

UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL



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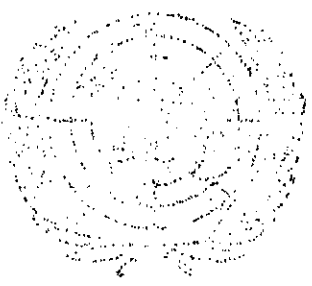
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Fourth session  
Mexico, D.F.

ANNUAL REPORT OF THE ECONOMIC COMMISSION FOR  
LATIN AMERICA

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## SCOPE OF THE REPORT

This is the Third Annual Report of the Commission and covers the period from the end of the Third Session on 21 June 1950 to the end of the Fourth Session on 16 June 1951.

Because it was anticipated that the Council Ad Hoc Committee on Organization and Operation of the Council and its Commissions would undertake its review of the Regional Economic Commissions prior to the Fourth Session of ECLA, the Executive Secretary prepared a statement to the Ad Hoc Committee which presented a factual account of the origins and activities of the Commission from its establishment to March 1951 (Document E/AC.34/6).

This Statement was carefully considered and fully approved by the Fourth Session of the Commission.

Since the Statement to the Ad Hoc Committee covers the work of the Commission up to March 1951, and therefore supplements this Report, the major emphasis in this Report has been placed on an account of the work and decisions of the Fourth Session. However, a brief description of the major studies prepared by the Secretariat for the Fourth Session is presented as an Appendix in order to bring the account of the work of the Secretariat to date.

## I. GENERAL APPRAISAL OF WORK OF THE COMMISSION

This section of the report is presented pursuant to the Commission's Resolution E/CN.12/286, which was adopted after the Fourth Session had reviewed the record of achievement of the Commission during the past three years. With the knowledge that this Annual Report will be made available to the Ad Hoc Committee on Organization and Operation of the Council and its Commissions, as well as to the Thirteenth Session of the Council, the Commission decided to include

"a section explaining the reasons not merely for continuing indefinitely the Economic Commission for Latin America, because it has proven its ability to contribute greatly to the improvement of the national economies of Latin American countries and in particular to facilitate a thorough study of them, but also for expanding its functions so as to make it the largest joint economic organization as yet set up by Latin American countries."

In this connection, it should be pointed out that a full account of the Commission's activities, and an extensive and analytical appraisal of its record, is contained in the Executive Secretary's Statement to the Council Ad Hoc Committee (E/AC.34/6), which was unanimously approved by the Commission, and in the Executive Secretary's Progress Report (E/CN.12/220) which is appended to this report.

Since its establishment, the Commission has approached the fundamental problems of the region with the firm conviction that its first and most important task is to secure factual and

/detailed



detailed information on the characteristics of Latin American economies and to undertake a systematic analysis of their major elements. Only in this way has the Commission felt that it could effectively enter the field of concerted inter-governmental action.

The Commission has made substantial progress toward this objective since its work has now reached the stage where the Commission can assume the practical and highly useful role of making recommendations to Member Governments.

The Commission has thus far not created any subsidiary bodies. Several resolutions, however, were adopted by the Fourth Session, calling for meetings of experts in order to work out practical recommendations.

The decision to submit the findings of certain studies, particularly those on specific industries, to meetings of experts, constitutes an important step in the development of the Commission. Meetings of experts may fulfill on an ~~ad hoc~~ basis the function of subsidiary bodies. Furthermore, they create a closer and more continuous relationship between the Secretariat and the member countries,

Another expression of the same tendency is the fact that the Commission adopted a resolution (Document E/CN.12/275) sponsored by the representatives of the Central American Countries which is aimed at the highly important task of surveying the common problems of the Central American Republics. The Commission not only recommended study of these problems but also agreed that, through consultation,

/it would be

it would be desirable to establish inter-governmental machinery for dealing in a practical way with this subject.

It should be emphasized that the progress made by the Commission has been achieved to a considerable degree by increasingly more effective cooperation between the Commission and other United Nations organs and agencies, particularly through co-operative arrangements with the FAO, the Fund, the Bank, and I.L.O.

The activities of the Commission have also been co-ordinated with the Inter-American Economic and Social Council. The development of successful co-ordination measures between these two regional bodies is clearly stated in the resolution on Co-ordination adopted at the Fourth Session.

The Commission has made its most significant contribution in the fields of economic development, international trade and current economic trends. Studies in economic development, especially the report on "Practical and Theoretical Problems of Economic Development", and those in the field of international trade have already demonstrated their usefulness to Latin American Governments in the formulation of policies and practical decisions. The scope and the nature of the work being undertaken by the Commission is indicated in the description of major documents contained in Appendix A and the Section on "Work Programme and Priorities" of this report.

It is evident that the studies and discussions of the Commission are developing a body of economic knowledge and thought which

/reflects the

reflects the realities and conditions of economic life in Latin America, and which may become more and more a guide for policies and practical action. In carrying forward this work, **the Executive Secretary** has been able to bring together a group of able economists from the various countries of Latin America.

The Fourth Session recognized that the Secretariat provides an unusual opportunity for giving Latin American economists training and experience in dealing with the principal problems of the region. It therefore decided to establish an ECLA Centre for Economic Development, in cooperation with the United Nations Technical Assistance Administration, which would train Latin American Economists and arrange for special seminars in the various fields of economic development. It is expected that this will assist in the formulation of integrated programmes and goals for economic development.

In this connection, it should be noted that collaboration with the Technical Assistance Administration entered a new phase as a result of the arrangements made during the Fourth Session. The decisions taken, as reflected in a number of resolutions, will make possible a fuller utilization of the services available under the Technical Assistance Programme. The Technical Assistance Administration has agreed to attach a representative to the Commission's Secretariat in order to carry out more effectively their joint endeavours.

One of the most encouraging features of the Sessions of the Commission has been the quality and serious nature of the discussions. The Commission provides the Member Governments not only with a forum in which they may exchange their ideas, but also a basis for working out agreements and conclusions on matters of common concern.

It was principally for the reasons outlined above that the Commission expressed the unanimous view that it should be continued indefinitely, and that its terms of reference should give special emphasis to activities in the field of economic development and technical assistance. Furthermore, the Fourth Session in approving its "Work Programme and Priorities" for 1951-1953 gave expression to its confidence and appreciation of services rendered by the Commission by requesting that staffing and budgetary appropriations should be more commensurate with the tasks and functions of the Commission. (See Resolution E/CN.12/285, on Work Programmes and Priorities)

## II. FOURTH SESSION OF THE COMMISSION

### A. Membership, Attendance, Organization of Work, etcetera

#### 1. Opening and Closing Meetings

The first meeting of the fourth session was held at the Social Security Building, 476 Paseo de la Reforma, Mexico, D. F. Addresses were delivered by Mr. Antonio Martínez Báez, Minister of Economy, Mexico (PR/M/ECLA/1); by Mr. David Owen, Assistant Secretary-General for Economic Affairs, the United Nations (PR/M/ECLA/2); by Mr. Alberto Baltra Cortés, Head of the Chilean Delegation, and former Chairman of the Economic Commission for Latin America (PR/M/ECLA/3).

The closing meeting of the fourth session was held on 16 June 1951. The Commission adopted its Annual Report to the Thirteenth Session of the Economic and Social Council.

Addresses were delivered at the closing meeting by Mr. Julio Gómez Robles, Head of the Guatemalan Delegation, and Advisor to the Trade Policy Committee, Ministry of Economy; by Mr. Homero Viteri Lafronte, Head of the Ecuadorian Delegation, Ambassador to Mexico; Philippe de Seynes, Head of the French Delegation; Mr. Raúl Prebisch, Executive Secretary of ECLA; Mr. Antonio Martínez Báez, Head of the Mexican Delegation, Minister of Economy and Chairman of the Commission.

#### 2. Membership and Attendance

The terms of reference of the Commission provide in Paragraph 3a that:

/ "Membership of

"Membership of the Commission shall be open to members of the United Nations in North, Central and South America, and in the Caribbean area, and to France, the Netherlands and the United Kingdom."

Delegations from the following member governments were in attendance: Argentina, Bolivia, Brazil, Chile, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, France, Guatemala, Haiti, Honduras, Mexico, Netherlands, Nicaragua, Panama, Peru, United Kingdom, United States of America, Uruguay.

(a) Report of the Chairman and Vice Chairmen of Examination of Credentials

The Chairman, in accordance with Paragraph 14 of the Commission Rules of Procedure, reported to the Plenary Meeting held on 14 June 1951, that credentials of the delegations to the fourth session as presented to the Executive Secretary have been examined by the Chairman and the Vice Chairmen and found to be in order.

(b) List of Delegations:

Argentina:	Representative:	Oscar Hasperue Becerra Ambassador to Mexico
	Alternates:	Raúl de Olano Ovidio Schioppetto Andes Gutiérrez
Bolivia:	Representative:	Hugo Navajas Mogro Director of International Economic Policy, Ministry of Foreign Affairs, Bolivia
	Alternate:	Carlos Rodríguez Calvo
Brazil:	Representative:	Antonio Camillo de Oliveira Ambassador to Mexico
	Alternates:	Miguel A. Ozorio de Almeida Celso Barbosa Cavalcanti Normelio Ramos Heitor Lima Rocha

/Chile:

Chile: Representative: Alberto Baltra Cortés  
Ex-Minister of Economy  
and Commerce, 2nd Vice  
President of the Nitrates  
and Iodine Sales Corporation

Alternates: Rodrigo González Allendes  
Oscar Schnacke Vergara

Costa Rica: Representative: Emilio Valverde Vega  
Ambassador to Mexico

Alternate: Manuel García Valverde

Cuba: Representative: Carlos Martínez Sánchez  
Director of Economic Affairs  
in the Ministry of State

Alternates: Antonio Valdés Rodríguez  
Rufo López Fresquet  
Nicasio Silverio  
Julián Alienes  
Raúl Maestri  
Fausto Gamboa

Dominican Republic: Representative: Salvador Lluberes Peña  
Under-Secretary of State  
for Economy and Commerce

Alternate: Sergio Vicioso Peguero

Ecuador: Representative: Homero Viteri Lafronte  
Ambassador to Mexico

Alternates: Teodoro Alvarado Olea  
Francisco Barona Anda  
José María Aviles Mosquera  
Héctor G. Garay Hernández

El Salvador: Representative: Jorge Sol Castellanos  
Minister of Economy

Alternates: Pedro Abelardo Delgado  
Rafael Glower Valdivieso

France: Representative: Philippe de Seynes  
Inspector of Finances  
Member of the French  
Delegation to the United  
Nations

/Alternates:

France: (continued)	Alternates:	G. Philipson André Leprévost Guillaume Paul-Boncour J. F. Charvet
Guatemala:	Representative:	Julio Gómez Robles Advisor to the Trade Policy Committee, Ministry of Economy
	Alternates:	Enrique Santa Cruz José Antonio Palacios
Haiti:	Representative:	René Jeanty Ambassador to Mexico
	Alternates:	Pierre Hudicourt Hervé Boyer
Honduras:	Representative:	Tomás Cáliz Moncada Vice President, Central Bank of Honduras
	Alternates:	René Cruz Paul Vinolli
Mexico:	Representative:	Antonio Martínez Báez, Minister of Economy
	Alternates:	Antonio Carrillo Flores Armando C. Amador Fernando Zamora Millán
Netherlands:	Representative:	E. M. Newton Ex-Member of the Executive Council of the Netherlands Antilles
	Alternates:	C. H. H. Jongbaw Baron van Heemstra
Nicaragua:	Representative:	Enrique Delgado Minister of Economy
	Alternate:	Luis Augusto Cantarero
Panama:	Representative:	Eduardo McCullough Assistant Comptroller- General of the Republic of Panama

/Alternate:



Panama: Alternate: Fernando A. Navarro  
(continued)

Perú: Representative: Germán Morales Macedo  
President of the Industrial  
Chemical Society in Peru  
Alternate: Juan Pezet

United Kingdom: Representative: John William Taylor, C.M.G.  
H.B.M. Ambassador to Mexico  
Alternates: Wilfred Wolters MacVittie  
Hugh Thomas Arnold Overton

United States of America: Representative: Merwin L. Bohan  
Department of State,  
Washington  
Alternates: Winthrop G. Brown  
James C. Corliss  
John de Beers  
Edmund H. Kellogg  
Wilfred Malenbaum  
Harold M. Randall  
George Wythe

Uruguay: Representative: Roberto MacEachen  
Ambassador to Mexico  
Alternate: Alfredo Freyre

(c) List of Representatives of Specialized Agencies:

INTERNATIONAL LABOUR OFFICE: Mr. Arthur F. Rouse  
Mr. Enrique Jiménez D.  
Mr. Jorge Méndez  
Mr. G. Koulischer

FOOD AND AGRICULTURE ORGANIZATION: Mr. William G. Casseres  
Mr. Pierre Terver  
Mr. Andrés R. Córdova

INTERNATIONAL BANK: Mr. Albert Waterston

INTERNATIONAL MONETARY FUND: Mr. Raúl Martínez Ostos  
Mr. Jorge del Canto  
Mr. Eduardo Montealegre  
Mr. Charles Merwin  
Miss Margaret Garritsen

/INTERNATIONAL

INTERNATIONAL REFUGEE ORGANIZATION: Mr. Charles Wendling

(d) Representatives of the Inter-American Economic and Social Council:

Mr. Julio Heurtematte  
Dr. Amos E. Taylor

(e) List of Representatives of Non-Governmental Organizations Accredited to Attend:

Category A:

INTERNATIONAL CHAMBER OF COMMERCE: Mr. Henry Stebelski

INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS:

Mr. Manual Rivera  
Dr. Ernst Schwartz  
Mr. Eucario de Leon

INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS:

Dr. Andrew Cairns  
Dr. John Sandelmann

INTERNATIONAL ORGANIZATION OF EMPLOYERS:

Mr. Alfonso Noriega

WORLD FEDERATION OF TRADE UNIONS: Mr. Vicente Lombardo Toledano

WORLD FEDERATION OF UNITED NATIONS ASSOCIATIONS:

Mr. Raúl Cervantes Ahumada  
Mr. Sergio Berdeja G.  
Miss Alicia Aldape Cantú

Category B:

COMMISSION OF THE CHURCHES ON INTERNATIONAL AFFAIRS:

Mr. Gonzalo Báez Camargo

INTER-AMERICAN COUNCIL OF COMMERCE AND PRODUCTION:

Mr. Gustavo R. Velasco

/INTERNATIONAL

INTERNATIONAL ORGANIZATION FOR STANDARDIZATION:

Mr. Roberto Gálvez  
Mr. Edmundo de Jarmy

NATIONAL ASSOCIATION OF MANUFACTURERS:

Mr. A. J. du Bouchet

On the Register of the Secretary-General:

SOUTH AMERICAN PETROLEUM INSTITUTE:

Mr. Rafael Michel

(f) Representative of the Caribbean Commission:

Mr. C. H. H. Jongbaw

3. Organization of the Work of the Fourth Session

(a) The Following Officers were elected at the First and Second Meetings:

CHAIRMAN:	Mr. Antonio Martínez Báez	Mexico
FIRST VICE CHAIRMAN:	Mr. Antonio Camillo de Oliveira	Brazil
SECOND VICE CHAIRMAN:	Mr. Jorge Sol Castellanos	El Salvador
RAPPORTEUR:	Mr. Germán Morales Macedo	Perú

(b) Ad Hoc Committees:

After the election of the Vice Chairmen and the Rapporteur at the second meeting of the session there was a general discussion regarding the number and kinds of Ad Hoc committees to be established. It was agreed to set up four committees and to assign the appropriate agenda items and documents to each. The Commission elected officers for each of the committees as given below.

The Executive Secretary then made a report to the Commission

/reviewing

reviewing the work of the Secretariat, the objectives of the Commission, and some of the problems facing the Commission (E/CN.12/220). The Executive Secretary's statement is presented as Appendix C of this report.

COMMITTEE I (Economic Development)

CHAIRMAN: Dr. Carlos Martínez Sánchez Cuba

RAPPORTEUR: Mr. Teodoro Alvarado Olea Ecuador

Agenda Items considered: 4, 5, 9.

Documents assigned as working papers:

Economic Survey of Latin America 1950 (E/CN.12/217)

Some Theoretical and Practical Problems of Economic Growth (E/CN.12/221)

Economic Development in Selected Latin American Countries (E/CN.12/218)

Economic and Legal Status of Foreign Investments in Selected Latin American Countries (E/CN.12/222)

Productivity of the Cotton Textile Industry in Selected Latin American Countries (E/CN.12/219)

Report on the Technical Assistance Programme (E/CN.12/223)

Report on the Economic Development and Immigration Committee at the Secretariat Level (E/CN.12/224)

Note on Measures in Relation to International Action for Conservation and Utilization of Non-Agricultural Resources (item referred by the Economic and Social Council) (E/CN.12/231)

COMMITTEE II (International Trade)

CHAIRMAN: Dr. Oscar Hasperue Bécerra Argentina

RAPPORTEUR: Mr. Merwin L. Bohan United States of America

/Agenda items

Agenda items considered: 4, 6, 8, 15

Documents assigned as working papers:

Effects of the United States Defence Programme on Latin American Countries (E/CN.12/234)

Latin American-European Trade (E/CN.12/225)

United States Capacity to Absorb Latin American Products (E/CN.12/226)

Progress Report on the Study of Intra-Regional Trade (E/CN.12/228)

Measures Related to the Importation of Supplies of Educational, Scientific and Cultural Materials (E/CN.12/230)

Regulation of Merchandise Traffic on the Inter-American Highway (E/CN.12/237, E/CN.12/238)

COMMITTEE III (Co-ordination and General Questions)

CHAIRMAN: Mr. Pierre Hudicourt Haiti

RAPPORTEUR: Mr. Julio Gómez Robles Guatemala

Agenda items considered: 7, 8, 10, 11, 12, 15

Documents assigned as working papers:

Progress Report on the Joint Work Programme of ECLA and FAO (E/CN.12/229)

Report on Forests and Forest Production in Latin America (E/CN.12/235)

Aspects Other than Importation of Availabilities of Supplies of Educational, Scientific and Cultural Materials (E/CN.12/230)

Note on the South American Petroleum Institute (E/CN.12/232)

Co-ordination between the Economic Commission for Latin America and the Inter-American Economic and Social Council (E/CN.12/236, E/CN.12/241, E/AC.34/6)

/Relations with

Relations with Non-Governmental Organizations (E/CN.12/233)

Regulation of Passenger Traffic on the Inter-American Highway (E/CN.12/237, E/CN.12/238)

COMMITTEE IV (Functions of ECLA)

CHAIRMAN: Dr. Alberto Baltra Cortés Chile  
RAPPORTEUR: Mr. Philippe de Seynes France

Agenda items considered: 13, 14

Documents assigned as working papers:

Progress Report of the Executive Secretary of the Economic Commission for Latin America (E/CN.12/220)

Note on the Work Programme and Priorities for 1951-1952

Statement by the Executive Secretary for the Ad Hoc Committee Established under Resolution 295 (XI) B of the Economic and Social Council (E/AC.34/6)

Each of the Committees submitted a report of its proceeding (E/CN.12/254; E/CN.12/255; E/CN.12/256; E/CN.12/263) and draft resolutions to the plenary meetings of the Commission.

B. Agenda of the Fourth Session

1. Opening Addresses
2. Election of Officers.
3. Adoption of the Provisional Agenda (Document E/CN.12/216/Rev.1)
4. Recent Developments and Trends in the Economy of Latin America
5. Economic Development Problems
6. Foreign Trade Problems
7. ECLA and FAO Joint Work Programme

/8. Measures to

8. Measures to Increase the Availability of Supplies of Educational, Scientific and Cultural Materials (Joint ECLA/UNESCO Inquiry)
9. Measures in Relation to International Action for Conservation and Utilization of Non-Agricultural Resources (item referred by the Economic and Social Council)
10. South American Petroleum Institute (item referred by the Economic and Social Council)
11. Co-ordination between the Economic Commission for Latin America and the Inter-American Economic and Social Council
12. Relations with Non-Governmental Organizations
13. Work Programme and Priorities
14. Review of Regional Economic Commissions by the Economic and Social Council
15. Traffic Regulation on the Inter-American Highway
16. Consideration and Adoption of the Annual Report of the Commission to the Thirteenth Session of the Economic and Social Council
17. Date and place of the Fifth Session of the Commission

### C. Proceedings and Resolutions

#### 1. Account of Proceedings

##### a) Future of the Commission

As has already been noted in the section on "General Appraisal", the question of the Commission's continuance was fully discussed in view of the fact that the Council was to review its regional Economic Commissions. The Delegations agreed that the Commission was a useful and indispensable instrument for the solution of the economic problems of Latin America; and that it should not only be continued /indefinitely, but

indefinitely, but also expanded and strengthened.

The Commission adopted resolution E/CN.12/286 which embodies the concepts outlined above and also recommends two additions to the Commission's terms of reference in order to strengthen its work in the fields of economic development and technical assistance.

The delegation of the United States of America, in voting in favour of this resolution, made the following statement:

"The United States delegation wishes to point out, however, that the United States, as a member of the Ad Hoc Committee on the organization and operation of the Economic and Social Council, will be confronted in that Committee with world-wide rather than regional questions and therefore its position respecting continuation and terms of reference will be affected by overall rather than regional considerations. It is not only a question affecting the three regional commissions but also the functional commissions and Council itself".

With respect to the terms of reference, the Commission recommended to the Council that the following paragraphs be added:

"(d) Pay special attention in its activities to the problems of economic development and assist in the formulation and development of co-ordinated policies as a basis for practical action in promoting the economic development of the region".

"(e) Assist the Economic and Social Council and its Technical Assistance Committee in discharging their functions with

/respect to



respect to the United Nations Technical Assistance Programme, in particular by assisting in their appraisal of these activities in Latin America".

(b) Economic Development

Discussion of the problems of economic development commenced with a consideration of several basic reports prepared by the Secretariat, including the study on theoretical and practical problems of economic growth (Document E/CN.12/221) and the Economic Survey of Latin America for 1950. (Document E/CN.12/217). The Delegations felt that, in presenting possible criteria and goals of development, the study on theoretical and practical problems presented a distinct explanation of trends in the region's development and provided a framework within which the objectives of development in Latin American countries could be achieved.

While discussing measures of economic development, some delegations felt that the term industrialization did not seem to give adequate stress to other pertinent aspects of development, in particular agricultural progress; and they suggested that diversification might be a more appropriate concept. Other delegations felt, however, that industrialization was a recognized prerequisite of agricultural progress and therefore consistent with the fundamental objective of diversification.

The relationship between trade and development, involving a number of short-run as well as long-run problems due to the fundamental changes in the international situation, was discussed both in the

Development and Trade Committees in connexion with documents prepared by the Secretariat, particularly the Economic Survey of Latin America for 1950 (Document E/CN.12/217), the Effects of the United States Defence Programme on Trade with Latin America (Document E/CN.12/234) and the Report on Trade Between Latin America and Europe (Document E/CN.12/225).

The Delegations agreed that changes in world economic conditions following the Korean crisis had created a new series of problems for Latin America. It was felt that the rise in money incomes, due to the great expansion of export values and foreign exchange earnings, and the limitation of imports of capital goods and essential consumer goods due to shortages, could lead to serious inflation in Latin American countries. The short supply or unavailability of capital goods would, moreover, retard this economic development. A number of Delegations agreed, however, that this problem could be overcome within a relatively short period if United States production rises sufficiently to meet both defence needs and the requirements of underdeveloped countries for capital goods.

The Delegations agreed that in order to ensure an intensive and systematic development of Latin American economies, national development programmes should be prepared according to some definite criteria. First, both the volume and distribution of public investment and of probable private investment should be considered in relation to the overall programme. Secondly, in order to establish an appropriate system of priorities, projected investments should be

/examined in

examined in terms of their relative contribution to the development of the economy, in particular to the growth and distribution of national income. Thirdly, individual programmes should be examined with regard to the way in which their component elements may be integrated, and their effects on exports and the balance of payments, the distribution of the labour potential and the displacement of population in a country. In this connexion, a number of Delegations noted the importance of improving methods of statistical and economic analysis and suggested, in addition, that foreign financing institutions as well as other international agencies might advise and assist Latin American governments in the preparation of economic development programmes.

Studies of particular industries in Latin American countries received special attention because of their importance to general development. The Delegations considered that the study of textile labour productivity presented by the Secretariat (Document E/CN.12/219) was a fundamental contribution, that it provided a model for further studies in other industries, and that the textile study should be expanded. They agreed that similar studies should also be carried out immediately on iron and steel, wood pulp and paper, and the chemical industries as well as the food processing industries. It was urged that the Executive Secretary seek the cooperation of the Specialized Agencies, especially of the FAO, in preparing the studies on wood pulp and paper and food processing industries and that he consult with the experts of each country concerned before submitting the

/studies to the

studies to the Commission.

The Commission expressed interest in problems of housing and would have included this subject in the list of studies to be made by the Secretariat if it had not been for the fact that the representative of the Inter-American Economic and Social Council pointed out that his organization was already actively engaged in this field.

With respect to industrial development in particular regions of Latin America, the Commission called for studies aimed at achieving certain common aims. The Delegations of Central America expressed their interest in developing their industrial and agricultural production and their transportation systems in such a way as to promote the integration of their economies, the widening of markets through the co-ordination of development plans, and the creation of enterprises in which these countries have a joint interest. The Commission welcomed these views of the Central American governments; requested the Executive Secretary to study the measures and projects aimed at the achievement of these objectives; and invited the Central American governments to form a committee on economic co-operation, consisting of the Ministers of Economy or their delegates, to co-ordinate these activities.

The Commission also considered the resolution by the Economic and Social Council (Document E/1946) calling for the promotion and systematic survey of non agricultural resources. It was proposed that, in calling international conferences to deal with this problem,

/the Secretary

the Secretary General takes note of the points discussed by the Executive Secretary in his statement on measures relating to the subject (Document E/CN.12/231). The Commission felt that such surveys would constitute an important means of furthering the economic development of Latin America.

Some Delegations mentioned the relatively slow progress of agricultural production in a number of Latin American countries since World War II and called for measures to improve agricultural practice and output. It was noted that increased efficiency in agriculture could help meet the needs of a growing population as industrialization in Latin American countries progresses.

The Delegations called the attention of the Commission to the basic issues involved in financing economic development, and suggested measures of considerable scope and importance to Latin American countries. While recognizing that reliance must be placed mainly on internal sources and methods, the Commission considered means of increasing the inflow of investment funds from abroad as well as the formation of domestic capital. Attention was given also to the desirability of directing such funds into investments both public and private, which are socially useful and economically productive and which would at the same time tend to reduce the vulnerability of Latin American countries to external fluctuations.

While it was generally agreed that in many cases specific measures to stimulate the flow of private capital into the countries of Latin America appeared to be necessary, there was some difference  
/of opinion,

of opinion, especially as between capital-exporting and capital-importing countries, as to the most desirable and effective means to achieve this end. In general, it was agreed that special measures may be called for to facilitate the transfer abroad of the yields of foreign investments and to reduce or eliminate fiscal obstacles to international investment. However, the capital-importing countries stressed the need for appropriate action by capital-exporting countries, in particular, in eliminating international double taxation.

Some difference of opinion was expressed in regard to the appropriate method for accomplishing this purpose. On the one hand, a number of Delegations expressed the view that one of the most effective ways of encouraging the flow of private capital to Latin America was the suppression of double taxation in such a way that income from investments would be taxed only in the country in which it is earned. On the other hand, other countries felt that a system of tax credits for taxes paid to foreign countries, coupled with a programme of bilateral tax agreements, was a flexible and effective device to suppress international double taxation and to remove tax deterrents to the flow of international investment, while preserving the equity of the tax systems of the countries concerned. It was agreed that the influence of the fiscal systems of capital-exporting countries on the decisions of their private investors to invest abroad should be studied with particular reference to desirable methods of eliminating international double taxation.

It was the view of the Commission that, despite the very low

/level of

level of consumption per capita in Latin American countries, it was advisable to examine the possibility of increasing, directly or indirectly, savings derived from the higher income groups and of creating the capacity to save among low income groups, particularly as productivity and real incomes increase. Increased savings out of a growing national income was regarded as a fundamental step in achieving economic development without recourse to inflation. There was some difference of opinion, however, as to the extent to which a substantial increase in such savings can be achieved in the near future. It was stressed by some countries that measures to increase savings should avoid jeopardizing the level of consumption of the mass of the population. The Delegations also suggested that the Executive Secretary prepare a report on the organization and structure of capital markets in Latin America.

The Commission especially welcomed the offer of collaboration by the International Monetary Fund in studies of monetary and fiscal measures bearing on economic development. The Delegations urged that, in carrying out these studies, particular attention should be paid to the problem of inflation. It was also recommended that there be close cooperation with the International Bank for Reconstruction and Development.

Some differences of opinion were expressed within the Commission as to the adequacy of the existing resources of governmental and intergovernmental agencies concerned with financing economic development. In this connection the Commission recommends that all countries give

/continuous

continuous attention to the problem of the availability of public funds for international investment with the objective of assuring that such funds are always adequate for soundly conceived projects suitable for public international financing. It should be noted that in adopting Resolution E/CN.12/272 on Financing of Economic Development the Commission requested the member governments to return their answers to the questionnaire on Foreign Investments which had been sent to them by the Secretariat.

The important role of technical assistance in the economic development of Latin American countries was repeatedly emphasized, and the Commission urged that countries should utilize the facilities available under the United Nations Expanded Programme of Technical Assistance.

The Commission felt that the Secretariat should play as full a role as practicable, in formulating and carrying out requests for technical assistance in the field of economic development, and requested the member governments to consult the Executive Secretary, wherever appropriate, with a view to presenting requests to the Secretary-General.

The Commission gave particular emphasis to the relative scarcity of trained economists in Latin American countries available for fundamental research and expert assistance in planning and executing development programmes. A number of countries also felt that inasmuch as the theoretical and practical problems of economic development in Latin America are different from those studied in the

/highly



highly industrial centres, it was necessary to give Latin American economists an opportunity to receive systematic training and experience in dealing with these problems in the light of Latin American conditions. The Delegations accordingly urged the Executive Secretary to arrange for the establishment of an ECLA Centre for Economic Development which could, in addition to carrying out fundamental research, be used to organize appropriate training courses and seminars for Latin American economists in the field of economic development. The member governments were urged to consult with the Executive Secretary in presenting the necessary requests for technical assistance to the Secretary General.

The Delegations expressed a desire that schools of economics, attached to Latin American universities, should give wider recognition to courses on economic development, and the Executive Secretary was requested to coordinate the activities of the ECLA Centre with those of university faculties and schools and those of other research and study centres. The Secretary General was requested to utilize the ECLA Centre to place fellows and scholars under the United Nations Fellowship and Scholarship Programme for Economic Development.

The Delegations further urged the member governments, in consultation with the Executive Secretary, to seek expert assistance from the Technical Assistance Administration in improving methods of statistical analysis, in undertaking the specialized industry studies mentioned in a preceding paragraph, and in determining the requirements

/fcr technological

for technological research and in improving existing facilities in Latin America.

(c) Agriculture and Forestry

The Delegations pointed out the limited progress of agricultural production in Latin America, noting that the relatively slow advance of agriculture was due in part to the greater emphasis on the development of the other sectors of the economy. A number of delegations suggested that, in order to maintain some balance between agriculture and industry, an attempt should be made to further the improvement of agriculture in Latin American countries. It was noted that the growing industrialization of Latin America would, in fact, lead to a long-term increase in urban population and demand and that this would necessitate an increase in the supply of agricultural products.

The Delegations accordingly suggested a number of measures aimed at improving agricultural practices and production. While noting that the conditions of agricultural production varied widely from one country to another, the Commission advanced a number of concrete measures intended to meet the agricultural problems of most Latin American countries. These included the training of agronomists, soil surveys, the expansion of agricultural extension services, proper soil practices in the use of fertilizers, irrigation and assistance in stock raising. The Delegations also urged consideration of the tenancy problem and suggested that the Secretary-General of the United Nations and the Director-General of the FAO be

/requested to

requested to assist the governments in this entire programme.

In considering the joint work programme of the ECLA and the FAO in the field of agriculture and forestry, the delegations noted the initiative taken by the two organizations on the question of agricultural credit. In this connexion, the agreement signed in 1950 between the Executive Secretary of the Commission and the Director-General of FAO was referred to by a number of delegations as a model of cooperation between agencies in the region. It was suggested that the Executive Secretary and the Director General of the FAO hold a meeting of experts on agricultural credit in one of the Central American countries, as agreed at the third session of the Commission in Montevideo.

The Commission took note of the establishment of a Latin American Agricultural Training Centre at Santiago, Chile, at the joint initiative of the government of the latter country, the FAO, the United Nations and the International Bank of Reconstruction and Development, and urged that governments give special attention to the opportunities offered by the training centre (Resolution E/CN.12/251).

The Commission also considered with interest a report on the importance of forests and forest products to the economy of Latin America prepared by the Forest Bureau of the FAO in Rio de Janeiro (Document E/CN.12/235), recommended the continuation of such studies, and suggested a series of measures relating to forest policy. It requested that, in preparing and carrying out programmes

/of forestry

of forestry development, member governments take into account the above mentioned report on forests and forest products.

(d) International Trade

The major documents in the field of international trade were studies prepared by the Secretariat on (a) Latin American trade with Europe, presented in preliminary form as the joint report of the Secretariats of ECLA, of the Economic Commission for Europe, and of the Food and Agriculture Organization; (b) the effects of the United States defence programme on trade with the Latin American countries; and (c) the capacity of the United States to absorb Latin American products. The question of intra-regional trade was also considered, on the basis of a note prepared by the Executive Secretary indicating the progress made by the Secretariat in studying this question.

Several delegations expressed the view that the documents prepared by the Secretariat were very useful since they were thorough, objective and analytical. Regret was expressed, however, that there had been little time to give certain of the documents the careful consideration they merit.

In discussing Latin American trade with Europe, several delegations expressed the concern of the Latin American countries regarding the problem of accumulation of inconvertible European currencies, the limited availability of capital goods required for economic development, and the possible decline in value of accumulated exchange balances. It was felt that these problems would become more pressing because of rearmament programmes in the industrialized countries.

/Concern was

Concern was also expressed with respect to the future course of Latin America's terms of trade, and the internal inflationary effects of the probable accumulation of exchange balances. Discussion centered on various means of solving these problems, including the negotiation of bilateral agreements that would contain guarantees on the maintenance of the value of exchange balances and the liquidation of these balances, and the possibility of achieving greater transferability of European currencies, perhaps through the European Payments Union. European delegations pointed out that the accumulation of inconvertible European currencies had not yet become a problem. They emphasized the complexities of possible Latin American adherence to the European Payments Union and difficulties of extending guarantees regarding the value of accumulated exchange balances, since the prices of capital goods are dependent upon the prices of raw materials, wage rates and other factors difficult to control. Furthermore, they viewed as impractical the negotiation of international agreements covering a wide range of manufactured products. In view of the emphasis given by the Latin American countries to their need for capital goods for economic development, the hope was expressed by European delegations that Latin America would not impose impediments to the importation of consumer goods, of vital interest to Europe's export trade.

The Delegations requested that the governments give special

/consideration,

consideration, in studying the prospects of Latin American-European trade, to the maintenance and expansion of Latin American purchasing power in European markets, to the maintenance of the purchasing power of European currencies that may be accumulated by Latin American countries, and to the fair and orderly liquidation of balances so accumulated. Some countries felt that special attention should also be given to price disparities that might arise among the various categories of goods involved in this trade. The Executive Secretary was requested to assist interested governments in dealing with these problems, and to continue studies on Latin American-European trade, paying particular attention to the problem of achieving greater transferability of accumulated foreign exchange.

It was generally agreed that the Commission should not express its views with respect to specific solutions in a resolution. In discussing problems of trade between Latin America and Europe, the Delegations felt, therefore, that the complexity and range of the issues involved called for careful and comprehensive study. A number of countries noted, for example, that it would be unwise to pre-judge any solution to these problems, which were likely to become more pressing in the future, and that it was necessary to consider not merely a single isolated solution but a series of related measures aiming at the future expansion of trade between the two regions. The Delegations, accordingly, authorized the Executive Secretary to call together non-governmental experts, whenever he deemed it appropriate, to consider the problems presented by Latin American-European trade

/in their full

in their full complexity. (See resolution E/CN.12/262)

The Executive Secretary was requested to offer the full cooperation of the Commission in the work of the Ad Hoc Committee created by the Fourth Consultative Meeting of Foreign Ministers of American States to deal with the foreign trade problems of these States arising from the emergency.

Satisfaction was expressed at the collaboration of the Economic Commission for Europe, the Food and Agricultural Organization, and the International Monetary Fund in the study presented on Latin American-European trade. The hope was expressed that this collaboration might continue and that there would be periodic publication of information relating to this trade, with particular reference to the supply of capital goods and the materials entering into their manufacture. The Executive Secretary was also requested to seek the cooperation of the International Monetary Fund in considering measures for dealing with the monetary disturbances that might arise in some Latin American countries as a result of the accumulation of foreign exchange during the emergency period. The representative of the International Monetary Fund offered the full cooperation of his agency in such studies.

A number of delegations stressed the longer-term importance of foreign trade to economic development. It was pointed out that the terms of trade of Latin American countries vitally affect the prospects of economic development; and the view was expressed that development in the long run will result in an expansion and

/diversification

diversification of Latin America's foreign trade.

Appreciation was expressed of the initiative taken by the Secretariat in presenting a timely analysis of the effects of the United States defence programme on trade with Latin American countries. The Executive Secretary was requested to prepare and circulate similar analyses of fundamental changes in the economic activity of the United States and the main European centres of supply. (See resolution E/CN.12/261).

With respect to the long-term study of the capacity of the United States to absorb Latin American products, it was recommended that the Latin American governments give careful consideration to the demand factors analyzed in that study and inform the Executive Secretary of the results. It was also recommended that the Executive Secretary pay continuing attention to the immediate and long-term prospects and problems involved in expanding Latin American exports to the United States. (Resolution E/CN.12/260).

In connexion with intra-regional trade, a number of delegations expressed the view that it is important to expand such trade in order to widen markets for developing Latin American industries, to avoid unnecessary duplication and thus to achieve co-ordination of development programmes on a regional basis, and to help overcome deficiencies of supply during emergency periods. The terms of reference adopted at the third session in Montevideo for intra-regional trade studies were broadened, and it was agreed they should be given a high priority. The Commission urged that the Executive

/Secretary present



Secretary present a report to the fifth session, on the basis of the studies then completed, as to the possibilities of expanding inter-Latin American trade. The Executive Secretary was also requested to consult governments on the aspects of this trade of special interest to them; and he was asked to call a meeting of non-governmental experts, at this discretion, to discuss such aspects of this problem as he might consider appropriate. (E/CN.12/257)

The Executive Secretary was requested to study the possibility of extending, outside the area of the American Republics, consultative procedures relating to the application of emergency price control measures affecting foreign trade. Satisfaction was expressed by the Delegations with regard to the consultative procedures for such measures established for the American Republics at the Fourth Consultative Meeting of Foreign Ministers of American States, held in Washington in March-April 1951. (E/CN.12/259).

(e) Special Problems Considered by Fourth Session

(1) Measures to Increase the Availability of Supplies of Educational, Scientific and Cultural Materials

The Delegations examined the report presented by the Executive Secretary referring to the resolutions on measures to increase the availability of supplies of educational, scientific and cultural materials, approved at the third session (Document E/CN.12/231), and took special note of the fact that no country had, as yet, replied to the questionnaire on this subject. The Commission again emphasized the importance attached by the member governments /to the free

to the free international circulation of such materials and urged the governments to reply as soon as possible to the questionnaire. The Commission also agreed to renew the request made to the Executive Secretary and the Director-General of UNESCO, that they should provide for the establishment of the working group envisaged in the resolution of the Commission at its third session, to which reference has been made.

(2) Traffic Regulation on the Inter-American Highway

The Commission considered the question of traffic regulation on the Inter-American Highway which had been introduced into the agenda at the request of one member government. After studying the notes submitted in this connexion by the Executive Secretary and considering whether the governments concerned should have more information before concluding an agreement on this point, the Commission decided to request the Executive Secretary to prepare a general study of the international aspects of the problem of road transport in Latin America with special reference to the Inter-American Highway. (Resolution E/CN.12/288).

(3) Free Zone of Colon

At the request of one of the Delegations, the Commission considered the question of free customs zones as a means of facilitating the interchange of goods within the Latin  
/American area

American area and between Latin American countries and countries outside that area. In addition, the practical problems resulting from the need to construct installations in free customs zones were discussed by the Commission. After some debate on the matter, the Commission agreed to recommend that the Executive Secretary make, within the means at his disposal, a preliminary inquiry into the problems of bringing about the maximum utilization of the facilities of the free zone of Colon, Republic of Panama, in order to determine the kind of studies necessary to evaluate the economic effects of the operation of that zone and to report to the government of Panama on the most practical means of carrying out such studies. (Resolution E/CN.12/258)

(4) South American Petroleum Institute

In response to a request by the Economic and Social Council (Resolution 287H(X)) that the Commission express an opinion on the application submitted by the South American Petroleum Institute for consultative status in category B, the fourth session examined the facts of the matter and more particularly the report submitted by the Executive Secretary, the Delegations concluded that the activities of the South American Petroleum Institute were of value to the economic development of the Latin American countries and agreed to recommend to the Economic and

/Social Council

Social Council that the Institute should be accorded consultative status in category B (Resolution Document E/CN.12/253).

(f) Coordination of Commission's Activities with Other International Agencies

(1) Specialized Agencies

In connexion with several studies and reports submitted by the Secretariat, the Commission considered measures of co-operation and co-ordination established between the Commission and the Specialized Agencies. The representatives of the Specialized Agencies participated in these debates. The representative of the International Bank stated that the Bank has found the Commission's studies of considerable value in its own work. He announced that at the Bank's initiative a joint Bank/ECLA Seminar to discuss economic development problems and programmes will be held in Washington, D. C. at the end of June. In his statement to the Commission, the representative of the International Monetary Fund offered to collaborate on studies of monetary and fiscal policies in relation to economic development.

The Commission commended the Executive Secretary for establishing close working relations with the FAO, which had led to a new and more comprehensive Agreement of Understanding between the two agencies.

/Close co-operation

Close co-operation between ECLA, ILO, and other Specialized Agencies in the field of immigration has been fully discussed at the inter-agency and Commission levels and led to a new arrangement between ECLA and the Specialized Agencies concerned.

The Commission found that co-operation and co-ordination arrangements with the Specialized Agencies were most satisfactory; these measures, together with certain new proposals for co-operative action are to be found in appropriate sections of this Report and in the Resolutions adopted.

(2) Inter-American Economic and Social Council

In the fourth session the Commission paid special attention to the problem of co-operation and co-ordination of work with the Inter-American Economic and Social Council because of the importance of this problem, which was fully recognized by the Council at the time of the establishment of the Commission.

None of the members of the Commission raised the question of revising paragraph nine of the terms of reference, on coordination with IA/ECOSOC, since experience had shown that the original terms of reference established a satisfactory basis on which coordination between the Commission and the Inter-American ECOSOC could be developed.

However, in accordance with paragraph nine of the terms  
/of reference,

of reference, the Commission made a thorough review of measures and practices for cooperation and coordination between the two agencies.

It should be noted that the Commission had before it a full account of these measures as presented in the Executive Secretary's Statement to the Council Ad Hoc Committee (Document E/AC.34/6). Since this Statement was prepared in consultation and agreement with the Executive Secretary of the IA/ECOSOC, it served the same purpose as the joint statements of the Executive Secretaries of both agencies at previous sessions of the Commission.

As at previous sessions of the Commission, the official representative of the IA/ECOSOC and its Executive Secretary attended the Commission session and participated fully and actively in the consideration of the problems of coordination, as well as in other items of interest to them.

The Commission members unanimously took the position that coordination at the Secretariat level is entirely satisfactory; it agreed however, that the existing arrangements should be intensified and put on a more permanent and regular basis by establishing a permanent Coordination Committee.

However, a number of members of the Commission raised the question of coordination at the government level between the agencies, taking the position that policies developed

/by several

by several governments in both agencies are not always sufficiently or satisfactorily coordinated. Although the majority of the Commission members were of the opinion that coordination at the Secretariat level provided an adequate method of coordination on problems of common concern, the Commission unanimously agreed to establish in the coming year special machinery to review problems of coordination at the government level and to make recommendations to the next annual meetings of both agencies in this respect.

During the debate on coordination the Commission unanimously re-stated its views that it was a highly useful instrument for dealing with the regional economic problems, and should be continued and **strengthened**; and that it would have the full and continuous support of all its member governments.

The Commission thus intended to convey to the Economic and Social Council that coordination measures adopted by it are not meant in any way to be understood as a tendency to limit the work of the Commission.

It was the agreed view of Commission members that the Inter-American Economic and Social Council is a valuable agency of the Inter-American System and that there is full justification for the work of both agencies in the region. Taking these considerations into account and paying special

/attention to

attention to the responsibility of ECLA to the Economic and Social Council and of the IA/ECOSOC to the OAS, and with due regard to the independence and character of both the United Nations and of the Organization of American States, the Commission took the position that simultaneous or joint sessions, tentatively proposed by certain representatives during the debates, would not serve well the coordination of work of both agencies, but might instead lead to difficulties and confusion of responsibilities. The Working Group of the Ad Hoc Committee on Coordination therefore rejected this concept, and was supported in its decision by the Commission.

In unanimously adopting Resolution E/NC.12/287, it was felt that an agreement had been reached which is satisfactory to all members of the Commission. The unanimity of the agreement was emphasized in closing statements made by various Delegations in supporting the adoption of the Resolution.

It was also pointed out during the discussion that the agreement reached is consistent with the coordination processes established within the United Nations and developed by the Administrative Committee on Coordination, and that the Coordination Resolution adopted by the Commission should be viewed in the light of United Nations experience and practice in this field.



(g) Work Programme and Priorities

The Executive Secretary, at a Plenary Meeting on 15 June, presented a statement on the work programme necessary to implement the resolutions adopted at the fourth session and those of earlier sessions which had not yet been implemented. The statement also suggested an order of priorities and presented an estimate of the financial implications of the proposed programme.

After a discussion of the statement the Delegations adopted a resolution (E/CN.12/285) approving the statement of the Executive Secretary and recommending that the Commission be provided the necessary funds to carry out the programme. However, the United States and the United Kingdom Delegations reserved their positions on all financial implications of the resolution. These Delegations pointed out that they supported those aspects of the resolution dealing with the work programme and priorities. Moreover, the United States Delegation emphasized that its reservation on financial aspects should not be taken to indicate in any way a lack of support for ECLA by the United States Government.

Following is the statement of the Executive Secretary on Work Programme and Priorities 1951-1952:

WORK PROGRAMME AND PRIORITIES

(1951 - 1952)

STATEMENT BY THE EXECUTIVE SECRETARY

In the Provisional Agenda (E/CN.12/216/Rev.1) the attention of the Commission has been drawn to the important task of reviewing the 1951-1952 work programme of the Commission. Subsequently the Executive Secretary has circulated document E/CN.12/242 in which the attention of the Commission was drawn to the General Assembly resolution 413 (V) of December 1950 and the Economic and Social Council resolution 362 (XII) B of March 1951 on the Concentration of Effort and Resources. These resolutions were drawn to the attention of the Commission at an early stage of its Fourth Session so that the Commission might bear these criteria constantly in mind during the consideration of any proposed additions to the Commission's programme of work.

The Commission has been in particular aware of the Council request to its Commissions:

"(a) to review during 1951 their 1952 programmes, using the criteria set forth in Council resolution 324 (XI); and

"(b) to indicate, when new projects are recommended, which current projects might be deferred, modified, or eliminated to ensure that the economic and social work of the United Nations will be carried on most effectively."

as well as of paragraph six of the above Council resolution which attached particular importance and accordingly a very high priority

/to activities

to activities related to the economic development of underdeveloped countries.

To facilitate further the Commission action with respect to its work-programme for the remainder of 1951 and 1952, the Executive Secretary has analysed in detail the continuing assignments of the Secretariat, those ad hoc projects which had not been completed prior to this Fourth Session of the Commission, as well as those new projects which are being requested in the resolutions adopted by the Ad Hoc Committees of this Session.

Insofar as old projects are concerned the statement is based on Appendix B of the Executive Secretary's statement for the Council Ad Hoc Committee (Document E/AC.34/6). The Executive Secretary in preparing this statement took into account the policies established by the General Assembly and the Economic and Social Council, the resources available to ECLA in its 1951 budget and those resources which are likely to be made available in 1952. It should be noted that the budget estimates for 1952, which will be presented by the Secretary-General, have included more fully the implications of these continuous activities of the Commission, that were not covered adequately in the budget during previous years.

The work-programme of ECLA may be divided into two major groups of projects:

A. Continuing Projects on which the responsibility of the Secretariat, in line with the Commission terms of reference, is of such a nature that studies and reports should be presented on an annual

/basis,

basis, although each year's studies differ and supplement each other in scope (country coverage) and in substance (different aspects of major problems).

B. Ad Hoc Projects which in addition to the continuing projects, are specifically requested from the Secretariat at each Commission Session. These projects are either requests for special studies falling within the broad groups of Continuing Projects (see A above), which cannot be undertaken for budgetary reasons as parts of continuing projects and thus require special staff for undertaking them, or activities which are outside the broad scope of major continuing projects.

As projects in groups "A" and "B" are of a relatively high priority, projects of lower priority, which may be deferred or eliminated are assembled in group "C".

As stated above the Continuing and Ad Hoc Projects often are closely inter-related, and in many ways supplement each other. Therefore, the Work Programme is divided and listed in the proposed order of priority under the major categories of the Secretariat's work so that these related projects may be assessed in the order of their relative priorities within those categories.

There is no attempt made, however, to differentiate priorities between the projects listed under one major category and another major category, since in the opinion of the Executive Secretary they are of equally high importance, and because inter-relationship between advancement of studies and reports in one category often have an

/important

important bearing on the advancement and successful action in others. Thus, for instance, the trade studies related to the practical and immediate task of expanding trade between Latin-American countries and countries of other regions include certain aspects of the basic analysis of trade problems in their relation to economic development.

It may be stated that the category "IV. Other Projects" has in general a relatively lower priority than other categories. However, the importance and priority of each project in this category has to be judged on its own merits, especially taking into account the practical concerted international action which may be implied in certain of these projects.

While it is desirable to adopt as firm a programme as possible, this work programme is not, and by its nature cannot be, definitive since factors not now foreseeable may later make it necessary to alter or abandon certain projects or establish somewhat different priorities. Therefore, I am requesting the Commission to leave to the discretion of the Executive Secretary certain decisions to alter or abandon projects, or establish different priorities, should developments not now foreseen make this desirable in his opinion. If such an eventuality should develop, the Executive Secretary will justify his action at the next session of the Commission. Such alterations, however, are to remain within the framework of the work programme approved by the Commission.

The resolutions, considered by the Commission at its previous sessions and at its Fourth Session and which are the basis for the

/formulation

formulation of the Commission's work programme, have been adopted after full discussion between the Commission and representatives of the appropriate Specialized Agencies as well as the representatives of the Inter-American Economic and Social Council, preceded by and accompanied during the session with extensive inter-agency consultations at the Secretariat level. The appropriate resolutions call for the cooperative effort of interested agencies, thus ensuring that none of the resolutions bearing on the work programme of the Commission will unnecessarily involve any overlapping or duplication of effort by the respective agencies.

#### WORK PROGRAMME AND PROPOSED PRIORITIES

1951 - 1952

Note: Projects within each Group (A, B, and C) are listed in the proposed order of priority. No attempt has been made to propose priorities as between major categories.

#### Category I. Recent Economic Trends in Latin America

##### Group A. Continuing Projects

1. Economic Survey of Latin America (E/CN.12/274).
2. Economic Bulletin (a review of current economic trends in the region on a quarterly or semi-annual basis).

##### Group B. Ad Hoc Projects

None

##### Group C. Projects Which Might be Deferred or Eliminated

1. Cyclical Fluctuations in Latin America (E/AC.34/6).

/Category II.

Category II. International Trade

Group A. Continuing Projects

1. Trade between Latin American countries and the United States and Europe and Periodic Publication of Information on European-Latin American Trade, with special reference to the present emergency situation. (E/CN.12/261 and E/CN.12/262).
2. Studies on Prospects of Expanding Latin American Exports to the United States (E/CN.12/260).
3. Study of Intra-Regional Trade (E/CN.12/257).

Group B. Ad Hoc Projects

1. Special Interim Report on Expansion of Trade among Latin American Countries (E/CN.12/257).
2. Meeting of experts on Intra-Regional Trade (E/CN.12/257)
3. Studies on Maintenance of Purchasing Power of Foreign Balances during the Emergency Period, including meeting of experts (E/CN.12/262).
4. Study on Monetary Disturbances arising from Accumulation of Foreign Balances (E/CN.12/262).
5. Effects of Price Controls on Trade (E/CN.12/259).

Group C. Projects Which Might be Deferred or Eliminated

1. Preliminary inquiry on the operation of the free zone of Colón, Republic of Panama, with a view of presenting recommendations to the Government of

/Group C

Group C. Projects Which Might be Deferred or Eliminated (Continued)

Panama (E/CN.12/258).

2. Implications of the European Payments Union on Latin America (E/AC.34/6).

Category III. Economic Development

Group A. Continuing Projects

1. Economic Development Studies (E/CN.12/274).
  - a) Country Studies
  - b) Interpretation of the Process of Development
  - c) Comparative Analysis of Development Problems, and
  - d) Analyses of Specific Development Projects and Programmes.
2. ECLA Centre for Economic Development (with the view of training economists in the specialized field of Economic Development E/CN.12/282).
3. Study of the Integration of National Economies of Central American Countries, (E/CN.12/275).
4. Arranging for and servicing the Inter-Governmental Committee on Economic Co-operation of Central American Countries (E/CN.12/275).
5. Industrial Studies (E/CN.12/279).
  - a) Iron and steel
  - b) Wood-pulp and paper
  - c) Basic chemicals
  - d) Food industries



Group A. Continuing Projects (Continued)

- e) Textile industries (E/CN.12/278)
- 6. Meetings of Industrial Experts to examine Recommendations of each Industrial Study (E/CN.12/279)
- 7. Assistance to Member Governments in the Appraisal of their Needs for Technical Assistance and in the Formulation of Requests for such Assistance and in the Preparation of the Development Programmes (E/CN.12/281 and E/CN.12/271)

Group B. Ad Hoc Projects

- 1. Theoretical and Practical Problems of Economic Growth (E/CN.12/272)
- 2. Domestic Savings and Investments (E/CN.12/272)
- 3. Study on Monetary and Fiscal Policies in relation to Economic Development (E/CN.12/272)
- 4. Taxation affecting Influence of Taxes on the Private Capital Export (E/CN.12/272)
- 5. Study of the Organization and Structure of the Capital Market in Latin American Countries (E/CN.12/272)
- 6. Economic and Legal Status of Foreign Investments in Latin America (E/CN.12/273)

Group B. Ad Hoc Projects (continued)

7. Study on the Relation of Technological Research with Economic Development (with reference to adaptation of modern technique) (E/CN.12/280)
8. Study on Immigration in relation to Economic Development (E/CN.12/283)

Group C. Projects which Might be Deferred or Eliminated

1. Meeting of Experts on the Study on the Relation of Technological Research with Economic Development (with special reference to adaptation of modern techniques) (E/CN.12/280)

Category IV. Other Projects

Group A. Continuing Projects

1. Appraisal of Economic Aspects of Immigration Projects (in connexion with ECLA participation in the Inter-Agency Regional Co-ordination Committee on Migration (E/CN.12/283)

Group B. Ad Hoc Projects

1. Preparation for and Convening of a Meeting of Agricultural Credit Experts (E/CN.12/249)
2. Studies connected with the Opening of the Pan American Highway in Central America (E/CN.12/288)

/Group B.

Group B. Ad Hoc Projects (continued)

3. UNESCO/ECLA Study on Measures to Increase the Availability of Supplies of Educational, Scientific and Cultural Materials (E/CN.12/264)

Group C. Projects which Might be Deferred or Eliminated

1. Preliminary Survey of Major Inland Transport Problems in Selected Latin American Countries (E/AC.34/6)
2. Inquiry on Facilities for the Training of Economists in Latin America (E/AC.34/6).

FINANCIAL IMPLICATIONS - 1952

In view of the increased budgetary provisions for ECLA being proposed by the Secretary-General for 1952, the Executive Secretary believes that the Secretariat can carry out within its resources all "continuing" and high-priority "ad hoc" projects listed above with the exception of the following items:

1. Study of the Integration of National Economies of Central American Countries (E/CN.12/275) (Category III, Group A, Item 3).

The work envisaged under this resolution (E/CN.12/275) would require technical experts in certain agricultural, industrial or transport fields as well as qualified economists trained in economic development and having an intimate knowledge of the area. Since the anticipated staff resources

/of the Mexican Office

of the Mexican Office of ECLA will be continuously engaged on specific project assignments, primarily concerned with the northern area of the ECLA region, on behalf of the three major substantive Divisions of ECLA in Santiago, the implementation of the proposed programme will involve the following financial implications:

Established posts - 3 economists (1 first officer,  
1 second officer and 1 associate officer) and  
2 secretaries \$ 18,900

Consultants - 3 for four months (each specializing  
in one of the technical studies of agricultural,  
industrial or transportation development) 17,500

Travel on official business - 5 visits in  
Central America by ECLA staff members to  
obtain data for economic studies required  
and to discuss recommendations with  
Government officials 2,000

\$ 38,400

2. Trade between Latin American countries and the United States and Europe and periodic publications of information on European-Latin American trade, with special reference to the present emergency situation (E/CN.12/261 and E/CN.12/262) (Category II, Group A, Item 1).

Although most of the work on this project will be performed by the Secretariats of ECLA and ECE within their anticipated budgetary resources, much of the statistical information on European-Latin American trade requested in paragraph No. 6

of the resolution (E/CN.12/262) would be prepared by ECE. The Executive Secretary of ECE has indicated that in order to provide this service it will be necessary for ECLA to provide on a continuing basis one junior statistician to work in conjunction with other ECE staff on this material. Therefore, since there is no suitable post available on the anticipated ECLA manning table for 1952, the financial implications of this project in 1952 would be as follows:

Established post - 1 junior statistician (assistant officer) to be stationed in Geneva for the full year	\$ 4,000
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3. Studies on Maintenance of Purchasing Power of Foreign Balances during the Emergency Period, including meeting of experts (E/CN.12/262) (Category II, Group B, Item 3).

Since no provision has been made in the ECLA budget estimates for 1952 for the meeting of experts proposed in paragraph No. 3 of the resolution (E/CN.12/262), the financial implications of this meeting would be as follows:

Experts - 3 for three months (two from the ECLA region to work possibly in Washington for two months when they would be joined by a European expert who had been working possibly in Geneva for two months; all three of them to work in Washington for one month preparing their recommendations)	\$ 14,800
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Temporary assistance - 2 statistical clerks and 3 secretaries for three months.	4,200
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\$ 19,000

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4. ECLA Centre for Economic Development (E/CN.12/282)  
(Category III, Group A, Item 2).

Although it is anticipated that many of the activities of the Centre will be financed either from governmental participation, private grants or from Technical Assistance funds, it would nonetheless be necessary to provide on the ECLA manning table for the technical director of the Centre. His duties would be to work closely with the governments of the region and with the Technical Assistance Administration in the planning of and preparation for training programmes in economic development, seminars on certain specific aspects of economic development and research projects of particular interest to fellowship or scholarship holders assigned to the ECLA Centre. He would also work closely with the Specialized Agencies and with the faculties of Latin American universities in arranging more effective programmes for training in the specialized field of economic development. The financial implications of creating this new post would be as follows:

Established posts - a Director of the Centre (senior officer) and one secretary for the full year	\$ 13,900
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5. Study of Intra-Regional Trade (E/CN.12/257) (Category II,  
Group A, Item 3).

Special Interim Report on Expansion of Trade among Latin

American Countries (Category II, Group B, Item 1).

Meeting of Experts on Intra-Regional Trade (E/CN.12/257)

(Category II, Group B, Item 2).

The resolution on Intra-Regional Trade (E/CN.12/257) would enlarge the scope of the work to be performed in this field to an extent that the staff in Santiago envisaged for International Trade studies would be insufficient to carry out the intent of the resolution. It would be necessary to provide for at least two additional economists for this Division and temporary help for the special report. Additional travel funds would be required to allow the Secretariat direct contact with government sources of available data. In addition no provision has been made in the ECLA budget estimates for 1952 for the meeting of experts proposed in paragraph No. 2 of the resolution. Accordingly the financial implications of the resolution would be as follows:

Established posts - 2 economists (1 first officer and 1 second officer) for the full year	\$ 16,470
Temporary assistance - 1 economist (first officer) for six months	4,530
Experts - 3 for 1-1/2 months (3 from ECLA region meeting in Santiago)	7,200
Travel on official business - 2 trips by staff members to South American capitals	2,200
	<hr/>
	\$ 30,400
	<hr/> <hr/>

/RECAPITULATION

### RECAPITULATION

1.	Integration of national economies of Central American countries	\$ 38,400
2.	Trade between Latin American Countries and the United States and Europe	4,000
3.	Maintenance of purchasing power of foreign balances during the emergency period - meeting of experts	19,000
4.	ECLA Centre for Economic Development	13,900
5.	Studies on intra-regional trade and meeting of experts	30,400
		<hr/>
		\$ 105,700
		<hr/> <hr/>

### FINANCIAL IMPLICATIONS - 1951

If the Commission considers those projects listed above to be of sufficient urgency for the Secretariat to commence work on those projects by 1 September 1951 it will be necessary to make financial provision during 1951 for the following items:

1. Study of the Integration of National Economies of Central American Countries (E/CN.12/275) (Category III, Group A, Item 3).

/Established posts



Established posts - 3 economists (1 first officer, 1 second officer and 1 associate officer) and 2 secretaries for four months \$ 6,300

Travel on official business - 2 visits to Central American capitals 800

\$ 7,100

2. Trade between Latin American countries and the United States and Europe and periodic publication of information on European-Latin American trade, with special reference to the present emergency situation (E/CN.12/261 and E/CN.12/262) (Category II, Group A, Item 1).

Established post - 1 junior statistician (assistant officer) to be stationed in Geneva for four months \$ 1,300

3. ECLA Centre for Economic Development (E/CN.12/282) (Category III, Group A, Item 2)

Established post - a Director of the Centre (senior officer) and one secretary for four months \$ 4,600

4. Study of Intra-Regional Trade (E/CN.12/257) (Category II, Group A, Item 3)

Special Interim Report on Expansion of Trade among Latin American Countries (E/CN.12/257) (Category II, Group B, Item 1)

Established posts - 2 economists (1 first officer and 1 second officer) for four months	\$ 5,500
Travel on official business - 1 trip by staff member to South American capitals	1,100
	<u>\$ 6,600</u>

#### RECAPITULATION

1. Integration of national economies of Central American Countries	\$ 7,100
2. Trade between Latin American countries and the United States and Europe	1,300
3. ECLA Centre for Economic Development	4,600
4. Studies on intra-regional trade	6,600
	<u>\$ 19,600</u>

The above financial implications do not include certain aspects of the above work programme which would involve ECLA's co-operation and joint action with the Technical Assistance Administration, as it is anticipated that they will be financed from Technical Assistance funds. These projects which have such aspects are listed below:

1. ECLA Centre for Economic Development (with the view of training economists in the specialized field of Economic Development (E/CN.12/282).

/2. Studies

2. Studies connected with the Opening of the Inter-American Highway in Central America (E/CN.12/288).
3. Appraisal of Economic Aspects of Immigration Projects (in connexion with ECLA participation in the Inter-Agency Regional Co-ordination Committee on Migration (E/CN.12/283)).
4. Assistance to Member Governments in the Appraisal of their Needs for Technical Assistance and in the Formulation of Requests for such Assistance and in the Preparation of the Development Programmes (E/CN.12/281 and E/CN.12/271).
5. Preliminary inquiry on the operation of the free zone of Colon, Republic of Panama, with a view of presenting recommendations to the Government of Panama (E/CN.12/258).
6. Meeting of Experts on the Study on the Relation of Technological Research with Economic Development (with special reference to adaptation of modern techniques) (E/CN.12/271).

(h) Relations with Non-Governmental Organizations

The Commission studied the question of relations with non-governmental organizations and considered a note on revision of rules of procedure. Considering (Document E/CN.12/233) that the Economic and Social Council, at its Thirteenth Session had also studied the problem of relations between regional commissions and the non-governmental organizations, it decided to await the results of the Council's study before taking any decision on its permanent rules of procedure. In the interim, it decided to apply the rules established in resolutions 288 and 289 (X) of the Economic and Social Council, in particular those referring to consultative arrangements of non-governmental organizations with the functional commissions. Further, in order to supplement these rules it agreed to modify any provision of the Commission's present rules of procedure which might be incompatible with resolutions 288 and 289 (X) mentioned above. (Resolution E/CN.12/252).

(i) Distribution of Documents Prior to Commission Meetings

Some Delegations noted that the documents prepared by the Secretariat had not been received in time for consideration by the member governments and that this made it most difficult to discuss the reports during the session. The Commission therefore adopted a resolution (Document E/CN.12/270), stating that if the member

/governments

governments had not received a particular document 30 days before the opening of a session, member governments could request exclusion of the items concerned from the agenda. This proposed exclusion, however, may be voided if three fourths of the accredited members decide to retain such documents within the agenda.

(j) Date and Place of Fifth Session

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

BEARING in mind Rule One and Rule Two of its Rules of Procedure;

EXPRESSING its thanks to the Government of the Republic of Brazil for its generous invitation to hold the fifth session of the Commission in Rio de Janeiro;

RESOLVES that the fifth session of the Commission will be held in Rio de Janeiro in 1952, at such a date as the Executive Secretary, after consultation with the Chairman, shall determine, in the light of decisions by the Council regarding its 1952 Calendar of Meetings.

(k) Portuguese as an Official Language

The Commission again considered the question of adopting Portuguese as an official and working language. The Delegations expressed their appreciation of Brazil's generous offer to give the necessary facilities for using Portuguese as an official

/language

language at the Fifth Session which will be held in Rio de Janeiro. The Commission adopted a resolution (E/CN.12/268) which expressed its wish that Portuguese might be adopted as an official and working language.

2. Resolutions Adopted

I. FUTURE OF THE COMMISSION

REVIEW OF REGIONAL ECONOMIC COMMISSIONS  
BY THE ECONOMIC AND SOCIAL COUNCIL

1 (IV) Resolution approved 16 June 1951  
(E/CN.12/286/Rev.1)

THE ECONOMIC COMMISSION FOR LATIN AMERICA

TAKING NOTE of resolution 409 (V) of the General Assembly, which, inter alia, "expresses the opinion that the regional economic commissions should be maintained, although their organization and terms of reference may have to be revised in the light of the experience acquired since their establishment";

CONSIDERING that paragraph 16 of Economic and Social Council resolution 106 (VI) of 25 february 1948, as amended by resolution 234 B (IX) of 12 August 1949, provides that not later than 1951 the Council shall make a special review of the work of the Economic Commission for Latin America with a view to determining whether the Commission should be terminated or continued, and if continued what modification, if any should be made in its terms of reference;

CONSIDERING that ECLA is beyond any doubt an effective centre of investigation of Latin American economic conditions and an excellent instrument both for acquiring precise knowledge of the present situation and for determining, by means of appropriate  
/analysis,

analysis, the economic needs of the Latin American nations, and that it creates exceptionally good working conditions and trains economic experts for whom there is a great need in the Latin American countries;

CONSIDERING that in the exercise of its activities and in consequence of the functions entrusted to it, the Commission has, on the one hand, been giving special attention to the subject of economic development, and on the other, co-operated actively in the United Nations Technical Assistance Programme, although the latter could not have been included in its original terms of reference, as the Programme was adopted by the United Nations after the Commission had begun its activities;

CONSIDERING that the Economic Commission for Asia and the Far East, on 7 March 1951, recommended to the Economic and Social Council that the Commission be continued indefinitely and to include in its terms of reference activities in the field of economic development in view of the importance of this subject to the underdeveloped countries.

TAKING INTO ACCOUNT the suggestions made by the Executive Secretary of the Economic Commission for Latin America and the need to give its work wider scope in the interest of its member countries;

APPROVES the Executive Secretary's Statement on the Work of the Commission since its establishment presented to the Ad Hoc Committee of the Economic and Social Council (E/AC.34/6) and

/commends



commends the Executive Secretary for the preparation of this document;

RECOMMENDS to the Economic and Social Council that the Economic Commission for Latin America be continued indefinitely; and

DECIDES to include in its report to the Economic and Social Council a section explaining the reasons not merely for continuing indefinitely the Economic Commission for Latin America, because it has proved its ability to contribute greatly to the improvement of the national economies of Latin American countries and in particular to facilitate a thorough study of them, but also for expanding its functions so as to make it the largest joint economic organization as yet set by Latin American countries.

RECOMMENDS to the Economic and Social Council of the United Nations the addition to paragraph 1 of resolution 106 (VI) of 25 February 1948, as amended by resolution 234 B (IX) of 12 August 1949, of sub-paragraph (d) and (e), reading as follows:

"(d) Give special attention in its activities to the problems of economic development and assist in the formulation and development of co-ordinated policies as a basis for practical action in promoting economic development in the region.

"(e) Assist the Economic and Social Council and its Technical Assistance Committee in discharging their functions with respect to the United Nations Technical Assistance Programme in

/particular

particular by assisting in their appraisal of these activities in the Latin American region."

## II. ECONOMIC DEVELOPMENT

### PROGRAMMES OF ECONOMIC DEVELOPMENT

2 (IV) Resolution approved 16 June 1951  
(E/CN.12/271)

#### THE ECONOMIC COMMISSION FOR LATIN AMERICA

CONSIDERING that the Latin American countries should plan their programmes of economic development so as to ensure the most intensive and systematic expansion of their economies by utilizing their domestic resources, and those supplementary resources which they are able to obtain from abroad, for the financing of these programmes;

NOTES with satisfaction the report presented by the Executive Secretary on "Some Theoretical and Practical Problems of Economic Growth" (E/CN.12/221) and especially those parts of Chapter IV which relate to programmes of economic development;

NOTES with satisfaction the cooperation of the International Bank for Reconstruction and Development in sponsoring, jointly with the Executive Secretary, a seminar on economic development;

1. RECOMMENDS that Latin American Governments formulate periodic programmes of economic development bearing in mind, in addition to the requirements dictated by experience, the following standards:

(a) To include within the programme all public investments, and to evaluate the volume and distribution of probable private

/investments

investments on the basis of the measures which may be taken to stimulate them.

(b) To examine the expansion of production that could result from each of the projected investments and the contribution of each to the strengthening of economy, in order to establish an appropriate system of priorities for the investment of available capital.

(c) To examine the compatibility of the various investments with each other, and the compatibility of their results;

(i) with the external resources of the country, in such a way that, through increased exports, through the replacement of imports by domestic production, and through the efficient use of these external resources, adverse effects on the balance of payments may be avoided.

(ii) with the labour potential of the country, in such a way that changes in employment resulting from the application of the economic development program have a sound relationship with the increase of active population

(d) To determine the probable effects of the programme on national income, and its distribution among the various branches of production, with a view to calculating its effects on real per capita income.

2. RECOMMENDS that member governments improve the tools of statistical and economic analysis necessary for the framing and execution of programmes; giving particular attention to those which relate to national income; that they utilize the United Nations technical assistance facilities; that they cooperate with the Training Centre for economists specializing in economic development to be created by ECLA; and that they make use of its facilities;

3. RECOMMENDS that institutions providing international credits should advise and assist Latin American governments in the preparation of economic development programmes; and that, so far as possible, these institutions should adjust their lending operations to such programmes so that resources allocated to their financing will be available throughout the periods covered by the programmes; without prejudice to the consideration of individual projects which, because of their nature or urgency, might be undertaken separately;

4. RECOMMENDS that the governments concerned consult with the Executive Secretary and, whenever appropriate, with the specialized agencies, with a view to presenting the necessary requests to the Director General of the Technical Assistance Administration with regard to the preparation and formulation of overall development programmes;

/5. REQUESTS

5. REQUESTS the Executive Secretary to cooperate with the governments concerned, with the United Nations Technical Assistance Administration and, whenever necessary, with the specialized agencies, in the preparation and formulation of such overall programmes, and to work out, in consultation with the Director General of the Technical Assistance Administration, the necessary administrative and financial arrangements.

/FINANCING

FINANCING OF ECONOMIC DEVELOPMENT

3 (IV) Resolution approved 16 June 1951  
(E/CN.12/272)

THE ECONOMIC COMMISSION FOR LATIN AMERICA

CONSIDERING that an increased rate of capital formation in Latin America is imperative in order progressively to extend the use of modern productive techniques and to raise the standard of living;

CONSIDERING that the achievement of a satisfactory rate of economic development requires the availability of large amounts of capital which can be raised only by means of a sustained and integrated national effort combined with adequate and timely cooperation on the part of industrialized countries and of international organizations established for that purpose;

CONSIDERING that, despite the very low consumption of the mass of the population, it is advisable to examine the possibility of increasing, directly or indirectly, savings derived from higher income groups at the expense of the consumption of luxury goods, -especially as productivity and real income increase;

CONSIDERING that, in addition to the measures taken to increase savings, other steps should be taken to direct them toward more productive and more socially useful investments contributing to economic development;

/CONSIDERING

CONSIDERING the desirability of increasing the inflow of foreign capital for the purpose of complementing domestic capital formation;

CONSIDERING that existing international public investment facilities and the potential sources of private funds in the developed countries can be used more extensively by public and private entities to accelerate development in underdeveloped countries;

CONSIDERING that governments should use appropriate means to increase the flow of private foreign capital to the countries of Latin America, and that in many cases special measures appear to be required at present to achieve this object;

CONSIDERING that the Latin American countries regard as one of the most effective incentives to the adequate expansion of the flow of private capital towards Latin America, the suppression of double taxation in such a way that income is taxed only in the country in which it is earned; and

CONSIDERING that some other countries believe tax credits for taxes paid to foreign countries, coupled with a programme of bilateral tax agreements, to be a flexible and effective weapon for suppressing international double taxation and removing tax deterrents to the free flow of investment, while preserving the equity of the separate tax systems;



1. NOTES with interest the report on "Measures for the Economic Development of Under-developed countries", prepared by the group of experts appointed by the Secretary General at the request of the Economic and Social Council under its resolution 290 (XI);
2. RECOMMENDS that the Executive Secretary should give due attention in his annual reports to the problems of financing economic development;

With respect to the domestic financing of economic development:

3. REQUESTS the Executive Secretary, bearing in mind the studies already completed by the United Nations and especially the recent report of the group of experts referred to in paragraph 1, above, and on the basis of the experience and practices of Latin American countries, to suggest the most appropriate means:

- (a) to increase the rate of domestic capital formation by providing appropriate facilities and incentives for the promotion of savings, and
- (b) to direct such savings into private and public investments which help to increase production and productivity and to reduce the vulnerability of Latin American countries to external fluctuations;

4. APPROVES the Executive Secretary's proposal to supplement his report on "Some Theoretical and Practical Problems of Economic Growth", submitted to this session, with a study of the process of savings and investment and with an analysis of inflation as it

/relates

relates to economic development,

5. REQUESTS the Executive Secretary also to study and report on the monetary, banking, credit and fiscal policies best adapted to the economic development needs of Latin American countries.

6. REQUESTS the Executive Secretary to submit a report on the organization and structure of the capital markets in Latin America, with special reference to the cost of financing;

7. NOTES with satisfaction the offer made by the international Monetary Fund at the present session to cooperate with the Secretariat of ECLA in an analysis of monetary and exchange problems relating to economic development, and suggests that the Executive Secretary should prepare the above-mentioned studies jointly with the Fund; and recommends also that the cooperation of the International Bank for Reconstruction and Development and of other specialized agencies of the United Nations should be requested in matters concerning them;

8. REAFFIRMS its resolution on domestic capital markets adopted on 19 June 1950 (E/CN.12/197);

9. RECOMMENDS that the governments of Latin American countries adopt general policies for increasing and directing investment, both public and private, towards purposes consistent with economic development, such policies to include principles applying to currency, credit and taxation;

10. REQUESTS the Executive Secretary to co-operate as necessary with requesting governments in the formulation of these principles;

With respect

With respect to the foreign financing of economic development:

11. NOTES with satisfaction that some countries have announced plans to provide greater assurance that profits earned on private foreign investments may be transferred to the country of origin, including guarantees of convertibility extended by capital exporting countries, and recommends that all countries should accelerate further consideration of such plans, adopting such measures as may be appropriate;
12. RECOMMENDS to the Economic and Social Council that it should consider the adoption of resolution for the purpose of establishing certain formulae for the abolition of international double taxation, such formulae to pay special attention to creating fiscal incentives, to the investment of private foreign capital in the under-developed countries;
13. REQUESTS the Executive Secretary, if necessary in collaboration with the appropriate organs of the United Nations, to prepare a report on the influence that the fiscal systems of capital exporting countries may have on the decisions of private investors in those countries to make foreign investments;
14. REQUESTS the specialized agencies entrusted with granting of credits for economic development to take note of the expanding demands placed upon under-developed countries by their economic development programmes, and to attempt continually to ensure that the justifiable requests of the under-developed countries are met;

15. NOTES the measures being taken by developed countries to assure the continued availability of sufficient public funds for financing appropriate development projects in under-developed areas;

16. RECOMMENDS that all countries give continuous attention to the problem of availability of public funds for international investment with the objective of ensuring that such funds are always adequate for soundly conceived projects suitable for public international financing.

ESTABLISHMENT OF AN ECLA CENTER FOR ECONOMIC  
DEVELOPMENT IN LATIN AMERICA

4 (IV) Resolution approved 16 June 1951  
(E/CN.12/282)

THE ECONOMIC COMMISSION FOR LATIN AMERICA

CONSIDERING the common need of all Latin American countries for fundamental research, and for the training of Latin American economists in the field of economic development;

CONSIDERING that it is essential to formulate general and coherent programmes or plans that cover both the successive goals to be attained in the various phases of economic development and the means or instruments for achieving them;

CONSIDERING that such programmes and plans must be drawn up and executed under the direction of economists who are expert in questions regarding the development of the economies of Latin American countries, and that at the present time sufficient experts with the requisite qualifications are not available;

CONSIDERING that existing theories and practices in the field of economic development are the result of the experience of the industrialized countries and cannot always be adapted to the under-developed countries, and that most Latin American countries are at present in the latter category;

NOTING with satisfaction that the Secretariat of the Commission is studying the economic development problems of the region on a continuing basis and has contributed significantly to the

/understanding

understanding of these problems;

NOTING the suggestion made by the Executive Secretary to the effect that ECLA offers special opportunity for in-service training of Latin American economists in economic development (E/AC.34/6, paragraphs 67-68);

REQUESTS 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 the Technical Assistance Administration, administrative and financial provisions to cover the training aspects of the activities to be carried on in the Centre;

SUGGESTS that interested member governments consult with the Executive Secretary with a view to presenting the appropriate requests with regard to this matter to the Secretary-General,

RECOMMENDS that interested member governments transmit to the faculties and schools of economics and to any other Latin American university centres where economics are taught, the opinion of ECLA to the effect that they should introduce into their curricula courses on economic development, and that they should direct their teaching towards the need for economic development; and

RECOMMENDS that the Executive Secretary co-ordinate the activities of the Centre with those of international Specialized Agencies and university faculties and schools, and with those of such other research and study centres as he deems appropriate.

/CONSERVATION

CONSERVATION AND UTILIZATION OF NON-AGRICULTURAL  
RESOURCES

5 (IV) Resolution approved 16 June, 1951  
(E/CN.12/276)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING the resolution adopted by the Economic and Social Council (E/1946) providing (a) for the promotion of a systematic survey and inventory of non-agricultural resources; and (b) for the holding of international conferences to deal with particular problems of non-agricultural resources;

CONSIDERING that the resolution in question requests the regional economic commissions "to consider the present resolution and to make such recommendations" as they would consider useful;

CONSIDERING that the resolution calls for consultation, when appropriate, with the regional economic commissions to explore the scope and subject matter of any particular conferences which may be desirable;

TAKING NOTE of the statement of the Executive Secretary on "measures relating to international action for conservation and utilization of non-agricultural resources" (E/CN.12/231);

TAKES NOTE that surveys and inventories of non-agricultural resources in Latin America and the systematic compilation of such information would constitute an important means of furthering the economic development of the region; and

RECOMMENDS that in planning conferences of this nature, the Secretary-General take into consideration points 1 to 10 suggested by

/the Executive

E/2021  
E/CN.12/266  
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the Executive Secretary in his note on measures relating to international action for conservation and utilization of non-agricultural resources (E/CN.12/231).



IMMIGRATION PROBLEMS

6 (IV) Resolution approved 16 June 1951  
(E/CN.12/283)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING the contribution which migration can make to the economic development of the individual countries of Latin America;

NOTES with satisfaction the progress report submitted by the Executive Secretary on the work done by the Committee on Economic Development and Immigration created under resolution E/CN.12/191, approved at the Third Session of the Commission;

TAKES NOTE, among other interesting developments in the field of immigration in Latin America, of:

(a) the work done by the Joint Uruguayan-Italian Commission in charge of the planning of immigration in relation to agricultural development, which has resulted in plans for the establishment of a model farm, called a "Pilot Farm", under the direction of technicians of both countries, the purpose of which will be to adapt the immigrant to the economic and environmental conditions of the country of immigration, so as to secure the advantage of his assimilation on a basis satisfactory to himself and useful to the economy of the recipient country;

(b) of the work done in Peru, such as the study on land settlement in the region of the Rio Huallaga;

(c) of other similar joint activities carried on, on one hand,

/by the governments

by the governments of Argentina, Brazil, Chile and Ecuador, and, on the other hand, by organizations from Italy and the Netherlands. HAVING REVIEWED the work and experience of the Committee on Economic Development and Immigration and noting the special interest which other international organizations (particularly ILO, as well as FAO and IRO) have in the field of migration and the scale of development of their activities in this field;

TAKING INTO ACCOUNT the Executive Secretary's statement on the implementation of resolution E/CN.12/191 (E/CN.12/AC.12/3).

RECOMMENDS that the Executive Secretary consult with the executive heads of other international organizations concerned with this problem with a view to the establishment by the interested organizations, of an Inter-Agency Regional Coordination Committee on Migration which will meet when necessary to review progress and co-ordinate action in the field of migration in Latin America;

REQUESTS the Executive Secretary to continue full co-operation with other international agencies on the economic aspects of migration including participation in the Inter-Agency Regional Coordination Committee on Migration, if established;

FURTHER REQUESTS the Executive Secretary:

(a) to prepare, as appropriate, background studies on the economic aspects of immigration and, in particular, to complete in conjunction with the other international organizations concerned (if possible, before the ILO Conference on Migration to be held at Naples in October 1951) the study of migration

/in relation

in relation to economic development requested by the Commission at its Third Session, and to circulate this study to governments as soon as it is completed;

(b) To invite, pursuant to resolution E/CN.12/191 of the Third Session of ECLA, the International Bank for Reconstruction and Development to take part, when appropriate, in the work of the Coordination Committee referred to above, as a means of providing for the study of financial provisions adequate for the formulation and implementation of immigration plans of the Latin American countries;

(c) to arrange for appropriate reports on activities undertaken under this resolution to be furnished to the next meeting of the Commission;

SUGGESTS to interested member governments that they should discuss, at an early stage, their needs for advice or assistance in the field of migration, with the Executive Secretary of ECLA and with the Director-General of the FAO or the Director-General of the ILO, or with their regional representatives, as they may see fit;

REQUESTS the Executive Secretary, and invites the Directors-General of ILO and FAO, to consider jointly the matters raised under the preceding paragraph, with a view, if appropriate, to the formulation of requests for technical assistance;

RECOMMENDS that Latin American countries circulate among themselves information as to their experience in the field of immigration and land settlement, and keep ECLA, ILO, FAO and IRO

/informed;

informed;

RECOMMENDS that member governments carry out studies which will lead to concrete plans on immigration and land settlement, and

RECOMMENDS that member governments send representatives to the ILO Conference on Migration, which will take place at Naples in October 1951.

CONTINUATION OF THE ECONOMIC SURVEY OF LATIN AMERICA AND  
STUDIES IN THE FIELD OF ECONOMIC DEVELOPMENT ON A PERMANENT BASIS

7 (IV) Resolution approved 16 June 1951  
(E/CN.12/274)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING that it is desirable to continue, on a permanent basis, the analysis of the economic phenomena of Latin America which the Secretariat has begun; and

TAKING INTO ACCOUNT that, in the light of experience, a distinction should be made between the examination of recent developments and trends in the various economies, on the one hand, and the studies of economic development, on the other:

RECOMMENDS that the Executive Secretary:

1. CONTINUE, on a permanent basis, the preparation of an annual economic survey including a systematic examination and interpretation of recent developments and trends in the economy of Latin American countries;

2. CONTINUE, on a periodic basis, the studies of economic development, including the following subjects:

(a) the economic development of each of the Latin American countries;

(b) the interpretation of the different aspects of the process of economic development;

(c) the comparative analysis of the problems of development in the different Latin American countries and of the measures being taken to solve them; and

(d) the examination of development plans and programmes and of their results.

ECONOMIC AND LEGAL STATUS OF FOREIGN  
INVESTMENTS IN LATIN AMERICA

8 (IV) Resolution approved 16 June 1951  
(E/CN.12/273)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING that it is desirable that comprehensive and accurate information be available concerning the economic and legal status of foreign investments in the countries of the region as one of the means for expediting the flow of private foreign capital to the countries of Latin America;

REQUESTS governments which have not already done so to reply as soon as possible to the Secretariat's questionnaire on foreign investments (E/CN.12/222/Rev.1); and

REQUESTS the Executive-Secretary, on the basis of such replies and other relevant information, to complete and publish the report already begun on the status of foreign investments in Latin America.

ECONOMIC DEVELOPMENT IN CENTRAL AMERICA

9 (IV) Resolution approved 16 June 1951  
(E/CN.12/275)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING that in a resolution (E/CN.12/194) adopted on 20 June 1950 at its Third Session, it agreed to recommend to Latin American governments that in drafting programmes and taking measures to promote economic development "they should take into account the possibilities of expanding demand through reciprocal trade, in order to achieve a better integration of their economies and higher levels of productivity and real income";

CONSIDERING that the delegations of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, in pursuance of the principle of the above resolution and in view of the geographical and historical ties which unite Central America, have expressed the interest of their governments in the development of agricultural and industrial production and of transportation systems in their respective countries so as to promote the integration of their economies and the expansion of markets by the exchange of their products, the co-ordination of their development programmes and the establishment of enterprises in which all or some of these countries have an interest.

CONSIDERING that these delegations have also indicated their desire that the Executive Secretary co-operate with the governments concerned in the study and development of these plans; and

CONSIDERING that the aspirations of the Central American countries

/will make a

will make a positive contribution to the economic development of Latin America and are compatible with the objectives of the Commission;

TAKES NOTE with satisfaction of the declared objectives of the Central American governments with reference to the integration of their national economies;

REQUESTS the Executive Secretary to study the means or plans for the progressive attainment of those objectives; and

INVITES the governments of the Isthmus of Central America, whenever they deem it appropriate, to form a committee on economic co-operation, composed of ministers of economic affairs or persons appointed by them, to act as a co-ordinating body for activities relating to the above-mentioned questions, and as a consultative organ of the Executive Secretary of ECLA, both to direct the studies mentioned above and to examine the conclusions reached therein.



SPECIAL INDUSTRY STUDIES

10 (IV) Resolution approved 16 June 1951  
(E/CN.12/279)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

TAKES NOTE with satisfaction of the series of special studies on industry undertaken by the Secretariat;

WELCOMES the report on the productivity of the cotton textile industry in selected Latin American countries submitted by the Executive Secretary;

EXPRESSES ITS APPRECIATION of the high quality of that report, and recommends it to all concerned with the industry in Latin America;

RECOMMENDS that member governments take note of the recommendations made by the Executive Secretary in section VIII, entitled "General Recommendations", of Chapter I of this report (E/CN.12/219);

CONSIDERS that:

- (a) in view of the importance of industrial studies to the economic development of Latin America, similar studies should be carried out as soon as possible on the steel, wood pulp and paper, basic chemicals and foodstuffs industries;
- (b) in preparing these studies due attention should be paid to Resolution E/CN.12/278 of the Commission, calling for the continuation of the study on the textile industry; and
- (c) the Secretariat should seek the collaboration of the specialized agencies, in particular of the Food and Agriculture

Organization, for the studies of the pulp and paper and foodstuffs industries;

RECOMMENDS that member governments avail themselves of the technical assistance available to them under the expanded Technical Assistance Programme of the United Nations;

RECOMMENDS that member governments concerned consult with the Executive Secretary, with a view to preparing adequate requests for technical assistance, to be jointly submitted to the Secretary-General and to the appropriate specialized agencies; and

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.

CONTINUATION OF THE STUDY  
ON THE TEXTILE INDUSTRY

11 (IV) Resolution approved 16 June 1951  
(E/CN.12/278)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING that the preparation of national economic, social and financial policies to promote the economic development of member countries must be based upon individual studies of the broad factors of economic activity, and that, specifically with regard to industrial development, such studies must necessarily comprise, both

- (a) the technical analysis of engineering and administration, and
- (b) the general economic analysis of factors outside the industrial installations;

CONSIDERING that the study on the productivity of the cotton textile industry in selected Latin American countries points out to a large extent the principal technical reasons for the general backwardness of that industry as far as engineering and administration are concerned;

CONSIDERING that in order to enable member governments to obtain the greatest possible benefit from the results of that study when framing national development programmes in this branch of industry, it should be supplemented by another approach to the problem, paying due attention to the national and international economic factors not connected with the industrial installations themselves, which have influenced the present state of that industry's development as depicted in the technical study;

/1. DECIDES

1. DECIDES that a second study shall be made of the **textile** industry in the Latin American countries covered by the study of the productivity of labour, and that in it an effort shall be made to assess the national and international economic factors influencing the present stage of development of that industry, in particular those which have impeded its technological progress and a greater satisfaction of the clothing needs of the mass of the population of the countries concerned; and

2. DECIDES that the same dual aspect should be considered in any future industrial studies undertaken by the Secretariat.

/TECHNICAL

TECHNICAL ASSISTANCE

12 (IV) Resolution approved 16 June 1951  
(E/CN.12/281)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

BEARING IN MIND the importance of technical assistance to the economic development of Latin American countries;

1. TAKES NOTE of the document, "United Nations Programme of Technical Assistance for Economic Development" prepared by the Technical Assistance Administration (E/CN.12/223);

2. EXPRESSES the hope that technical assistance services to the Latin American countries under General Assembly Resolutions 200 (III), 246 (III) and 304 (IV) will be expanded;

3. WELCOMES the designation of a Technical Assistance Administration representative to be attached to the Secretariat of the Commission;

4. RECOMMENDS that the Secretary-General utilize the Secretariat of the Commission as fully as possible in assisting member governments: to appraise their need for technical assistance, to formulate their requests for such assistance, and to carry out such projects as may be agreed upon;

5. RECOMMENDS that the Executive Secretary, in acting on behalf of the Secretary-General in the appraisal of needs for technical assistance, in the formulation of requests for such assistance and in the implementation of agreed projects, utilize

/to the fullest

to the fullest extent the resources of the Specialized Agencies in their respective fields of competence.

6. RECOMMENDS that member governments consider the manner in which they can best utilize technical assistance for economic development in formulating their requests for such assistance to the Secretary-General.

7. RECOMMENDS that the report on the progress made in the field of technical assistance in Latin America to the next session of the Commission should include information on technical assistance provided under the Expanded Programme of Technical Assistance of the United Nations, as well as information on such assistance provided under Resolution 200 (III) and 246 (III);

8. REQUESTS the Secretary-General to utilize the ECLA Centre for Economic Development for arranging courses and seminars in Economic Development, and for placing fellows and scholars in the field of Economic Development under the United Nations fellowship and scholarship programme.

TECHNOLOGICAL RESEARCH

13 (IV) Resolution approved 16 June 1951  
(E/CN.12/280)

THE ECONOMIC COMMISSION FOR LATIN AMERICA

CONSIDERING that each member country has its own characteristic ways and methods of exploiting its natural resources for purposes of industrial development;

CONSIDERING that a scientific determination of such ways and methods may be arrived at only by means of systematic technological research;

CONSIDERING that most of the member countries do not have adequate resources for applied technological research as regards either the training of technicians or the carrying out of basic research in applied technology;

CONSIDERING that to transfer the technological methods appropriate to the highly industrialized countries directly to the less developed countries, in which the relative availability of the various factors of production is quite different, often leads the latter towards inadequate solutions of their problems;

CONSIDERING that it is imperative, in view of the limited resources available to the Latin American countries, that technological research be based upon an understanding of the factors which determine the particular stage of development in each one of these countries;

/RECOMMENDS

RECOMMENDS that the Executive Secretary, after having gathered the necessary preparatory material, convene a group of experts with responsibility for preparing reports and making recommendations regarding the establishment or improvement of centres of applied technological research, having in mind the need to train research workers and to provide facilities for carrying out technological research programmes of national interest;

RECOMMENDS that the Executive Secretary consult with the Technical Assistance Administration of the United Nations and with the specialized agencies, with a view to obtaining the necessary technical assistance at the appropriate stage;

RECOMMENDS that member governments concerned consult with the Executive Secretary regarding the appropriate method of submitting requests to the Secretary-General for convening the above-mentioned experts.



### III. AGRICULTURE

PROGRESS REPORT ON THE JOINT WORK PROGRAMME OF ECLA AND FAO

14 (IV) Resolution adopted 7 June 1951  
(E/CN.12/249)

THE ECONOMIC COMMISSION FOR LATIN AMERICA

HAVING STUDIED the Progress Report of the joint work programme of the Commission and the Food and Agriculture Organization; and

CONSIDERING the importance of co-operation between the Commission and the Food and Agriculture Organization in all the respects in which the two organizations have joint responsibilities and common interests; and

CONSIDERING the need to make the most effective use of limited budgets and personnel:

TAKES NOTE of the Progress Report;

EXPRESSES its satisfaction with the agreement between the Executive Secretary of the Commission and the Director General of the Food and Agriculture Organization.

SUGGESTS to member governments which have not yet replied to the questionnaire requesting information concerning agricultural credit in their countries, that they reply to the questionnaire at their earliest convenience; and

REQUESTS the Executive Secretary that he consult with the Director General of the Food and Agriculture Organization with

/regard to

regard to convening, jointly and in co-operation with the governments concerned, the proposed meeting of agricultural credit experts in one of the Central American countries, at such time as they are satisfied that all the necessary preparatory work has been completed.

AGRICULTURAL IMPROVEMENT IN LATIN AMERICA

15. (IV) Resolution Approved 16 June 1951  
(E/CN.12/277)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

HAVING CONSIDERED the section of the Economic Survey of Latin America 1950 (E/CN.12/217) dealing with agriculture;

CONSIDERING that, during the agricultural year 1949-1950, the per capita quantum of production of the region's principal crops was only 87 per cent of the pre-war levels and that the ratio between the total area harvested and the population does not show any improvement in the majority of countries;

CONSIDERING that although some progress in the total agricultural production of the Latin American countries over the pre-war period can be noted, this progress is still very slow because greater attention was paid during the war and is still being paid to other sectors of the economy;

CONSIDERING that it is important that the agricultural development of the region should be stimulated by devoting the greatest possible attention to such development and by making available modern technical skills in order to obviate any lack of balance with the growing industrialization to be observed in Latin America;

CONSIDERING that industrial development tends to increase the urban population which, through its greater earnings, increases the pressure of demand, and that this demand, if it is not satisfied by

/greater production

greater production, not only causes a rise in prices -- as has occurred in many countries -- but also creates an atmosphere in which social disturbances might arise;

CONSIDERING that standards for general application cannot be recommended because the factors affecting agricultural and stock raising development are varied and differ from one country to another, in accordance with their specific ecological characteristics;

CONSIDERING that it is a primary and immediately essential obligation to supply the people with food; and

CONSIDERING that the governments of member states should pay increasing attention to agricultural problems and to all those factors which exercise a direct and decisive influence upon the improvement of agriculture;

1. TAKES NOTE of the section of the Economic Survey of Latin America 1950 (E/CN.12/217) dealing with agriculture;

2. RECOMMENDS that member governments should take inter alia the following measures in the technical field:

(a) Perfect the methods of professional training of agronomists, who are responsible for applying technical knowledge to farming;

(b) Make a soil survey of their countries in order to obtain full knowledge of their soils and thus to be in a position to determine their special usefulness in accordance with their principal characteristics, since without such surveys, programmes of improvement, studies of production targets and similar subjects are unreliable;

/(c) Co-operate

- (c) Co-operate with existing or projected experimental stations;
- (d) Expand and improve state agricultural extension services;
- (e) Create soil and water conservation services;
- (f) Expand entomological and botanical plant treatment services and enact plant health legislation in such a way that application may be effective, and even drastic if the general interest of the country so requires;
- (g) Encourage farm mechanization, and co-operative methods designed to facilitate it;
- (h) Spread knowledge of the correct use of fertilizers and study the best methods of enabling the farmer to obtain them in due time and as cheaply as possible;
- (i) Enact legislation to protect the farmer by ensuring that the fertilizers or preparations he acquires in fact contain the guaranteed minimum content of nutritive elements and that their price is in conformity with the accepted values of plant foods;
- (j) Stimulate irrigation and communications; and
- (k) Give technical and economic assistance to stock raising generally;

3. RECOMMENDS to the governments of member states that they should study the serious problem of the way in which the land is now held, with a view to obtaining a better utilization of land, bearing in mind Resolution 401 (V) of the General Assembly adopted at its 312th plenary session of 20 November 1950;

4. URGES

4. URGES member governments to examine existing conditions of trade and distribution in products of agriculture and stock raising, in order to eliminate the intervention of those intermediaries which serve no social purpose other than that of increasing the price of those products;

5. REQUESTS the Secretary-General of the United Nations and the Director-General of the FAO to grant to governments of member states adequate technical assistance for the integrated development of agriculture in the fulfillment of the relevant portions of the foregoing resolutions;

6. RECOMMENDS that the International Bank for Reconstruction and Development pay effective and timely attention to agricultural development projects.

AGRICULTURAL TRAINING CENTRE

16 (IV) Resolution Adopted 7 June 1951  
(E/CN.12/251)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

1. NOTES WITH SATISFACTION that the Government of Chile, the Food and Agriculture Organization (FAO), the United Nations and the International Bank for Reconstruction and Development have completed their arrangements to establish a Latin American Training Centre on Agricultural Programme Planning at Santiago, Chile, in September 1951;

2. CONSIDERS that technical analysis of programmes of agricultural development and the determination of priorities among such programmes within the framework of national programmes of economic development are of particular importance to Latin American countries; and therefore

3. REQUESTS governments to pay special attention to the facilities for the advanced training of their national experts by that training centre, and to send to the centre fully qualified and duly authorized persons, so that their special knowledge of the analysis of agricultural development programmes may be effectively integrated into and used by the national agencies concerned with planning and development.

REPORT ON FORESTS AND FOREST PRODUCTION  
IN LATIN AMERICA

17(IV) Resolution adopted 7 June 1951  
(E/CN.12/250)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

HAVING EXAMINED document E/CN.12/235, Report on the importance of forests and forest production in the Latin American economy;

CONSIDERING that forests cover more than 40 per cent of Latin America, an area which represents about one-quarter of the forests of the world, so that Latin America has a greater proportion of forest area than any other continent;

CONSIDERING that even though the present needs of Latin America as to the consumption of lumber are small and its forest resources, as has been noted, are abundant, the lumber industry in Latin America cannot satisfy those needs and that, on the contrary, the balance of trade in lumber is unfavourable, as is demonstrated by the fact that Latin American lumber importations amount to 75 million dollars annually, whereas exportations amount to 63 million dollars annually;

CONSIDERING that within a short time the consumption of lumber could increase greatly for reasons of urgency such as the need to develop building to relieve the existing housing shortage;

CONSIDERING that the world's needs constantly are increasing, as is reflected by the shortage of sawn lumber, especially in Europe and the Far East, and by the world-wide inadequacy of the supply of wood pulp;

/CONSIDERING



CONSIDERING that only by making the best possible use of new technical methods of processing and utilizing forest products can growing national and international needs be satisfied;

TAKING INTO ACCOUNT that the exploitation of forest wealth would enable those countries whose economy is founded on only a few agricultural products or essential raw materials to diversify their production;

CONSIDERING that this programme for forest production, if it is to be rational, must be based upon:

1. full knowledge of forest wealth; and
2. a forest conservation, forestry and management policy to maintain forests, to ensure continuous production, to exercise a favourable influence upon the climate and the water system and to conserve the soil;

CONSIDERING that the consumption of wood for fuel, which is very considerable in some of the densely populated regions of Latin America, may cause complete, rapid and dangerous deforestation over large areas;

1. TAKES NOTE with satisfaction of the Report on the Importance of Forests and Forest Production in the Latin American Economy (E/CN.12/235), which is a result of the joint work of ECLA and FAO (E/CN.12/299);

2. RECOMMENDS to the Executive Secretary that work such as this, which is the product of co-operation between specialized agencies and other international organisms, should be continued;

/3. RECOMMENDS

3. RECOMMENDS to the member governments that, in preparing or carrying out their programmes of forest and lumber development, they should take into consideration the study contained in document E/CN.12/235;

4. REQUESTS the Secretary-General of the United Nations and the Director-General of the FAO to give to the member governments which request it, adequate technical assistance for the purpose to which reference is made in the preceding paragraph;

5. RECOMMENDS to the International Bank for Reconstruction and Development that it should pay due attention to the financing of programmes for the development of forestry and the lumber industry in Latin America;

6. RECOMMENDS to the governments that they should

- a) continue or initiate complete programmes for the surveying of forests and the drawing up of forest inventories;
- b) adopt and put into effect a forest policy - including the organization of competent technical services - based upon adequate legislation and regulations appropriate to the specific characteristics in each case, in order to ensure the conservation of their forest resources, thereby assuring lumber production and the protection of their agriculture and of their interests in general;
- c) immediately take the requisite measures to ensure a normal supply of fuel in urban and densely-populated areas

/by providing

by providing for intensive and rational afforestation, encouraging the use of appropriate technical methods in the employment of timber for fuel and developing the use of mineral fuels and other sources of energy; and

7. RECOMMENDS to the Executive Secretary the study, in collaboration with the FAO, of the effects of customs tariffs and other barriers to trade and of shipping charges on the development of the lumber industry in the Latin American countries.

IV. INTERNATIONAL TRADE

PROBLEMS OF FOREIGN TRADE

MAINTENANCE OF PURCHASING POWER OF FOREIGN EXCHANGE BALANCES  
ACCUMULATED DURING THE EMERGENCY PERIOD

18 (IV) Resolution approved 14 June 1951  
(E/CN.12/262 & Corr.1)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING that as a result of the emergency the Latin American countries are accumulating excess exchange reserves, and that given present circumstances, it may be assumed with reason that such accumulations may continue;

THAT THIS fact derives directly among others from the difficulties experienced by Latin American countries in finding sources of supply of products and capital goods which they must buy abroad in order to maintain normal economic activity and the development of their economies, which difficulties result from the sacrifice imposed by the diversion of production to defence purposes and from the different nature of the products involved in the interchange;

THAT, by reason of this development, Latin American countries might be compelled to increase the importation of non-essential or luxury goods or else might aggravate the inflation from which they are suffering by being forced to issue circulating media against the increase of reserves;

/THAT IF the

THAT if the Latin American countries decide, even at the risk of greater inflation, to accumulate foreign exchange balances in order to acquire subsequently the capital goods and other goods necessary to their continued economic development, they will still be exposed to the danger that, if the price relationships which existed when sales were made are not maintained, these extraordinary reserves will lose their buying power before useful purchases can be made;

THAT, in so far as trade among the American countries is concerned, the Fourth Consultative Meeting of Foreign Ministers of the American States, held recently in Washington, adopted resolutions which indicate the means through which the solution of this grave problem can be sought;

THAT nevertheless the problem exists and might become very intense with respect to Latin American trade with European countries, and that it is generally and mutually desirable that this trade be maintained and increased;

THAT, as regards the European markets, practical methods should be studied to ensure, as far as possible, supplies adequate to the normal operation of Latin American economies and the provision of capital goods for their development; and that if such supplies cannot be obtained simultaneously with Latin American sales to Europe, it is necessary that ways be found at once, without prejudice to other permanent solutions, to assure to the maximum extent possible the purchasing power of the foreign exchange

/balances that

balances that may be accumulated;

THAT in studying this problem, account should be taken also of the disparities which might arise in the evolution of prices and available quantities of basic products exported by the Latin American countries, on the one hand, and, on the other hand, of products and capital goods supplied by the countries of Europe;

1. RECOMMENDS to the governments concerned that, in studying the application of practical measures to maintain and expand trade between Latin America and Europe, they give special consideration to:

- (a) The problem of maintaining and increasing the purchasing power of Latin American countries in Europe;
- (b) The adoption of methods to assure, as far as possible, the maintenance of the purchasing power of the foreign exchange that may be accumulated;
- (c) The fair and orderly liquidation of foreign exchange balances that may be accumulated;
- (d) Practical means of avoiding or mitigating the consequences for Latin American-European trade, and, in particular, for the maintenance of the purchasing power of accumulated foreign exchange that might be caused by any disparities which arise in the evolution of prices and available supplies of the various types of goods involved in this trade.

/2. REQUESTS

2. REQUESTS the Executive Secretary to continue the studies recommended in resolution E/CN.12/200 of the third session in Montevideo, developing more fully their significant aspects and, particularly, to seek practical ways of enabling the Latin American countries to enjoy greater transferability of European currencies; and to extend to governments concerned the technical assistance at his disposal to carry out the studies mentioned in point 1 of the operative part and to advise them concerning measures they might take in the future to obtain greater transferability of their foreign exchange balances.

3. AUTHORIZES the Executive Secretary, if he deems it necessary and without prejudice to the studies requested in this resolution, to convene a group of experts to study the problems mentioned in paragraph 1 of the operative part and to make the relevant recommendations.

4. EXPRESSES ITS SATISFACTION that the Executive Secretary has been chosen to represent the United Nations on the Ad Hoc Committee established by resolution XVII, 6, of the Fourth Consultative Meeting of Foreign Ministers of American States; and requests him to offer that committee the fullest co-operation of the Economic Commission for Latin America.

5. NOTES with satisfaction the study on Latin American-European trade and, in particular, the effective collaboration in the preparation of this study of the Economic Commission for Europe, the Food and Agriculture Organization and the International Monetary /Fund; and

Fund; and expresses its desire that these studies be continued, and that the Executive Secretary periodically publish information on this trade with special reference to capital goods and the materials that enter into their manufacture; and

6. RECOMMENDS to the Executive Secretary that he seek the collaboration of the International Monetary Fund in studying the possibility of taking measures to obviate and combat the disturbances in the monetary field which might affect some Latin American countries as a result of the accumulation of foreign exchange balances during the emergency period.



PROBLEMS OF FOREIGN TRADE

EFFECT OF UNITED STATES DEFENCE PROGRAMME  
ON TRADE WITH LATIN AMERICA

19 (IV) Resolution approved on 14 June 1951  
(E/CN.12/261)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

HAVING TAKEN NOTE of document E/CN.12/234 on Effects of the  
United States Defence Programme on Trade with Latin America,

RESOLVES to express its appreciation of the useful information  
contained in this document and its timely presentation for the  
consideration of member governments; and

RECOMMENDS that, in view of the effect on the economic life  
of the continent of factors which involve profound changes in the  
normal course of the economic activities of the United States of  
America and important European centres of supply, the Executive  
Secretary prepare and distribute to the member governments other  
analyses along the general lines of document E/CN.12/234.

PROBLEMS OF FOREIGN TRADE  
INTRA-REGIONAL TRADE

20 (IV) Resolution Approved 14 June 1951  
(E/CN.12/257)

THE ECONOMIC COMMISSION FOR LATIN AMERICA

BEARING IN MIND the contents of Document E/CN.12/228 in which the status is reported of the study requested of the Executive Secretary at the third session of the Commission in Montevideo; and

CONSIDERING that the study of Inter-Latin American trade is of special importance to member countries of the Economic Commission for Latin America;

CONSIDERING that the Inter-Latin American trade should be examined as a whole and in its various regional aspects, to facilitate the study of practical measures conducive to the expansion of Latin American trade and to the better co-ordination of the separate national economies;

CONSIDERING that it is therefore necessary to modify the instructions contained in a resolution E/CN.12/201, adopted at the third session of the Commission:

RESOLVES TO AMEND resolution E/CN.12/201 of 19 June 1950, adopted at the third session, so as to widen the scope of studies requested therein of the Executive Secretary as follows:

- (a) continuously to study Inter-Latin American trade as a whole and in its diverse regional aspects, with a view to its expansion;

/(b) to prepare

- (b) to prepare for the next annual session of the Economic Commission for Latin America a study of the possibilities of the expansion of trade between the Latin American countries, on the basis of such research as may already have been made;
- (c) to continue to give special attention to the study of the relation of Inter-Latin American trade to the co-ordination of national economic units within overall plans for joint and harmonious development;
- (d) to consult governments with regard to the aspects of Inter-Latin American trade whose study would particularly interest them.

RECOMMENDS to the Executive Secretary that he should call, at the time he deems appropriate, a special meeting of experts in foreign trade to discuss those aspects which he may recommend to their attention.

/PROBLEMS OF

PROBLEMS OF FOREIGN TRADE  
UNITED STATES CAPACITY TO ABSORB LATIN AMERICAN PRODUCTS

21 (IV) Resolution approved 14 June 1951  
(E/CN.12/260)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING the fundamental importance of exports in determining the capacity of the Latin American countries to import, which in turn basically affects the rate at which economic development may proceed, as recognized in the Resolution on Economic Development and Anti-Cyclical Policy adopted at its third session (E/CN.12/194), and

CONSIDERING the recommendation contained in the aforementioned resolution that the Secretariat make studies of the capacity of the large consumer centres to absorb Latin American products and of the possible development of that capacity,

TAKES NOTE WITH SATISFACTION of the study presented by the Secretariat on United States capacity to absorb Latin American products (E/CN.12/226),

RECOMMENDS to Latin American governments that they should give careful consideration to the long-term demand factors analysed in said study with respect to the individual commodities that constitute the bulk of Latin American exports to the United States of America, bearing in mind that these demand factors represent a guide for policies affecting the supply of products for export, and that they inform the Secretariat of their views regarding the results of their

/consideration

consideration of this study; and

RECOMMENDS to the Executive Secretary that he pay continuing attention, as far as is practicable, to the immediate and long-term prospects of expanding Latin American exports to the United States of America consistent with the objectives of economic development, with a view to preparing studies which will contribute to helping the countries of Latin America to diversify their exports and to make them more adaptable to shifts in demand.

PROBLEMS OF FOREIGN TRADE

Measures Relative to the System of Price-Fixing  
in Foreign Trade

22 (IV) Resolution Adopted 14 June 1951  
(E/CN.12/259)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING that the economic development of most Latin American countries depends to a substantial degree upon income from their principal export products;

CONSIDERING that a considerable part of such income is used for the purchase of capital goods and equipment not only in countries which buy basic commodities, but also in other markets;

CONSIDERING that, in situations of international emergency, various highly industrialized countries fix prices for the raw materials and basic commodities which they buy and sometimes also impose controls and fix the prices of the commodities or products they sell abroad;

CONSIDERING that, under resolution XVII, adopted at the Fourth Consultative Meeting of Foreign Ministers of American States held in Washington in March-April this year, a consultative procedure is contemplated in matters of Inter-American trade to effect the establishment of a system applicable to countries where such price regulation is in force;

CONSIDERING that it is desirable that the procedure for multilateral price-fixing contained in the above-mentioned resolution

/should be

should be extended to all those other countries which are principal suppliers of essential capital goods and equipment;

EXPRESSES its satisfaction with resolution XVII, adopted at the Fourth Consultative Meeting of Foreign Ministers of American States held in Washington in March-April 1951; and

RECOMMENDS that the Executive Secretary should examine the possibility of extending the consultative procedure contemplated under that resolution.

SPECIAL TOPICS

MEASURES TO INCREASE THE AVAILABILITY OF SUPPLIES  
OF EDUCATIONAL, SCIENTIFIC AND CULTURAL MATERIALS

23 (IV) Resolution adopted 15 June 1951

(E/CN.12/264)

THE ECONOMIC COMMISSION FOR LATIN AMERICA

RECOGNIZING the importance of free international circulation  
of educational, scientific and cultural materials,

TAKES NOTE of the Report of the Executive Secretary (document  
E/CN.12/230) concerning measures to increase the availability of  
supplies of educational, scientific and cultural materials in  
Latin America,

REQUESTS governments to reply as soon as possible to the  
questionnaire sent them by the Executive Secretary of the Commission  
and the Director-General of UNESCO, enquiring into their import needs  
and export availabilities in respect of educational, scientific and  
cultural materials, and

REQUESTS the Executive Secretary to consult again with the  
Director-General of UNESCO with a view to establishing, at his  
discretion but as soon as possible, the Working Group envisaged in  
Resolution: (n) (E/CN.12/204) of the Commission at its Third Session,  
taking into consideration the possibility that the Working Group might  
first devote its attention to those aspects of the problem before it  
which could be adequately studied with the documentation or material  
already available to it, devoting special attention at the appropriate  
stage to the documentation which Governments submit in reply to the  
questionnaire referred to above.

/TRAFFIC



TRAFFIC REGULATION ON THE INTER-AMERICAN HIGHWAY

24 (IV) Resolution approved 15 June 1951  
(E/CN.12/288)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING that a long and important part of the Inter-American Highway, extending from the United States of America to Nicaragua, might be opened to traffic at the end of 1952;

CONSIDERING that the rapid development of a heavy flow of motor vehicles on this highway is to be anticipated over its entire length, thus benefiting of the countries through which it passes;

CONSIDERING that the Economic and Social Council of the United Nations, during its eleventh session in July 1950 approved a resolution in which the attention of governments is drawn to the desirability of ratifying the Convention on Road Traffic, concluded at Geneva on 19 September 1949;

CONSIDERING that the factors necessary in reaching a decision as to the possibility of concluding an agreement regulating international traffic over this Highway should be available to all the Governments concerned;

REQUESTS that the Executive Secretary should initiate, as soon as possible, a general study of the international aspects of the problems of automotive transport in Latin America, with special emphasis on those affecting to the Inter-American Highway, for submission to the Commission at its next session.

PROBLEMS OF FOREIGN TRADE

Free Zone of Colón, Republic of Panama  
25 (IV) Resolution Approved 4 June 1951  
(E/CN.12/253)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING the usefulness of free customs zones as a means of facilitating the interchange of goods within the Latin American area as well as between the Latin American countries and countries outside that area; and

CONSIDERING the practical problems arising from the need for the construction of installations in free customs zones that have already been created or may be created in the future by Latin American republics; and

CONSIDERING the request expressed to the Commission by the government of the Republic of Panama for assistance in connexion with the problems of bringing into maximum operation the Free Zone of Colón, Republic of Panama, created in 1948; and

CONSIDERING the contribution that could be made by the maximum operation of the aforementioned Free Zone toward the lowering of maritime freight rates with a view to reducing the price of the articles that are handled by that zone;

RECOMMENDS that the Executive Secretary make within the means at his disposal a preliminary inquiry into the problems of bringing about the maximum utilization of the facilities of the Free Zone of Colón, Republic of Panama, in order to determine the kind of studies

/necessary

necessary to evaluate the economic effects of the operation of that zone; with special emphasis on its relationship to the high level of maritime freight rates applicable to Panama; and that he report to the government of Panama on the most practical means of carrying out such studies, bearing in mind the possibility of securing the assistance of United Nations and other agencies that might be concerned with this problem.

/SOUTH AMERICAN

SOUTH AMERICAN PETROLEUM INSTITUTE

26 (IV) Resolution approved 7 June 1951  
(E/CN.12/253)

THE ECONOMIC COMMISSION FOR LATIN AMERICA

TAKES NOTE of document E/CN.12/232 concerning the South American Petroleum Institute submitted by the Executive Secretary; and  
CONSIDERING

(a) That the Economic and Social Council has requested the Economic Commission for Latin America to advise the Council on the application of the South American Petroleum Institute for consultative status in category B;

(b) That the activities of the South American Petroleum Institute are such as would further the economic development of the Latin American countries and that its collaboration may therefore be of use to the organs of the United Nations concerned,

DECIDES to recommend to the Economic and Social Council that it should accord to the South American Petroleum Institute consultative status in category B.

/POPULATION

POPULATION CENSUS OF LATIN AMERICAN COUNTRIES

27 (IV) Resolution adopted 15 June 1951  
(E/CN.12/265)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING the importance of statistical data on economically active population and labour resources; and

CONSIDERING that such statistical data can only be obtained by means of official censuses, effected in accordance with an adequate census programme such as that already approved by the governments of the Latin American countries;

INVITES the governments of those Latin American countries which have not done so to take a census of the population of their respective territories, so as to make available comprehensive statistical data relating to the economically active population and the labour resources in each country.

/RELATIONS

RELATIONS WITH NON-GOVERNMENTAL ORGANIZATIONS

28 (IV) Resolution adopted 7 June 1951  
(E/CN.12/252)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING that the Economic and Social Council will consider the question of relations between the three regional commissions and non-governmental organizations at its thirteenth session;

DECIDES to wait the outcome of the Council's consideration before deciding upon its permanent rules of procedure in this respect; and

DECIDES that, pending Council action, it will apply the provisions of resolutions 288 and 289 (X) of the Economic and Social Council, and, in particular those provisions which pertained to arrangements for consultations between non-governmental organizations and functional commission, and further that any provision in the existing rules of procedure of the Commission which is inconsistent with resolutions 288 and 289 (X) shall be superceded.

/ADOPTION

ADOPTION OF PORTUGUESE AS OFFICIAL AND WORKING LANGUAGE

29 (IV) Resolution approved 16 June 1951  
(E/CN.12/268)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

IN VIEW OF the resolution concerning the designation of the City of Rio de Janeiro, the capital of Brazil, as the site of its fifth session to be held in 1952 approved in plenary meeting this day;

TAKING INTO ACCOUNT the importance of the Portuguese language in inter-American life and in strengthening the bonds of fraternity and culture which unite the peoples of the continent;

TAKING INTO ACCOUNT the generous offer made by the Brazilian delegation on behalf of its Government to provide the requisite means for the execution of the purpose set forth in the operative part following,

DECIDES to inform the Economic and Social Council of its earnest desire that the Portuguese language should be adopted as an official and working language of the Commission.

VI. ESTABLISHMENT OF MEXICAN OFFICE

WORK PROGRAMME AND PRIORITIES

Establishment of a Mexico Office of ECLA

30 (IV) Resolution approved 16 June 1951  
(E/CN.12/284)

THE ECONOMIC COMMISSION FOR LATIN AMERICA

NOTES with satisfaction the Executive Secretary's recommendation that an office of the Economic Commission for Latin America should be set up in Mexico City, as a branch office of ECLA headquarters in Santiago, Chile, to study the economic problems of the following countries: Costa Rica, Cuba, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama and the Dominican Republic, without prejudice to the Executive Secretary's authority to extend those studies to other areas of the continent if he deems it advisable;

NOTES that with the establishment of this office, the Secretariat will be able to carry out its work more efficiently and economically;

ACCEPTS with pleasure the generous offer made by the Government of Mexico to the United Nations to place at the disposal of the ECLA Office in Mexico all the necessary facilities; and

REQUESTS the Secretary-General of the United Nations, bearing in mind the foregoing consideration, to take the necessary measures to facilitate the constitution and organization of the new Office at the close of the Commission's fourth session.

/VII. COORDINATION



VII. COORDINATION WITH THE INTER-AMERICAN  
ECONOMIC AND SOCIAL COUNCIL

CO-ORDINATION BETWEEN THE ECONOMIC COMMISSION FOR LATIN  
AMERICA AND THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL

31 (IV) Resolution approved 15 June 1951  
(E/CN.12/287)

- A -

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

TAKING INTO ACCOUNT the Commission's responsibility to the  
Economic and Social Council of the United Nations and the  
responsibility of the Inter-American Economic and Social Council  
to the Organization of American States;

CONSIDERING that it is necessary to intensify co-operation  
and co-ordination between all the international agencies and bodies  
established in the region, without prejudice to their independence,  
and to the terms of reference contained in their respective  
charters or constitutions;

CONSIDERING the fact that ECLA's broad terms of reference make  
it possible for the Commission and the other agencies established  
in the region to act jointly and to concentrate their efforts on  
problems of primary importance; and, in particular, that since its  
creation ECLA, in accordance with its terms of reference, has  
developed arrangements for close co-operation and co-ordination  
with the Inter-American Economic and Social Council, so that  
unnecessary duplication of work has been avoided, as is demonstrated by

/statements

statements made by representatives of the agencies concerned at the session of the Commission and by the statement of the Executive Secretary (document E/AC.34/6, paragraphs 91-159) which was prepared in consultation and agreement with the Executive Secretary of the Inter-American Economic and Social Council (paragraphs 139-156);

TAKING INTO ACCOUNT the fact that the Commission already has expressed the need for its continuation, and the desirability that it should continue to give its special attention to the work of economic development,

AS TO CO-ORDINATION BETWEEN ECLA AND IAECOSOC,

DECLARES that each and every one of its member governments is convinced that co-operation and co-ordination in the work and programmes of ECLA and IAECOSOC should be achieved to the greatest extent necessary and useful for the attainment of this objective;

1. RESOLVES that its Executive Secretary continue the work of co-operation and co-ordination which has been initiated between ECLA and IAECOSOC;

2. EXPRESSES THE VIEW that both agencies will be able to extend reciprocal and effective collaboration, within the limits of their available resources, through agreements between their respective Executive Secretaries, whether on their own initiative or by resolutions adopted in annual meetings;

3. INVITES, in accordance with the foregoing, the IAECOSOC through its Executive Secretary, to join with the Executive Secretary

of ECLA in a Committee on Co-ordination which should guarantee on a continuing basis the adequate distribution of work or the application of the efforts of both agencies to the study and solution of leading problems, under the following conditions:

(a) In addition to the Executive Secretaries, this Committee should be composed of the officials (funcionarios) of both organizations whose presence may be necessary to make co-ordination effective,

(b) This Committee should meet twice a year, or more frequently if the Executive Secretaries of both organizations consider it desirable;

#### CO-ORDINATION AT THE GOVERNMENTAL LEVEL

1. RECOMMENDS to the governments of member states the adoption of appropriate administrative arrangements, in accordance with their particular circumstances, with a view to achieving wider understanding of the studies and resolutions of international agencies, and also the highest possible degree of co-ordination of policy at the meetings of these international bodies and agencies;

2. INVITES the IAECOSOC to appoint an official (funcionario) of the OAS, to study, jointly with an official (funcionario) of the United Nations designated by ECLA, the measures which they consider necessary and adequate to ensure that co-ordination at the governmental level may be achieved in a practical and positive manner, and to submit their conclusions to the subsequent meetings

of ECLA and IAECOSOC for their approval;

3. RECOMMENDS that the Executive Secretary maintain direct and close contact with such governmental organs as each government will designate.

- B -

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

DECIDES to appoint the Executive Secretary, Dr. Raúl Prebisch, to represent the Commission as envisaged in the penultimate paragraph of the preceding section of this Resolution.

VIII. WORK PROGRAMME AND PRIORITIES

WORK PROGRAMME AND PRIORITIES

32 (IV). Resolution approved 16 June 1951  
(E/CN.12/285)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

HAVING CONSIDERED the statement of the Executive Secretary on  
Work Programme and Priorities 1951-1952 (E/CN.12/243);

CONSIDERING that it is desirable to establish a system of  
priorities for the work entrusted to him;

CONSIDERING the resolutions on the Concentration of Efforts  
and Resources adopted by the General Assembly and the Economic  
and Social Council; and in particular

CONSIDERING the order of priorities established by the  
Economic and Social Council for activities relating to the economic  
development of under-developed countries;

EXPRESSES its approval of the Executive Secretary's statement  
(E/CN.12/243) and especially of the work programme and order of  
priorities established in it;

DRAWS the attention of the Economic and Social Council to its  
Work Programme and Priorities, as submitted by the Executive Secretary  
in the statement approved by the Commission, including its financial  
implications;

NOTES that the principal objective of the Commission's activities  
is directly to promote the economic development of the various

/countries of

countries of the region and to solve current economic problems relating to economic trends;

RECOMMENDS to the Economic and Social Council that, in reviewing its Work Programme for the remainder of 1951 and for the year 1952, it should take into account the fact that the Commission is the most recently created regional commission of the Council, and is experiencing a period of normal growth and expansion of its activities, and that its budget is considerably smaller than those of other similar organs of the Council;

EXPRESSES the hope that the Commission will enjoy the same opportunities to develop its activities as the other regional commission of the Council, established prior to the Economic Commission for Latin America, with the necessary resources made available to it;

REQUESTS the Economic and Social Council to take appropriate measures for an adequate increase in the funds available to the Commission, with a view to ensuring the continuation of those activities which are assigned a high priority in the statement of the Executive Secretary on Work Programme and Priorities 1951-52.

IX. AMENDMENT TO RULES OF PROCEDURE

WORK PROGRAMME AND PRIORITIES

Amendment of rules 3, 10, 25 and 38 of the  
Commission's present rules of procedure

33 (IV) Resolution approved 16 June 1951  
(E/CN.12/270)

THE ECONOMIC COMMISSION FOR LATIN AMERICA

DECIDES:

1. To amend rule 3 of the rules of procedure to read as follows:

"Rule 3

The Executive Secretary shall ensure that, at least thirty days before the commencement of a session, member governments shall receive a notice of the opening date of the session, together with a copy of the provisional agenda and at least two copies of each of the reports, studies and documents which are to be considered during the session.

Such reports, studies and documents shall be submitted to member governments in the language which they indicate, in accordance with the provisions of rule 42 of the rules of procedure".

2. To add a paragraph to rule 10 reading as follows:

"In the event that a member government does not receive the reports, studies and documents to be considered during a session thirty days in advance, as provided in rule 3, it shall have the right to request that the items to which those

/reports,

reports, studies and documents refer should be excluded from the agenda, and the Commission shall immediately grant such a request".

"Notwithstanding the foregoing provisions, if, when an item is submitted for consideration by the Commission, three-quarters or more of the members accredited to attend a given session insist that it should nevertheless be discussed, that majority decision shall prevail".

3. To add the following phrase to rules 25 and 38, preceded by a comma:

", except as provided in the third paragraph of rule 10 of these rules of procedure".



X. DATE AND PLACE OF FIFTH SESSION

DATE AND PLACE OF FIFTH SESSION

34 (IV) Resolution approved 16 June 1951  
(E/CN.12/267)

THE ECONOMIC COMMISSION FOR LATIN AMERICA,  
BEARING IN MIND Rule One and Rule Two of its Rules of  
Procedure;

EXPRESSING its thanks to the Government of the Republic of  
Brazil for its generous invitation to hold the fifth session of  
the Commission in Rio de Janeiro;

RESOLVES that the fifth session of the Commission will be  
held in Rio de Janeiro in 1952, at such a date as the Executive  
Secretary, after consultation with the Chairman, shall determine,  
in the light of decisions by the Council regarding its 1952  
Calendar of Meetings.

XI. ANNUAL REPORT OF THE ECONOMIC  
COMMISSION FOR LATIN AMERICA

ANNUAL REPORT OF THE ECONOMIC  
COMMISSION FOR LATIN AMERICA

35 (IV) Resolution approved 16 June 1951  
(E/CN.12/269/Rev.1)

The Commission decided to submit the following resolution for  
action by the Economic and Social Council:

- A -

THE ECONOMIC AND SOCIAL COUNCIL

TAKES NOTE of the Annual Report of the Economic Commission for  
Latin America, (document E/2021);

DECIDES that the Commission should be continued indefinitely as  
it has proved its usefulness and effectiveness in dealing with  
regional economic problems within the policies established by the  
United Nations;

DECIDES to amend the terms of reference as follows:

(1) to add at the end of paragraph one, two sub-paragraphs  
to read:

"(d) Give special attention in its activities to the  
problems of economic development and assist in the  
formulation and development of co-ordinated policies  
as a basis for practical action in promoting economic  
development in the region.

"(e) Assist the Economic and Social Council and its  
Technical Assistance Committee in discharging their  
functions with respect to the United Nations Technical  
Assistance Programme in particular by assisting in  
their appraisal of these activities in the Latin  
American region."

/(2) to delete

(2) to delete paragraph sixteen.

- B -

THE ECONOMIC AND SOCIAL COUNCIL,

CONSIDERING that the work programme of the Commission as established at its fourth session is of primary importance for the economic development of Latin America;

TAKING INTO ACCOUNT that ECLA is the most recent regional economic commission and should be given the same opportunities for development of its work as other regional commissions;

RECOMMENDS that the necessary funds should be made available to implement fully the 1951-1952 Work Programme of the Commission, included in its Annual Report (document E-2021).

THE ECONOMIC AND SOCIAL COUNCIL,

TAKES NOTE of the Commission's decision to hold its fifth session in Rio de Janeiro, Brazil, at such a date as the Executive Secretary, after consultation with the Chairman, shall determine, in the light of decisions by the Council regarding its 1952 Calendar of Meetings.

3. Draft Resolution for Action by the Economic and Social Council

In order to give effect to its recommendations to the Council the Commission decided to submit a draft resolution for consideration by the Council. The principal points covered in this draft resolution are that

(a) it calls for continuing the Commission indefinitely;

(b) it provides for two additions to its terms of reference with respect to economic development and technical assistance; and

(c) it recommends that adequate funds be made available to carry out the 1951-1952 work Programme of the Commission.

(See preceding resolution 35 (IV)).

APPENDIX A

DESCRIPTION OF MAJOR STUDIES PREPARED BY SECRETARIAT

1. Economic Survey (Document E/CN.12/217)

THE ECONOMIC SURVEY OF LATIN AMERICA 1950, the third of its kind prepared by the secretariat, is concerned primarily with a description and an analysis of developments and trends in the economies of Latin American countries since the end of the Second World War. The report is divided into three parts;

- (1) A general section, dealing with the region as a whole, covers the outstanding economic developments since the war in the fields of agriculture, industry, mining, inflation, exchange policies, and balances of payments.
- (2) Separate studies, country by country, of recent developments and trends for eight countries are presented; Argentina, Brazil, Chile, Cuba, El Salvador, Guatemala, Mexico and Venezuela. These country studies present detailed information on the various sectors of the economy in each country.
- (3) An analysis of recent developments and trends in the production of certain basic minerals in relation to their principal markets, is presented as a separate study of the Survey. The minerals included in the study are iron, copper, tin, lead and zinc.

The report points out that the recent shift in the balance of

/payments

payments position of all Latin American countries has led to widespread concern regarding the accumulation of foreign exchange and the use of such exchange to purchase capital goods and other essential commodities. While recent events have brought these new problems, they cannot, however, be seen in perspective unless viewed against earlier developments. The report further notes the inflationary pressures in Latin America, arising from the increase in foreign exchange holdings and in the internal money supply. It is suggested that if the future availability of exchange could be assured, the problem of absorbing excess liquid funds could be more easily dealt with.

The report emphasizes the fact that the possible slowing of development programmes in Latin American countries, as shortages of capital imports become more pronounced, does not mean that the application of development measures should be suspended. Instead, the coming period may offer an opportunity to examine the economies of each Latin American country in broad perspective and to use recent experience for the better guidance of economic development.

2. Theoretical and Practical Problems of Economic Development  
(Document E/CN.12/221)

This report suggests a number of criteria and goals of economic development in Latin American countries and notes that development has taken two main forms: that arising from external factors and that resulting from internal forces. Historically, the first type of development was prevalent up to the first World War and persisted up to the depression of the 1930's. During World War II the second

type of development was accelerated and has continued into the present period. The report notes that the rise of self-sufficiency, the dislocation of channels of world trade and the abrupt reduction of the flow of foreign investments were chiefly responsible.

An important point brought out by the report is the fact that technology in the advanced industrial countries develops under conditions of relative scarcity of labor and abundant capital resources. It is suggested that the technique developed in the highly industrialized countries require careful adaptation to the particular problems facing Latin American Countries.

The combinations of labor and capital adopted in highly industrialized countries, with a high per capita capital density, cannot be arbitrarily imposed on the conditions prevailing in a less developed country where per capita capital density is much lower. Under the conditions prevailing in less developed countries it would therefore be preferable to put more emphasis on utilizing equipment for increasing production rather than on reducing labor utilized per unit of capital. The more advanced techniques of highly industrialized countries may therefore not be suitable to the optimum combination of factors of production in Latin American countries; and technological unemployment could result if the use of equipment is not adapted to Latin American conditions.

It follows from the shift which has taken place in the process of development since World War II that capital formation must now come mainly from internal sources. The rate of savings in Latin

American countries must therefore increase sharply and these savings in turn must be applied to investments which bring the greatest social return.

The report suggests that economic growth necessarily involves a profound change in the composition of imports. Whereas formerly earnings from exports were used to purchase a variety of manufactured imports, they are now being increasingly devoted to achieve the progressive development of Latin American economics. Furthermore, as development proceeds, internal production tends to replace imports of more simply processed consumer goods, while imports of capital goods tend to form a larger proportion of total imports. A more rapid rate of development, the report notes, would call for an even more radical increase in the proportion of capital goods imported relative to total imports.

The report further notes that the rapid economic development of Latin American countries would contribute to the stability of their economies, since, given their present productive structure and trade patterns, Latin American countries are highly vulnerable to cyclical fluctuations in the industrial countries.

The final chapter of the report presents a number of concrete suggestions for the establishment of goals and programmes through which the objectives of economic development in Latin American countries may be achieved.



3. Labor productivity of cotton textile industry in five Latin American countries (Document E/CN.12/219).

The findings of this study are based upon comprehensive data secured directly through surveys of individual mills. The report covers mills in Brazil, Chile, Ecuador, Mexico and Peru. The sampling in each country has been large enough to give results which are representative of the industry as a whole. Productivity is measured by quantity of labor consumed for each unit of goods produced for a number of types and qualities of goods (e.g. yarn count for spinning). Mills are classified according to age of machinery: new, old and old-new. Productivity for hypothetical new and old mills in which optimum conditions would prevail have been established so that the actual productivity of mills studied may be measured against fixed standards.

The first chapter of the report gives the general summary of the results of the survey and suggestions for raising the productivity of the textile industry in the countries included in the study. This is followed by country studies which give a detailed analysis of productivity in the various types of mills and of the reasons for the relatively low productivity found in the mills which were surveyed.

4. Effects of the United States Defence Programme (Document E/CN.12/234).

This study was undertaken, following the Korean crisis and the radical change in the world situation, in order to examine the

effects of the rearmament programme, especially in the United States, on the availability of capital goods and other essential exports to Latin American countries. The report notes the substantial improvement in Latin America's trade with the United States through 1950 and early 1951, and the rise in Latin American exchange earnings. It points out, however, that serious inflationary dangers face Latin American countries as a result of the increase in money incomes and the accumulation of foreign exchange attendant on likely shortages of imports of essential goods.

In examining the possible level of United States exports to Latin America in 1951, the report further suggests that the volume of such exports is not likely to fall below the 1950 level and that the main impact of the United States defence programme will probably be felt in 1952 and perhaps 1953. Current efforts to expand United States industrial capacity substantially by 1953, the report finds, should ease the United States supply situation appreciably, assuming that requirements for the defence programme do not rise above presently anticipated levels. The slowing of economic development in Latin American countries, due to such shortages, should therefore be overcome within a relatively short time if there are no further adverse developments in the world situation and if United States plans to expand productive capacity at a rapid rate are successful.

5. United States Capacity to Absorb Latin American Products  
(Document E/CN.12/226).

This study is divided into two parts, one dealing with the United States market for a number of Latin American exports, and the second with the commodity structure of Latin American exports to the United States.

The report brings out the fact that United States demand for imports has failed to keep pace with the growth of United States real income, and that there was a somewhat greater fall in the demand for Latin American goods compared with aggregate United States demand for imports, at least up to World War II.

In considering the future growth of the United States market for Latin American products, the report indicates that the size of this market will depend to a major extent on United States demand for Latin American foodstuffs, in particular coffee and sugar, and notes in addition, the divergent rates of increase in United States long-run demand for particular foodstuffs, with coffee imports showing a relatively rapid rate of growth since 1900; sugar imports declining; banana imports merely keeping pace with population growth; and imports of cacao rising substantially. The report suggests that the United States demand for these products may grow at a possible rate of some 1 per cent to 1.5 per cent per year, a rate roughly comparable to that experienced after World War I.

The prospective United States market for several Latin American raw materials including petroleum, copper and carpet wools is likely to show a sharper rate of increase than the foodstuffs

group. In addition, the report points out that Latin America's share of this sector of the United States market will depend to an appreciable extent on the supply position of competing areas and the prices of substitute materials. United States demand for Latin American raw materials, the report finds, may grow at a rate of somewhat less than 3 per cent per year.

In the aggregate United States demand for the traditional Latin American exports is not likely to show an appreciable expansion over the high levels reached in the recent past; and United States demand therefore will probably increase at a rate of not less than 1.5 per cent per year. This rate of increase, it should be noted, is less than the rate of growth of Latin American populations.

The report points out that some progress has been made by Latin American countries, particularly during World War II, and subsequently, in the development of new primary products and in the expansion of a limited range of manufactured goods for export. The report concludes that Latin America may be able to expand its share of the United States market by seeking to diversify its existing range of exports and by adapting the composition of its exports to long-run shifts in United States imports demand.

6. ECLA/ECE/FAO Report on Trade Between Latin America and Europe (Document E/CN.12/225).

This study was undertaken jointly by ECLA with the Economic Commission for Europe and the FAO, and deals with the structure

/of Latin

of Latin American European trade and the future prospects of this trade. The report notes that the great depression and two world wars have reduced trade between Latin America and Europe to a level which is now below that of 1913. This occurred despite a rapid increase in Latin America's population and the progress made toward economic development.

Although the relatively low level of Latin American trade with Europe persisted into the period following World War II, the report suggests that European demand for Latin American goods may perhaps grow at a relatively faster rate in the future. European countries have been traditionally dependent on foreign supplies of foodstuffs and raw materials to maintain their populations and the output of their fabricating industries. In the past, however, Europe has been unable to import such products at high levels, particularly from Latin America, due to a variety of factors affecting European export earnings and the output of her export industries. This has contributed to European efforts to become more self-sufficient, especially in the production of foodstuffs. An expansion of Latin American European trade based on the potential demand of the European Centres for Latin American products depends to some extent, however, on an increase in Latin American export supplies, appropriate prices and commercial policies, and restoration of European export industries.

The report further notes the substantial changes which took place in the composition of Latin American imports from the main

industrial centres, indicating the increased effect of economic development in Latin America on the import structure. Between 1928 and 1950 many Latin American countries sharply decreased their imports of consumer goods from the United States and Europe, while in many cases imports of capital goods doubled. Europe, moreover, showed a remarkable degree of adaptation to the changing import needs of Latin America, despite the overall decline in the proportion of goods imported by Latin America from Europe compared with imports from the United States.

7. Economic and Legal Status of Foreign Investments in Selected Latin American Countries (Document E/CN.12/166).

This document is a continuation of the country studies on foreign investments undertaken by the Secretariat in collaboration with the Department of Economic Affairs at United Nations Headquarters. Last year the Secretariat presented studies on Argentina, Brazil, Chile, Cuba, Mexico, Uruguay, Colombia, Guatemala and Venezuela to the Third Session held in Montevideo. The studies this year cover Bolivia, Costa Rica, Haiti, Honduras, Paraguay and Peru. These country studies give the history and the present 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 contemplated that when the studies of all the Latin American countries have been completed, a general analysis of the problem of foreign investment will be made which, together with the country studies, would be published in a printed edition. It is hoped that this work may be completed by the next session.

/APPENDIX B

APPENDIX B

List of other Papers and Reports Submitted by Executive Secretary to Fourth Session.

1. Report on the Technical Assistance Programme (document E/CN.12/223).
2. Report on the Economic Development and Immigration Committee at the Secretariat Level (document E/CN.12/224).
3. Progress Report on the Study of Intra-Regional Trade (document E/CN.12/228).
4. Progress Report on the Joint Work Programme of ECLA and FAO (document E/CN.12/229).
5. Progress Report on Measures to Increase the Availability of Educational, Scientific and Cultural Materials in Latin American Countries (document E/CN.12/230).
6. Note on Measures in Relation to International action for Conservation and Utilization of Non-Agricultural Resources (document E/CN.12/231).
7. Note on the South American Petroleum Institute (document E/CN.12/232).
8. Note by the Executive-Secretary on Traffic Regulation on the Inter-American Highway (document E/CN.12/238).
9. Report on Forests and Forest Production in Latin America (E/CN.12/235).
10. Relations with Non-Governmental Organizations (E/CN.12/233).

APPENDIX C

Progress Report made by the Executive Secretary to the Fourth  
Session of the Economic Commission for Latin America,  
at Mexico City, on 29 May 1951

This is the first time I have had the honour of addressing the representatives as the official who is directly responsible for carrying out the work programme for which the Economic Commission for Latin America has made its executive organization responsible.

A broad task has been assigned to us and an abnormal amount of work has been accomplished, but, despite this, the implementation of all the resolutions pending from the past three sessions has been impossible. Undoubtedly our activities cover a wide field. While this gives us certain advantages, we are in danger of spreading ourselves over too wide an area, to the detriment of the quality of our work. Had we been able to confine ourselves to a smaller field, and had we had more time at our disposal, our work would have been more precise and its results better condensed. For this reason I consider that a judicious limitation of our tasks to a specified, fixed number of basic objectives will lead to more effective work by the organization.

1. The Objective of Economic Development in the work of ECLA

One of these primary objectives is an examination of the problems of Latin American economic development. The importance that is rightly attached to these problems is such that the Commission in voting at its meeting at Montevideo to continue previous studies,

/recommended that



recommended that special attention should be given to the problems of economic development.

I should like therefore to start my report by telling you how we have attempted to carry out this recommendation.

I shall indicate at this point how we have tried to comply with the mandate of the Commission in all the documents we have submitted. Our principal documents might be grouped under two main headings; those which, like "The Economic Survey" and "The Report on Effects of the United States' Defence Programme on Trade with Latin America", deal with recent events and trends, and those of wider range which in one way or another embrace the various problems of economic development.

We have submitted to this session an economic survey which differs from the preceding one in that it deals exclusively with an analysis of recent events and trends in the economies of the Latin American countries. Although it is true that in every case there has been an attempt made to ascertain the significance of recent events in terms of the economic development of each country, the problems that this development brings with it are considered in separate studies for reasons of method and clarity. I hope that the Commission will agree that this practice should be continued in the future.

As regards the reports on economic development, we have continued with the individual country studies which earned the Commission's approval at previous sessions. In them, an attempt is made to establish clearly the problems of the economic structure of each country; the form that these problems take; their significance and

/the specific

the specific conditions and trends of economic development of the countries under consideration as well as the rate of development.

Furthermore, we have continued the interpretative studies with regard to economic development which were first submitted to the second session and earned the Commission's approval. Of these the outstanding study is that dealing with some "Theoretical and Practical Problems of Economic Development". Among the theoretical and practical problems, we have this year given considerable prominence to that of productivity, a problem which has not been given sufficient attention in Latin America, although it has been amply studied in works dealing with the highly industrialized countries. For this reason I ask your indulgence with respect to our observations on this subject, which are intended mainly to give form not only to ideas this Commission may express, but also to those advanced by the group of Latin American economists, who eagerly follow our work. In this study we give special emphasis to the problem of productivity, without, of course, neglecting other problems which have arisen.

The Secretariat has devoted considerable time and energy to an investigation of the productivity of the textile industry in Latin America, and these investigations have been carried on enthusiastically for almost two years. I consider that this work, with all its defects is the first serious attempt to study a problem of the greatest importance. You will see from this work how many aspects this question has of primary importance in Latin America, and how productivity in these countries is not only a problem of capital investment, but of improved administration and organization; to the  
/extent that

extent that in some countries the increase in productivity that could be achieved through better organization of work would exceed that obtainable from the investment of capital.

The report on economic growth which I have mentioned is not yet complete. Lack of time has prevented us from finishing a series of chapters in which we hope to consider a problem of the greatest importance to our countries: that of inflation and economic development. There will be added a theoretical interpretation of the process of savings and investment in our countries which, we hope, will help to rid us of concepts in the theoretical field that have prevented the clear interpretation of our own experiences. Finally, the study of economic growth ends with an examination in very general terms of the prerequisites for a development programme. We start from this basic premise: the regular and orderly growth of our economies requires the preparation of a programme embracing all investments and taking into account their effects on the whole economy. Indeed, we should view this as a preliminary discussion of a problem that is increasingly engaging the attention of Latin American governments and has been given the closest attention by the International Bank for Reconstruction and Development. In this connection I wish to report that the International Bank will today make a public statement, announcing the inauguration of a seminar, to be held at the Bank's headquarters in Washington, under the sponsorship of the Bank and the Secretariat of this Commission. The seminar will be held after this session to analyze the contents

/of a programme

of a programme for economic development and to permit an exchange of ideas among people who have acquired experience in this field in order to present as effectively as possible the conclusions reached. I am glad to be able to make this announcement because, apart from its intrinsic value, such work clearly demonstrates the spirit of co-operation that is developing between our own Secretariat and other agencies of the United Nations.

2. Problems Resulting from the Accumulation of Foreign Exchange

To return now to reports which deal with economic events in Latin America, I wish to mention that, in addition to the general survey, there has been submitted a report in which the effects of the United States defence programme on trade with Latin America are examined. It is estimated in that report that exports of capital goods from the United States will decrease appreciably in the course of this year, and by at least twenty per cent next year as compared with export levels before the outbreak of hostilities in Korea.

But this trend might be short-lived, so far as can be foreseen. If present production trends in the United States continue, and if there is no basic change in the defence programme, exports of capital goods in 1953 might regain the volume of the pre-Korea period.

This conclusion is very heartening, but in the meantime unsatisfied demand for capital goods will accumulate and Latin American foreign exchange holdings will continue to grow.

I should like to advance some ideas on the problems which this

/phenomenon brings

phenomenon brings with it. In the first place, we cannot say to what extent exchange will be useful for the future purchase of capital and production goods as well as essential consumer goods, because we do not know how high prices will rise in the large exporting markets. In the second place, the accumulation of foreign exchange will lead to intensification of the inflationary pressure that is common to most of the Latin American countries. Here is an instance in which the co-operation of the officials of the International Monetary Fund with the Secretariat of this Commission could have very valuable results, in suggesting to the countries concerned the most suitable means of checking the inflation.

In the third place, as is known, the export difficulties of the more advanced countries do not affect all goods equally, and there are thus consumer goods whose export in large volume can be continued. If no policy is planned in advance, there is a risk that foreign exchange might be used in immoderate amounts to acquire consumer goods, to the detriment of future purchases of capital equipment when the present shortage is relieved. It would also be necessary to study the most desirable methods of avoiding occurrences of this kind, which would be prejudicial to Latin American capital formation.

This phenomenon of the accumulation of foreign exchange is as discernible in Latin American dealings with the United States as with Europe. But in the latter case, the problem could have certain characteristics that should be dealt with by precautionary measures.

The studies we have made in collaboration with the Economic Commission

/for Europe and

for Europe and the FAO and have presented to this Commission show us that, given European export and import trends in relation to Latin America, our countries are faced with a situation similar to that which existed at the end of the second world war. In other words some Latin American countries will probably have favourable balances in their transactions with Europe, but there the resemblance to the immediate post-war period ends; for while European reconstruction made increasing quantities of capital goods available, in present circumstances the situation will be reversed. Latin American countries thus will not be able to use a part of the foreign exchange they accumulate in their transactions with Europe. Further, these funds are not easily convertible and force of circumstances will require increased recourse to bilateral compensation agreements. These agreements, which have been so widely used in the post-war period, have occupied the attention of the Secretariat in accordance with previous recommendations of the Commission. In this connexion we have followed with great interest the creation of the European Payments Union and its repercussions on Latin America. As is known, the Payments Union has put an end to bilateralism between the countries which compose it although those countries are increasingly developing their relations with Latin America on a bilateral basis. Events in Korea have created problems urgently requiring solution, while the opportunities which the European Payments Union could offer to Latin America have had momentarily to take second place. Among those urgent problems the accumulation of European foreign exchange by Latin American

countries is one of the most important. This accumulation means the granting of credits to Europe. And we do not know how and to what extent such credits can be liquidated in the future by the acquisition of capital goods and other essential articles. This problem has been considered in the report on trade with Europe, in which it is suggested that the suitability be examined of concluding agreements to establish a stable relationship between the prices at which Latin America sells its products to Europe and the prices of capital goods that may be obtained in the future with the accumulated balances of these non-convertible funds.

A solution of this kind could also facilitate possible measures in Latin American countries to absorb excess quantities of money resulting from the accumulation of foreign exchange. During the last war some Latin American countries experimented with issues to absorb surplus money, but there was not sufficient public response so as appreciably to relieve inflationary pressure. There can be no doubt that if such issues could carry the right to acquire capital goods at stable prices in the future, it would be much easier to place them and they would then become an effective weapon in the struggle against inflation.

### 3. Foreign Trade and Economic Development

I wish to emphasize that the report on trade with Europe is a clear demonstration of the type of relationship established by the Economic Commission for Latin America with the Economic Commission for Europe, and the FAO, as well as with the International Monetary

/Fund, all of

Fund, all of which collaborated most effectively in the preparation of this document. The factors which in the past have influenced trade between Latin America and Europe, and those influencing it now are studied in the report and future trends are assessed; this will not fail to interest the Delegates. The European economy has developed at a rapid rate since the end of the war and may very possibly maintain a high rate of growth in the future, in contrast to the stagnation of the '30s. This promises well for trade with Latin America, as do the conclusions reached in another report on United States capacity to absorb Latin American products, which we have also presented to this Conference in compliance with a resolution of the third session.

From another point of view, these reports confirm the conclusions reached in previous studies with regard to the significance of foreign trade to the economic development of Latin America. Even from the most optimistic standpoint, it is evident that the economic growth of Latin America must result primarily from internal stimuli, even if they can operate with much greater effect the greater the growth of exports and the consequent opportunity to import capital goods.

Economic growth involves the unavoidable necessity of changing the composition of imports. We have again concerned ourselves with this in this year's reports, continuing our consideration of the same point in previous studies. There are distinct phases in these changes in the composition of imports. It might be said that there is an economic law in this process. Countries such as Mexico, Brazil and Argentina already have passed through the initial stage and have

/almost completely



almost completely replaced their imports of textiles, for instance, as a result of the development of domestic production. On the other hand the process has only recently begun in some countries. Thus, Cuba has just concluded a trade agreement with the United States, by which its tariffs on imports of textiles are raised in order to give a considerable stimulus to domestic production, contributing in this way to the employment of factors of production that could not be used in export activities. It is not too much to suppose that the reduction in textile imports thus obtained will be offset by larger imports of other goods and that this increase might well be greater than the total decrease, as has been the experience of other countries in the course of their development.

It is clear that the unavoidable reduction of imports of capital goods into the countries of Latin America will cause their rate of growth to slacken for some time to come. Meanwhile it would be advisable to give serious attention to the preparation of development programmes which, notwithstanding the possibility of their immediate application, will assume real importance when it becomes possible to increase the import of capital goods. This interval might be used to advantage to study a series of problems which are intimately connected with economic development and thus to prepare the ground for the future execution of programmes. Among these problems that of monetary and fiscal policy is of undeniable importance.

#### 4. Monetary and Fiscal Policy and Economic Development

The bases of a sound monetary policy adapted to the requirements  
/of economic

of economic development have not yet been laid in Latin America. Of course, there is a series of recommendations as to what should not be done in the matter of currency and credit; that we might call inhibitory policy. But that does not meet those requirements and is frequently incompatible with the purposes of economic development.

When the development of our countries was in great part the result of external factors, in that past period of expansion outwards, the prevalence of this inhibitory policy was understandable. Development was stimulated from without and monetary policy, through limitation and restriction, had to contribute to the better adjustment of the internal economy to the international.

But now, when development depends primarily on internal factors operating within each economy, the need to change this inhibitory policy into a positive one becomes unavoidable; monetary stability must be related to the necessity to reduce cyclical fluctuations and to increase the rate of economic development.

I shall not adopt the common attitude of condemning inflation, despite the fact that I am convinced of its enormous evils; and I shall not do so because I believe that here again we find ourselves involved in inhibitory policy, in negative policy. It is not enough to tell a country that it should reduce its investments to restore monetary stability. An anti-inflationary policy, if it is to merit the support of and inspire conviction in the men who have to apply it in Latin American countries, must be bolstered by recommendations which permit acceleration of the rate of investment and do not stand /in the way of

in the way of certain opportunities for development.

Economists of the International Monetary Fund who have acquired such great experience in Latin America would make a most valuable contribution to these countries if they were thus able to lay the foundations of a monetary policy inspired by the requirements of economic development.

Taxation policy is closely related to this matter and a study of taxation systems in Latin American countries from the point of view of economic development is also lacking. I shall not repeat here the remarks set forth in this connexion in one of the reports before the Commission. I need only add that if it is recommended that this study should be made, it is to be hoped that the Fiscal Division of the Department of Economic Affairs of the United Nations which collaborates with us wholeheartedly, can participate actively in the work.

##### 5. Adaptation of the Technology of Industrialized Countries

These considerations, along with others which I omit in order not to make this statement unduly long, prove the need for a stringent revision of ideas and principles in order to formulate an effective development policy. In the last analysis, economic development means the teaching of modern production techniques to some thirty million economically active persons in Latin America who are using rudimentary methods of work and whose productivity is low, and at the same time raising the productivity of the remaining twenty-three million of active population. There is a  
/great gap

great gap between the vast capital required for this and the possibility of its formation. This is why in our study on economic growth we squarely put the question whether a mere transplantation of the techniques of the developed countries to the less developed countries, without previous adaptation, is justified. In the more developed countries, particularly in the United States, a large part of investment in capital equipment is devoted to labour-saving devices. It may be that in such countries as those of Latin America which are relatively rich in manpower and poor in capital, it would be advisable on the other hand to install equipment which represents a smaller share of investment in such devices and a larger proportion of investment to raise productivity per unit of capital.

This technological problem is another of those basic problems which must be faced in the light of our present stage of economic development. Moreover, it is a problem on which very little research has been done in Latin America, perhaps because systematic analysis is only now beginning to be applied to the problems of development.

I therefore venture to suggest that a small group of experts might be appointed to analyze the means of adapting the various production techniques to the characteristics and structure of our countries. These experts would have to judge how far it would be possible to make use of the vast body of scientific and technical knowledge accumulated in the industrial centres in order to evolve new techniques suitable for our countries.

These experts might also advise the Commission on the best way

/of organizing

of organizing technical research in Latin America, with regard to industry and agriculture as well as to other sectors of the economy; and at the same time of developing specialists who would co-operate in the dissemination and practical application of new production techniques. In comparison with the actual needs, very little has as yet been done in this field in Latin America, so that it is of the greatest importance to the Commission's primary objective that adequate solutions should be found.

Certainly this is a field in which we economists must proceed with great caution, limiting ourselves merely to stating a problem which we must leave for others to solve. There is, however, another field with which we may more properly concern ourselves, and I should like to make a few remarks on that subject.

6. Training of Economists for the Preparation of Development Programmes.

Reference has already been made to economic development programmes. The need to draw up such programmes has been receiving increasing recognition in Latin American countries; but, unfortunately, there are very few economists on whom they can rely to prepare them and put them into effect, and they are usually fully occupied by urgent work. There are also few foreign economists who have the necessary experience in Latin American affairs and a clear understanding of the economic process in these countries. Furthermore, the young Latin Americans who have gone to foreign universities return with a very respectable fund of scientific knowledge, which although adapted to conditions in the advanced /countries, is

countries, is not always adequate to interpret conditions in our own. Thus, any attempt to apply here Keynesian instruments of analysis or to interpret economic development on the basis of the theory of Schumpeter leads to theoretical errors with very serious consequences for applied economics. Here, too, careful adjustment is called for.

I am speaking, however, not of basic training in economics, but of the training of a select group of economists capable of dealing with problems of development and particularly of assisting in the preparation and implementation of development programmes. I have made a few suggestions to that effect in the study I have referred to, and I hope that the representatives will give them their attention.

If this idea is approved, one of the main tasks given by the Commission to its executive organ in successive resolutions would be clearly defined: the analysis and interpretation of problems of development, study of programmes and assistance in their preparation if governments should so request, and aid in training economists in this aspect of economic activity.

In order to carry out these basic aims, the Commission's executive organ needs larger funds than those it now has. To fill this need, I have proposed a budget for next year which approximates that of the Economic Commission for Asia and the Far East. I hope that, once this budget has been approved, the Secretariat will be able to carry out its work programme more fully and effectively.

7. Proposal to set up a Branch Office of ECLA in Mexico

I should like to say a few words on another aspect of the same  
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question. I feel that the choice of Santiago, Chile, as the Commission's headquarters was very fortunate, both because its tranquil atmosphere is well suited to work of this kind, and because the Chilean Government has given us constant support. We have learned, however, that it is extremely difficult to encompass the whole vast territory which is our field of study from any one Latin American capital, and have therefore come to the conclusion that it would be wise to do part of our work in Mexico by establishing a branch office of the Commission there to deal with Mexico, the Central American countries and the Caribbean area. I must admit that, much to our regret, we have had to neglect these countries in the past, owing to distance and to scarcity of funds. If a branch office is established in Mexico and if the budget I have submitted is approved, we shall be able to deal adequately with this problem, although I feel obliged to point out that the proposed increase in expenditure will be needed in either case, whether the branch office is established or whether all the work continues to be done in Santiago. I am pleased to be able to say that the Secretary General of the United Nations is entirely in sympathy with this plan and is preparing to put it into effect, once the necessary administrative consultations have been completed.

The establishment of a branch office in Mexico would enable us to initiate at once a number of studies on the Central American economy; among them, it would be of considerable interest to explore the possibility of creating industries of mutual interest so that industries situated in single countries would service a number of /others, thus

others, thus removing the obstacle to industrial expansion represented by the small market in each of the Central American countries taken individually. We should also like to make a study soon of the problem of commercial traffic on the Pan American Highway, a problem which has so far been dealt with in a number of isolated and unintegrated national measures; which has impeded any joint agreement to permit the maximum use of all the facilities for commercial traffic which the highway is opening up in the Central American countries and will surely provide to the rest of Latin America once it is completed.

8. Combination of Circumstances Favouring ECLA

The Commission has completed three years of existence and the time has come to review its terms of reference and to decide on its future. Confidence that we would accomplish our task has always been placed in us and I am very pleased to give recognition to the fact that we have been given the necessary tools to do so. The experience I have gained during many years in which I have had to alternate between practical work and research enables me to state that our organization harmoniously combines all the necessary elements for attaining the results expected of it.

Now that the Commission must examine the work it has done and decide on its future, I think I should point out these favourable circumstances.

First, our work has covered a field which, if not altogether unexplored, has not in the past been subjected to a systematic analysis and interpretation of facts and problems. Our work has not therefore  
/been superimposed



been superimposed on other work, but has filled in existing gaps and has complemented the work of others; in this way, our work, because of its content and broad scope, has met a need which has been felt for a long time past in Latin American countries.

Secondly, as Executive Secretary of this organization, I have been able to choose a staff of economists on a rigorously selective basis and without that pressure and influence which so often upset the work of organs of this kind. Mexican, Cuban, Central American, Brazilian, Argentine, Chilean, Bolivian, Paraguayan, Uruguayan, Peruvian and Colombian economists - I have not yet been able to recruit personnel from other Latin American countries - joined by a small group of United States and European economists, collaborate enthusiastically in the common task. We have fortunately been successful in attaining an objective which is not easy to reach - to give this common task harmony and coherence and to bring about a fundamental unity of purpose. We should not have been able to achieve this if we had not all been inspired by the same aims. Young men of great promise, after having studied in their own countries and at great foreign universities, have found in our organization a propitious outlet for their efforts. Although perplexed at first by the difference between the theory they had learned and the actual situation in Latin America, they now understand that our conditions also lend themselves to scientific interpretation, although as a special case within general economic theory. They also understand that our problems, if met with an open mind free of preconceived ideas, /are also

are also susceptible of rational solutions, compatible with the actual situation in Latin America. I am confident that as time passes this group of enthusiastic workers will provide leading economists for our countries.

Thirdly, the constructive manner in which the directors of the United Nations Department of Economic Affairs have treated this Latin American experiment has greatly influenced our daily work. As a man who in his theoretical and practical work has often had to oppose openly certain plans which economists from the advanced countries have sought to impose dogmatically on the actual situation in Latin America, I was convinced soon after coming into contact with those directors that I had no need to worry on that account. Far from wishing to impose a mental subordination which at times operates subtly by mere virtue of prestige and authority, they have encouraged in us a feeling that we should interpret in our own way the economic phenomena peculiar to Latin America, convinced that only with the development of independent ways of thinking and of action could the Latin American countries accomplish their task in economic development and international co-operation. I am glad to acknowledge this and to emphasize the importance to us of the understanding attitude and timely advice of these very experienced people, in addition to the considerable amount of information placed at our disposal by the Department of Economic Affairs.

We have also had the co-operation of the United Nations specialized agencies and that is the fourth factor which has helped our organization.

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I have already mentioned the International Monetary Fund and the International Bank for Reconstruction and Development which have supplied us with valuable information and whose officials have always been willing to discuss common problems. I can say the same for the FAO, which, in order to co-operate more fully with us, is shortly sending a first-class economist to Santiago to head our Agricultural Section. The same can be said of the International Labour Organization which, together with the FAO and other international organs, is a member of the Committee on Immigration.

Lastly, I must mention another important factor. The ECLA Secretariat is part of the Secretariat of the United Nations and as such its work must be strictly objective and impartial - if that were not so, its work would cease to be truly Latin American in character.

The Executive Secretary of the Commission is the regional representative of the Secretary General and as such is covered by the wide provisions of the Charter and therefore no government may infringe upon the independence with which we must carry out our task by attempting to impose its own views on us.

9. Prospects for Satisfactory Co-ordination Between ECLA and the Inter-American Economic and Social Council

Such have been the factors which have combined to favour the effective working of our organization. Three years have gone by and its terms of reference have to be reviewed. An obvious anomaly is justifiably causing some misgivings in this connexion - the simultaneous existence of two inter-governmental bodies with similar, though not identical, functions, the Commission and the Inter-American /Economic and

Economic and Social Council. It is curious to note that such duplication exists only in theory, since it has not occurred in practice in a single instance. I am glad to say that my eminent colleague, Dr. Taylor, with whom we maintain very close and cordial relations, also acknowledges that no duplication of our work has occurred. Nevertheless, the argument is sometimes advanced that if the Inter-American Economic and Social Council were to increase its very small staff which has hitherto dealt with economic studies, such duplication would inevitably occur. That, in my opinion, is yet another error, because the fact that the Secretariat of ECLA has worked intensively on the problems of economic development - to such an extent, as I have already said, that this has become one of its prime objectives - does not mean that another organization does not have a vast field for its activities. Indeed, a brief listing of the problems which ECLA has not yet been able to consider, not only for lack of resources but owing to the impossibility of undertaking so many tasks at the same time, would suffice to show the very extensive field in which not merely two but even a greater number of research institutions could operate. Where are the reports on inter-American trade, a subject of the utmost interest? Where is accurate and sound information to be found concerning transport in Latin America and the various problems connected with it? What body has considered the population problem, particularly that of the economically active population and the dislocations resulting from technical progress? Where have systematic studies been made of the very important problems raised by the concentration of in

/very important

very important problems raised by the concentration of industry in Latin America, with all its serious economic and social repercussions? Does anyone here think that the problems of low-cost housing, of the cost of living and of the patterns of consumption in Latin America have been studied thoroughly enough? Or that the Latin American countries have made all the necessary studies with regard to national income and that nothing remains to be done in the improvement of statistics? This brief list is sufficient to show that the field of activities is a very broad one. It is inconceivable, in fact that we should be talking about duplication in Latin America, where there is so much still to be done, when what is really needed is to concentrate far more efforts than have been made up to now for the investigation of these problems and the search for solutions.

I therefore believe that if there is a real desire that this organization should serve the economy of Latin America in the manner expected of it, care should be taken to strengthen it, not to weaken it, to ensure its independence, not to abridge its powers. Occupying the position I do, I might perhaps have entered into contact with Latin American countries and have tried to influence high officials in a certain direction, but I have deliberately refrained from doing so. This is not because of indifference to this organization's future, with which I am deeply concerned, but because what I have to say to representatives I wish to say openly, as I have just done, being convinced that they will be able to reach balanced and well conceived solutions. I have one last remark to make. I have long worked

/worked in my own

worked in my own country and in other countries of Latin America; I have seen many things build up with great optimism and on occasions have seen them destroyed, at times through inadvertence and at others through well-meant efforts to improve and perfect them. More than once I have had to watch the cloth laboriously woven during the day being undone at night. It is therefore understandable that having shared the devotion and enthusiasm of my colleagues in pursuing a great task, I should feel some apprehension lest outside hands should, with the best of intentions, inadvertently rip the threads we have so painstakingly woven together. I hope that such an outcome will be avoided and that an instrument which could become of considerable importance to the economic development of Latin America, will be preserved.

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