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Item 3a. of the Provisional Agenda

STATEMENT BY THE EXECUTIVE SECRETARY
ON JOINT ECLA/TAA ACTIVITIES

INTRODUCTION

As may be seen from the report prepared by TAA on technical assistance activities in Latin America (document E/CN.12/AC.16/4), the programme has an increasing importance for the Latin American countries. New methods and techniques are being applied in expert conferences, seminars and through the use of fellowships and scholarships.

The Council at its thirteenth session recommended the continuance of the programme under the regular United Nations budget and of the expanded programme of technical assistance for economic development of under-developed countries (see appendices 1 and 2 for Council resolutions 399 and 400 (XIII)).

The Economic Commission for Latin America has manifested an active interest in the promotion of technical assistance activities. At its Annual Sessions -- Havana, Montevideo, Mexico -- the Commission has given careful consideration to the programmes of technical assistance and has strongly supported the expansion of these activities; and through its reports and discussions it has helped in giving a more clear definition of the relationship of technical assistance to economic development programmes. At its Fourth Session in Mexico City, the Commission made a recommendation, which was approved by the Council, that its own terms of reference be amended in order to give clear expression to the significance of the role of the Commission in this field.

The Council expressed its satisfaction with the technical assistance
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programme in Latin America and urged that the services of the Commission be utilized to the fullest possible extent in carrying out the programme. It expressly suggested that the Commission and its secretariat should collaborate with the Technical Assistance Administration in assisting member countries to appraise their technical assistance needs. The Council also supported the Commission's decision to establish an ECLA Centre for Economic Development and the proposal that one of the principal objectives of the Centre should be the training of economists in research and in techniques of programming of economic development. (See Council Report to the General Assembly, document E/2121 paragraphs 401 and 426.)

At its thirteenth session 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.

The co-operative arrangements agreed upon for 1952 include:

1. A regional representative of the Technical Assistance Administration to be attached to the ECLA Secretariat;
2. A training programme to be established within the ECLA Secretariat for Latin American economists;
3. Meetings of experts to be convened for discussions relating to (a) the development of the iron and steel industry in Latin America and (b) transportation problems in Central America.

1. TAA regional representation and liaison with ECLA. In view of the interest which both ECLA and TAA have in assisting Latin American governments in promoting economic development, the co-ordination of specific technical assistance projects with the development programmes for the region must always be considered as a permanent objective. In accordance with this objective the Technical Assistance Administration expects in the near future to appoint a regional resident representative who will, while carrying out his general responsibilities for the technical assistance programme in

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Latin America, at the same time act as liaison officer between TAA and the ECLA Secretariat. In this manner the ECLA Secretariat should be in a position to provide valuable aid, within the limits of its resources, to the regional representative in promoting the technical assistance programme.

When, for example, request for technical assistance are made to the TAA, the proposals must be defined and formulated in relation both to the requirements of economic development within the country (making the request) and to the specific types of technical assistance needed to carry out the project. In the course of the past three years, ECLA has been steadily acquiring through its studies and analyses of development problems a fund of information and experience which (while very limited in terms of the magnitude of the problems to be studied) should prove useful in the course of time to the regional representative in evaluating the merits of the various proposals.

The co-ordination by governments of development programmes -- whether for an overall programme or particular industries -- must necessarily involve a determination of priorities; and in this respect it is important that the governments should relate their technical needs to such priorities.

Moreover, certain aspects of the regional studies now undertaken by the Secretariat can be related directly to technical assistance needs. Thus, the study of the iron and steel industry will, it is hoped, precisely indicate the needs for technical help which would promote the development and improvement of the industry in relation to overall economic development programmes. Other studies relating to such industries as chemicals, paper and pulp, etc., and to transportation and electric power should also provide specific information as to the ways by which governments might most effectively avail themselves of technical assistance in a development programme. Studies of economic development carried out for individual countries should similarly prove of value to the regional representative, and should provide a basis for an appraisal of requirements for technical aid consistent with a co-ordinated programme for the economic development of those countries.

ECLA will in the future be extending within the limits of its resources the scope of the studies it is making and should thus provide a constantly increasing source of information upon which TAA may draw in appraising needs and in executing specific projects. One important factor must not, however,

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be overlooked -- the necessity at the same time for a continued and concentrated effort on the part of individual governments to formulate their own goals and their own programmes for economic development, which would give them a basis for establishing priorities for technical assistance, should they wish to avail themselves of such assistance.

2. Establishment of a training programme in the ECLA Secretariat, for Latin American economists. The Commission at its fourth session requested (resolution 5(IV), document E/2021) that the Executive Secretary in establishing an ECLA Centre for Economic Development should "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 out in the centre".

The Executive Secretary is now reorganizing the Secretariat along lines which will eventually bring the principal work of the Commission in the field of economic development under the ECLA Centre for Economic Development. One section of the Centre will be concerned with the training of economists.

The proposals on the work programme for the Training Section of the Centre which are contained in the following paragraphs are being discussed with TAA:

The primary purpose of the programme will be to give specialized training to a selected group of Latin American economists in problems of economic development with particular reference to research and to techniques of programming.

Organization. It has been agreed that the chief of the training programme be appointed by TAA on the recommendation of the Executive Secretary. He will be responsible to the Executive Secretary who in turn will be responsible to TAA for the planning and operation of the programme. His main duties will be:

a. To prepare and submit for the consideration of the Executive Secretary, who will transmit it to TAA, an annual programme of work together with a statement of the financial implications involved;

b. To recommend to the Executive Secretary candidates from those nominated by governments who are suitable for the available training posts, taking into consideration projects being undertaken by the ECLA Secretariat

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and the availability of staff required for training purposes;

c. To prepare and submit for the consideration of the Executive Secretary a programme of practical research for each of the trainees in accordance with the research programme of the Secretariat and the particular interest of the trainees; and to propose to him the assignment of the trainees to the different divisions and sections within ECLA;

d. To prepare the general background reading material and the reading material which relates to the particular research programme of each trainee;

e. To guide and supervise the work of the trainees, lead the round-table discussions, clarify obscure or difficult points of analysis and interpretation, and in general serve as counsellor to the trainees; lastly,

f. To maintain liaison with universities, economic research institutes and other organizations which might assist or benefit from the work of the training programme.

Selection of trainees. Candidates will be nominated by the governments in accordance with regulations to be agreed upon between the Executive Secretary and TAA. Under these, the chief of the training section may assist governments in selecting candidates to ensure that they are qualified for the type of research and training facilities available in the ECLA Secretariat. The Executive Secretary will make the final selection of nominees which he will recommend to TAA.

As soon as the annual programme and number of training posts are approved by TAA, the Executive Secretary will communicate to the governments the content and scope of the programme.

Programme of work. The training period will be not less than six and not more than ten months for each trainee, although under special circumstances the period may be extended. The programme will be continuous in accordance with the regular work of the ECLA Secretariat. Attendance at meetings and discussions will be compulsory and trainees will observe regular office hours. The programme of work will consist of a combination of actual research, readings and discussions designed for both senior and junior economists^{1/} and organized on the principle that work on economic development

^{1/} During the first year preference will be given to senior economists.

has four distinctive phases, viz: diagnosis, prognosis, programming and execution. A basic training will be given in all four phases, though at the same time specialization will be stimulated as far as the interests of the trainees and the opportunities for practical research make it advisable.

Practical research will be organized around the current research programme of the Secretariat. Trainees will be assigned as assistants to selected members of the staff and will work under the guidance of both the staff member concerned and the chief of the training section. In cases where the interests of the trainee do not fit into the Secretariat research programme or where the duties of the staff do not permit them to give sufficient attention to the work of the trainee, a special research programme will be designed on an individual basis.

Trainee meetings for round-table discussions will be held regularly at least once a week. The subject matter of the discussions will be the reading material assigned to them and the various problems related to the research work of the trainees. Meetings will be directed by the chief of the training section and will be attended by ECLA economists whenever desirable. Furthermore, trainees may attend ECLA staff meetings, and seminars and meetings of experts which may be organized by TAA and the ECLA Secretariat.

3. Meetings of experts

Development of the iron and steel industry. Pursuant to resolution 10 (IV) adopted by the Commission at Mexico City, the Secretariat has been making a study of the development of the iron and steel industry in Latin America. This study could perhaps more properly be called a series of studies relating to various phases of the industry — notably: the comparative advantages of selected locations in Latin America for the production of iron and steel; the influence of size of plants on finished steel production costs; the relationship of the size of the market to productivity; the actual productivity of the industry in the region; the factors influencing the trends of consumption; and the prospects for the development of the industry.

The resolution referred to above also authorizes the Executive Secretary "to call meetings of industrial experts to examine, on their personal responsibility, the conclusions and recommendations contained in each study before submitting them to the Commission".

The Director General of TAA and the Executive Secretary of ECLA have agreed that such a meeting of experts should be held during the latter part

of 1952. The Executive Secretary has submitted a detailed plan, now being considered by TAA, for the organization and operation of the meeting. According to this plan, experts from both Latin America and other areas would be requested to prepare technical papers, which, together with the studies being prepared by ECLA, would constitute the background materials for the discussions at the meeting.

Purpose of meeting. The purpose of the meeting would be primarily to provide an opportunity for the Latin American experts, through discussion and exchange of experiences among themselves and with experts of other countries to analyze and clarify some of the basic problems of the industry in Latin America. In many instances these experts would be able to utilize the knowledge thus acquired and apply it directly to specific problems with which they are concerned. In other instances, they would act mainly in an advisory capacity and make recommendations for the guidance of their governments in planning the establishment and expansion of the industry.

Participants. There are seven Latin American countries which are expanding or planning the establishment of an iron and steel industry: Argentina, Brazil, Colombia, Chile, Mexico, Peru and Venezuela.

According to the present tentative plans, the meeting would, it is contemplated, be made up of two types of experts: a) seven general experts, one from each of the above countries, and b) experts (drawn not only from Latin America but also North America and Europe) who possess specialized knowledge on specific problems or processes of the industry.

The seven general experts should for the most part be senior technical staff members with an overall knowledge of the plants in their own countries. The remainder should be experts with a general knowledge of all aspects of the industry. These seven experts could remain throughout the duration of the meeting and participate in all discussions so as to give continuity to the subject matter and to obtain for themselves and for their respective countries a comprehensive knowledge of the results of the technical discussions in all of their aspects. They should then be in a position to take back to their countries for the use of the industry and their governments the full benefits derived from the meeting.

Most of the experts with specialized knowledge, drawn from Latin America, North America and Europe, could prepare technical papers based on their
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specialized knowledge, and remain for the meeting only during the time that their particular subject was being discussed. For example, during the first week of the meeting an expert from Peru might perhaps be asked to present a paper on electric blast furnaces and would remain only for the discussion of problems related to fuels. Another expert from Colombia might possibly present a paper on the production of steel by the Thomas process and remain for a period of perhaps twelve days while the different processes for making steel, the influence and the size of the market, and the locational advantages of the various Latin American countries were being discussed. It is planned to have in this category a number of Latin American experts with, in addition, several experts from Benelux, Canada, France, Germany, Great Britain, Scandinavia and the United States who would participate (and in some cases present papers) during the period that the problems in their respective fields were being analyzed.

Members of the ECLA Secretariat (Industry and Mining Division) will also present several papers on specific problems and will participate in the discussions throughout the meeting.

Scope and subject matter. According to present plans which, it must be emphasized, are still of a tentative nature, the subjects to be discussed and analyzed at the meeting would be along the following lines:^{1/}

I. Means for overcoming limiting factors

a. Fuels

- i. Elimination of impurities from coal
- ii. Production of coke from poor coking coals and substitute fuels.
- iii. Use of charcoal as a means of reducing iron ore.
- iv. Adoption of methods for reducing iron ore, other than by blast furnace.

b. Scrap

- i. Comparison of different processes of steel making from the economic viewpoint.
- ii. Limitations in the application of various types of steels.

c. Analysis of specific cases of over-utilization of equipment

II. Influence of the size of the plant on finished-steel production costs

- i. Influence of the size of the plant on investment and

^{1/} It should be noted that technical papers would deal with specific problems or processes under the broad categories indicated in the outline.

productivity: the case of a single product.

- ii. Influence of the size of the plant on investment and productivity: the case of a multipurpose plant.

III. Comparative advantages of the Latin American countries in the production of iron and steel

- i. Comparative locational advantages of specific Latin American areas.
- ii. Relationship of the size of the market to natural locational advantages.

IV. Actual productivity of the existing plants

V. The Latin American market

- i. Factors affecting consumption trends.
- ii. Outlook for development of the industry and prospects for intra-regional integration.

Report on the development of the industry. Subsequent to the meeting, the ECLA Secretariat plans to prepare for the Fifth Session of the Commission, a report on the development of the iron and steel industry in Latin America, utilizing in addition to its own studies now being made the results of the meeting of experts.

Transportation problems in Central American countries. Although the study of transportation problems in Central America is by itself a separate project, it is in fact related very closely to the study of the possibilities for an integration of the economies of five Central American republics.

In the individual economic development of these countries, transportation must inevitably play a vital role. Not only are transport facilities in most cases fairly primitive but they are inadequate and constitute one of the major obstacles to the development of both domestic and foreign trade. When the co-ordination of the individual programmes is considered, transportation becomes especially important, since such a co-ordination would undoubtedly involve a specialization in production for markets greater than those of an individual country and a consequent expansion of trade. (See document E/CN.12/AC.16/5.)

Furthermore, the governments of the United States and of the other American republics have recently expressed their renewed interest in the Inter-American Highway, particularly that part of it in Central America

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which is still incomplete. Because of this interest, the Commission at its Fourth Session adopted resolution 24 (IV) which calls for a general study of the international aspects of automotive transport in Latin America, with special emphasis on the Inter-American Highway. The Fifth Pan American Highway Conference held at Lima in October 1951 also urged the completion of the Inter-American Highway, and established technical committees to study financial and economic resources necessary for that purpose.

It must, of course, be emphasized that other forms of transportation -- railroad, maritime and air -- have a great importance for the development of Central American countries. At the request of the Central American governments the TAA has now agreed to send a technical mission to make a study, with the co-operation of ECLA's Mexico Office, of the transportation systems and problems in those countries in relation to the economic integration of the area. A plan for this study is being worked out by the secretariats of ECLA and the United Nations Headquarters in collaboration with TAA. It is contemplated that a small number of specialists will analyze the problems of existing systems of transportation. They should be able to present a progress report and discuss some of the most important problems on transportation at the first meeting of Ministers of Economy of five Central American countries scheduled for August 1952. It is envisaged that the final report will include not only an analysis of existing systems but an estimate of the requirements and the approximate cost for the development of a transportation system necessary to promote internal development as well as integration of the national economies of the area. This report could subsequently be one of the background documents for the meeting of transportation experts in Central America during the latter part of the year when technical and economic aspects of the problem will be considered.

A report of the meeting of experts based upon the previous study and technical papers and discussions at the meeting will, it is hoped, be prepared for the consideration of the Ministers of Economy. This report would also be submitted to the Fifth Session of the Commission at Rio.