed to the establishment of a committee on co-ordination and that the first meeting should be held early in January 1952 in Washington to review the 1952 work programmes of ECLA and IA-ECOSOC and to consider co-operative arrangements on those aspects of the programmes in which both organizations are interested. The fields in which both Secretariats

/are working

are working are transportation, availability of newsprint and printing paper, agricultural credit, national income, housing and construction problems. As in the past, it is expected that the two Secretariats will collaborate on certain phases of these problems.

10. Priorities in the work programme

It will be necessary for the Committee of the Whole at its forthcoming meeting to consider the work programme for 1953 as well as to review the work programme for 1952. The Executive Secretary will present a statement including his views and recommendations on the 1953 programme at the time this is being considered by the Committee. This section of the Progress Report will be limited to the programme of work and priorities approved by the Fourth Session of the Commission.

Reference should be made to the statement of the Executive Secretary on "Work Programme and Priorities 1951/52" presented to the Commission toward the end of the Fourth Session (see document E/2021 pp.44-61). The statement which was approved by the Commission listed the work projects under four main categories: i. Recent economic trends in Latin America; ii. International trade, iii. Economic development; and iv. Other projects.

No attempt was made to differentiate priorities between these main categories but under each category projects were listed as:

- 1) Continuing projects,
- 2) Ad Hoc projects, and
- 3) Projects which might be deferred or eliminated.

In establishing the work programme for 1951/52 the Commission acted on the assumption that the supplementary estimates for 1951 and 1952 (as well as the regular budget for 1952) would be granted by the General Assembly. Actually, the supplementary estimates of 19,600 dollars for 1951 and 105,700 dollars for 1952 (see document E/2021, pp.58 and 60) were reduced to 10,550 and 60,000 dollars for these two years respectively. Furthermore, certain local costs of the Commission have risen considerably as a result of the general rise in prices. Because of this reduction in the anticipated resources of the Commission, the Executive Secretary has had to postpone certain projects which have a relatively high priority. (See Appendix A for a listing of all projects which have been requested by resolutions showing for each project whether /work is

work is in progress and when the project is scheduled for completion.)

Although the lack of resources is generally the main reason for not yet having started work on a number of projects with a relatively high priority, other considerations have also been factors in determining the decisions of the Executive Secretary in this respect:

a. Publication of economic quarterly bulletin. It has been recognized for some time that there is a need for a quarterly bulletin which would present information on current economic developments and technical economic papers for the region. An active interest has been shown in establishing such a bulletin. It was necessary, however, first to place the work of the Commission on a firm basis and to acquire experience and materials in the various economic fields before launching a major enterprise of this kind. The Executive Secretary believes that the time has now arrived when this may be done, and it is contemplated publishing the first issue of an economic journal for Latin America in the latter half of 1952.

b. Study of maintenance of purchasing power of foreign exchange balances accumulated during the emergency period (resolution 18(IV), document E/2021, pp.110-114). This resolution, inter alia, calls for a study on maintenance of purchasing power of foreign balances during the emergency period, and authorizes the Executive Secretary, if he deems it necessary, to convene a group of experts to consider means of solving the problem. Lack of availabilities of supplies for export from the United States and Europe has not yet become a factor causing accumulation of balances in Latin American countries, but the Secretariat is watching the situation with a view to initiating a study of the problem, should balances begin to grow on this account.

c. Special Industries Studies (resolution 10(IV), document E/2021, pp.91-92). The resolution calls for studies on iron and steel, wood pulp and paper, basic chemicals, and food processing industries. Studies on the first three industries are under way. It should be recalled that the Secretariat tentatively plans, after completing the present study on the wood pulp and paper industries (see Section 2, page 5 above), to prepare a further study of these industries which would have to be completed in 1953. The study on food processing industries cannot be started until 1953.

/d. Study on

d. Study on the influence that fiscal systems of capital exporting countries have on the decisions of private investments in those countries to make foreign investments (resolution 3(IV), document E/2021, p.77). Steps have been taken to initiate this study during the first half of 1952, with the collaboration of the Fiscal Division of the Department of Economic Affairs.

e. Analysis of economic and legal status of foreign investments in Latin America (resolution 8(IV), document E/2021, p.88). This is a continuation of country studies started in 1950. These studies give the history and present the status of foreign investments, the importance of such investments in the economy of each of the countries, and the policies of the governments toward foreign investments as expressed in laws and administrative measures. It is planned, in collaboration with the Department of Economic Affairs at Headquarters, to resume work on this study within the near future with a view to completing and publishing the entire series of country studies prior to the next Session.

f. UNESCO/ECLA study on measures to increase the availability of supplies of educational, scientific, and cultural materials (resolution 23(IV), document E/2021, p.122). Work on this study cannot proceed until answers to the questionnaire sent to governments are received.

g. Forests and forest production in Latin America (resolution 17(IV), document E/2021, pp.106-109). The resolution calls for a study, in collaboration with FAO, of the effects of trade barriers and shipping charges on the development of the lumber industry in Latin America. The Executive Secretary is of the opinion that the studies on trade which are now being made by the Secretariat, and the joint ECLA/FAO study on wood pulp and paper, should be completed before starting on the trade-in-lumber study as the wood pulp and trade studies are related to and should throw some light on the latter problem. As soon as the above studies are finished, the Executive Secretary will consult with the Director General of FAO regarding the implementation of this resolution.

h. Continuation of the study on the textile industry (resolution 11(IV), document E/2021, pp.93-94). The resolution calls for a study on national and international economic factors influencing the present stage of development of this industry.

/i. Study of

i. Study of organization and structure of capital markets in Latin America (resolution 3(IV), document E/2021, p.76).

j. Study of measures relative to the system of price fixing in foreign trade (resolution 22(IV), document E/2021, pp.120-121). This resolution recommends that the Executive Secretary should examine the possibility of extending the consultative procedure for multilateral price fixing which was originally contemplated in a resolution adopted by the Meeting of Foreign Ministers of American States in March/April 1951.

APPENDIX A

STATUS OF ECLA WORK PROGRAMME 1951-1952

(E/CN.12/AC.16/2/Rev.1)

PROJECTS	Resolution <u>1/</u>	Category <u>2/</u>	Work in progress	Date report will be com- pleted or work concluded <u>3/</u>	Progress Report reference <u>4/</u>
<u>Continuing Projects</u>					
1. Economic Survey	7(IV)	I	X	December 1952	Section 6 pp.12-14
2. Economic Bulletin	<u>5/</u>	I	No		Section 10a. pp.22-23
3. Studies on trade between Latin America and United States and Europe	18, 21(IV)	II	X	December 1952	Section 6, pp.12-13
4. Intra-regional trade studies (including meetings of experts)	20(IV)	II	X	November 1952	Section 5 pp.11-12
5. Problems of economic development: 2, 3, 7(IV)		III			
a) General problems and the technique of programming	7(IV)		X	January 1953	Section 1a. pp.3-4
b) Specific problems (study on monetary and fiscal policies relative to the requirements of economic development)	3(IV)		X	January 1953	Section 1b. p.4
c) Economic development in individual countries: (Ecuador, Cuba, Uruguay)	7(IV)		X	June 1952	Section 1c. pp.4-5
6. Establishment of ECLA Centre for Economic Development	4(IV)	III	<u>6/</u>		Section 3. pp.7-8
/7. Economic integration					

(E/CN.12/AC.16/2/Rev.1)

PROJECTS	Resolution <u>1/</u>	Category <u>2/</u>	Work in progress	Date report will be com- pleted or work concluded <u>3/</u>	Progress Report reference <u>4/</u>
7. Economic integration of Central America:	9, 24 (IV)	III			
a) Study of economic problems of Central American countries			X	June 1952	Section 8a. pp.17-18
b) Technical study of trans- portation problems and meetings of experts in transportation in Central America			<u>7/</u>		Section 8b. p.18
c) Meeting of a committee on economic co-operation (Ministers of Economy)				August 1952	
8. Special industry studies (including meetings of experts):	10(IV)	III			
a) Iron and steel			X	October 1952	Section 2. pp.5-6
b) Pulp and paper			X	July 1952	Section 2. pp.6-7
c) Chemicals			X	December 1952	Section 2. p.7
d) Food processing			No		Section 10c. p.23
e) Textile	11(IV)		No		Section 10h. p.24

/Collaboration on

(E/CN.12/AC.16/2/Rev.1)

PROJECTS	Resolution <u>1/</u>	Category <u>2/</u>	Work in progress	Date report will be com- pleted or work concluded <u>3/</u>	Progress Report reference <u>4/</u>
9. Collaboration on technical assistance programme for economic development	2, 4, 12(IV)	III	<u>8/</u>		
10. Studies on problems of agriculture:7, 14(IV)		III			
a) Factors affecting production			X	September 1952	Section 4.p.10
b) Agricultural development in individual countries (Chile, Ecuador, Bolivia, Venezuela)			X	December 1952	Section 4. pp.10-11
c) Current trends and conditions			(included in Survey: see Project 1 above)		Section 6.p.13
11. Appraisal of economic aspects of immigration projects	6(IV)	IV	No		Section 7a. pp.14-15
<u>Ad Hoc Projects</u>					
12. Study on maintenance of purchasing power of foreign exchange balances accumulated during emergency period (including meeting of experts)	18(IV)	III	No		Section 10b. p.23

/13. Study on

(E/CN.12/AC.16/2/Rev.1)

PROJECTS	Resolution <u>1/</u>	Category <u>2/</u>	Work in progress	Date report will be com- pleted or work concluded <u>3/</u>	Progress Report reference <u>4/</u>
13. Study on measures relative to the system of price fixing in foreign trade	22(IV)	III	No		Section 10j.p.25
14. Financing economic development:					
a) Study on monetary and fiscal policies relative to the requirements of economic development	3(IV)	III	(see 5b. above)		Section 1b. p.4
b) Study on influence of taxation on private capital exports	3(IV)	III	No		Section 10d.p.23
c) Study on organization and structure of capital markets in Latin America	3(IV)	III	No		Section 10i.p.25
d) Economic and legal status of foreign investments in Latin America	8(IV)	III	<u>9/</u>	December 1952	Section 10e.p.24
e) Means for increasing the rate of domestic capital formation and for directing savings into productive channels	3(IV)	III	(This problem will be dealt with in part, in studies 5a. and b. above)		Section 1a. & 1b. pp.3-4

/15. Study on

(E/CN.12/AC.16/2/Rev.1)

PROJECTS	Resolution 1/	Category 2/	Work in progress	Date report will be com- pleted or work concluded 3/	Progress Report reference 4/
15. Study on effects of trade barriers and shipping charges on the development of the lumber industry in Latin America	17(IV)	III	No		Section 10g.p.24
16. Study on technological research in Latin America	13(IV)	III	X	December 1952	Section 7b.p.15
17. Study on relation of immigration to economic development	6(IV)	III	X	January 1953	Section 7a. pp.14-15
18. Preparation for and convening of meetings of agricultural credit experts	14(IV)	IV	X	June 1952	Section 4. pp.9-10
19. UNESCO/ECLA study on measures to increase the availability of supplies of educational, scientific and cultural materials	23(IV)	IV	<u>10/</u>		Section 9.p.20
<u>Projects which might be deferred or eliminated</u>					
20. Cyclical fluctuations in Latin America	E/CN.12/190 doc. E/1717	I	No		
					/21. Preliminary inquiry

(E/CN.12/AC.16/2/Rev.1)

PROJECTS	Resolution <u>1/</u>	Category <u>2/</u>	Work in progress	Date report will be com- pleted or work concluded <u>3/</u>	Progress Report reference <u>4/</u>
21. Preliminary inquiry on operation of the Free Zone of Colon, Republic of Panama	25(IV)	II	X	December 1952	Section 8f.p.18
22. Implications of the European Payments Union for Latin America	E/CN.12/200 doc. E/1717	II	No		
23. Inquiry on facilities for training of economists in Latin America	E/CN.12/133 doc. E/1330/ Rev.1	IV	No		

Footnotes: 1/ Beginning with the Fourth Session at Mexico City, resolutions are numbered consecutively; the Session is indicated by roman numerals in brackets. Thus the resolution on the Economic Survey is 7(IV). The text of all Fourth (IV) Session resolutions may be found in the last Annual Report (document E/2021).

2/ The corresponding categories are: I. Recent economic trends
II. International trade
III. Economic development
IV. Others

3/ Completion dates for continuing projects refer to those aspects or time period of a problem or activity on which work is now being done. For example, the Economic Survey will cover the period up to 30 June (or perhaps September) 1952, this to be followed by another Survey in 1953 which will cover the period from July 1952 to June 1953; the same is true of the trade studies; the work on economic development projects is limited to those aspects or problems of development for which the Secretariat has current resources with a view that these studies will be carried forward in ensuing years.

4/ Under each

(E/CN.12/AC.16/2/Rev.1)

Footnotes (continued):

- 4/ Under each section in the Progress Report (for which a page reference is given) a statement may be found, giving details on objectives and work being done on the project to which the reference is made.
- 5/ A quarterly economic bulletin for Latin America is provided for in the budget estimates presented by the Secretary-General to the Sixth Session of the General Assembly (document Supplement No.5 (A/1812)).
- 6/ This is now under negotiation with the Technical Assistance Administration.
- 7/ This is now under negotiation with TAA; it is hoped to make the study on transportation problems during the first half of 1952, and to hold a meeting of experts soon thereafter.
- 8/ ECLA is now assisting TAA on the fellowship and scholarship programme; as soon as a TAA representative for Latin America has been appointed by TAA, he will have his office with ECLA, and thus bring about a closer collaboration on appraisal of technical assistance needs and other aspects of the technical assistance programme.
- 9/ The country studies on foreign investment in Latin America will be resumed in February 1952 and completed in December 1952.
- 10/ Questionnaires have been sent to Latin American governments; answers must be returned to the Secretariat before work can proceed.