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(9 April 1958 — 23 May 1959)

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SUPPLEMENT No. 4

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CONTENTS

	Paragraphs	Page
INTRODUCTION	1	1
PART I. WORK OF THE COMMISSION SINCE THE SIXTH SESSION OF THE COMMITTEE OF THE WHOLE ...	2-112	1
A. <i>Activities of subsidiary bodies</i>	5-26	2
Trade Committee	6-19	2
Central Banks Working Group	7- 9	2
Working Group on the Latin American Regional Market	10-14	2
Consultative meetings on trade policy	15-19	3
Central American Economic Co-operation Committee	20-26	3
Central American Statistical Co-ordination Sub-Committee	23	4
Central American Trade Sub-Committee	24	4
Central American Transport Sub-Committee	25	4
Central American Housing, Building and Planning Sub-Committee	26	4
B. <i>Other activities</i>	27-97	4
Current Economic Analysis Division		
Annual Economic Survey	28-50	5
Economic Bulletin for Latin America	51-52	7
Economic Development Division	53-66	7
Influence of the common market on economic growth in Latin America	54-55	8
Studies on the economic development of the Central American countries and Panama	56-61	8
ECLA/TAA Economic Development Training Programme	62-66	8
Industrial Development Division		
Industrial development in Peru	67-69	9
Motor vehicle industry	70-71	9
Industrial inventory	72-73	9
Chemical industry	74	10
Railway equipment	75	10
ECLA/FAO/TAA Pulp and Paper Advisory Group	76-80	10
Energy and Water Resources Programme	81-85	10
Agriculture		
Joint ECLA/FAO Programme	86-89	10
Transport Section	90-92	11
Transport and the common market	92	11
Social aspects of economic development	93-96	11
Technical assistance	97-98	12
C. <i>Relations with specialized agencies and other organizations</i>	99-112	12
Specialized agencies	100-106	12
Organization of American States	107-108	12
Inter-governmental organizations	109-112	12
PART II. EIGHTH SESSION OF THE COMMISSION		
A. <i>Attendance and organization of the work</i>		
Opening and closing meetings	113-116	13
Membership and attendance	117-118	13
Credentials	119	13
Organization of the work		
Election of officers	120	13
Committees	121-122	13
B. <i>Agenda</i>	123	14
C. <i>Account of proceedings</i>		
Introduction	124-130	16
The Latin American common market and payments problems		

(Continued on page 3 of cover)

NOTE

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

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Annual report to the Economic and Social Council, covering the period
9 April 1958 — 23 May 1959

Introduction

1. This annual report of the Economic Commission for Latin America (ECLA) covers the period from 9 April 1958 to 23 May 1959.¹ The Commission submits this report to the Economic and Social Council for its consideration, in accordance with paragraph 12 of the Commission's terms of reference which states that "the Commission shall submit to the Council once a year a full report on its activities and plans, including those of any subsidiary bodies".

Part I

WORK OF THE COMMISSION SINCE THE SIXTH SESSION OF THE COMMITTEE OF THE WHOLE

2. During the period covered by the report increasing emphasis has been placed on those aspects of the work which relate to the gradual and progressive creation of a Latin American common market and to the Central American Integration Programme. In addition, there have been increasingly frequent requests from Governments for assistance and advice along the lines indicated in resolution 137 (VII) on sectoral and area programming and on the preparation, submission and appraisal of projects.

3. The report which follows is divided into three main sections: A. Activities of subsidiary bodies; B. Other activities; and C. Relations with specialized agencies and

other organizations. However, in view of the detailed description of the Commission's present and future work given in the five-year programme appraisal requested under Economic and Social Council resolutions 665 C (XXIV) and 694 D (XXVI) and included in Annex VII, this report will be confined to brief comments on the progress of the work since April 1958.

4. Before the activities of the Commission's subsidiary bodies are outlined, reference should be made to the Extraordinary Session of the Committee of the Whole of the Commission held at New York from 1 to 3 October 1958.² This session was convened to discuss proposals for financing the United Nations building to be erected in Santiago on the plot of land donated by the Government of Chile. Two different methods of financing were put forward, and were finally combined in resolution 147 (AC.41), which was adopted unanimously. Subsequently the proposals made were approved by the General Assembly in its resolution 1273 (XIII). Negotiations with the Government of Chile are now in hand with reference to the preparation of the site and other preliminary work of a technical nature.

¹ The previous activities of the Commission and its subsidiary bodies have been reported to the Economic and Social Council in the following documents: *Official Records of the Economic and Social Council: Seventh Session, Supplement No. 13* (E/840/Rev.1); *ibid., Eighth Session, Supplement No. 4* (E/1099); *ibid., Ninth Session, Supplement No. 14* (E/1330/Rev.1); *ibid., Eleventh Session, Supplement No. 9* (E/1717); *ibid., Thirteenth Session, Supplement No. 8* (E/2021); *ibid., Fourteenth Session, Supplement No. 2* (E/2185); *ibid., Sixteenth Session, Supplement No. 3* (E/2405); *ibid., Seventeenth Session, Supplement No. 2* (E/2536); *ibid., Twentieth Session, Supplements No. 10* (E/2756) and *No. 10 A* (E/2796/Rev.1); *ibid., Twenty-Second Session, Supplement No. 10* (E/2883/Rev.1); *ibid., Twenty-Fourth Session, Supplement No. 8* (E/2998); and *ibid., Twenty-Sixth Session, Supplement No. 4* (E/3091).

² The report of this session was issued as document E/CN.12/ Ac.41/3 and is included as annex VIII of this report.

A. Activities of subsidiary bodies

5. This section deals with the work of the ECLA Trade Committee, of its working groups and of the consultative meetings on trade policy, dealing with questions bearing on the common market, and with the activities of the Central American Economic Co-operation Committee and its sub-committees.

TRADE COMMITTEE

6. The Trade Committee held its second session at Panama City from 11 to 19 May 1959, and submitted its report (E/CN.12/C.1/15) to the Commission at its eighth session. During the course of the year, the secretariat was actively engaged in the research and other work needed for the studies to be presented at that session of the Committee and at the second sessions of its two working groups, on payments and on the regional market. Although the major part of the work has been incumbent upon the Trade Policy Division, all of ECLA's substantive divisions have collaborated to a greater or lesser degree in the preparation of the various studies.

Central Banks Working Group

*Second session: 24 November - 4 December 1958*³

Chairman: Mr. José Garrido Torres (Brazil);

Rapporteur: Mr. Eusebio Campos (Argentina).

7. All the Latin American countries were invited to attend this second session, since the discussion was to include payments problems not only between clearing-account countries, but also between countries not maintaining such accounts.⁴ Progress in implementing the standard agreement⁵ adopted at Montevideo (Uruguay) in 1957 was reviewed, with particular reference to the application of the principle of parity in selected sectors, the question of bilateral credit limits and the transfer and liquidation of balances. This was followed by a discussion on the following topics: means of linking together the bilateral and multilateral account countries in a payments union which would reconcile their different tendencies and interests without imposing any retrograde action on the latter countries; payments problems between Latin American countries not maintaining clearing-accounts; the possible participation in the system of countries outside the region; and the interdependence between the establishment of multilateralism and the liberalization of trade.

8. After an exhaustive debate, the Working Group

³ The first session was held at Montevideo (29 April - 10 May 1957), and its conclusions were embodied in document E/CN.12/484 submitted to the Commission at its seventh session.

⁴ The documents submitted by the secretariat included: "Inter-Latin American payments" (E/CN.12/C.1/WG.1/8 and Add. 1 to 3); summary of the above-mentioned document (E/CN.12/C.1/WG.1/7); and "Main objectives and possible characteristics of a Latin American payments union" (E/CN.12/C.1/WG.1/9).

⁵ Annex to resolution 1 of the Central Banks Working Group, E/CN.12/C.1/WG.1/5 (E/CN.12/484), pp. 41-49.

adopted a draft protocol on the establishment of a Latin American system for the multilateral compensation of bilateral balances, to enter into effect as soon as a minimum of four countries had acceded to it. Under this protocol, the ECLA secretariat may be appointed to act as the agency in charge of compensation operations.

9. Finally, the Working Group recognized how closely progress in respect of payments problems is linked to the gradual liberalization of trade, and suggested that it might be advisable to set up special inter-governmental organs being established to carry out the liberalization procedures established among the Latin American countries and to supervise the payments system.

Working Group on the Latin American Regional Market

*Second session: 16-27 February 1959*⁶

Chairman: Mr. Galo Plaza (Ecuador);

Rapporteur: Mr. Carlos Lleras Restrepo (Colombia).

10. The Group was composed of the following members:

Carlos d'Ascoli, Senator, Venezuela;

José Garrido Torres, Executive Director, Department of Currency and Credit of Brazil;

Rodrigo Gómez, Director-General, Banco de México;

Flavián Levine, Director of the Banco Central de Chile, Professor of the University of Chile, Manager of the Compañía de Acero del Pacífico;

Carlos Lleras Restrepo, Senator, Colombia;

Eustaquio Méndez Delfino, President of the Buenos Aires Stock Exchange and former President of the Honorary National Commission of Economy and Finance of Argentina;

Raymond F. Mikesell, Professor of the Economics Department, University of Oregon, United States;

Juan Pardo Heeren, former Minister of Finance of Peru;

Galo Plaza, former President of the Republic of Ecuador.

11. The session was held in Mexico. The Group took as the basis for its work the report prepared by the secretariat on "Possible alternatives for the establishment of the Latin American regional market" (E/CN.12/C.1/WG.2/7).⁷

12. The Group made a series of recommendations, for transmission to the Trade Committee at its second

⁶ The first session was held at Santiago, Chile (1-11 February 1958). The report was included in document E/CN.12/C.1/9, submitted concurrently to the Trade Committee at its second session and to the Commission at its eighth session.

⁷ In addition to the report of the Central Banks Working Group (E/CN.12/WG.1/10/Rev.1), the secretariat presented several draft working papers and two other documents: "Inter-Latin American payments" (E/CN.12/C.1/WG.1/8) and "Government policies affecting private foreign investment in a Latin American regional market" (E/CN.12/C.1/WG.2/9).

session, concerning the structure and basic principles of the Latin American common market.⁸

13. The recommendations deal with the possible structure of the common market, including its objectives, its juridical form, the customs and liberalization régime to be instituted, the classification of products, the programme for the first stage, the régime for relatively less developed countries, the size of the market and initial groupings, specific complementarity and specialization agreements, treaties on trade or economic matters not covered by the agreement, most-favoured-nation treatment, and a proposed committee on trade policy and payments, composed of representatives of all the member countries, to carry out the negotiations arising from the agreement.

14. The Group felt that the structure recommended for the establishment of the Latin American common market should be supplemented with a series of guiding principles covering various aspects of the actual operation of the market, so as to ensure the successful attainment of its aims. Accordingly, it recommended the adoption of a number of such principles, which, it suggested, would have to be worked out in further detail during the negotiations required for the adoption of the agreement itself, in connexion with the following points: reciprocal trade benefits of the common market, stability in reciprocal treatment, determination of the origin of goods, equalization of customs duties, co-ordination of trade policy, special programme for the the reduction of high customs duties, rules of competition, measures to remedy balance-of-payments disequilibrium, special measures (escape clauses), customs and statistical co-ordination, participation of representatives of economic activities, and the payments régime.

Consultative meetings on trade policy

15. In addition to the meetings of the two working groups described above, the work on the common market has led the secretariat to convene *ad hoc* meetings of consultants on trade policy. So far four such series of meetings have been held: two at Santiago, Chile, in August 1958 and April 1959, attended by experts, acting in their private capacity, from Argentina, Brazil, Chile and Uruguay, and two others attended by experts from Colombia, Ecuador and Venezuela, at Bogotá, Colombia (November 1958) and Caracas, Venezuela (May 1959).⁹

16. The purpose of the above-mentioned meetings was to ascertain the views of the consultants on some important Latin American trade questions, and to seek a solution to certain urgent problems in this field that are common to the countries enumerated. Such problems include, with regard to trade relations among Argentina,

⁸ "Recommendations concerning the structure and basic principles of the Latin American regional market" (E/CN.12/C.1/WG.2/10/Rev.1), incorporated in document E/CN.12/C.1/9.

⁹ The four meetings were reported on to the Trade Committee at its second session in documents E/CN.12/C.1/11 (first meeting at Santiago and meeting at Bogotá), E/CN.12/C.1/11/Add.1 (second meeting at Santiago) and E/CN.12/C.1/11/Add.2 (meeting at Caracas).

Brazil, Chile and Uruguay, the status of their mutual bilateral agreements. These agreements have become outmoded as a result of the recent reforms in Argentina's and Chile's exchange and the adoption by Brazil of a new customs tariff. The countries mentioned are tending to adapt such agreements to the multilateral trends conditioning the aforesaid reforms, with the further intention of encouraging new trade flows, particularly in manufactured goods. For this purpose a draft agreement on a free-trade area was prepared for consideration by the respective Governments and with a view to its submission in due course to the Contracting Parties of GATT, as the logical sequel to the steps already taken.

17. It is important to stress that, in corroboration of statements made by the consultants at the informal meeting who studied the draft agreement on a free trade area (Santiago, April 1959), the delegations of Argentina, Brazil, Chile and Uruguay declared, at the second session of the Trade Committee, that they were prepared to reformulate this *ad hoc* agreement when the general agreement on the Latin American common market had been duly concluded.

18. At the two consultative meetings on trade policy, at which specific questions relating to trade among Colombia, Ecuador and Venezuela were studied, particular attention was paid to the problems arising from the diversion of their regular trade towards unregistered traffic and smuggling.

19. An examination was also made of the specific possibilities for intensifying regular trade in a number of natural and manufactured products, as well as of the trends which would be followed in the concerting of new agreements among the aforesaid countries on terms compatible with extensive inter-Latin American collaboration within the framework of the projected common market.

CENTRAL AMERICAN ECONOMIC CO-OPERATION COMMITTEE

Fifth session: 3-10 June 1958

Chairman: Mr. Fernando Villar (Honduras);

Rapporteur: Mr. Enrique Delgado (Nicaragua).

20. The Central American Economic Co-operation Committee held its fifth session at Tegucigalpa, Honduras, in June 1958. As a result of this session, the plenipotentiary representatives of the Central American countries signed the Central American Multilateral Free Trade and Economic Integration Treaty, the Agreement on Central American Integration Industries, the Central American Agreement on Road Traffic and the Central American Agreement on Uniform Road Signs and Signals. The Multilateral Treaty, which will enter into force on its ratification by three countries and on the deposit of the third instrument of ratification, has so far been ratified by the legislatures of El Salvador, Guatemala and Nicaragua. This treaty marks an important stage in the work for the economic integration of Central America, and is the culmination of six years of effort and research by the secretariat.

21. At the same session, the work carried out under the Economic Integration Programme since the fourth session was approved, and fresh lines of policy were laid down for the programme, which has now entered on a new stage of more specific action promising more immediate results. The Committee also reviewed the work of the various sub-committees and *ad hoc* meetings through which the Programme, with the assistance of the secretariat, is being carried out, and in accordance with the findings of those meetings, decided to set up new sub-committees on electric power, housing, building and planning, and transport.¹⁰

22. During the period under review, the following sub-committees have met:

Central American Statistical Co-ordination Sub-Committee

Fourth session: 20-24 May 1958

Chairman: Mr. Adolfo Lola Blen (Nicaragua);
Rapporteur: Mr. Francisco Molina (El Salvador).

Central American Trade Sub-Committee

Fifth session: 3-12 September 1958

Chairman: Mr. Alberto Fuentes Mohr (Guatemala);
Rapporteur: Mr. José María Castillo (Nicaragua).

Central American Transport Sub-Committee

First session: 22-29 September 1958

Chairman: Mr. José Luis Montiel (Nicaragua);
Rapporteur: Mr. Enrique Soto Borbón (Costa Rica).

Central American Housing, Building and Planning Sub-Committee

First session: 28-31 October 1958

Chairman: Mr. Rodrigo Carazo Odio (Costa Rica);
Rapporteur: Mr. Alfredo Pinillos (Guatemala).

The activities of these bodies are described below.

Central American Statistical Co-ordination Sub-Committee

23. At its fourth session, held at Managua, Nicaragua, the Statistical Coordination Sub-Committee reviewed and evaluated the progress made in regard to statistical co-ordination, and adopted resolutions on agricultural, foreign trade, population and fiscal statistics.

Central American Trade Sub-Committee

24. The Central American Trade Sub-Committee held its fifth session at Guatemala City, Guatemala, in September 1958. On the basis of the background documents prepared by the secretariat and of the detailed negotiations carried on at the consultative meeting held at San Salvador, El Salvador, in April, the Sub-Committee

¹⁰ In addition, there are sub-committees on trade and statistical co-ordination and the Industrial Initiatives Commission.

agreed on the equalization levels for import duties on a large number of the articles covered by the Central American Multilateral Free Trade and Economic Integration Treaty. The first Central American agreement on customs equalization, covering approximately half the commodities listed in the annex to the Treaty, was drafted and recommended to Governments for signature. The eight resolutions on these matters which were adopted by the Sub-Committee may be found in the report of the session (E/CN.12/CCE/156). Lastly, in conformity with the resolutions adopted by the Sub-Committee, in 1959 a group of consultants, composed of ministerial representatives, agreed on uniform levels for most of the items included in the Treaty. Progressive equalization was also provided for in the case of goods for which it could not be immediately achieved. On these bases, the secretariat is preparing the revised draft Central American agreement on equalization.

Central American Transport Sub-Committee

25. At its first session, held at Managua, Nicaragua, in September 1958, the Central American Sub-Committee on Transport approved for experimental use in Central America a complete set of technical specifications for road and bridge building. The relevant text, together with the corresponding resolutions, may be found in the report of the session (E/CN.12/CCE/SC.3/3).

Central American Housing, Building and Planning Sub-Committee

26. The first session of the Housing, Building and Planning Sub-Committee was held at San José, Costa Rica, from 28 to 31 October 1958. Particular stress was laid on the importance of developing free trade in building materials and equipment and of establishing industries for the supply of such materials, within the economic integration programme. The Sub-Committee's work programme for 1958-59 was approved; it includes (a) the preparation of a Central American inventory of industries producing building materials; (b) a study of the Central American common market for building materials and of development prospects for integration industries in this sector; (c) the standardization of building materials and the establishment of appropriate standards; (d) studies on building costs; (e) the assembly and analysis of legislation on physical planning; (f) the development of standards for a minimum dwelling in a typical zone of each country; and (g) the preparation and exchange of designs based on these standards. Finally, there was discussion of probable future technical assistance needs in the fulfilment of the programme, and of the co-operation which would be required from national bodies. The conclusions reached were incorporated in four resolutions, which are included in the report of the session (E/C.12/CCE/159).

B. Other activities

27. This section deals with those of the secretariat's activities which are not directly connected with the work of the subsidiary organs listed in section A above.

CURRENT ECONOMIC ANALYSIS DIVISION

Annual Economic Survey

28. The survey for 1958,¹¹ like its predecessor, concentrates, in the first place, on the impact on Latin America of trends outside the region. It goes on to analyse developments in the individual Latin American countries, and briefly reviews recent internal trends in the region as a whole. Particular attention is paid, in special annexes, to agreements covering coffee and other Latin American products; to United States quotas for imports of petroleum, lead and zinc; to trade with the Soviet Union and Eastern Europe; and to development projects in the motor-vehicle, iron and steel and other heavy industries in Latin America.

The foreign exchange problem

29. The continued weakness of commodity markets after the almost complete recovery of the United States from its recent recession shows that the falling off in Latin America's export earnings was primarily due not to that recession but to more fundamental causes, namely, the slowing down of the growth rate of the whole group of industrial countries since 1955, and the increasing tendency of these countries to protect the agricultural and mining sectors (including producers in dependent territories) against foreign competition.

30. Since, however, the economies of Latin America continued to grow, their demand for imports also rose. The conflict between this trend and the stagnation or decline of exports led to increasingly serious balance-of-payments problems. Moreover, the inadequacy of the supply of imported goods in relation to needs aggravated inflationary trends, although these had their origin in ill-balanced development programmes and misguided economic policies, especially in the fiscal and monetary fields.

31. In an attempt to cope with these two allied problems of internal and external imbalance, a number of Governments adopted measures which directly or indirectly helped to slow down the rate of growth; and this has now fallen to a very low level, reflecting the falling-off in the United States and Western Europe.

32. United States imports of Latin American products withstood the recession surprisingly well, their volume remaining virtually unchanged, though prices were lower. The internal demand for metals fell off very rapidly because the recession affected particularly the industries producing capital goods and durable consumer goods, and because strategic stockpile purchases almost ceased; but it seems that United States processing companies (especially in the case of steel) preferred to obtain materials from their low-cost mines overseas; and the same applied to petroleum companies. Under pressure from domestic producers, excise duties were levied in the United States on copper imports, quotas were imposed on lead and zinc imports, and the voluntary quotas for petroleum were first tightened and then (in March 1959)

¹¹ *Economic Survey of Latin America, 1958* (E/CN.12/498 and Add.1).

made compulsory. Imports of Latin American foodstuffs into the United States continued to expand, reflecting the continued rise in standards of living despite the recession. The region sharply increased its sugar exports to the United States (mainly owing to low output in Hawaii and Puerto Rico). The high proportion of total Latin American exports to the United States represented by foodstuffs and petroleum, United States imports of which generally maintained their volumes and prices, helps to explain the relatively slight impact of the recession.

33. The decline in imports into Western Europe was much greater. In 1958, Western European economies tended either to grow at a slower rate (Federal Republic of Germany and Italy), or to experience a mild recession (Belgium, United Kingdom and — in the second half of the year — France). The volume of their total imports of primary commodities levelled off, and the Latin American share declined to some extent. This was due partly to a general loss of markets in France and partly to the fall in imports of Venezuelan petroleum, which had been abnormally high in 1957 owing to the closing of the Suez Canal. In other respects, imports of Latin American foodstuffs and materials — like output in Western Europe — showed no clear general trend, and development in individual items reflected changes in inventories or in the best European harvests. Better crops of sugar beet caused big declines in imports of cane, especially by the Federal Republic of Germany. In contrast to United States purchases, Western European sugar imports are quoted at free market prices, which declined.

34. The fact that expansion in the industrial countries did not continue was reflected in the depressed state of commodity markets, though each of these was also affected by forces acting on it alone. Thus, the coffee market was overshadowed by a growing surplus, and although the retention scheme prevented a collapse, prices continued to drift downwards. The sugar shortage having ended, prices in the free market declined to a figure near the minimum laid down in the international agreement, and export quotas were cut. Large crops in Western Europe reduced the world market demand for cereals, and the particularly heavy wheat harvest in the United States affected the prospects of a recovery. Of the major Latin American export commodities, only meat (because of reduced slaughtering in the United States) and cacao (owing to small crops in West Africa) showed net price rises in the year. Prices of cotton and wool were weak because in the countries in which recessions occurred the output of textiles was reduced. Finally, non-ferrous metal prices fell precipitously until the middle of the year, except for tin, the price of which was supported by buffer stock purchases (until these were suspended in September) and by export quotas. Markets for the other metals reflected the recession and recovery in total world industrial output, because the dip was largely concentrated in the metal-using industries, and its effects were aggravated by inventory changes. Copper prices fluctuated particularly sharply in both directions. Since downward movements predominated, the average price level for

total Latin American exports fell throughout the year, and there was no general recovery in evidence in early 1959.

35. Although the contraction in world trade brought with it a reduction in shipping freights which to some extent offset the effect of falling prices, the value of the region's exports dropped by about \$500 million to \$600 million (or 6 to 7 per cent). For many Latin American countries it had already decreased slightly in 1957, but the total foreign exchange available to the region continued to rise in that year because of increased inflows of capital (especially to Venezuela). But in 1958 there was no longer such a large inflow of private capital; the development of Venezuelan petroleum concessions slumped, and there was apparently some decline in direct private capital investment by foreigners in the rest of the region. The flow of medium-term credit to finance imports of capital goods ceased to expand, and the increased inflow of public capital was offset by higher amortization payments. As a result, the region's capital account, even with the exclusion of Venezuela, no longer made up for weaknesses in exports.

36. There was thus a severe decline in the exchange available for imports, which were reduced by more than \$1,000 million. Of the twenty republics only Paraguay appears to have imported more in 1958 than in 1957. Since in many cases imports had already been cut to minimum needs in respect of materials and equipment, the attempt to reduce them further put great pressure on foreign exchange markets, a number of which were in process of being liberalized. The effective exchange rates for imports increased sharply in the course of the year, notably in Argentina, Brazil and Chile. (The particularly large rise in Argentina took place when the exchange system was reformed at the end of the year.) Moreover, systems of prior deposits were increasingly used as a substitute for direct controls and special exchange rates, to limit imports of non-essential goods.

37. But despite such checks on imports, several countries still showed heavy balance-of-payments deficits. The total deficit of the region was about \$750 million, of which nearly \$400 million were accounted for by Venezuela. The Venezuelan deficit was financed by depleting the country's foreign exchange and gold reserves. The reserves of the rest of the region also fell, by approximately \$250 million, thus reaching levels which are now critically low. Moreover, many countries were compelled to raise further short-term loans, mainly from the Export-Import Bank and private United States banks.

The internal situation

38. Given the world economic trends just outlined and the fact that external income is the principal dynamic factor in Latin America's economy, it is not surprising that the rate of growth of the gross product should have slowed down in 1958, increasing by only about 3 per cent, as against 5 per cent in 1957. If population growth is taken into account, the *per caput* product remained almost at a standstill, as did *per caput* gross

income. *Per caput* supplies of goods and services increased by 1 per cent, but this took place at the cost of a marked disequilibrium in the external goods and services balance.

39. A number of internal factors helped to neutralize the depressive influence of the external sector. In some important Latin American countries, demand for domestic goods tended to maintain or exceed the figures recorded for the preceding year, which explains the trend in the regional gross product indicated above. These countries showed increases in the four components of domestic demand, i.e., external demand measured in internal monetary units, investment, public expenditure and expenditure on consumption of domestic goods. The internal repercussions of the fall of \$500 million to \$600 million in external demand were offset by the compensatory policies adopted by certain countries, consisting in the devaluation of the exchange rate for some exports, export subsidies or government financing or purchases of surpluses. Measures of this kind were applied in Argentina, Brazil, Mexico, and, during the first months of the year, Colombia. Gross investment exceeded its 1957 level (except in Venezuela, where petroleum investment declined) thanks to the import substitution effort of several countries and to official projects for developing the basic sectors of the economy. Public expenditure maintained the same high levels almost without exception, thereby giving rise to large budget deficits. Consumer expenditure, which is chiefly determined by the level and distribution of income, also showed an upward trend. However, this nominal expansion was absorbed in a number of countries by inflationary price increases.

40. Nevertheless, inflation remained confined to the same countries as in the past, although in some — Argentina, Brazil and Uruguay, for example — prices rose at a more rapid rate. The same factors which had played a part in the inflationary process in past years continued to operate — i.e., the relative inelasticity of aggregate supply, structural maladjustments between supply and demand, and excess demand in certain countries. Moreover, in some countries, such as Argentina, Brazil, Mexico and Uruguay, costs increased as a result of rises in nominal wages and of currency devaluation.

41. In order to mitigate the effects of these inflationary factors, various countries — Bolivia and Chile in particular — continued to apply the same type of austerity policy as in former years. In other countries, anti-inflationary measures were also adopted, but were not carried out strictly. At the end of 1958, Argentina announced a drastic anti-inflationary policy to be introduced early in the following year. Nevertheless, prices continued to rise more or less rapidly in every country where inflation had already gained momentum.

42. The behaviour of the major sectors of production — agriculture, manufacturing industry and mining — showed divergent trends in 1958. Production in the last farm year was 4 per cent greater than in 1956/57 and in *per caput* terms, 1 to 2 per cent greater. In nearly every Latin American country, harvests for 1957/58 were larger than those of the preceding year. The two main reasons

were generally good weather conditions, and efforts in recent years to improve the technical level of farming, especially as regards export crops. This also explains why production for export was once more mainly responsible for the increase in the total agricultural index for 1958. If the results for 1957/58 are analysed, the progress in crop farming and the stagnation in stock farming once again become evident. The agricultural quantum rose by 5 per cent, whereas the livestock quantum remained stationary, as in 1950/51-1953/54. In 1957/58, important changes took place in the composition of crop production. Less bread grains (wheat and rye) were grown in Latin America as a whole, while the output of other grains (maize and oats) increased appreciably. Unusually large increments were also recorded for sugar and coffee.

43. In the manufacturing sector, the rate of growth of production, after slackening temporarily in 1957, regained the intensity recorded in 1956. This change was due to the development of the dynamic industries; the industries producing goods for current consumption did not do much better than keep pace with population growth.

44. The dynamic industries continued to gain momentum in 1958, although their importance in Latin American industry as a whole is still small. The necessity for import substitution (resulting from limited capacity to import), industrial re-equipment requirements and long-term projects in the basic sectors have combined to provide the stimuli which these industries need for their growth. Moreover, they have been able to draw on national financial resources, and in addition receive a considerable share of the inflow of external finance.

45. In 1958, the iron and steel industry recovered its former rate of growth for steel-making and rolling, but the gap between steel-making capacity and pig iron production capacity was maintained and even slightly widened. The ratio of pig iron production to steel-making changed from 80 per cent in 1951 to 63 per cent in 1958.

46. The basic metal and metal-transforming industries in general—the simplest forms of which are already firmly established in Latin America—are advancing, especially in Argentina, Brazil and Mexico, towards more complex lines of production in certain branches: machine-tools; mechanical, electrical and electronic equipment, etc.

47. The motor vehicle and tractor industry is being promoted intensively in Argentina and particularly in Brazil. The progress being made in these countries is evidenced not only by the number of units constructed but also by the increasing utilization of domestic parts and materials, the production of which implies the establishment or strengthening of important auxiliary industries. Mexico has a large-scale project for motor vehicles, and plans for tractor production are progressing in Chile.

48. In mining, the depressive trends of the preceding years continued in 1958, in line with the development of the world economy. Although the volume of Latin American production was not in general affected, the fall

in international prices led to a reduction in income from mining, and affected the capacity to import.

49. In 1957, petroleum was the only item which escaped the predominantly downward trend. In 1958, it not only suffered a fall in prices, but the level of production dropped by about 4 per cent, as a result of developments in Venezuela. On the other hand, the countries producing petroleum for their own consumption registered increases, some of which, as in the cases of Brazil and Chile, were spectacular. Argentina signed important agreements with foreign companies as a step towards self-sufficiency in this branch. Copper, which was deeply affected in 1957 by the weakening of the external market, showed a decline in production, although prices rose as from the middle of the year. The decline in 1958 was mostly due to a strike. The situation in lead and zinc remained much the same as in 1957, and the rapid expansion of iron mining was halted.

50. The electric energy deficit is a serious obstacle to many countries' economic development, and only relative progress was made in 1958, but important projects and undertakings to improve the supply in the next few years are under way.

Economic Bulletin for Latin America

51. The two issues of the *Bulletin* that formed volume III were published in 1958. The second issue (Vol. III, No. 2)¹² contained articles on Latin America's foreign trade in the first half of 1958 and on the evolution and prospects of the international banana market. For the first time, moreover, a statistical supplement was included; such supplements are planned as a permanent feature of future issues of the *Bulletin*.

52. Volume IV, No. 1, published in March 1959, contains an article, based on the report of the second session of the Working Group on the Latin American Regional Market, on the progress made towards the Latin American common market, as well as some observations on the industrial development of Peru, a paper on economic development in Argentina, another on the problems of Latin American coffee producers and the statistical supplement.

ECONOMIC DEVELOPMENT DIVISION

53. Increasing emphasis has been placed during the year on studies designed to serve as background material for the work on the common market. Work on individual country studies has been concentrated on the Central American countries (Costa Rica, El Salvador and Honduras) and Panama, and on final revision for the printed edition of the study on the economic development of Argentina.¹³

¹² The contents of Vol. III, No. 1, were described in the last annual report (E/3091, para. 62).

¹³ *Análisis y proyecciones del desarrollo económico. V. El desarrollo económico de la Argentina*, Part I. *Los problemas y perspectivas del crecimiento económico argentino* (E/CN.12/429/Rev.1). (United Nations publication, Sales No.: 1959.II.G.3, Vol. I.) (The other two volumes will appear in the course of the year.)

*Influence of the common market on economic growth
in Latin America*

54. In the relevant study (E/CN.12/C.1/13), a preliminary analysis has been made of demand and sources of supply in respect of capital goods and other products in the Latin American economies up to 1975. The prospects for the expansion of traditional exports are also examined, together with foreign financing and import substitution possibilities. Finally, there is some discussion of the level that inter-Latin American trade might have to reach if the Latin American economies are to develop at the same rate as in the past.

55. The study includes projections of the national product, consumption and investment for the region as a whole over the period 1955-1975. In addition an attempt is made to determine production, imports, exports and domestic consumption of a large number of agricultural commodities.

*Studies on the economic development
of the Central American countries and Panama*

56. As a result of research and analysis carried out during the past year by the secretariat of the ECLA Mexico office, in close collaboration with national working groups appointed for this purpose by the Governments concerned, studies on the economic development of Panama (E/CN.12/494) and El Salvador (E/CN.12/495), together with a progress report on the work on Honduras (E/CN.12/496), were submitted to the Commission at its eighth session. Close collaboration has been maintained with the economic development project undertaken by the University of Costa Rica, which is now at an advanced stage. It is planned to begin studies on the economic development of Nicaragua and Guatemala during the course of 1959, on the same basis of collaboration with Governments through national working groups.

57. The study on Panama draws attention first to the impetus given to development by the boom in the activities of the Panama Canal Zone during the Second World War. It goes on to analyse the way in which the contraction of external demand and the maintenance and later expansion of private consumer expenditure, private investment and public expenditure brought about a process of growth in the sectors producing mainly for the internal market. Study of the post-war period thus reveals the important transformation which has taken place in the economic structure of the country despite the obstacles created by its traditional pattern.

58. On this basis, prospects for the future have been explored. For this purpose Panama's external demand was projected, in an attempt to determine what proportions it will assume over the next ten years. This analysis includes not only traditional goods, but also transactions connected with the international transit of goods and persons — in particular, the tourist industry — and sales of goods and services to the Panama Canal Zone. The main structural and institutional characteristics of the economy, in which some of the chief obstacles to future growth may be found, were also thoroughly examined.

59. These sections of the study enabled a first overall projection to be made, which indicates the presence of stationary trends. A second projection was therefore made, both over all and by sectors, to illustrate what changes would be needed and what would have to be done to raise the average standard of living over the decade 1956-1966.

60. The study of El Salvador also consists of two parts, one of analysis and the other of projections. In the first, the rapid growth of El Salvador's economy during the period 1945-1957 is described. The causes of this growth are then analysed, with emphasis on the essential role played by external demand. In this context, stress is laid on the favourable world market situation for coffee and, to a lesser extent, cotton. Among other factors of growth, attention is drawn to the part played by public investment and to the development of an active private investment sector in the last few years. Finally, the growth which has taken place in each sector of production is analysed, emphasis being laid on the dynamic nature of the industrial sector.

61. In the second part, the growth of the Salvadorean economy is projected up to 1967. International market prospects for the traditional export commodities are analysed first. On the basis of these projections, which are not favourable, some indication is given of the tremendous effort to achieve import substitution and diversification of exports which would have to be made by El Salvador's economy to maintain the rate of growth observed in recent years, or even the levels of consumption already reached. Details of the implications of this projection are given by sectors of production, with special attention to the expansion of the Central American market in projecting both exports and imports.

*ECLA/TAA Economic Development Training
Programme*¹⁴

62. The regular 1958 Santiago Programme began on 30 June 1958 and ended on 28 February 1959. In addition to the nine fellowships awarded out of TAA regional funds (two each to Chile and Honduras and one each to Colombia, El Salvador, Mexico, Paraguay and Peru), the Government of Venezuela financed four participants and the Governments of Brazil and Cuba one each, while the Governments of Costa Rica and Yugoslavia obtained fellowships under the United Nations general fellowships programme. In addition, two Chileans attended the Programme on their own account.

63. Professor Hollis B. Chenery of Stamford University, California, USA, gave a series of lectures on linear programming which were followed by a number of seminars. In addition, Mr. Jean Fourastié, the well-known expert on productivity, was kindly seconded by the French Government to lecture at the Santiago course on productivity and economic developments.

64. In 1958, as in 1957, an intensive training course was held at Rio de Janeiro, from 4 August to 7 November. Some fifty economists and government officials partici-

¹⁴ Further information is given in document E/CN.12/523.

pated, mainly on a full-time basis. The curriculum included lectures on the financing of economic development, investment projects, administration, regional and locational analysis, the role of agriculture in Brazil's economic development, the programming of economic development and social accounting. In addition, lectures were delivered by Brazilian professors on matters of national interest, such as mineral resources and industrial and population questions.

65. A second intensive course was held at Buenos Aires from 1 October to 23 December. It was attended by some seventy participants from several government institutions, and included lectures on social accounting, the financing of economic development, programming methods and investment projects. Several lectures were given on Argentine problems in such fields as agriculture, manpower and energy resources, and the ECLA study on the economic development of Argentina was discussed at length.

66. *The Manual on Economic Development Projects*,¹⁵ based on material originally used in the training programme, was printed at the beginning of May 1959. In view of the demand for the teaching material employed in the various courses under the programme, it is hoped that manuals on other aspects of programming economic development may be published in the future.

INDUSTRIAL DEVELOPMENT DIVISION

*Industrial development of Peru*¹⁶

67. This study, the first part of which was discussed with government officials and industrialists in Peru, was completed early in 1959, and the printed edition will appear a few days after the eighth session. A summarized version has been printed in the *Economic Bulletin for Latin America*, Vol. IV, No. 1, and the conclusions were submitted to ECLA (E/CN.12/493/Add.7).

68. The study analyses the present situation and the future prospects of industry in Peru, in the light of the basic characteristics and problems of the Peruvian economy as a whole. Accordingly, the industrial analysis proper is preceded by an over-all investigation of the intensity and characteristics of the country's economic growth, the factors which have affected it and its probable future trends, the growth of population in Peru and the distribution of the labour force, and the main trends of exports, imports and foreign capital movements. Some hypotheses concerning the general prospects of other sectors of the economy are also formulated.

69. The study then goes on to deal with the present rate of growth and the composition of industry in Peru, installed capacity and its utilization, the supply and productivity of labour, and the institutional organization within which industry is developing (protective policies, credit and tax policies, etc.). A detailed projec-

¹⁵ United Nations publication, Sales No.: 1959.II.G.5 (E/CN.12/426 and Add.7/Rev.1).

¹⁶ United Nations publication, Sales No.: 1959.II.G.2 (E/CN.12/493).

tion of demand for 1965 by industrial sectors and products is followed by an analysis of the degree to which it will be possible to meet this demand from imports and from domestic production respectively; and, in the latter case, some suggestions are made concerning the lines which will have to be encouraged and the skilled and unskilled labour force and investment which will be needed.

Motor vehicle industry

70. The preliminary findings of the study on the motor vehicle industry in Brazil were transmitted to the Government of Brazil in September 1957, and the revised study will be ready for comment and criticism by that Government at an early date. Some of the data on raw material requirements, the basic metal and metal transforming industries, labour and investment for the development of the motor vehicle industry were brought to the attention of the Commission at its eighth session.¹⁷

71. Plans are now being made to take advantage of the experience gained in the course of this work and to proceed with a general study of the motor vehicle industry in countries where it has already been established or is planned. In order to determine the size of the market needed for the economic manufacture of motor vehicles and the degree of general industrial development required to sustain the industry, a study will first have to be made of the market and the projected demand for motor vehicles in all the countries in question, and possibly in Latin America as a whole, with separate reference to passenger cars and lorries. It will then be desirable to undertake an analysis of manufacturing costs as affected by the scale of operations, with a view to determining to what extent certain operations and the more important manufactures should be undertaken. Finally, an economic evaluation of the programme emerging from the above studies will have to be made.

Industrial inventory

72. As part of the secretariat's programme relating to industrial studies with a bearing on the common market, an inventory of Latin American industry is being prepared, with particular emphasis on capital goods and durable consumer goods. This inventory will be brought up to date periodically and circulated to the Governments and organizations concerned. It will enumerate and describe the activities in the various Latin American countries which offer the best prospects of promoting the expansion of trade and regional integration.

73. The inventory will be helpful for a better selection of sectoral studies, in which the prospects for given industries are analysed in greater detail from the standpoint of the regional market. Some preliminary information of this type was submitted to the Working Group on the Latin American Regional Market at its second session. The material has since been expanded to include material on Brazil and Colombia, and was submitted to ECLA at its eighth session (E/CN.12/524 and Adds.1, 2 and 3).

¹⁷ See information document No. 31.

Chemical industry

74. The pilot study of the chemical industries in Chile is being carried out as a joint project with the Chilean Development Corporation (Corporación de Fomento de la Producción). Some of the preliminary findings have been summarized (E/CN.12/525), with a brief description of the methods used. The study is planned as part of a programme covering the chemical industries throughout Latin America.

Railway equipment

75. In connexion with the studies relating to the common market, the secretariat undertook in 1958 a short analysis of the possibilities for complementarity among industries manufacturing railway equipment.¹⁸ A meeting of railway industrialists and railway and government observers was then convened at Cordoba (Argentina) from 2 to 5 March 1959. Its main purpose was to allow industrialists, railwaymen and government officials to discuss matters of common interest, in particular the means of ensuring the full development of the railway equipment industry in Latin America. The meeting thus constituted a new departure for the secretariat, the past meetings of industrial experts having been convened for the practical discussion of technical issues arising in the various industries.

ECLA/FAO/TAA Pulp and Paper Advisory Group

76. A short progress report on the work of the Group (E/CN.12/506) was laid before the Commission at its eighth session. During the year under review, the field work in Ecuador, Mexico, and Venezuela was brought to an end and the first drafts of the reports were completed, with a view to their submission to Governments for comment and criticism before being published.

77. Material assembled in Peru is being brought up to date with a view to presenting a consolidated report on the pulp and paper situation in that country, including all recent developments.

78. The field work has already been done in Brazil, and the Group has completed its findings, the first part of the study having been published in Brazil in 1958. There is, however, a request pending from that Government for further co-operation on some matters of importance for future development.

79. Other requests were received from the Governments of Colombia and Surinam, and from the authorities of the province of Buenos Aires, Argentina. These requests will be met in 1959.

80. The keen interest in the work of the Group shown by Governments in the region may be due to the rapid expansion which is taking place in the industry. Between 1956 and 1958 pulp production rose from 463,000 to 612,000 tons, newsprint production from 59,000 to 118,000 tons, and other paper and board production from 1,094,000 to 1,373,000 tons.

¹⁸ See document E/CN.12/508 which also contains the report of the Cordoba meeting.

ENERGY AND WATER RESOURCES PROGRAMME

81. During the year under review, the secretariat's efforts in this field have concentrated on the work of the Water Resources Survey Group, a joint ECLA/TAA/WMO project. First drafts of the pilot study on Chile (E/CN.12/501/Add.1) were completed in 1958, and the Survey Group subsequently spent several weeks in North Patagonia (Argentina) studying water resources in the region and their use for purposes of economic development. The results of this inquiry will be presented to the Government of Argentina in July 1959.

82. Subsequently, the Group spent two months in Ecuador, surveying hydrological and meteorological services, hydroelectric potential and the multiple use of water resources. The drafting of the study on Ecuador is nearing completion, and it will be presented to the Government of that country for comment after ECLA's eighth session, when the Commission was given a provisional summary and the conclusions of the study in course of preparation¹⁹ for its information.

83. Towards the end of 1958, a questionnaire on water resources was sent to all Latin American Governments and, on the basis of the replies received, the secretariat prepared a general introductory paper on water resources and their utilization in Latin America (E/CN.12/501). Analyses of the systems of administrative organization for the integrated development of river basins in Latin America and certain matters specifically related to international rivers, prepared by the TAA legal expert in the Group were made in two documents (E/CN.12/503 and E/CN.12/511).

84. A request for the Group's services during 1959 has been received from Venezuela, and plans are being made to meet that request. Another request is being submitted by Cuba. The Central American Economic Co-operation Committee has also expressed interest in the undertaking of a water resources survey in the Central American countries, with a view to the integrated use of such resources.

85. In 1959, preparatory work will begin for a meeting of experts on electric energy development. In response to an invitation from the International Atomic Energy Agency, an observer will be detailed to a mission which the Agency is shortly sending to Argentina and Brazil.

AGRICULTURE

Joint ECLA/FAO Programme

86. During the past year, work under the Joint ECLA/FAO Programme has been concentrated on the following two main lines: studies on the role of agricultural commodities in the proposed Latin American common market, and the continuation of the coffee survey.

87. So far, seven commodities have been studied (oils and fats, wheat and wheat flour, dairy products,

¹⁹ See "Estudio hidráulico preliminar del Ecuador" (information document No. 2).

meat, wool, cotton and fruit), and the Commission, at its eighth session, had before it a general introduction, which was followed by a preliminary version of three of the studies having a bearing on the common market (E/CN.12/499). In the first stage a preliminary examination was made in each case of prevailing conditions in Latin America as they affect the countries in question, and of the prospects for the expansion of production. This provides the basis for the second stage (to be carried out in the second half of 1959), consisting of studies of factors impeding or encouraging development, the preliminary examination having already brought to light the existence of a series of structural problems tending to retard production.

88. With respect to the coffee survey, begun some time ago, the first part was completed in 1958 with the publication of *Coffee in Latin America: productivity problems and future prospects. I. Colombia and El Salvador* (E/CN.12/490).²⁰ The second part, relating to Brazil, is still at the field-work stage. The study on El Salvador covered 1,126 farms and that on Colombia 12,148. In both cases, the sampling method was used. The work on Brazil has been expanded to include not only what is termed a "census" sample, but also a special case study of 48 farms with inquiries into labour productivity, farm management methods and competition as regards existing production resources. The study covers 1,700 farms, again selected on the basis of statistical sampling techniques.

89. Once the Brazilian study has been completed, towards the end of 1959, a third part of the coffee study will be prepared; it will deal with coffee in Latin America in general.

TRANSPORT SECTION

90. Since its inception at the end of 1955 the ECLA Transport Section has carried out studies on transport in Argentina, Bolivia and Colombia as part of the work on the general economic development of these countries. In the last two years, most of the section's time has been devoted to the study on transport in Argentina. The relevant report (E/CN.12/491) contains a detailed survey and analysis of the present state of transport in that country and of the equipment and financial prerequisites for its rehabilitation and modernization over the next ten years, as a basis for the future economic development of Argentina.

91. Considerable attention has also been given, in close co-operation with the former TAA Office for Latin America, to questions of technical assistance in the region. Co-operation in this respect has taken the form of advice to TAA in connexion with requests from Governments for technical assistance and with the recruitment and briefing of experts, applications for fellowships and scholarships, and annual technical assistance programmes; in addition, comments have been made, where appropriate, on progress and final reports by technical assistance experts in the field of transport. Special mention is made of the mission of eight railway experts

to Argentina. The report of this mission together with the ECLA transport study will, it is hoped, be a useful contribution towards the reorganization and modernization of the Argentine railways.

Transport and the common market

92. In December 1953 a study was begun on transport needs and the development of transport as related to the gradual establishment of a Latin American common market. As the great bulk of Latin America's external trade, both intra- and extra-regional, is carried by sea, emphasis in this connexion will be placed on problems of maritime transport and port facilities. This will necessitate further analysis of the matters dealt with in the first ECLA study on maritime transport.²¹ However, due regard will also be paid to problems of inland transport (by rail, road and water), as well as to the vital role of the latter in providing transport connexions between ports and their hinterland, its significance for countries without direct access to the sea, and the importance of improved inland transport (including inland waterway traffic) for the promotion of regional trade by land. In connexion with this study, the Transport Section will in future devote greater attention than has hitherto been possible to matters relating to the promotion of international air, rail, road and water traffic and transport in the region.

SOCIAL ASPECTS OF ECONOMIC DEVELOPMENT

93. The secretariat, in accordance with various resolutions of the Commission which embody the relevant recommendations of the General Assembly and the Economic and Social Council, has been paying increasing attention to the social aspects of economic development. Since the second half of 1955, the secretariat has had a Social Affairs Division which, within the limitations imposed by its staff resources, has succeeded in promoting and co-ordinating the research work undertaken by national institutions, both public and private, in the Latin American countries, and in assuming direct responsibility for carrying out several important projects.

94. Among these, special mention should be made of the work on urbanization, especially in relation to the migration from rural to urban areas, which is becoming increasingly acute. In conjunction with the Bureau of Social Affairs and with UNESCO, the secretariat has organized a seminar on urbanization, which will be held at Santiago (Chile) in July 1959.

95. With respect to demographic questions, the Commission attributes outstanding importance to labour supply, on account of its close relation with economic development in specific countries and areas and with the analyses and projections required for programming purposes. In 1957, a Latin American Demographic Centre for Research and Training was set up at Santiago, Chile; its first regular course was held in 1958. The

²⁰ United Nations publication, Sales No.: 1958.II.G.4.

²¹ *Study of Inter-Latin American Trade* (United Nations publication, Sales No.: 1956.II.G.3) (E/CN.12/369/Rev.1, Chapter VI).

project was carried out jointly by the Bureau of Social Affairs and ECLA.

96. Reference should also be made to the co-operation between the secretariat, the Bureau of Social Affairs and the Pan American Union in the organization of groups of experts on the financing of housing construction, under the auspices of the United Nations Technical Assistance Programmes.

TECHNICAL ASSISTANCE

97. Close co-operation has been maintained during the year between the ECLA secretariat and the Office for Latin America of the United Nations Technical Assistance Administration (now the Bureau of Technical Assistance Operations). The forms which this co-operation has taken are similar to those described in the Commission's last annual report (E/3091). The secretariat has reviewed job descriptions relating to experts required in different countries has assisted in the subsequent briefing of the experts selected to fill the posts, and has read, and where necessary commented on, the experts' reports.

98. Full reference has been made in the different sections to the diverse joint projects which are being carried out by ECLA and TAA, and to the studies and activities of the secretariat in which TAA has co-operated. Among the former, mention should be made here of the Joint ECLA/TAA Economic Development Training Programme and of the ECLA/FAO/TAA Pulp and Paper Advisory Group for Latin America, which will continue their work.

C. Relations with specialized agencies and other organizations

99. Wherever ECLA's work is connected with that of United Nations specialized agencies or other organizations, the closest contact has been maintained by the secretariat with the agency concerned. The secretariat has worked closely with FAO, not only in regard to agricultural questions, for which there is a joint ECLA/FAO Programme, but also in connexion with the ECLA/FAO/TAA Pulp and Paper Advisory Group.

Specialized agencies

100. During the past year, co-operation with the specialized agencies has been most active in connexion with the Central American Economic Integration Programme. Representatives of the ILO, FAO, UNESCO, IMF and the Bank attended the fifth session of the Central American Economic Cooperation Committee. Moreover, these agencies have collaborated actively with the secretariat in various phases of the work relating to the integration programme.

101. In addition to the direct co-operation with FAO mentioned above, the secretariat sent an observer to the Fifth Regional Conference of FAO held at San José, Costa Rica, in November 1958. The secretariat also collaborated with FAO in the organization of a

Centre for Food and Agricultural Price Stabilization and Support Policies in Latin America, held at Santiago, Chile, from 23 February to 6 March 1959.²²

102. The Water Resources Survey Group has continued to benefit from the co-operation of the World Meteorological Organization (WMO), which has provided the services of an expert lent through TAA and has been of the greatest assistance in offering critical comments on the reports of the Group bearing on its speciality.

103. Liaison has been maintained with the International Atomic Energy Agency (IAEA), and ECLA was invited to send an observer to accompany the mission sent by the Agency to Latin America to study the possibilities for establishing an atomic energy training centre or centres.²³ Other forms of collaboration are currently being explored, in view of the interest in nuclear energy shown by the Commission at its recent sessions.

104. Contact has been maintained with UNESCO, especially in connexion with a joint ECLA/UNESCO project to investigate methods of teaching economics in Latin America. Mention should be made of the collaboration between ECLA and UNESCO and the Bureau of Social Affairs in the organization of the Seminar on Urbanization in Latin America, which will be held at Santiago, Chile, in July 1959.

105. The secretariat has continued to maintain close contact and to carry on exchanges of information, mainly through its Washington Group, with the Fund and the Bank. In addition, the secretariat and the Bank have co-sponsored a study prepared by the Harvard Law School on problems of the electric energy industry in Latin America.

106. Several specialized agencies were represented at the eighth session of the Commission (see Annex I).

Organization of American States

107. The secretariat has continued to co-operate with the secretariat of the Inter-American Economic and Social Council (IA-ECOSOC) and to co-ordinate its work with the latter's activities.

108. The Co-ordination Committee created under ECLA resolution 31 (IV) met in Washington during October 1958, and again at Panama City during the Commission's eighth session. As a result of the former meeting a joint report on co-operation and co-ordination between the two secretariats (E/CN.12/515) was published by the Executive Secretary of ECLA and the Executive Secretary of IA-ECOSOC.

Inter-governmental organizations

109. In its work on payments, the secretariat was assisted by the Organization for European Economic

²² The report of that meeting was submitted by FAO to the Commission at its eighth session with a note by the secretariat (E/CN.12/527).

²³ The report of the mission was submitted to the Commission at its eighth session with a note by the secretariat (E/CN.12/526).

Co-operation (OEEC), which lent one of its staff members to act as a consultant to ECLA during 1958, and to attend the second session of the Central Banks Working Group, held at Rio de Janeiro (Brazil) in November 1958. The secretariat exchanged information with the European Economic Community and the European Coal and Steel Community. Both communities sent representatives to the eighth session of the Commission (see Annex I).

110. On payments and questions relating to the common market, the secretariat exchanged information with the secretariat of the General Agreement on Tariffs and Trade (GATT) which sent observers to both the

second session of the Trade Committee and the eighth session of the Commission (see Annex I).

111. The secretariat and the Inter-governmental Committee for European Migration (ICEM) came to an agreement to co-operate on the question of labour. As the first result of this collaboration, the Commission at its eighth session — to which ICEM sent observers — had before it a report on immigration and economic development (E/CN.12/520).

112. The secretariat has continued to collaborate with the Organization of Central American States (ODEGA) in matters of common interest affecting the Central American Economic Integration Programme.

Part II

EIGHTH SESSION OF THE COMMISSION

A. Attendance and organization of the work

OPENING AND CLOSING MEETINGS

113. The eighth session of the Commission was held at Panama City, Panama, from 14 to 23 May 1959. At the opening meeting, which was held in the main hall of the Palacio Justo Arosemena, addresses were delivered by His Excellency Ernesto de la Guardia, President of the Republic of Panama, and Mr. Dag Hammarskjöld, Secretary-General of the United Nations. The texts of the two speeches are included in Annex II. Mr. José Antonio Mayobre, Minister of Finance and head of the delegation of Venezuela, spoke on behalf of the delegations present.

114. The statement made by Mr. Raúl Prebisch, Executive Secretary of ECLA, at the first plenary meeting in May 15 is also reproduced in Annex II.

115. The closing meeting was held on 23 May 1959, and speeches were made by Mr. Plácido García Reynoso (Mexico), Count Borchgrave d'Altena (Belgium), Mr. Robert H. Faniel, representative of the European Economic Community, Mr. Raúl Prebisch, Executive Secretary, and Mr. Fernando Eleta, Chairman of the Commission and Minister of Finance of Panama.

116. The Commission unanimously adopted its annual report to the Economic and Social Council, which includes the programme of work and priorities and the appraisal of the programme for 1959-64.

MEMBERSHIP AND ATTENDANCE

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

of America, Uruguay and Venezuela. The list of representatives is given in Annex I.

118. In accordance with paragraph 6 of the Committee's terms of reference, representatives from the following States Members of the United Nations but not members of the Commission attended the eighth session in a consultative capacity: Austria, Belgium, Canada, Czechoslovakia, Hungary, Italy, Japan, Poland, Spain, the Union of Soviet Socialist Republics and the United Arab Republic (see Annex I). The Federal Republic of Germany sent an observer under the terms of Economic and Social Council resolution 632 (XXII).

CREDENTIALS

119. The Credentials Committee, pursuant to article 14 of the Commission's rules of procedure, informed the Commission at its plenary meeting on 22 May that it had examined the credentials of the delegations to the eighth session, as submitted to the Executive Secretary, and had found them in order.

ORGANIZATION OF THE WORK

Election of officers

120. At the first plenary meeting, on 15 May 1959, the following officers were elected:

Chairman: Mr. Fernando Eleta (Panama);

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

Second Vice-Chairman: Mr. Regino Boti (Cuba);

Rapporteur: Mr. Luis Marty (Chile).

Committees

121. At the meeting held on 15 May it was decided to establish three committees. The items on the agenda

and the working papers (see paragraph 123) assigned to each committee, as well as the officers elected by the Commission, are indicated below:

Committee I. (Economic development)

Chairman: José María Castillo (Nicaragua);

Vice-Chairman: Juan Haus Soliz (Bolivia);

Rapporteur: Braulio Jatar (Venezuela);

Agenda items discussed: 6, 7, 8 and 12.

Committee II. (Economic sectors)

Chairman: Arnaldo Musich (Argentina);

Vice-Chairman: F. de Castro (Netherlands);

Rapporteur: G. Simpson (United Kingdom of Great Britain and Northern Ireland);

Agenda items discussed: 9, 10 and 11.

Committee III. (General business)

Chairman: Jorge Franco Holguín (Colombia);

Vice-Chairman: Julio B. Pons (Uruguay);

Rapporteur: Guillaume Georges-Picot (France);

Agenda items discussed: 13, 14 and 15.

122. In the course of its work, Committee I appointed a Sub-Committee on Statistics (to discuss agenda item 12) which in turn set up a special working group. Mr. Emilio Alanis Patiño (Mexico) was elected Rapporteur. The Sub-Committee consisted of representatives of Argentina, Guatemala, Mexico, Panama, United States of America, and Venezuela. Representatives of FAO, the Inter-American Statistical Institute (IASI) and the United Nations Statistical Office also attended its meetings.

B. Agenda

123. The Commission adopted the following agenda at its first plenary meeting on 15 May 1959:

1. Opening addresses
2. Election of officers
3. Adoption of the agenda
4. Current economic trends and prospects

Background documents:

Economic Survey of Latin America, 1958 (E/CN.12/498 and Add.1)

Reference documents:

Economic Bulletin for Latin America, Volume III, No. 2, and Volume IV, No. 1

5. Regional market and payments

Background documents:

Report of the second session of the Trade Committee (E/CN.12/C.1/15) *

Reference documents:

The Latin American common market and the multilateral payments system (Part I : report by the secretariat; Part II:

reports of the first and second sessions of the Working Group on the Latin American Regional Market) (E/CN.12/C.1/9) *

Report of the second session of the Central Banks Working Group. Note by the secretariat (E/CN.12/C.1/10) *

6. Economic development problems and policy

- (a) Economic development and advisory group
- (b) Economic development and the regional market
- (c) Economic policy
- (d) Manpower problems

Background documents:

Advise and assistance to Governments in programming economic development (E/CN.12/518)

The influence of the common market on the economic development of Latin America (E/CN.12/C.1/13) *

Note by the secretariat on the problems of skilled manpower in Latin America (E/CN.12/519)

Immigration and economic development in Latin America. Paper presented by the Intergovernmental Committee for European Migration. Note by the secretariat (E/CN.12/520)

Proceedings of the Population Commission at its ninth and tenth sessions which are of interest to the Economic Commission for Latin America. Note by the secretariat (E/CN.12/510)

Reference documents:

El desarrollo económico de la Argentina, Volume I, (E/CN.12/429/Rev.1) United Nations publication, Sales No. 59.II.G.3. **

The economic development of Panama (E/CN.12/494)

El desarrollo económico de El Salvador (E/CN.12/495) **

El desarrollo económico de Honduras. Progress report (E/CN.12/496) **

El presupuesto fiscal como instrumento de programación del desarrollo económico (E/CN.12/521) **

7. Economic development and integration of Central America

Background documents:

Report of the Central American Economic Co-operation Committee, 25 February 1957 to 10 June 1958 (E/CN.12/492). United Nations publication, Sales No. 58.II.G.3.

Progress report on the Central American Economic Integration Programme since 10 June 1958 (E/CN.12/517)

The economic development of Panama (E/CN.12/494)

El desarrollo económico de El Salvador (E/CN.12/495) **

El desarrollo económico de Honduras. Progress report (E/CN.12/496) **

Fiscal, trade policy and methodological questions bearing on the establishment of the Central American common market (E/CN.12/497)

8. Technical assistance for economic development

Background documents:

Information paper on the assistance provided to countries and territories of the ECLA region under the Expanded

* Also one of the documents of the Trade Committee's second session.

** Documents listed with Spanish titles have been issued in Spanish only.

Programme; Paper prepared by the secretariat of the Technical Assistance Board (E/CN.12/504)

Technical assistance in the ECLA region during 1958 (E/CN.12/505)

Report on the Joint ECLA/TAA Economic Development Training Programme (E/CN.12/523)

Advice and assistance to Governments in programming economic development (E/CN.12/518)

9. Industrial development

Background documents:

The economic development of Peru. Summary and conclusions (E/CN.12/493/Add.1) "Some observations on the industrial development of Peru", *Economic Bulletin for Latin America*, Vol. IV, No. 1

Progress report on studies relating to the inventory of Latin American industry. General background (E/CN.12/524); Argentina (E/CN.12/524/Add.1); Brazil (E/CN.12/524/Add.2); Colombia, Chile and Mexico (E/CN.12/524/Add.3)

Progress report on the work of the secretariat in connexion with the chemical industry in Latin America (E/CN.12/525)

Report on the Meeting on Railway Equipment. Note by the secretariat (E/CN.12/508)

Progress report of the Pulp and Paper Advisory Group for Latin America (E/CN.12/506)

Necesidades de materias primas, transformación metalúrgica y mecánica, mano de obra e inversiones para el desarrollo de la industria automovilística brasileña (Information document No. 31) **

10. Energy and water resources

Background documents:

Report of the Mission of the International Atomic Energy Agency to Latin America. Note by the secretariat (E/CN.12/526)

Water resources and their utilization in Latin America: Summary of results achieved by the Working Group (E/CN.12/501)

Reference documents:

Los recursos hidráulicos de Chile y su aprovechamiento (E/CN.12/501/Add.1) **

Estudio hidráulico preliminar del Ecuador (Information document No. 2) **

Systems of administrative organization for the integrated development of river basins. Outline of the different types of institutional structure used in Latin America and the rest of the world (E/CN.12/503)

Preliminary review of questions relating to the development of international river basins in Latin America (E/CN.12/511)

11. Economic problems of agriculture (in co-operation with FAO)

(a) Problems arising out of the trade balance in agricultural commodities of the various Latin American countries and the possibilities for integrating agricultural development in the region

(b) The necessity of carrying out a study of timber trends and prospects in Latin America

** Documents listed with Spanish titles have been issued in Spanish only.

Background documents:

The role of agricultural commodities in the proposed Latin American common market (E/CN.12/499)

Special study on "Trade in Latin American agricultural commodities", *Economic Survey of Latin America*, 1957 (E/CN.12/489/Rev.1). United Nations publication, Sales No. 58.II.G.1

Report of the Latin American centre on substitution policies and price stabilization for agricultural commodities and foodstuffs. FAO document with a note by the secretariat (E/CN.12/527)

Study of Latin American timber trends and prospects: Note by the Executive Secretary (E/CN.12/507)

Forest products and the proposed Latin American common market (Information document No. 3)

12. Statistics

Background document:

Statistics in the Latin American region: Note by the secretariat (E/CN.12/528)

13. Co-ordination with the Inter-American Economic and Social Council

Background document:

Joint report by the Executive Secretary of ECLA and the Executive Secretary of the Inter-American Economic and Social Council on co-operation and co-ordination between the two secretariats (E/CN.12/515)

14. Amendment of the Commission's terms of reference and rules of procedure

Background document:

Amendment of the Commission's terms of reference and rules of procedure. Note by the Executive Secretary (E/CN.12/509 and Add.1)

15. Programme of work and priorities

(a) Programme of work 1959-60

(b) Preparation for the appraisal of the programme for the period 1959-64

(c) Control and limitation of documentation

Background documents:

Progress report by the Executive Secretary on the programme of work (E/CN.12/513)

Suggested programme of work and priorities (E/CN.12/529)

Preparation for programme appraisal 1959-64: Note by the Executive Secretary (E/CN.12/500)

Control and limitation of documentation. Note by the Executive Secretary (E/CN.12/502)

Note by the secretariat on resolutions of the General Assembly and of the Economic and Social Council of concern to the Commission (E/CN.12/514)

16. Consideration and adoption of the Commission's annual report to the Economic and Social Council

17. Date and place of the ninth session

C. Account of proceedings

INTRODUCTION

124. The work of the eighth session reaffirmed and strengthened certain tendencies which have been evident for years in the Commission. Further proof was thus given of the interest felt by Governments in dealing not only with the more general side of economic development programming — in which substantial progress has been made — but above all, with the question of how to translate the results of programming into practical and co-ordinated action. This involves, apart from the establishment of the means of co-ordinating internal economic policy, intensive activity in sectoral programming and in the evaluation and formulation of projects as well as in the use of the necessary instruments to stimulate investment decisions, which are a fundamental factor. Various Latin American countries have already taken resolute steps to channel governmental economic policy in this respect and to encourage private sectors to act in the fields that offer the best development prospects. Both in the appraisal of needs and requirements and in other directions efforts must be extended and expanded before the programmes which are being drawn up can be put into effect and the development objectives that have been fixed can be attained, within existing limitations.

125. It has become even more urgent to do so, in view of the slowing-down of the rate of growth which has been observed throughout Latin America in the last two years. The reduction in the value of exports and the drop in prices of primary commodities have affected the Latin American countries in varying degrees, and their repercussions have taken on a number of different forms. Nevertheless, the concern felt by the Governments because of the marked weakening of development incentives in Latin America and the widespread economic and social consequences that might result, if not offset by an internal effort, was generally manifested in the course of the discussions. This is not a simple matter of external markets; it involves deep-rooted factors and questions of a structural and even institutional nature.

126. It was clear from the Commission's studies that the formation of a Latin American common market and the progress which could be achieved through the use of supplementary or allied instruments, such as the payments union and the eventual co-ordination of trade policy, would be one of the most efficacious measures for lifting the limitations and controls from the development process. Even so, this ambitious measure would influence only a certain part — however important — of the impediments to development. The delegations showed great interest in the studies which might be undertaken in others sectors — including agriculture, water resources and training — with a view to facilitating the satisfactory and harmonious development of the Latin American economies, and, through the resolutions adopted, gave the secretariat valuable indications of the lines along which it should direct its future activities.

127. In the first place, little is known of Latin America's

natural resources; at the same time, they are under-utilized and might be more efficiently turned to account. Industrialization itself, which in some cases is in its very early stages, is at present to a certain extent responsible for this state of affairs; but it is also partly determined by other factors, such as the degree of progress made in the introduction of improved agricultural techniques and, in some countries, the preponderance of forms of production that are not commercially organized. It would seem, therefore, that in Latin America the economic development process has not yet led to an equally intensive improvement in the quantitative assessment or the utilization of resources. It is to be hoped that the studies which the secretariat and specialized international organizations have been requested to carry out on water and forest resources will help to increase the stock of knowledge of this problem. The interest displayed in questions bearing on the training of skilled labour and the decisions adopted in this connexion indicate similar trends.

128. Despite the intensification of agricultural development during the last ten years, it is still too slow to provide the expanding and dynamic market required by industry and to meet the growing requirements of the Latin American population. As regards foodstuffs, imports have increased in many countries while in some cases consumption shows serious signs of stagnation. The introduction of more advanced agricultural techniques might yield significant results in Latin America, in view of the relatively low technical levels prevailing in several sectors of agriculture. In so far as its institutional aspects are concerned, insufficient study has been devoted to the repercussions of such factors on agricultural production. Nor has there been adequate application of co-ordinated and well-integrated policies aimed at the improvement and expansion of agriculture. The secretariat has embarked upon the study of some of the economic aspects of agricultural development, but it is to be hoped that still further progress may be made as a result of the decisions adopted at the eighth session.

129. The focal point of practically all the topics discussed by the Commission was the Latin American common market and the decisive influence which it would be destined to exert on the expansion of inter-Latin American trade and on specialization by individual countries in respect of the various productive activities. The Trade Committee dealing with this problem held its first session at the end of 1956. In the course of the subsequent meetings of groups of experts convened in February 1958 in Santiago (Chile) and February 1959 in Mexico, as well as in the decisions adopted by the Commission in the meanwhile, the Governments of Latin America revealed a continuity of purpose which it is important to stress. The second session of the Committee and the resolutions adopted during the eighth session of the Commission constitute yet another step forward. There has been clear evidence of the difficulty of defining with any degree of accuracy the form and features which such a market might assume; to endow it with characteristics conducive to the acceleration of economic development in all countries is one of

the hardest and most important tasks. The delegations took up varying attitudes as to the best way of tackling the problems indicated. But although points of view may have differed, the work of the Commission has been dominated by the unanimous conviction that a market at the regional level should be instituted at the earliest possible moment, and agreement has been reached as to the line of action to be pursued in the work leading to the establishment of the common market.

130. At this session the Commission dealt with the future direction of its work and activities, taking as the basis of its discussions the secretariat's preliminary outline of the course to be followed in the next five years so that the Commission's work might be fully consistent with its terms of reference, with the lines of policy laid down by the Economic and Social Council and, above all, with the economic needs of Latin America. It seems clear that in order to meet these demands the Commission is called upon to play an increasingly important role in current efforts towards greater Latin American integration and co-operation in economic matters and towards close co-operation with Governments in the formulation of their economic policy and in developing the machinery necessary to put it into practice.

THE LATIN AMERICAN COMMON MARKET AND PAYMENTS PROBLEMS

1. *Common market*

131. The Commission's debates revealed the unanimous conviction that a common market in Latin America was a necessity for the development of the various countries and should therefore be established as soon as possible. Although the views of delegations as regards the specific means which should be adopted for the common market varied considerably, the aforesaid substantive agreement meant that the common market ceased to be a mere aspiration and became a definite and specific objective.

132. Delegations based their views regarding the advantages of the common market on considerations of fundamental importance. Stress was repeatedly laid on the economies of scale that would result from the market and on the correspondingly greater possibilities of import substitution. It was also made evident that both export prospects and the current payments position of most of the Latin American countries rendered a higher degree of specialization at the regional level even more necessary. In certain industries and, generally speaking, in those requiring high capital density, the extension of markets was recognized as essential.

133. The Latin American common market was the main subject of discussion during the second session of the Trade Committee held at Panama City from 11 to 19 May 1959.

134. The Committee approved the following resolutions: 6 (II) on the establishment of the common market; 7 (II) on standard tariff nomenclature; 8 (II) on multi-

lateral payments; 9 (II) on the study of the Latin American payments problem within the common market; and 10 (II) on publicizing the objectives of the market.²⁴

135. The report of the Trade Committee (E/CN.12/C.1/15) which contained those resolutions was put before the Commission. The paragraphs that follow outline the results of the Committee's discussions and the guiding principles to be drawn from them, and they give the Commission's views on the subject in so far as they emerged from its debates.

136. The Committee considered in detail the general principles on which the establishment of the Latin American common market would be based and the standards that would be applied in its operation.

137. All delegations agreed that the Latin American common market should be open to any Latin American country that might wish to become a member; it would therefore remain open for the later accession of those countries which for any reason had refrained from joining at the time of its establishment.

138. However, despite the consensus of opinion on this point, there were divergent views regarding the suitability of starting the common market through the establishment of sub-regional agreements which would gradually draw in those groups of countries for which geographical proximity and common economic interests might simplify the rapid concerting of multilateral instruments. This divergence of opinion did not apply to the Economic Integration Programme of the Central American countries, which were looked upon as an economic unit the immediate origin of which dated back to 1952.

139. Some delegations from the southern countries of South America believed that sub-regional agreements and agreements on sectoral complementarity could pave the way for the common market, particularly if they were based on general principles common to all Latin America and were only provisional, pending integration in the proposed general agreement. Other delegations, however, considered that partial agreements, whether concluded between groups of countries or concerned with specific branches of economic activity, might be serious obstacles to the future establishment of a common market, both because partial agreements would be liable to consolidate certain interests and would set in motion economic forces tending to build up isolated blocs, and also because the countries belonging to such partial groups might well consider it preferable that the other countries should gradually become parties to their agreement as a stage towards the common market. Such a situation would conflict with the firm determination of some Governments not to become parties to any treaty in the negotiation of which they had not taken part from the beginning. Some other delegations felt that it would be better to establish a complete common market from the outset and believed this to be consistent, at the transition stage, with sectoral agreements.

²⁴ The texts of the resolutions of the Trade Committee are included in this report in Annex III.

140. The Trade Committee considered that the common market should operate on competitive bases and comprise the greatest possible number of products, and should at the same time allow for the inequalities existing between the Latin American countries with respect to their differing degrees of development. Taking the view that it was not equitable that countries with differing economic conditions should be subject to the same obligations, the Commission discussed the relevant bases presented in the report of the second session of the Working Group on the Latin American Regional Market, held in Mexico, and considered that the bases in question would tend to facilitate the accession of the less developed countries to the common market and, in the course of time, would help to eliminate the existing disparities. Some delegations requested that due allowance should be made in the classification of countries for factors other than those taken into account in the Mexico report — as, for example, the relative size of the individual country markets, the capacity to absorb external capital and the relative level of costs — while at the same time it should not be overlooked that a very complex classification of countries or products might detract from the flexibility of the common market's operations.

141. The delegations declared themselves in favour of the progressive standardization of tariff systems and other instruments of trade policy used by the Latin American countries in their relations with other regions. Some delegations thought that the existing disparities between the levels of tariff incidence would give rise to widely differing margins of preference, which might place them at a disadvantage *vis-à-vis* those countries whose customs duties were relatively high. This progressive standardization would of course have to be achieved with due regard to existing international commitments.

142. The opinion was expressed that the Latin American exemptions from the most-favoured-nation treatment recognized by the Mexico report were indispensable if the growth of the less developed countries was not to be hampered, since the unconditional and automatic application of the clause in question might deprive them of the protection they needed for their industrialization process. Nevertheless, considerations should be given to the question whether such clauses would not create situations incompatible with the obligations of the countries members of GATT, or if the large number of exceptions would not tend partly to frustrate the aims of the common market.

143. As regards the steps to be taken towards the establishment of the common market, some delegations proposed that a sub-committee of government representatives should be appointed to prepare a draft treaty, with the co-operation of the secretariat, on the basis of the reports of the Working Group on the Latin American Regional Market and the comments formulated at the second session of the Committee. Such a draft would have to be presented to Governments by the end of July and subsequently considered by the Trade Committee, which could meet for that purpose in September 1959. In order to reach a compromise with the views of other delegations, this proposal was amended,

and resolution 6 (II) was unanimously approved, under the terms of which a group of experts appointed by Governments would meet not later than in February 1960 to prepare a draft agreement, that would subsequently be considered by the Trade Committee.

144. In the course of the discussion it became clear that although certain Governments were in a position to establish the common market quite soon, the prevailing opinion was that, before a draft treaty was considered, each country ought to analyse very carefully every aspect of the undertaking, allowing sufficient time for Governments and public opinion to form complete and definitive views on the subject.

145. In addition, the debates and resolutions of the Committee provide the secretariat with the guidance necessary for it to continue its work.

146. The Commission took note with satisfaction of the Trade Committee's report and requested the secretariat to give the highest priority to the work assigned to it by the Committee, so that the latter could hold its third session as soon as possible (see resolution 168 (VIII)).

2. *Payments problems*

147. The Committee took note of the report of the second session of the Central Banks Working Group (E/CN.12/C.1/10) and particularly of those parts relating to the establishment of a system for the multilateral compensation of bilateral balances as a first step towards the institution of a multilateral payments union.

148. One delegation and one specialized agency expressed the view that to consider a payments union an indispensable instrument for the operation of the common market did not seem warranted and might help to spread and perpetuate bilateralism in Latin America, and lead to the introduction or extension of exchange control systems.

149. Some delegations pointed out in that connexion that a payments union would in fact lead to multilateralism of payments, thus eliminating bilateralism, and that there was no reason why it should make the application of exchange permit systems necessary. Convertibility had been introduced by some Latin American countries, backed by very severe import restrictions. The credits that the payments union could make available to member countries would be used in such a way that those countries which maintained severe restrictions could remove them without loss of foreign currency, thereby making a real contribution to the desired liberalization of trade and to effective multilateralism. Those were also the views put forward by the secretariat.

ECONOMIC DEVELOPMENT AND TECHNICAL ASSISTANCE

1. *Development problems and policies*

150. The Commission considered the main problems bearing on the economic development of Latin America. The discussion centred on the limits to the accumulation of capital which might result in the future from the slow

rate of growth of traditional exports. It was recognized that the solution would have to be looked for in import substitution within the framework of the common market and in new exports to the industrialized countries.

151. One of the other limiting factors mentioned as affecting development was the slow growth of agricultural output and productivity, a phenomenon that was having repercussions on inflation and on the increasingly unequal distribution of income. Agricultural output, like agricultural productivity, had increased more rapidly in the industrialized countries than in Latin America. The essence of the problem seemed to reside, on the one hand, in the lack of systematic attention to agricultural research and extension, and, on the other, in certain institutional structures — especially land tenure — which hindered the introduction of improved farm practices.

152. The Commission also stressed that the incompatibility of government machinery with development needs was a further handicap, because it encouraged the adoption of economic measures which were not properly co-ordinated.

153. Another point stressed was that the secretariat, in co-operation with United Nations departments and the specialized agencies, had been assisting Governments in various fields including the paper and pulp industries and Central American integration, and that it was important for such assistance to be systematically extended to economic development programming.

154. The Commission welcomed the agreement reached with the United Nations Bureau of Technical Assistance Operations (TAO), which made it possible to extend those activities. It also took note of the beneficial results that the system was already producing and adopted a resolution recommending the extension of such operations and expressing interest in their continuance (see resolution 155 (VIII)).

155. Two delegations refrained from voting on the resolution, since they considered that the activities in question might constitute direct technical assistance and tend to duplicate those of other international organizations.

156. Delegations were greatly concerned by the deficiencies observed in Latin America in methods of budget preparation and the presentation of the government budgets. It was pointed out that in both cases exclusive attention was given to requirements of a legal and supervisory nature, and that it was necessary to use the budget as an instrument of development programming. The Commission expressed its satisfaction with the document submitted to it by the secretariat (E/CN.12/521) and with the plan to hold a seminar on such matters in May. At the same time, it was considered advisable that the secretariat should study ways and means of adapting the best budgetary practices to Latin American conditions and of providing training for government officials concerned with budgetary matters (see resolution 148 (VIII)).

157. Various delegations expressed their anxiety concerning the limited supply of skilled labour. Three delegations described the endeavours made in their respective

countries to overcome that difficulty, but recognized that it was essential to make even greater efforts. It was pointed out that co-ordinated action on the part of national and international organizations might render such efforts more effective. Hence, satisfaction was expressed with the secretariat's plan to carry out, in co-operation with other international organizations, a project to evaluate skilled labour requirements and available training resources and to recommend measures to combat the difficulty (see resolution 149 (VIII)).

158. It was pointed out that the shortage of skilled labour was closely linked to primary education. The Commission recommended to the Governments that they should give the greatest possible support to the major project of UNESCO for the further extension of free and compulsory primary education in Latin America (see resolution 150 (VIII)).

2. Economic development and integration of Central America

159. The Commission took note of the progress of the work connected with the Central American Economic Integration Programme, expressing its satisfaction at the fact that since 1958 the Programme had entered upon a phase of specific achievements.

160. In fact, in June 1958, at the fifth session of the Central American Economic Co-operation Committee, held at Tegucigalpa (Honduras), the plenipotentiaries of the Governments of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua had signed the instruments setting up the Central American common market, namely, the Multilateral Treaty on Free Trade and Central American Economic Integration and the Agreement on the Regime for Central American Integration Industries. Both these agreements had been ratified by the legislatures of three out of the five countries. The first of them would come into force on the deposit of the instruments of ratification.

161. Attention was drawn to the impetus which had been given to the work on equalization of tariffs, as well as to the work programmes of the various recently created sub-committees, which were designed to promote the intensification of activities under the Programme during the next few years.

162. Work had proceeded in connexion with the various activities in the Programme relating to the study of integrated industrial development and to the prospects opened up for specific industries by the Central American common market. The importance of integrated agricultural development was also stressed.

163. Consideration had been given to social problems, particularly those relating to housing and demographic matters, and to the research on the middle classes in Central America that had begun.

164. The Commission was also informed of the progress made in integrating supplementary activities — statistics, weights and measures and customs regulations — and of the effective collaboration maintained with the Technical Assistance Administration, the specialized agencies and other regional and international

organizations, whose assistance contributed greatly to the progress of the work.

165. In resolution 152 (VIII), the Commission congratulated the Committee and its member Governments on the results achieved, and expressed its interest in the continuation — and, if possible, intensification — of the programme, with the assistance of the secretariat and international technical assistance.

3. Technical assistance for economic development

166. The Committee heard a report by the United Nations Commissioner for Technical Assistance, which called attention to the most noteworthy events since ECLA's seventh session. Attention was drawn to the improvement in the efficiency of technical assistance services, reflected in the marked increase in programmes financed with trust funds; the creation of the Special Fund and the provision of the Operational and Executive Personnel (OPEX); the new centralization provoked by the administrative difficulties of decentralization; and the decrease in the volume of activities under the Expanded Programme.

167. Several delegations expressed their concern at the reduction of Latin America's quota in the Expanded Programme, notwithstanding the increase in the contributions of some Governments of the region. Other delegations also placed on record their unfavourable view of centralization, although it was recognized that the drawbacks of the system might be partly obviated by means of close co-operation with the secretariat.

168. The Commission expressed its satisfaction at the success of the ECLA/TAA Economic Development Training Programme and agreed to suggest that every effort should be made to extend it to those countries which had not yet enjoyed the benefit of the service in question (see resolution 153 (VIII)).

169. With reference to this last programme, the Commission recommended that the Santiago (Chile) courses should include one specially dealing with the function of private enterprise in economic development (see resolution 157 (VIII)).

4. Statistics

170. The Commission considered it highly desirable that in each country a statistical programme adapted to the formulation and checking of economic development programmes should be prepared, since statistics constituted an essential element in the adoption of decisions relating to economic policy.

171. The Commission adopted resolution 154 (VIII) in which it requested the secretariat to prepare, in co-operation with the United Nations Statistical Office, the IASI and the other bodies concerned, a minimum statistical programme for the Latin American countries, which would include a compilation of the statistics necessary for a more thorough study of economic development and matters connected therewith; the application of effective measures to improve national statistical services; and the establishment of a working group to

study the measures necessary to carry out industrial censuses and related inquiries, in view of the fact that various countries would be undertaking these and similar tasks during the next few years.

ECONOMIC SURVEY

172. As at previous sessions of the Commission, the general discussion on current economic trends and prospects was largely based on the *Economic Survey of Latin America, 1958* and on the more recent information and data contained in the *Economic Bulletin for Latin America*.

173. The various delegations described the principal changes which had occurred during the preceding year in the economic and financial policy of their countries, special emphasis being given to the recent balance-of-payments situation, changes in countries' capacity to import and trends in production and income.

174. It was stressed that the annual surveys published by the secretariat were of great value to Governments, since they provided an appraisal of the economic situation which to a certain extent supplemented those made by national bodies. Moreover, the *Survey* presented a general picture of the economic situation in Latin America, as well as background data and analyses relating to the influence exerted by the changes in non-Latin American economies on those of the countries of the region.

AGRICULTURE, INDUSTRY AND ENERGY

1. Agriculture

(a) Rate of economic development

175. The Committee reviewed the current situation with respect to Latin American agriculture and noted with concern that, but for a few exceptions, agricultural production was continuing to develop at a rate slower than was called for by the increase in demand for foodstuffs and raw materials deriving from the growth of population and income. Whereas, on the one hand, the expansion of internal demand for such goods meant that more resources had to be allocated to production for domestic consumption, on the other, an increasing proportion of basic or traditional export commodities had to be retained in the region. In addition, it had been essential for imports of foodstuffs to be considerably increased in order to prevent a deterioration of nutritional levels, already intrinsically low for large sectors of the community.

176. Attention was drawn to other important facts; during the ten years immediately following the war, the effect of the sharp drop in foreign trade balances resulting from the exchange of agricultural commodities had not affected the import capacity as seriously as might logically have been expected had prices remained at the same level. A marked improvement in the terms of trade had limited the reduction in the purchasing power of net *per caput* exports to a relatively low per-

centage. However, this situation had undergone a pronounced change for the worse since 1957, in consequence of the sharp decline in prices for certain staple export items, such as coffee and cotton, and gave rise to profound concern for the future.

(b) Structural and institutional factors

177. From the statements of various delegations the Commission concluded that though in recent years the efficiency of some sectors of Latin American agriculture had improved at a more rapid rate than in previous periods, average productivity was nevertheless still low in many countries, and, as a consequence, low income levels prevailed in agriculture. Under those conditions it was impossible for the agricultural sector of the economy to fulfil its functions as an important consumer market and even as a wider market for agricultural commodities themselves.

178. The Commission agreed that in some countries one of the main causes of the slow development of agriculture was to be found in the existence of institutions which were already outmoded in the organization of a modern economy, as well as in other difficulties which suggested the need for improvement of land tenure systems and for better distribution of rural income, so that agriculture would be able to contribute to a much more rapid process of industrialization than had been achieved hitherto. Some representatives expressed the opinion that the supreme importance of the land redistribution question and the complexity of the issues involved called for carefully considered and methodical action. In their view, in every interested area or country, the course followed in each case should be the result of previous study and a wise and well-thought-out practical programme, adapted to the special agricultural and social conditions of the environment.

179. The Commission considered the low level of capital formation and the need for introducing more progressive methods in many branches of agriculture, especially those producing for the domestic market, which were as a rule the least developed. Even though research work had led to the discovery of solutions for many of the technical problems of agriculture and to the establishment of the best methods of increasing productivity, complete dissemination of these results had not been possible, because of the low standard of education of rural workers, the lack of incentives to production, shortage of capital or the alternative investment priorities of farmers, especially in countries where inflation had reached a very advanced stage. The Commission took note of the efforts made under the technical assistance programme of FAO and by other international and regional organizations to help overcome those difficulties, but it was patent that the situation could not improve to any considerable extent unless government action itself were intensified (see resolution 158 (VIII)).

(c) Incentives to production

180. The Committee took note of the report of the Latin American Centre on Food and Agricultural

Price Stabilization and Support Policies. The Centre, which had been convened by FAO and held in Santiago, Chile, in February 1959, with the co-operation of ECLA, had considered that, under the conditions prevailing in Latin America, measures affecting commodity prices should be supplemented by others designed to raise the farmer's net income and reduce production costs. Consideration had also been given to the success of three types of indirect methods of support, namely, subsidies to the factors of production, credit and crop insurance. The introduction of fiscal measures to encourage production and the effect of satisfactory marketing systems had also been studied. The Commission agreed that countries should devote special attention to such measures, since they might serve to remove some of the obstacles to agricultural development.

(d) Forest resources and trends and prospects for the consumption of timber products

181. The Commission reviewed the situation as regards forest resources and trade in timber products, noting with concern the contrast between the region's abundant resources and its steady and increasing imports of forest products. The representatives agreed that the prompt and efficient utilization of the Latin American forests might make an important contribution to the region's economic development, to inter-Latin American trade and to the improvement of the standard of living, and recognized that such utilization necessarily entailed an analysis and evaluation of forest potential, a study of current consumption and a projection of the region's probable future requirements in respect of forest products. In this connexion, the Commission reaffirmed its request addressed to the secretariat at the previous session, to the effect that, in co-operation with FAO, it should evaluate the forest potential in Latin America and requirements of forest products (see resolution 159 (VIII)).

(e) Joint ECLA/FAO Programme

182. The Commission took note with satisfaction of the joint ECLA/FAO work programme and recommended that the two organizations should continue their joint activities. Several delegations expressed the desire that special attention should be accorded to the study on stock farming which the secretariat had been requested to undertake in accordance with resolution 91 (VI) and, in general, that an attempt should be made to study problems more thoroughly with the object of devising ways and means of accelerating Latin America's agricultural development.

2. Industrial development

183. The Commission displayed particular interest during its discussions in a problem which affected many countries of Latin America in different degrees but in much the same way, namely, the transition from artisan industry to industry proper. While industrialization should still be considered an essential requisite of Latin American development, the point of view was

expressed that the process in question did not seem to be solving completely the problem of absorbing surplus manpower. Attention was called to the need for radical changes in the structure of agriculture if production and productivity were to be increased simultaneously, just as it was also indispensable for the rate of development of industry to be still further accelerated by all the means at the region's disposal. This fundamental problem of industry having been raised, the discussions of the Commission centred on the obstacles to a greater expansion of industrial production.

(a) *The institutional framework*

184. The Committee discussed at length the fact that in many countries institutional structures existed which were ill-fitted to provide the incentives required by industrialization. For example, the financing difficulties encountered by new enterprises might be at least partly attributed to the absence of a capital market, and this, in turn, derived from the absence or the deficiencies of institutions for supervision and inspection.

185. Great importance was attached to the existence of development institutions and of legislation designed to encourage domestic production, but it was also pointed out that the absence of adequate exchanges of experiences and information among the various countries, in this particular connexion, prevented countries from profiting by the valuable lessons that could be learnt from those that had done pioneering work in creating institutions of this kind. There was a consensus of opinion to the effect that one of the most serious obstacles to the development of manufacturing was the lack of technicians and skilled labour, and that differing degrees of influence were also exerted on this development by the deficiencies of customs tariffs, marketing channels and other types of factors directly or indirectly governed by institutions (see resolution 160 (VIII)).

(b) *Regional co-ordination*

186. The Commission considered that it was vitally important to achieve greater co-ordination of the different countries' industrialization efforts. The main subject of discussion was the need to avoid duplication in projects for certain industries that required heavy investment and whose domestic markets were still smaller than was necessary from the economic point of view. The case of basic industries was mentioned — especially the petrochemical industry and certain sectors of the iron and steel industry — and it was recommended that meetings of experts in those fields of production should be held to study the development programmes of the countries as a whole and to suggest the type of action necessary to achieve a certain degree of specialization (see resolution 162 (VIII)).

187. On the same subject of regional co-operation, the Commission considered that the work of the ECLA/FAO/TAA Pulp and Paper Advisory Group had very satisfactorily served its purpose of co-ordinating the efforts of Governments, development institutions and industrialists in several countries in planning the development of the industry concerned (see resolution 163

(VIII)). The Commission recommended that Governments should continue to use the technical services of the Group.

188. It was felt also that the secretariat had taken another important step in that direction with its study of the possibility of trade in railway equipment among various Latin American countries, which had been followed by a technical meeting held at Córdoba (Argentina) in March.

(c) *Other aspects*

189. The statements made on industrialization were in part devoted to industrial management and its effects on productivity. The Commission agreed that, although there were countries which had made extraordinary progress in their management training programmes, in general Latin America was deficient in that respect.

190. The Commission considered the summary and conclusions of the report on the industrial development of Peru (E/CN.12/493/Add.1), a study requested by the Peruvian Government towards the end of 1956.

191. The delegations also took note of a progress report on studies relating to the inventory of Latin American industry submitted by the secretariat (E/CN.12/524), a project closely connected with the Latin American common market.

192. The Commission considered the programme of studies of specific industries being carried out by the secretariat. It felt that the basic metal and metal-transforming industries occupied a very important place in industrial development because they helped to train skilled labour and make more capital goods available. Owing to their complexity and the need to ensure that they developed in a balanced and rational manner, their technical and economic characteristics would have to be specifically studied in relation to the conditions obtaining in the Latin American countries. The Commission therefore renewed its requests to the secretariat to give such studies high priority in its programme of work (see resolution 161 (VIII)).

193. With respect to the chemical industries, the Commission took note of a progress report on the secretariat's work in co-operation with the Chilean Development Corporation (Corporación de Fomento de la Producción) and expressed interest in the method used in the report.

3. *Energy and water resources*

(a) *Peaceful uses of atomic energy*

194. The Commission noted with satisfaction the studies undertaken in the course of 1958, at the request of the Government of Brazil, by the International Atomic Energy Agency (IAEA), in order to evaluate, from the technical standpoint, the need to set up regional centres in Latin America for the training of specialists in the peaceful uses of atomic energy.

195. In the course of the discussion, stress was laid on the growing need for studies on the possibility of applying atomic energy in Latin America and for voca-

tional training with this end in view. It was pointed out that several countries already has institutions engaged, on a limited scale, in this kind of research, so that in a future programme advantage would have to be taken of the experience accumulated so far.

196. It was noted that the Inter-American Committee of Presidential Representatives had finally approved the establishment of an inter-American atomic energy commission, to promote the peaceful uses of atomic energy in Latin America. This institution would be in a position to render technical assistance to countries in branches that included the training of personnel. It was also recalled that the United Kingdom awarded fellowships for training and higher professional studies in this field and would be willing to collaborate in whatever work the IAEA might carry out in Latin America. Other countries, such as France and the United States, would also be able to participate and collaborate in such programmes and activities.

197. On the basis of such considerations and of the acknowledged need to promote the use of atomic energy in such sectors as radio-botany and, in general, agriculture, industry and others, the Commission decided (resolution 165 (VIII)) to recommend to Governments that they should develop and encourage the study of problems connected with the peaceful uses of atomic energy and that, to this end, support should be given to the work begun by the IAEA in Latin America, so that it might be pursued in co-ordination with the future activities of the proposed Inter-American Atomic Energy Commission. It was also felt to be highly desirable to recommend to Governments that, in so far as possible, they should establish programmes for the training of personnel specializing in the aforementioned aspects of the utilization of nuclear energy.

(b) *Water resources*

198. The Commission gave full consideration to the difficulties created in the Latin American countries by the increasing need for hydraulic energy and the extremely limited use which had hitherto been made, on the whole, of available water resources. It was pointed out that the magnitude of these resources was little known, and that in several countries no assessments of the economically utilizable potential were extant. Current estimates of Latin America's potential in fact amounted to 120 million kW, of which only about 5 per cent had been turned to account.

199. The Commission felt that the question of the utilization of water resources and the relevant research called for an integrated approach embracing not only the assessment of such resources in quantitative terms, but also the co-ordinated study of the multiple uses of river basins. It was pointed out that these problems had not been neglected by the ECLA secretariat, and that preliminary research in existing resources and their utilization had been conducted by a joint group composed of experts from ECLA, UNTAA and WMO. Such studies comprised both general research covering the problems of the whole region and more detailed studies relating to specific countries or areas.

200. Furthermore, the Commission recommended that, in 1960, the secretariat should organize a Latin American seminar on electrification, with a view to the definition and discussion of the most important aspects of electricity development and the proposal of measures calculated to promote it.

201. The Committee considered it highly desirable that the studies on water resources begun by the secretariat in conjunction with other international agencies should be continued, and, in addition, agreed to request the secretariat to explore the possibility of creating a Latin American Centre for the Programming of Hydroelectric Projects (Centro Latinoamericano de Planificación de Aprovechamientos Hidroeléctricos), on the basis of the integrated development of resources. At the same time it would serve as a training centre for technicians (see resolutions 164 (VIII) and 166 (VIII)).

AMENDMENTS TO THE TERMS OF REFERENCE AND INTERNAL RULES OF PROCEDURE OF THE COMMISSION; CO-ORDINATION WITH THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL; PROGRAMME OF WORK AND PRIORITIES

1. *Amendment of terms of reference and rules of procedure*

202. The Commission discussed two proposed amendments to its terms of reference, which the Economic and Social Council had considered at its twenty-sixth session and which had been the subject of a draft resolution (E/L.797)²⁵ and of an amendment to this draft (E/AC.6/L.207).²⁵ The Council had taken the view²⁶ that the Commission should be consulted before any decision affecting it was adopted.

203. The object of the first proposed amendment to the terms of reference of the Commission was to add, as a new sub-paragraph (f) of paragraph 1, the following provision:

"In carrying out the above functions, deal as appropriate with the social aspects of economic development and the interrelationship of the economic and social factors."

204. The discussion showed that there was a consensus of opinion in favour of the proposed amendment. Stress was laid on the difficulty of separating economic from social factors in the economic development process, since the ultimate aim of the latter was the improvement of standards of living, which was intrinsically a social objective. At the same time, anxiety was expressed that all risk of duplication should be avoided in the work of the Commission and that of other bodies concerned with social questions throughout Latin America; it was felt, however, that the terms in which the proposed amendment was drafted took this motive of concern sufficiently into account. The Commission unanimously recommended to the Council approval of the amendment.

²⁵ *Official Records of the Economic and Social Council, Twenty-Sixth Session, Annexes, agenda item 2.*

²⁶ *Official Records of the Economic and Social Council, Twenty-Sixth Session, 1029th meeting.*

205. The object of the second proposed amendment submitted to the Commission was to add the following provision to paragraph 8 of its terms of reference:

“ The Commission shall establish appropriate liaison and co-operation with other regional economic commissions, in accordance with the resolutions and directives of the Economic and Social Council and the General Assembly .”

206. The Commission unanimously recommended to the Council approval of the text of this sub-paragraph.

207. The Commission also adopted two proposed amendments to its rules of procedure along the lines recommended by the Economic and Social Council. The first of these formalized the practice whereby the Executive Secretary presented an estimate of the financial implications of a project before its approval by the Commission.

208. The second, which related to rule 3 of the rules of procedure, changed the time-limit for the distribution of documents to the members of the Commission from thirty days to six weeks before the commencement of each session. The secretariat pointed out that it would have great difficulty in meeting such a commitment, especially with respect to the annual economic survey, since statistical data were often received with a time-lag, and, above all, the secretariat's editorial and language staff was not large enough for the documents to be translated, issued and transmitted to Governments in good time.

209. With regard to the question of how far in advance documents should be distributed, the members of the Commission expressed the opinion that the time-limit should be changed from thirty days to six weeks, in order that such background material might be accorded the necessary attention, but they also emphasized that the resources of the ECLA secretariat's editorial section would have to be increased in order to enable it to comply with this requirement.

2. Co-operation with the Inter-American Economic and Social Council

210. With respect to co-ordination between the secretariats of ECLA and the Inter-American Economic and Social Council, the Commission took note of document E/CN.12/515, which contained a report on co-operation and co-ordination between the two bodies. This report stressed the constant desire of the two secretariats to co-ordinate their activities and avoid the danger of duplication. It also mentioned the various sectors in which such co-operation was already an established fact. In conclusion, the report stated that existing methods of co-ordination seemed satisfactory and that co-operation should be flexible and chiefly concerned with practical projects, rather than based on rigid agreements making a clear-cut division between the two secretariats' fields of activity. The Executive Secretary of IA-ECOSOC, speaking at the Chairman's invitation, drew attention to the subjects dealt with in this report.

211. The members of the Commission said that they were entirely satisfied with the existing measures of co-operation and co-ordination, as outlined in the report.

3. Appraisal of work programme for 1959-1964

212. The Commission considered document E/CN.12/500, prepared by the secretariat in compliance with the instruction of the Economic and Social Council for inclusion in the Secretary-General's report to the Council. This document, which analysed the activities of the Commission since its establishment and the planning of the work up to 1965 (see Annex VII), was highly praised by all the members of the Commission. Stress was laid on the value of this appraisal, which gave a clear idea of the general course which the work would follow (see resolution 176 (VIII)).

4. Control of documentation

213. The Commission expressed its approval of the measures adopted by the Secretariat to limit the volume of documents (E/CN.12/514). Some representatives suggested that it was desirable to avoid excessive compression of the statements made at the meetings of the Commission and its committees, in view of the great usefulness of the summary records. A proposal to this effect was adopted unanimously.

5. Programme of work and priorities, 1959-1960

214. On adopting the programme of work and priorities, the delegations unanimously agreed in stressing the vital role played by the Commission in this field of economic development and programming. It was emphasized that top priority should be accorded to all projects bearing on the common market. The Commission attributed the same importance to the Central American Economic Integration Programme.

215. To facilitate the execution of the most important projects without undue delay, it was decided to downgrade several projects.

216. All the delegations agreed that at the beginning of each session a committee should be set up to review the programme, so that more detailed attention could be devoted to each project and its priority.

217. The delegations were in favour of reaffirming the Executive Secretary's right to alter, defer or suspend certain projects, should unforeseen circumstances so require (see paragraph 228 in the programme of work and priorities, 1959-1960).

218. The Commission's attention was drawn to the financial implications of the work programme for 1959-1960, and it was made clear that they represented solely the additional resources required as a result of the decisions adopted at the present session, excluding other increments which the Secretary-General was considering in connexion with the budget estimates for 1960.

219. The Commission unanimously adopted the programme of work and priorities for 1959-1960. (For detailed information on the changes in this programme in relation to the previous one, see part V of the present report.)

Part III

RESOLUTIONS ADOPTED BY THE COMMISSION AT THE EIGHTH SESSION

147 (VIII). Co-ordination among programmes bodies

The Economic Commission for Latin America,

Considering that several Latin American countries possess or are organizing programming bodies for the purpose of guiding their economic development into appropriate channels with a view to bringing about the harmonious growth of all sectors of production and raising the standards of living rapidly without disturbing the balance thereof,

Considering that it is extremely useful that each such advisory body should have the opportunity of becoming better acquainted with the organization of the other bodies, their methods of work, objectives and targets and programmes whether under study or in process of being carried out and of pooling the conclusions derived from their experience,

Considering that a technical co-operation agreement to this effect already exists between the programming bodies of Colombia and Ecuador, and was signed in February 1959 by the Governments concerned, *ad referendum,*

Considering that at the recent consultations on trade policy and payments at Caracas consideration was given to the possibilities of extending the aforesaid agreement to other Latin American programming bodies,

Considering that the ECLA secretariat could be of effective assistance as a centre for the pooling of experiences and suggestions in these matters,

Decides to request the secretariat, if national Governments so request and to the extent that their resources allow, to study the organization, objectives, methods of work and other characteristics of the programming bodies existing or about to be set up in Latin America, as well as their programmes under study or in process of being carried out and to act as liaison between those bodies, and to suggest that, in the event of the conclusions of agreements like that already entered into between Colombia and Ecuador, the ECLA secretariat, when so requested, should assist in the organization of the joint secretariat thus formed.

22 May 1959

148 (VIII). Improvement of budget procedures

The Economic Commission for Latin America,

Considering that in most of the Latin American countries a substantial proportion of the total annual investment is made through the public sector,

Considering that the budget procedures utilized in many Latin American countries could be improved so as to increase investment possibilities and encourage the best possible use of other public resources,

Takes note with satisfaction of the project of the United Nations Fiscal and Financial Branch and of the ECLA secretariat to hold a seminar on budget presentation and preparation,

Recommends that the secretariat, in collaboration with the Fiscal and Financial Branch of the Department of Economic and Social Affairs, the Bureau of Technical Assistance Operations and other United Nations bodies, should carry out studies with a view to facilitating the adaptation by the Latin American Governments of the technical principles of budget presentation and preparation to economic development needs and to the improvement of budget practices in accordance with a sound fiscal policy, and, when member countries so require, provide training facilities for Government officials responsible for work connected with budgets.

22 May 1959

149. (VIII) Skilled labour

The Economic Commission for Latin America,

Considering the secretariat note (E/CN.12/519) on the question of skilled labour in Latin America,

Considering the adverse effects which the great scarcity of technical personnel and of specialized labour in general have on the region's economic development.

Recommends the secretariat to consider, in collaboration with the other international organizations concerned, and in particular the ILO, UNESCO, the OAS and the Inter-Governmental Committee for European Migration (ICEM) the establishment of a joint project:

1. To make an estimate of the skilled labour required with particular reference to those categories which are difficult to train,
2. To make an estimate of the means available for training and of the existing resources,
3. To collaborate with Governments which request such co-operation in preparing measures for the readaptation and expansion of these resources and the utilization of skilled immigrant labour.

22 May 1959

150 (VIII). UNESCO activities relating to primary education in Latin America

The Economic Commission for Latin America,

Taking into account the fact that, according to statistics for 1956 published by UNESCO, the percentage of illiteracy in Latin America reaches the alarmingly high figure of 40 per cent, with a school life of four years for the literate population and only one year for the total population,

Considering that not only has the ideal of "education for all", expressed in most of the Latin American Constitutions, fallen far short of achievement, but the educational outlook is aggravated by the region's high rate of population growth, which means that approximately 1 million children are added annually to the school-age population, so that 25,000 classrooms and 25,000 teachers ought to be incorporated into Latin America's educational programme every year, if the present deficit represented by the 15 million children who have no school to attend is not to continue increasing,

Mindful that the effort to give every human being an education, besides being an irremissible duty of the State, is also the most noble of missions and the most profitable investment that can be effected, especially in the field of economic and social community development,

Bearing in mind that one of Latin America's most urgent economic development requirements is an adequate supply of properly qualified specialists, technicians and skilled labour, which can be obtained only by means of an educational system that will ensure the elimination of illiteracy and the steady raising of the school age,

Taking into consideration, furthermore, that UNESCO is applying, in Latin America with the co-operation of the Governments of the region and of international organizations a major project for the extension of primary education in Latin America, which, it is hoped, will bring about substantial changes within a period of ten years in the present general picture of Latin American primary education,

Recommends:

1. That in their economic programming, the Governments should give due priority to work programmes designed to improve and increase education in general and technical and primary education in particular,

2. That the Governments should give their support as hitherto but so far as possible on a larger scale, to UNESCO's major educational development project for the extension of free and compulsory primary education in Latin America.

22 May 1959

151 (VIII). Co-operation with the secretariat of the Inter-American Economic and Social Council in carrying out economic studies by countries

The Economic Commission for Latin America,

Considering that the Special Committee of the Council of the Organization of American States set up to study the devising of new measures of economic co-operation (Committee of the 21) adopted, at its second session held at Buenos Aires from 27 April to 8 May 1959, a draft resolution in which it recommends that the Inter-American Economic and Social Council should undertake a study programme for every country that so requests, under which recent experiences should be examined and current problems analysed, both quali-

tatively and quantitatively, and which would serve to shed light on the measures that would most effectively help to expedite the country's economic development,

Considering that the Committee of the 21 decided, in the same draft resolution, that these studies should be prepared by the secretariat of the Inter-American Economic and Social Council using, so far as possible, the relevant studies and reports available in the various countries and in the competent national and international organizations and requesting the co-operation of such organizations in carrying out the additional studies,

Taking into account that the execution of this study programme will be extremely valuable for the purpose of devising such measures as may contribute to the economic development of Latin America, which is the main objective of the movement that the Pan American Operation is designed to promote,

Recognizing the experience and authority which the ECLA secretariat has acquired in economic development by means of its constant and valuable inquiries, research work and studies;

Recommends the secretariat:

1. to place at the disposal of the Inter-American Economic and Social Council the information, reports and other material in its possession which may be of use in the execution of the programme of studies mentioned above;

2. to give the secretariat of the Inter-American Economic and Social Council, when so requested by it and without prejudice to ECLA's programme of work, all the technical co-operation in its power, thus contributing to the prompt and effective execution of these studies.

22 May 1959

152 (VIII). Work of the Central American Economic Co-operation Committee

The Economic Commission for Latin America,

Taking into account that the Central American Economic Co-operation Committee has presented a report on its activities (E/CN.12/492), reviewing those undertaken during the period February 1957 - June 1958; and that similarly, the secretariat has reported on the work carried out since that date (E/CN.12/517),

Considering that in June 1958 the Governments of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua signed the Multilateral Treaty on Free Trade and Central American Economic Integration, and the Agreement on Central American Integration Industries, which have already been ratified by the legislative bodies of three of the signatories,

Considering that the signing of these agreements gives institutional force to the Central American common market and constitutes a decisive step towards the gradual integration of the five countries' economies, which lend themselves particularly well to such a process,

Taking into account that the Governments of the Central American countries have already begun work

on the equalization of import duties, and to this end a draft Central American equalization agreement has been prepared and is under consideration by the Governments with a view to its signature,

Decides:

1. To take note of the report presented by the Central Banks Economic Co-operation Committee, and of document E/CN.12/517, and to congratulate the Committee and its member Governments on having signed the treaties setting up the Central American common market, inasmuch as it constitutes an event of supreme importance for the countries concerned, as well as on the practical and efficacious manner in which the work of integration is being carried out;

2. To express its great interest in the continuance and if possible the intensification of the Committee's work with a view to the economic integration of Central America, which hitherto it has been carrying out with the efficient co-operation of the ECLA secretariat;

3. To declare its appreciation of the help given to the Economic Co-operation Committee by the United Nations Technical Assistance Programme especially by TAO, the ILO and FAO and also to thank the OAS for its co-operation in certain fields;

4. To request the secretariat and the technical assistance agencies participating in the programme to continue co-operating as actively as possible in the Central American Economic Integration Programme.

22 May 1959

153 (VIII). Joint ECLA/TAO economic development training programme

The Economic Commission for Latin America,

Considering, that in 1952 ECLA and the Bureau of Technical Assistance Operations (TAO) jointly established an economic development training programme, with its headquarters at Santiago, Chile, with a view to the formation of personnel trained in the analysis and programming of economic development,

Considering that this training programme is an important means of disseminating ECLA's experiences with respect to economic development programming in the Latin American countries,

Considering that the Santiago training programme has so far trained ninety Latin American specialists and effectively contributed to the development of the respective countries,

Considering that, in spite of the above, the Latin American countries require for the analysis and programming of economic development that a greater number of specialists in different professional categories should be trained in economic development matters,

Considering that, in order to facilitate such training, it may be advisable to establish intensive economic development training courses in such areas as Central America and the Caribbean and other countries, in which fellows from these countries or areas might

participate and thereby take advantage of all the benefits that can be derived from courses of that type,

Resolve:

1. To move a vote of thanks to the ECLA secretariat for the praiseworthy work it has carried out through its training programme, and to express its gratitude to the United Nations technical assistance for its support.

2. To request the secretariat to study the possibility of expanding the programme with a view to initiating intensive training courses in economic development in countries or areas where such courses have not yet been held and to report thereon to the Committee of the Whole in 1960.

22 May 1959

154 (VIII). Statistics

The Economic Commission for Latin America,

Recognizing that appreciable progress has been made in Latin American statistical development in the last few years, on the one hand, because of the growing understanding of the importance of statistics as a factor on which to base intelligent decisions and formulate Government policy and, on the other, because of Government action and professional and inter-governmental activities of international organizations and services, among which the activities of international organizations and those relating to bilateral programmes warrant special mention,

Whereas the projects carried out by the different Governments with the collaboration of various international organizations — such as the population and agricultural censuses and the preparation of models for various statistics — are extremely useful, not only because of the valuable information they provide but also because they help to improve professional training and instruction in statistics at the national level,

Whereas, owing to the conditions in which such statistical development has taken place, shortcomings and omissions exist which cannot be underestimated and which require constant attention on the part of Governments and international organizations,

Whereas, in order to remedy these deficiencies and omissions, the following solutions, *inter alia*, might be suggested: (a) the provision of national statistical services with adequate administrative and financial resources to enable them to carry out their work efficiently; (b) the creation of an administrative career service for professional statisticians which would ensure the collaboration of trained personnel; (c) the co-ordination of national statistics in order to avoid duplication, reduce costs and improve their quality; and (e) the more intensive use of modern techniques,

Whereas, in relation to the priority that might be given to the different national statistics, it would be advisable to prepare, in every country, a co-ordinated programme which would include the statistics required for the preparation and checking of economic development plans,

Whereas meetings of working groups of experts responsible for specific national statistics, in order to exchange information on methods and look for solutions to common problems, are an excellent means of improving the aforesaid national statistics,

Whereas, in view of the fact that the projected industrial censuses are soon to be taken in many Latin American countries and of their relationship with the respective current statistical series, it would be of particular interest to hold one of these meetings at the earliest opportunity in order to deal with industrial statistics;

Decides:

1. To request the secretariat to prepare, in consultation with the United Nations Statistical Office, the Inter-American Statistical Institute and the specialized agencies concerned, and using the "Basic list of statistics for economic and social development",²⁷ a minimum programme, adapted to conditions in the Latin American countries, of statistics required for the formulation and checking of economic development plans;

2. To recognize that, in order to make genuine progress in Latin American statistics, effective measures should be adopted, namely:

(a) The organization of national statistical services, in order to ensure that they have proper administrative status and satisfactory relations with the authorities responsible for economic development policy, as well as adequate budgets and administrative resources;

(b) The establishment of standards for the compilation and processing of data, and the application of modern methods of study and research;

3. To recommend to the secretariat that, in active co-operation with the Governments of the Latin American countries, the United Nations Statistical Office, the Inter-American Statistical Institute and the specialized agencies concerned, it should prepare a plan for a meeting, in 1960, of a working group composed of national experts in current industrial series and census statistics, to study in detail and to exchange views on the measures required to carry out such censuses and allied surveys which would contribute to economic development programming. To the extent that resources are available and the opportunity presents itself, similar steps might be taken in regard to other important statistics for economic development analyses. In order to facilitate the execution of these plans, assistance would be requested from international and bilateral technical assistance programmes.

22 May 1959

155 (VIII). Economic development advisory groups

The Economic Commission for Latin America,

Considering that the Latin American countries are making great efforts to promote economic development policies,

²⁷ United Nations Statistical Commission, documents E/CN.3/248 and E/CN.3/L.41.

Considering that the efforts to put these policies into practice have been hampered mainly by the lack of basic research, the inadequacy of the available machinery and procedures for programming and the scarcity of specialized personnel,

Considering that the investigations into the economic development of the Latin American countries, and the training courses conducted by the secretariat have helped to solve a part of these difficulties,

Considering that the ECLA secretariat and the Bureau of Technical Assistance Operations may, by acting in co-ordination, make a still more important contribution to the solution of the difficulties mentioned above,

Considering that, in compliance with resolution 137 (VII), the secretariat has reported (E/CN.12/518) the establishment of an *ad hoc* advisory group, in collaboration with the Bureau of Technical Assistance Operations which is lending its services to a Latin American country, and having heard the statement by the Commissioner for Technical Assistance on this subject,

Takes note with satisfaction of the initiation of activities by the economic development advisory group organized jointly by the secretariat of the Commission and the United Nations Bureau of Technical Assistance Operations, and

Expresses its great interest in the continuation of this type of activity, whenever such continuation is requested by member Governments.

22 May 1959

156 (VIII). Establishment of permanent pavilions and fairs for exhibiting Latin American products

The Economic Commission for Latin America,

Considering that the intensification of foreign trade determines and favours the normal growth of national economies,

Considering that free-trade areas facilitate commodity trade among the different nations by bringing the supply and demand for goods into contact with one another,

Considering that the Republic of Panama has established a free zone in the city of Colón which, by virtue of its strategic position on international ocean routes, has become an excellent site for the display of goods, and is therefore promoting the development of international economic relations,

Decides to request member Governments to consider the possibility and advantage of establishing, in the free zone of Colón and other Latin American free ports already in existence or which may be created in the future, a permanent pavilion for Latin American products as well as periodic fairs which would help to facilitate trade between Latin American and the rest of the world.

22 May 1959

157 (VIII). Teaching the importance of private investment in the ECLA/TAO economic development training programme

The Economic Commission for Latin America,

Considering that Latin America needs to make as much use as possible of private enterprise and capital, both domestic and foreign, in order to turn its development potential to the best possible account,

Considering it desirable that the Latin American countries should be fully aware of the contribution that private investment could make to economic progress,

Considering that in this connexion it would be useful to promote among the general public a clearer understanding of the complementary functions of private enterprise and public investment,

Recommends to the secretariat:

1. That it supplement the curriculum of the ECLA/TAO Economic Development Training Programme by establishing a general course to study the function of private enterprise in economic development, including its relation to Government programmes and policy;

2. That the special training programmes periodically organized under the auspices of ECLA and TAO in various Latin American countries, at their request, should include a similar course.

22 May 1959

158 (VIII). Structural and institutional factors of agricultural development

The Economic Commission for Latin America,

Bearing in mind that a considerable proportion of the economically active population of Latin America is employed in crop and stock farming, forestry and fisheries,

Bearing in mind that exports of agricultural commodities are the principal source of the region's aggregate foreign exchange earnings,

Bearing in mind that the products of crop and stock farming forest and fisheries likewise constitute a substantial proportion of inter-Latin American trade, and that the exports of many countries consist almost entirely of such products,

Considering that, in spite of the relatively high rate of industrialization which has been observable in recent years, the development of agriculture is, in general, still too slow to satisfy the expansion of demand due to the increase of population and income,

Considering that, as a result of the foreign factors, there has been an increase in imports of foodstuffs, a decrease in exports, stagnation in the levels of food consumption which are already very low for large sectors of the Latin American peoples, and a recrudescence of inflationary pressures,

Considering that one of the main causes of the slow rate of agricultural development in some countries lies in the persistence of outmoded institutions and other matters which render it advisable to improve land tenure systems and the distribution of rural income in order to enable agriculture to contribute to a much more rapid rate of industrialization than has hitherto been attained,

Considering that agricultural progress is in great measure influenced by Government action designed to help the farmer to improve his production methods, particularly agricultural research, extension and educational services,

Bearing in mind resolutions 15 (IV), 62 (V), 66 (V), 88 (VI) and 89 (VI) of the Commission which refer to various aspects of the problem of agricultural development and land redistribution,

Takes note with satisfaction of the resolution on land reform adopted at the Fifth Regional Conference of the FAO, and of resolution 712 (XXVII) of the Economic and Social Council;

Recommends to member Governments:

1. That they consider, whenever appropriate, land reform, including the establishment of adequate farming units, the elimination of obsolete forms of labour contracts, the introduction of up-to-date agricultural methods and the more equitable distribution of income in the rural sector as suitable instruments for the attainment of a level of agricultural development compatible with the requirement of over-all economic growth;

2. That they pay special attention in their agricultural development programmes to the improvement of distribution systems and to economic incentives which would increase productivity and lower costs;

Requests the ECLA secretariat and the Director-General of FAO, acting through their joint programme, and to the extent that the resources of the two organizations allow and in co-operation with other international and regional bodies:

1. To study the possibilities of expanding the supply of foodstuffs and of agricultural and fishery raw materials by removing obstacles of an institutional and structural nature which are currently slowing down the development of these important sectors of the Latin American economy;

2. To study, in collaboration with member Government which so request, the conditions under which Government services are given to agriculture, with particular reference to rural research, extension and educational services;

3. To consider, when carrying out those studies, the possibilities of specialization in specific areas and the competitive status of certain items within the settling of a common market, with a view to regional economic integration and to the more efficient utilization of Latin America's resources.

22 May 1959

159 (VIII). Study of trends and prospects in the production and consumption of timber in Latin America

The Economic Commission for Latin America,

Noting with concern the contrast between Latin America's abundant forest resources and the steady and increasing flow of imports of forest products effected by the Latin American countries,

Convinced that the rapid and efficient utilization of Latin America's forest resources might represent an important contribution to the region's economic development, to inter-Latin-American trade and to the improvement of the standard of living of the population,

Recognizing that such utilization necessarily entails the analysis and evaluation of Latin America's forest potential and probable future requirements of forest products,

Reiterates its request, previously formulated in resolution 133 (VII), that the secretariat should contact the Food and Agriculture Organization of the United Nations (FAO) with a view to undertaking forthwith a study in close co-operation with that organization;

Regrets that this study should have been deferred for want of resources;

Expresses the hope that the secretariat may be allocated the funds required for carrying out the study in question, which is so urgently needed, that work on it may begin in the course of the current year and that it may be presented at the Commission's next session;

Recommends to Governments:

1. That they take suitable steps to improve information on the forest resources of their respective countries, as well as statistics on forest products, taking advantage whenever necessary of the services of the Bureau of Technical Assistance Operations, the Food and Agriculture Organization of the United Nations and other appropriate bodies;

2. That they co-operate fully with the secretariat, affording it the necessary facilities for carrying out the study.

22 May 1959

160 (VIII). Institutional framework of industrialization

The Economic Commission for Latin America,

Considering that the maintenance of the same rate of economic development as was registered by Latin America in the past, as well as the prospects opened up by the common market, call for an intensification of efforts to promote industrialization,

Considering that in many of the Latin American countries industrial development is encountering serious obstacles deriving from the institutional structures that are no longer appropriate for the present stages of development and of industrialization,

Considering that this maladjustment between the institutional system and the claims of an energetic industrialization process which could help to expedite the improvement of living standards assumes manifold forms, such as under-development of domestic capital investment markets, inadequate industrial credit systems and deficient industrial legislation,

Considering that it is necessary to co-ordinate measures of economic policy in the monetary, exchange, fiscal, foreign trade control and other fields in order to render the orderly industrialization process more effective,

Considering that the bodies responsible for the economic policy of the Latin American countries should be provided with data from which they can assess the influence of institutional factors on the industrialization process, as well as information on the relations between the industrialization process and over-all economic policy,

Decides:

1. To request the secretariat to carry out research on the institutional factors which help to accelerate or retard the rate of industrial development in Latin America. Studies on industrial legislation, financing, dissemination of techniques, marketing, development institutions, tariffs and the promotion or formation of a spirit of enterprise are especially recommended;

2. To recommend to the member Governments that they co-operate actively and resolutely with the secretariat in order to facilitate the work assigned to it by virtue of the present resolution.

22 May 1959

161 (VIII). Study of the metal-transforming industries

The Economic Commission for Latin America,

Considering that the economic development of Latin America calls for a sustained effort to create new industries, particularly if the possibilities that the regional common market would offer are borne in mind,

Considering that the metal-transforming industries are of special significance for economic development in that they help to increase the stock of capital goods and also to train skilled labour,

Considering that the metal-transforming industries, taken as a general category, cover a wide variety of activities with differing degrees of technical complexity,

Considering that it would be very useful for countries at the initial stages of industrial development to have at their disposal such background data and experience as would enable them to decide which of the metal-transforming industries it would best suit them to develop, with due regard to the degree of development, resources and markets of the various countries,

Decides to recommend to the secretariat that, with the co-operation of other international organizations working in the same field, it carry out a study of the technical and economic characteristics of the metal-

transforming industries and of the problems arising out of their establishment or expansion in the countries of Latin America.

22 May 1959

162 (VIII). Panels of petrochemical and iron and steel experts

The Economic Commission for Latin America,

Considering that various Latin American countries are making great efforts as was pointed out at the recent meeting of consultants on trade policy at Caracas, to establish or expand basic industries, such as the iron and steel and petrochemical industries, which require broad markets and heavy investment,

Considering that the greater part of the programmes for the establishment or expansion of such industries are still at an early stage and can therefore be directed towards optimum productivity, provided that they are able to depend upon a demand exceeding that of local markets,

Considering that it is advisable to give promoters and those responsible for such industries the opportunity of acquainting themselves with the effective possibilities offered by the Latin American common market for their products in the near future,

Considering that it is undeniably important for the better utilization of capital, technical processes and labour to avoid unnecessary duplication by means of a co-ordinated policy of specialization for the purpose of supplying the aggregate demand in the aforesaid regional market,

Takes note with satisfaction of the studies already undertaken by ECLA in this field; and

Decides to request the ECLA secretariat to convene panels of experts on basic industries, especially the iron and steel and petrochemical industries, in order to study as a whole the programmes being carried out in Latin America and to suggest possibilities for the specialization of production with a view to reaching optimum productivity in each of the branches already established or to be established in the region.

22 May 1959

163 (VIII). Pulp and paper

The Economic Commission for Latin America,

Considering the rapidly rising consumption of domestic and imported pulp and paper products in Latin America,

Considering the potential resources of raw materials which exist in Latin America,

Considering the need for regional co-ordination in the development of the pulp and paper industry in order to secure better use of natural resources and better coverage of various needs of the area,

Estimating that the need to study the possibilities of further development in the field of pulp and paper

both on a national and regional basis is increasing in importance and that the necessity of giving adequate and rational advice to this development continues to be desirable,

Expressing satisfaction for the work done so far by the Joint FAO/ECLA/TAO Pulp and Paper Advisory Group,

Recommends to Governments:

1. That they continue to utilize the services of the Group;

2. That the necessary measures be taken to secure the continuation of its beneficial activities in the region.

22 May 1959

164 (VIII). Planning and utilization of hydroelectric resources

The Economic Commission for Latin America,

Considering the existence of vast hydroelectric potential in Latin America and that in recent ECLA research this potential was estimated at 120 million KW,

Whereas the same research shows that only about 5 per cent of this potential has been developed and the uses of water as a means toward the economic development of the countries of the region are increasing daily,

Whereas the development of hydroelectric and similar resources promote the rapid growth of the country's over-all economy, mainly on account of the following factors: (a) a basic natural resource is utilized; (b) a high percentage of investment is spent within the country; (c) the use of non-renewable sources of energy decreases and, in many cases, the disbursement of foreign exchange for purchases of imported fuels is avoided,

Whereas there is an obvious shortage of the technicians required for the development and operation of hydroelectric and other kindred projects in the Latin American countries,

Considering that only through integrated programming studies can the maximum yield be obtained from a region's water resources and that experience has shown most of the Latin American countries to have been unable to carry out the aforementioned studies owing to their complexity and to the want of appropriately qualified personnel,

Decides:

1. To request the secretariat to explore the possibility and desirability of setting up a Latin American centre for the programming of hydroelectric projects, including the integrated development of resources, which might also be used as a training centre for technicians,

2. To recommend that this centre should use, as a basis of the first importance in its training activities, the specific studies that may be requested by member countries.

22 May 1959

165 (VIII). Peaceful uses of atomic energy

The Economic Commission for Latin America,

Having studied secretariat document E/CN.12/526, containing the report of the mission sent to Latin America by the International Atomic Energy Agency (IAEA),

Considering the increasing importance of the study and application of atomic energy for peaceful purposes,

Considering the shortage of personnel trained in the different branches of atomic energy,

Considering that, in these circumstances, it is the direct responsibility of Governments to encourage the necessary study and research that will provide the technical personnel that each country will require in future,

Decides:

1. To recommend to the Latin American Governments that they should promote to the fullest possible extent the study of matters connected with the peaceful uses of atomic energy;

2. To recommend that support should be given to the studies undertaken in Latin America by IAEA and their co-ordination with the activities of the Inter-American Atomic Energy Agency;

3. To request the Governments that have not yet established them, to organize programmes suitable to their capacity, which would include the training of personnel in the various branches of the generation and utilization of nuclear energy and its derivatives.

22 May 1959

166 (VIII). Water resources

The Economic Commission for Latin America,

Considering the importance of the adequate utilization of water resources for Latin America's economic development,

Considering that, pursuant to resolution 99 (VI), a preliminary study has been undertaken of the situation as regards water resources in Latin America and their present and future utilization and that special studies have been carried out in connexion with Chile, Northern Patagonia (Argentina) and Ecuador,

Considering that the work undertaken under the aforesaid resolution is progressing satisfactorily,

Considering that in carrying out the resolution in question invaluable assistance has been rendered by several of the international bodies concerned especially the Technical Assistance Administration and the World Meteorological Organization (WMO),

Decides:

1. To request the secretariat to continue the work begun with the aim of extending the studies in progress to other countries and river basins in Latin America;

2. To request the Bureau of Technical Assistance Operations, WMO and other interested agencies to continue their co-operation with the secretariat in these studies;

3. To request the secretariat to enter into communication with the Special United Nations Fund for Economic Development, so as to enable the studies undertaken, apart from their practical value for the countries concerned, to be of use also in the preparation of the Fund's studies on the utilization of water resources.

22 May 1959

167 (VIII). Programme appraisal for 1959-64

The Economic Commission for Latin America,

Noting the decision of the Economic and Social Council, in resolution 664 (XXIV), to request an appraisal of the scope; trends and cost of the United Nations regular programmes in the economic and social field in 1959-64,

Considering that the appraisal of the Commission's work programme for the period 1959-64, as it appears in the report by the secretariat entitled "Preparation for programme appraisal for 1959-64" (E/CN.12/500), underlines the ever increasing importance of the Commission's function in undertaking important studies and promoting joint action in the different activities related to the economic development of Latin America,

Takes note with satisfaction of the general purport of the report by the secretariat; and

Requests the Economic and Social Council and the other United Nations bodies concerned to give all possible consideration to this report.

22 May 1959

168 (VIII). Report on the second session of the Trade Committee

The Economic Commission for Latin America,

Considering that the Trade Committee, created by virtue of resolution 101 (VI), has presented to it the report of its second session, at which highly important resolutions designed to promote the establishment of the common market were adopted,

Decides:

1. To take note with satisfaction of the report of the second session of the Trade Committee;

2. To request the secretariat to accord the highest priority to the work recommended in the various resolutions adopted by the Trade Committee; so that the Committee may be able to hold its third session at the earliest possible date.

22 May 1959

169 (VIII). Place and date of the ninth session

The Economic Commission for Latin America,

Taking into consideration rules 1 and 2 of its rules of procedure,

Expresses its gratitude to the Government of Venezuela for its generous invitation to hold the ninth session of the Commission at Caracas;

Resolves to hold its ninth session at Caracas in April 1961.

23 May 1959

Part IV

DRAFT RESOLUTION FOR ACTION BY THE ECONOMIC AND SOCIAL COUNCIL

The Economic and Social Council,

Takes note of the annual report of the Economic Commission for Latin America covering the period 9 April 1958 to 23 May 1959 (E/3246 Rev. 1) and of the resolutions and recommendations included in the account of proceedings of the Commission's eighth session, and endorses the programme of work and priorities contained therein.

Part V

PROGRAMME OF WORK AND PRIORITIES, 1959-1960

220. At its plenary meeting on 22 May 1959, the Commission unanimously adopted the following programme of work and priorities:

BASIC DIRECTIVES

221. As in the past, in preparing the programme of work and priorities, the subsidiary bodies of the Commission and the Executive Secretary have continued to follow the basic directives and decisions of the Economic and Social Council and of the General Assembly, as well as the recommendations of the Advisory Committee on Administrative and Budgetary Questions regarding programmes and priorities in the economic and social fields, concentration and co-ordination of efforts and resources, control and limitation of documentation, the pattern of conferences and related questions. Particular attention has been given to the recommendations contained in Economic and Social Council resolutions 324 (XI), 362 B (XII), 402 B (XIII), 451 A (XIV), 497 C (XVI), 553 (XVIII), 557 (XVIII), 590 (XX), 597 (XXI), 604 (XXI), 630 (XXII), 664 (XXIV), 693 (XXVI) and 694 (XXVI).

CONCENTRATION AND CO-ORDINATION

222. The Economic and Social Council at its twenty-sixth session noted with satisfaction, in resolution 693 (XXVI), the extent to which the principles of concentration and co-ordination have been applied in the review of programmes by the regional economic commissions and their secretariats and the progress that has been made in this connexion. Moreover, the Council endorsed the suggestion that the Secretary-General and the Council's subsidiary bodies bear in mind that certain activities might better be undertaken by such bodies as

universities, national, private or public institutions, or non-governmental organizations, in order to permit the secretariat to make the most effective use of its own resources. The Council expressed the hope that regional commissions would give consideration to the use of this procedure, wherever practicable. During the past year, a number of projects were carried out according to the above-mentioned policy, which permitted the secretariat to make the most effective use of its own resources. These projects²⁸ include the following:

Project 3 (i). The studies on the economic development of El Salvador, Honduras and Panama have been undertaken with the close collaboration of national working groups which have collected most of the data and done part of the drafting. In the case of Costa Rica, as indicated in the Executive Secretary's Progress report on the programme of work (E/CN.12/513, para. 55) the University in that country has prepared an economic development project to carry out the study with the help and advice of the secretariat.

Project 14. Work on the coffee study in Brazil has been facilitated by the Brazilian Ministry of Agriculture, which has provided technicians to assist in the field work, and by the Brazilian Coffee Institute (*Instituto Brasileiro do Café*) which has provided both technicians and financial resources.

Project 21. The Chilean Development Corporation (*Corporación de Fomento de la Producción* — CORFO) has provided personnel to assist in the preparation of the pilot study of chemical industries (see E/CN.12/525).

Project 22. The ECLA/FAO/TAO Pulp and Paper Advisory Group has been given invaluable assistance in all its missions by local industrialists or by corresponding development corporations.

²⁸ Project numbers refer to the programme of work and priorities as given in the *Annual Report of the Economic Commission for Latin America covering the period 30 May 1957 to 8 April 1958 inclusive*. See *Official Records of the Economic and Social Council, Twenty-sixth Session, Supplement No. 4*, pp. 18-23.

Project 24. The ECLA/TAO/WMO Water Resources Survey Group has been assisted in its work in Chile by the Irrigation Department (*Dirección de Riego*) of the Ministry of Public Works (*Ministerio de Obras Públicas*), the Development Corporation (CORFO), the *Empresa Nacional de Electricidad and Fuels* (*Secretaría de Energía y Combustibles*), the National the valuable assistance of the National Planning Board (*Junta Nacional de Planificación*), the *Caja Nacional de Riego*; the *Banco de Fomento*; the *Banco Central* and Ministries of Public Works, of Development and Defence, the Meteorological Department (*Dirección de Meteorología*). In Argentina, it was assisted by the Department of Military Manufacturers (*Dirección de Fabricaciones Militares*), Department of Energy and Fuels (*Secretaría de Energía y Combustibles*), the National Meteorological Service (*Servicio Meteorológico Nacional*) and other national and local services.

Project 29 (ii). Inventory of existing industries: the collection of data for the inventory has been materially assisted by the collaboration of the following industrial organizations: *Asociación de Industriales Metalúrgicos* (Argentina); *Federação das Indústrias do Estado de São Paulo* (Brazil); *Instituto Chileno del Acero* (Chile); *Federación de Industriales Metalúrgicos* (Colombia) and the Department of Economic Research (*Departamento de Investigaciones Económicas*) of the *Banco de México* (Mexico). Co-operation in specific projects has been envisaged with similar institutions whenever desirable and feasible.

PATTERN OF CONFERENCES

223. In accordance with resolution 693 (XXVI) and bearing in mind General Assembly resolution 1202 (XII), the Executive Secretary has kept under constant review the aim of reducing, wherever possible, the number and length of the meetings of the Commission's subsidiary bodies and *ad hoc* working parties. With this in view, the second session of the Trade Committee was held simultaneously with the eighth session of the Commission at Panama City.

REGIONAL PROJECTS IN CO-OPERATION WITH THE UNITED NATIONS BUREAU OF TECHNICAL ASSISTANCE OPERATIONS (TAO)

224. As in the past, it is expected that TAO and the ECLA secretariat will continue to co-operate in implementing various projects. Most of these projects, such as those concerning the training of economists, seminars and the convening of working groups of experts, have been proposed in accordance with Council resolution 222 (IX) and ECLA resolutions.

CHANGES IN THE WORK PROGRAMME FOR 1959-60

225. The Commission decided to make the following changes in the work programme:

A. New projects

Co-ordination among programming bodies — resolution 147 (VIII).²⁹

Preparation of a minimum programme of statistical information — resolution 154 (VIII).

²⁹ This project is included under Section II, Group 1, item 3 in the Annotated List of Projects.

The role of agricultural commodities in the projected Latin American common market — resolution 158 (VIII).

Study of institutional factors that affect industrial development — resolution 160 (VIII).

Possibility of establishing a Latin American centre for the programming of hydroelectric projects — resolution 164 (VIII).

B. Projects eliminated

Study of public administration in relation to economic development — resolutions 81 (VI) and 137 (VII).

Preliminary survey of organization and structure of capital markets in Latin America — resolution 3 (IV).

Selective expansion of agricultural production and co-ordination of programmes between countries — resolutions 87 (VI) and 88 (VI).

Measures for improving the conditions of uneconomic farms — resolution 135 (VII).

Study of multilateral trade and payments arrangements between Latin American and European countries — resolution 47 (V).

C. Projects which have been modified

Study of Monetary and fiscal policies for economic development — resolutions 81 (VI) and 148 (VIII). Work in this field will be expanded in accordance with resolution 148 (VIII) which requests the secretariat to assist Governments in adapting the best available budgetary methods and also to consider the possibility of establishing training courses in budget preparation.

Advice and assistance to Governments in economic development programming — resolutions 137 (VII) and 155 (VIII). Under resolution 155 (VIII) this project will be carried out in collaboration with the Bureau of Technical Assistance Operations and will be expanded.

Economic integration in Central America — resolutions 24 (IV), 55 (V), 84 (VI), 27 (CCE), 123 (VIII), 140 (A.40) and 152 (VIII). Work will be intensified in order to assist Governments in implementing the Central American Multilateral Free Trade and Economic Integration Treaty and the Agreement on Central American Integration Industries.

Study of the chemical industries — resolutions 59 (V), 97 (VI) and 162 (VIII). Work on this project will be intensified and when the work is sufficiently advanced a panel of experts will be convened to study the problems of these industries.

Metal transforming industries — resolutions 57 (V), 96 (VI), 127 (VII) and 161 (VIII). Resolution 161 (VIII) recommends that the Secretariat seek the co-operation of other international organizations in carrying out studies on the technique and economic characteristics of the metal and transforming industries.

Iron and steel industry — resolutions 10 (IV), 57 (V), 96 (VI), 127 (VII) and 162 (VIII). In accordance with resolution 162 (VIII) a panel of experts will be convened to study the problems of this industry having as a basis for their discussion the studies now being undertaken by the secretariat.

Common market and payments — resolutions 69 (VI), 101 (VI), 115 (VII) to 122 (VII), and 168 (VIII) and 1 to 4 (I) and 6 (II) to 10 (II) of the Trade Committee. Trade Committee resolutions 6 to 10 (II) call for a series of studies some of which are extensions of work being done but a number of them will require new studies. These are listed under project 31 in the Work Programme and Priorities. It should also be noted that a meeting of high-level Government experts will be convened to prepare a draft agreement on the common market.

Agricultural Development, programming in individual countries and technique of agricultural programming — resolutions 63 (V), 89 (VI) and 158 (VIII). Resolution 158 (VIII) requests that further

studies be made and extended through the ECLA/FAO Joint Programme of the institutional and structural factors affecting agricultural development.

Studies of demographic growth and manpower requirements in relation to economic development — resolutions 83 (VI) and 149 (VIII). Resolution 149 (VIII) requests the secretariat to consult with other interested international organizations with a view to establishing a joint programme of study of manpower problems in Latin America.

Joint ECLA/TAO economic development training programme — resolutions 4 (IV), 48 (V), 85 (VI), 153 (VIII) and 157 (VIII). Resolution 157 (VIII) recommends that the secretariat give special attention in the Economic Development Training Programme to the study of the role of private enterprise in economic development including its relation to government programmes and policies.

D. *Projects transferred from a high priority to a lower category (Other projects)*

Studies of demographic growth and manpower requirements in relation to economic development — resolution 83 (VI) and 149 (VIII).

Meeting of experts on problems of economic growth and the technique of programming — resolution 48 (V).

Study of technical research and training in Latin America — resolutions 13 (IV) and 53 (V).

Special meeting on the mining industry — resolution 129 (VII).

WORK PROGRAMME IN SOCIAL AFFAIRS

226. Part of the work in social affairs is related to ECLA activities in economic development. The ECLA Division of Social Affairs is also carrying out activities which are related to the work programme of the Social and Population Commissions.

IMPLEMENTATION OF THE WORK PROGRAMME

227. With respect to the work projects, the Commission had, on previous occasions authorized the Executive Secretary to use available resources to hold such conferences, expert working groups and meetings or panels of specialists as he might deem necessary, provided that prior approval had been obtained from the Governments concerned and consultations with the appropriate specialized agencies had taken place. The Commission wished the Executive Secretary to continue to follow this procedure.

228. Although it is desirable to have as stable a programme as possible, unforeseen factors may make it necessary to abandon certain projects or to establish different priorities. For this reason, the Commission, as in the past, left it to the discretion of the Executive Secretary to modify or defer projects or alter the order of priority within the approved programme, should unforeseen developments make it necessary to do so.

EXPLANATORY NOTES

229. The programme of work is divided into five broad sections — namely:

Section I: Current economic situation.

Section II: Economic growth and technique of programming.

Section III: Economic problems of agriculture (projects undertaken with the collaboration of FAO).

Section IV: Industry, mining and energy.

Section V: International trade.

230. The last project ("Co-operation in the technical assistance programme") covers various fields of activity and is therefore included at the end of the programme, separately from the larger sections.

231. It has not been found practicable or useful to attempt to establish priorities as between these larger sections.

232. Projects are listed within each section in accordance with Economic and Social Council resolution 402 B (XIII) as follows:

Group 1: Continuing projects and activities of high priority

This group consists of projects and activities in which the responsibility of the Commission and its secretariat, pursuant to the Commission's terms of reference and resolutions, is continuing. The studies and reports contemplated are to be presented periodically. Each study may differ from and supplement the others in scope (country coverage), substance (different aspects of major problems), and time (development during a given period).

Group 2: High priority ad hoc projects

This group consists of non-recurrent projects, for which an approximate duration can be estimated. It includes projects outside the broad scope of the continuing projects (Group 1) as well as occasional topics within the scope of such continuing projects.

Group 3: Other projects

This group consists of projects which, in view of staff and budget limitations, will have to be deferred for the present and probably cannot be undertaken in 1959.

233. The criteria used in proposing the classification of projects according to the above groups include, among other factors, an estimate of the basic importance of each project concerned, as well as an estimate of the most effective way of utilizing available resources. No relative priorities are assigned to projects within groups 1 and 2 or between these two groups.

ANNOTATED LIST OF PROJECTS

Projects are numbered consecutively with arabic numerals. For specific aspects of major projects roman numerals in parentheses [(i), (ii), (iii), etc.] are used. The notes on the projects are intended to identify them, but the resolutions of the Commission or its subsidiary bodies are the official guide to their real scope.

The resolutions of the Economic Commission for Latin America are identified by an arabic numeral indicating the serial number, followed by a roman

numeral, in parentheses, indicating the session at which they were adopted.

The resolutions of the Committee of the Whole are identified by an arabic numeral indicating the serial number, followed by the appropriate committee symbol, in parentheses.

The resolutions of the Central American Economic Cooperation Committee are identified by an arabic numeral followed by the symbol "CCE" in parentheses.

The resolutions of the Trade Committee are shown by arabic numerals followed by a roman numeral in parentheses indicating the session at which they were adopted.

SECTION I: CURRENT ECONOMIC SITUATION

Group 1: Continuing projects and high priority activities

1. *Economic Survey of Latin America* — resolutions 44 (V) and 79 (VI) — published annually.

2. *Economic Bulletin for Latin America* — resolutions 32 (V) and 79 (VI) — published twice yearly.

SECTION II: ECONOMIC GROWTH AND TECHNIQUE OF PROGRAMMING

Group 1: Continuing projects and activities of high priority

3. *General problems of economic development and technique of programming* — resolutions 48 (V), 81 (VII), 132 (VII), 137 (VII), 147 (VIII), 148 (VIII) and 155 (VIII).

(i) *Analysis and projections of economic growth in individual countries* — resolution 48 (V).

The study on "The economic development of Argentina" (E/CN.12/429/Rev.1) has been completed and the printed edition of the first volume presented to the eighth session. In collaboration with local working groups, the secretariat has completed studies on El Salvador (E/CN.12/495) and Panama (E/CN.12/494). A similar study on Costa Rica is being prepared by the University of that country. The secretariat has collaborated in various parts of this study. Work is proceeding on the analysis and projections of economic development in Honduras, and plans are being made to undertake similar studies for Guatemala and Nicaragua, to be followed by one for Central America as a whole during 1960.

A study on Peru (E/CN.12/493) has been prepared, in which development has been viewed from the particular standpoint of industry. This is the first study of its type to have been undertaken by the secretariat, and the methods used may prove of interest for other studies.

A full explanation of the methods used in the projections and analyses of these studies will be published in a forthcoming issue of the *Economic Bulletin*.

(ii) *Analyses and projections of economic growth for the region as a whole, taking into account the possibilities of complementary development* — resolution 81 (VI).

In connexion with the work on the common market, a preliminary study has been prepared on the prospects of economic growth in Latin America (E/CN.12/C.1/13). Research into this subject will be continued during 1959-60.

(iii) *Study of monetary and fiscal policies for economic development* — resolutions 81 (VI) and 148 (VIII).

An account of inflationary trends in various countries is usually presented each year in the *Economic Survey*. The secretariat plans to pursue the study of inflation more systematically during 1959-1960.

The Secretariat is also making a study of fiscal problems and policies in relation to economic development. The first of such studies will be completed in the course of 1959.

As part of this project, the Secretariat is co-sponsoring, with the Bureau of Technical Assistance Operations, the Fiscal and Financial Branch of the Department of Economic and Social Affairs, and the Office of Public Administration, a Budget Workshop to be held at ECLA's headquarters from 26 May to 6 June 1959.

In accordance with resolution 148 (VIII) the Secretariat will endeavour to assist Governments in adapting the best available budgetary methods to the conditions of Latin America and explore the possibilities of providing Government employees with training courses in budget operation.

(iv) *Study of social factors affecting economic development* — resolutions 82 (VI) and 124 (VII).

In resolutions 82 (VI) and 124 (VII) the Commission requested the continuation of the work on the social aspects of economic development and also that the Secretariat should provide Governments with assistance in the preparation of guiding principles or outlines for research in this field. During the past two years, resources have been insufficient to continue this work. Nevertheless, the Secretariat, together with UNESCO and the United Nations Bureau of Social Affairs, is co-sponsoring a seminar on urbanization, to be held at Santiago from 6 to 18 July 1959, and is preparing two papers for it, one dealing with employment opportunities and the other with economic development and urbanization.

(v) *Advice and assistance to Governments in the programming of economic development* — resolutions 137 (VII) and 155 (VIII).

A statement describing the purpose and method for carrying out this project is contained in document E/CN.12/518. As a first step, the secretariat is collaborating with the United Nations Bureau of Technical Assistance Operations in assisting the Government of Colombia, at its request, in compliance with the terms of resolution 137 (VII). It is expected that this type of assistance will be extended to other countries so requesting during 1959-60.

The secretariat will also study the organization, objectives and methods of programming bodies and, upon request, assist in establishing effective liaison, co-operation and co-ordination among the organs of different countries.

4. *Economic integration in Central America* — resolutions 24 (IV), 55 (V), 84 (VI), 27 (CCE), 123 (VII), 140 (A.40) and 152 (VIII).

The activities of the Central American Economic Co-operation Committee entered upon a new stage with the signature of the Multilateral Treaty on Free Trade and Central American Economic Integration³⁰ and the Agreement on the Régime for Central American Economic Integration Industries. The work will proceed further in accordance with the resolutions of the Committee and its subsidiary organs and of the Commission.³¹ The Secretariat prepared some of the studies and in others it collaborates with experts of the Expanded Programme of Technical Assistance (TAO, FAO, the ILO, UNESCO) in compliance with requests from the Central American Governments.

(i) *Central American trade* — resolutions 9 (AC.17), 18 (AC.17), 19 (AC.17), 4 (CCE), 7 (CCE), 11 (CCE), 22 (CCE), 24 (CCE), 37 (CCE), 56 (CCE) and 58 (CCE).

The Secretariat will collaborate with the Trade Sub-Committee and Central American Trade Commission in technical studies for

³⁰ Both were signed at Tegucigalpa (Honduras) on 10 June 1958 during the fifth session of the Economic Co-operation Committee and may be referred to in the relevant report (E/CN.12/492 and E/CN.12/CCE/151).

³¹ For more detailed information on the work done see "Progress report on the Central American Integration Programme since 10 June 1958" (E/CN.12/517).

the implementation of the Multilateral Treaty on Free Trade which has already been ratified by three member Governments. Work will be concentrated on the equalization of customs tariffs for the items included in the schedule appended to the Treaty; studies will also be initiated with a view to the expansion of free trade in Central America and the co-ordination of the five countries' trade policies implicit in the gradual formation of a customs union.

- (ii) *Industrial and agricultural development* — resolutions 2 (AC.17), 1 (CCE), 2 (CCE), 8 (CCE), 14 (CCE), 20 (CCE), 26 (CCE), 27 (CCE), 28 (CCE), 38 (CCE), 39 (CCE), 40 (CCE), 41 (CCE), 48 (CCE), 49 (CCE), 57 (CCE), 60 (CCE) and 62 (CCE).

The possibilities and methods of applying the Régime for Central American Integration Industries will be studied. Studies of the project for a pulp and paper plant in Honduras, which are being carried out by FAO and TAO experts, as well as the study of the insecticides industry, will be completed and brought to the attention of the Economic Co-operation Committee at its next session. The secretariat will continue to collaborate with the Central American Research Institute for Industry in considering new industrial possibilities within the integration programme and, in co-operation with TAO and the ILO, will energetically promote the programme for the expansion and regional specialization of the textile industry, in accordance with the recommendations of the Working Group on the Textile Industry, which met in Managua (Nicaragua) in 1958.

As regards the agricultural sector, the secretariat will undertake studies, in collaboration with FAO and TAO experts, with a view to the co-ordination of inter-Central-American grain production and trade policies, the development of stock farming, the encouragement of meat exports and the production of raw materials for industrial development. It is planned to begin a study in 1960 on land tenure, in collaboration with the Central American Higher University Council and the Latin American Centre for Social Research.

- (iii) *Transport* — resolutions 4 (AC.17), 21 (AC.17), 18 (CCE), 19 (CCE), 42 (CCE), 43 (CCE), 44 (CCE), 45 (CCE), 46 (CCE), 64 (CCE), 65 (CCE), 66 (CCE) and 67 (CCE).

The secretariat will collaborate in studies on the implication of the Central American agreements on road traffic and on uniform road signs and signals, signed by Governments in June 1958, and of the general specifications for the construction of roads and bridges in Central America and Panama, approved at the first session of the Transport Sub-Committee in September 1958. A study will be undertaken to develop road transport services. A draft Central American maritime code, prepared by experts of TAO, will be completed and submitted to Governments for their consideration.

- (iv) *Electrification* — resolutions 3 (AC.17), 25 (CCE) and 59 (CCE).

In co-operation with a TAO expert, the secretariat will take part in the study on electric power development in Central America to be carried out in 1959-60, as well as in other aspects of electric power co-ordination. The first session of the Central American Electric Power Sub-Committee will be held in 1959.

- (v) *Housing, building and planning* — resolution 61 (CCE).

Pursuant to resolutions of the Housing Sub-Committee, an inventory will be made of Central American industries of manufacturing construction materials, and the possibilities of establishing integration industries and increasing inter-Central-American trade in these materials will be examined. Under the housing programme, a TAO expert will undertake studies on the standardization of construction materials. Assistance will be forthcoming from the Pan American Union and other international organizations in connexion with other aspects of the programme.

- (vi) *Development financing* — resolutions 5 (AC.17), 22 (AC.17) and 50 (CCE).

The comparative study of legislation on tax exemptions for the promotion of new industries will be completed in collaboration with the Fiscal and Financial Branch of the Department of Economic and Social Affairs, and brought to the attention of the Economic Co-operation Committee.

- (vii) *Statistics* — resolutions 20 (AC.17), 3 (CCE), 21 (CCE), 47 (CCE) and 69 (CCE).

During 1959, a start will be made on the co-ordination of forest statistics with the assistance of FAO, and meetings of working groups will be held on agricultural and industrial statistics. The United Nations Statistical Office, the Inter-American Statistical Institute and FAO will participate in the work.

- (viii) *Social problems* — resolutions 27 (CCE), 51 (CCE) and 73 (CCE).

The study of the middle class in Central America and its relation to savings and investment capacity will be completed, in collaboration with the United Nations Bureau of Social Affairs. New studies will be undertaken on labour and its adaptability to economic development requirements, as well as on the social and economic aspects of land tenure, this latter in co-operation with the Central American universities and specialized international organizations.

- (ix) *Research and training institutes* — resolutions 6 (AC.17), 23 (AC.17), 5 (CCE), 6 (CCE), 31 (CCE), 52 (CCE), 53 (CCE) and 72 (CCE).

It is hoped to intensify co-operation with the Central American Research Institute for Industry with respect to Central American industrial integration. Contact will continue to be maintained with the Central American Advanced School of Public Administration.

5. *Joint ECLA/TAO economic development training programme* — resolutions 4 (IV), 48 (V), 85 (VI), 153 (VIII) and 157 (VIII).

Nineteen trainees attended the regular course of the training programme, held at ECLA headquarters from 30 June 1958 to 28 February 1959. Intensive courses were held at Rio de Janeiro (Brazil), from 4 August to 7 November 1958, and at Buenos Aires (Argentina), from 1 October to 23 December 1958, attended respectively by some fifty and seventy participants.

During 1959, in addition to the regular training programme in Santiago, intensive courses will be held at Buenos Aires (Argentina), Rio de Janeiro (Brazil), and Bogotá (Colombia). It is planned that the programme will continue along the present lines in 1960.

The manual on economic development projects has now been published (E/CN.12/426 and Add.1/Rev.1).

6. *Study of transport problems* — resolutions 38 (AC.16), 68 (V) and 120 (VII).

Work on transport has been proceeding actively under the Central American Economic Integration Programme (see item 4 (iii)). A special study on transport in Argentina (E/CN.12/491) has been completed.

In connexion with the work on the common market, the secretariat has prepared a short paper on current transport problems in the region (E/CN.12/C.1/14) indicating the type of studies that might be undertaken during 1959-60.

7. *Preparation of a minimum programme of statistical data* — resolution 154 (VIII).

The study of Latin American statistical questions will be begun in 1960. With the collaboration of the United Nations Statistical Office, of the Inter-American Statistical Institute (IASI) and of other interested specialized agencies, the secretariat will organize

a working group composed of experts on industrial statistics from the various countries, to study in detail the steps to be taken for levying industrial censuses and other similar surveys and to pool their experience. Other working groups on statistical matters of importance for economic development will be organized as resources become available and need arises. The secretariat will use the document entitled *Basic List of Statistics for Economic and Social Development*, as groundwork for the preparation of a minimum programme applicable to the Latin American countries.

Group 3: Other projects

8. *Studies of demographic growth and manpower requirements in relation to economic development* — resolutions 83 (VI) and 149 (VIII).

In connexion with the urbanization seminar (see item 3 (iv)), the secretariat is preparing a paper on the creation of employment opportunities. The secretariat will endeavour to constitute, together with other international organizations, a joint programme for the evaluation of the need for skilled manpower and of the available training facilities and to make recommendations concerning methods of dealing with this subject and concerning the immigration of skilled manpower.

9. *Meeting of experts on problems of economic growth and the technique of programming* — resolution 48 (V).

The purpose of this meeting is to bring together Latin American economists to discuss the principal problems of economic growth and to explore the possibilities of improving and programming economic development methods and making them known. The experts would not represent their Governments, but rather act in a personal capacity. The meeting may be held in 1960.

10. *Studies on technological research and technical training in Latin America* — resolutions 13 (IV) and 53 (V).

This project would require substantial financial resources and a large technical staff and the secretariat does not have such means at its disposal. This project could be carried out in the future in co-operation with the Technical Assistance Programme and the specialized agencies.

SECTION III: ECONOMIC PROBLEMS OF AGRICULTURE

(Projects undertaken with the collaboration of FAO)

Group 1: Continuing projects and activities of high priority

11. *Agricultural development, programming in individual countries and technique of agricultural programming* — resolutions 63 (V), 89 (VI) and 158 (VIII).

This is one of the most important of the continuing projects under the Joint ECLA/FAO Programme. Some of the work will be of use in the preparation of the *Economic Survey of Latin America* and the FAO publication *The State of Food and Agriculture*, both of which are issued annually. During 1959 assistance in the work of programming in Colombia and Ecuador was given. The first draft of a manual on agricultural programming has already been prepared, and this study might be completed by mid-1960. During that year studies will be undertaken on the institutional factors which retard or accelerate agricultural development and on the prospects for an expansion of Latin America's supply of foodstuffs and agricultural raw materials.

12. *Study of productivity and cost of coffee production in relation to economic development* — resolutions 63 (V), 90 (VI) and 136 (VII).

For several years coffee studies have absorbed a considerable proportion of the resources of the Joint ECLA/FAO Programme. The studies on coffee in Colombia and El Salvador (E/CN.12/490) have been published and another relating to Brazil is in progress.

During 1959 a beginning will be made on the study requested by Cuba, in accordance with the new system recommended by the Commission, which consists in leaving the Joint Programme to act solely in an advisory capacity, specially during the initial and final stages of the studies.

13. *Study of factors affecting the development of livestock production in Latin America* — resolution 91 (VI).

The first stage of the research is presented as one of the chapters of the study on the role of agricultural commodities in the proposed Latin American common market (E/CN.12/499). This preliminary work will be followed in the last part of 1959 and in 1960 by a second phase of which the object is to identify those factors which impede or further the development of the livestock industry in Latin America and the prospects of expanding livestock production.

14. *Role of agricultural commodities in the proposed Latin American common market* — resolution 158 (VIII).

A general note was presented at the eighth session, together with studies on three groups of commodities, i.e., wheat and flour, milk products and oils and fats (E/CN.12/499). Notes on inter-Latin-American trade in cotton, fruit, meat and wool are in course of preparation. New commodities will be added to the programme as far as possible during the course of 1960.

Group 2: Ad hoc projects of high priority

15. *Study of Latin American timber production and consumption trends and prospects* — resolutions 133 (VII) and 159 (VIII).

This study implies a general survey of timber resources, and the economic possibilities of their development, with particular reference to the provision of raw materials for the wood industries. FAO has set aside the requisite funds for its part of the work. Provided that the necessary resources for ECLA's contribution are allocated, research can begin during the second half of 1959, with a view to the completion of the project in 1961 or 1962.

Group 3: Other projects

16. *Study of the possibilities of increasing agricultural investment* — resolution 92 (VI).

Despite the great importance of this project, the ECLA and FAO secretariats have not yet been able to begin work on it for want of funds.

17. *Study on the productivity of labour and capital in agricultural production* — resolutions 87 (VI) and 134 (VII).

Work on this programme may possibly begin in 1960, on the completion of the coffee studies.

SECTION IV: INDUSTRY, MINING AND ENERGY

Group 1: Continuing projects and activities of high priority

18. *Inventory and analysis of existing industry and plans for its development* — Trade Committee resolutions 2 (I) and 116 (VII).

A report (E/CN.12/524) on this study was presented at the eighth session. Work on this study will be expanded during 1959-60, including more countries and products. In addition, the information provided will be fuller. The data collected for the study will serve as material for the systematic work on the Industrial Development Division and make it possible to investigate later the opportunities for complementary production in a Latin American common market.

19. *Study of chemical industries* — resolutions 59 (V), 97 (VI) and 162 (VIII).

Work has been undertaken, in conjunction with the Chilean Development Corporation (*Corporación de Fomento de la Producción* — CORFO) on a pilot study of the chemical industry, paying special attention to Chile. A progress report has been prepared for the eighth session (E/CN.12/525). Work on a general study of the chemical industry in Latin America, and particularly of the petrochemical industry, should start during 1959 and will continue until after 1960. When these studies are sufficiently advanced, a panel of experts will be convened to consider the possibilities of developing the chemical industries.

20. *Joint ECLA/FAO/TAA Pulp and Paper Advisory Group to assist countries in the development of the pulp and paper industries* — resolutions 58 (V), 98 (VI), 128 (VII) and 163 (VIII).

The Advisory Group has completed first drafts of studies on Ecuador, Mexico, Peru and Venezuela, which are being submitted to the respective Governments, in accordance with the procedure followed with regard to its earlier studies on Argentina and Chile. Work is proceeding in Colombia, Cuba and Surinam, and an additional request from Brazil is being complied with.

21. *Iron and steel industry* — resolutions 10 (IV), 57 (V), 96 (VI), 127 (VII) and 162 (VIII).

Acting under the above resolutions and resolution 116 (VII), on the establishment of a common market in Latin America, the secretariat has been making a series of studies on the iron and steel industry.

A study on the Latin American market for iron and steel products and a study on the economic aspects of rolling flat products are in process of being carried out. Both will be completed in 1960. When the studies are completed, a group of experts will be convened in accordance with resolution 162 (VIII) to examine the problems of the industry and its integration in the common market.

22. *Metal-transforming industries* — resolutions 57 (V), 96 (VI), 127 (VII) and 161 (VIII).

The secretariat is engaged in a study of the possibility of developing the motor vehicle industry in Latin America. The part concerning raw materials, the basic metal and metal-transforming industries, labour and investment for the development of Brazilian industry was submitted at the eighth session as information document No. 31. The whole study of Latin America is expected to be finished in 1960. In addition, the possibility of industrial complementation in railway equipment is being investigated. In that connexion, a report on the First Meeting on Railway Equipment, held at Cordoba (Argentina) in March 1959 (E/CN.12/508), was submitted at the eighth session.

During 1959-60 the studies of the metal-transforming industries will be extended to include shipbuilding, tractors, machine tools and, probably, agricultural machinery and petroleum extraction equipment.

23. *Development of energy resources* — resolutions 99 (VI), 100 (VI), 130 (VII), 164 (VIII) and 165 (VIII).

During the past year, only a limited amount of work has been done on energy resources, requirements and problems, but the secretariat plans to bring up to date the basic study which it published in 1957 — namely, *Energy in Latin America* (E/CN.12/384/Rev.1).

In accordance with resolution 130 (VII), the secretariat, in co-ordination with the United Nations Department of Economic and Social Affairs and the International Atomic Energy Agency, will continue to keep Governments informed of all economic aspects of atomic energy which are of special interest for the Latin American countries.

24. *Preliminary examination, based on existing information, of multiple water resources utilization in Latin America* — resolutions 99 (VI) and 166 (VIII).

Under the terms of the first resolution, a Joint ECLA/TAA/WMO Water Resources Survey Group was set up. This group is completing studies on Chile and Ecuador, and a third on North Patagonia (Argentina) is at the final drafting stage. The first study was presented at the eighth session (E/CN.12/501/Add.1). The second will be presented to the Government of Ecuador before being reproduced; a summary has been included in information document No. 2. During 1959, the Group will undertake a similar survey in Venezuela and possibly in Cuba. Work in 1960 will depend upon the specific requests received.

Group 2: Ad hoc projects of high priority

25. *Meeting of experts on problems of electric energy development* — resolution 99 (VI).

Preparatory work for this meeting will be started in 1959 and it is planned to hold it in the latter part of 1960.

Group 3: Other projects

26. *Special meeting on the mining industry* — resolution 129 (VII).

Lack of resources has prevented any advance being made with this project.

27. *Study of the institutional factors which affect industrial development* — resolution 160 (VIII).

In fulfilment of the above resolution, the secretariat is to study the factors of an institutional nature which help to accelerate or slow down industrial development. The main recommendations concern studies of industrial legislation, financing, dissemination of technical knowledge, marketing, development bodies, tariffs and the origin or formation of enterprises.

28. *Latin American centre for hydroelectric planning and utilization* — resolution 166 (VIII).

The secretariat will study the possibility of establishing a Latin American centre for hydroelectric planning and utilization from the aspect of the integrated development of resources.

29. *Utilization of international rivers and lakes* — resolution 131 (VII).

A short study on the legal aspects of the utilization of international rivers and lakes has been prepared for the eighth session by a consultant (E/CN.12/511). Lack of resources has prevented any further work being done on this project.

30. *Textile industry* — resolution 11 (IV).

The secretariat continues to follow developments in this industry in connexion with its country studies and for publication in the annual *Economic Survey*.

SECTION V: INTERNATIONAL TRADE

Group 1: Continuing projects and activities of high priority

31. *Common market and payments* — resolutions 69 (V), 101 (VI), 115 (VII) to 122 (VII), 168 (VIII) and 1 (I) to 4 (I) and 6 (II) to 10 (II) of the Trade Committee.

(i) *Meeting of a group of experts.*

The experts will be appointed by the Governments for the purpose of preparing a draft agreement on the establishment of the Latin American common market. The meeting should be held not later than February 1960.

(ii) *Study of customs systems and duties.*

- (a) Detailed analysis by countries of the incidence (item by item) of customs duties according to categories of products, as they are grouped in the report of the working group (E/CN.12 C.1/9);
- (b) Preparation of basic principles and procedures for transforming the quantitative and administrative restrictions into standard customs duties;
- (c) Study of tariff systems and customs administration;
- (d) Preparation of basic principles and procedures for the adoption of a standard customs nomenclature;
- (e) Seminars or meetings of experts on tariff problems and preparatory work required for the adoption of a standard customs nomenclature.

(iii) Comparative study of exchange controls and other quantitative and administrative restrictions, with special reference to their effects on the establishment and operation of a common market.

(iv) Comparative study of the incentives for new investment, both foreign and national, particularly in the industrial sector, and the disparities which may exist and lead to distortions in the common market. As the study must take into account the special conditions and the industrial policies of each country, it should be carried out with the active co-operation of the Governments and private industrial associations.

- (v) Factors affecting productivity and their repercussions on the competitive position of the different countries and industries.
- (vi) Study of all aspects of transport in relation to the establishment of a common market.
- (vii) Meetings of Government experts on trade policy from different groups of Latin American countries.
- (viii) Dissemination of information on the benefits to be obtained from the expansion of trade and on the reasons for establishing a common market.
- (ix) Assistance to Governments in the establishment of a system for the multilateral transfer of bilateral balances.
- (x) Study of the problems of inter-Latin-American payments in a common market, with particular reference to the feasibility of setting up a Latin American multilateral payments union.
- (xi) Preparatory work for the third session of the Central Banks Working Group.
- (xii) Preparatory work for the third session of the Trade Committee.

32. *Trade in traditional products* — resolution 119 (VII) and Trade Committee resolution 4 (I).

Work on this subject is part of the secretariat's regular programme and is published periodically in the *Economic Survey* or in the *Economic Bulletin*.

33. *Trade between Latin America and the rest of the world* — resolutions 45 (V), 102 (VI) and 121 (VII).

- (i) *Possibility of expanding production of Latin American export commodities* — resolution 45 (V).
- (ii) *Study of future trends of demand for products exported by Latin America* — resolutions 102 (VI) and 121 (VII).

These two topics are discussed periodically in the annual *Economic Survey* and the *Economic Bulletin*.

34. *Study of changes in the composition of Latin American imports from industrialized countries* — resolution 45 (V).

The *Economic Survey of Latin America, 1956* contained a special study on this subject³² and it has also been dealt with in the first part of the *Economic Survey for Latin America, 1958*.

35. *Studies of the terms of trade and their influence on the rate of economic development* — resolution 46 (V).

This topic is periodically discussed in the *Economic Survey*.

36. *Co-operation in the technical assistance programme* — resolutions 921 (X) of the General Assembly and 110 (AC.34) of the Committee of the Whole.

Apart from co-operation with the Technical Assistance Programme on specific projects as indicated above, the secretariat continued to render assistance to the TAO Regional Office for Latin America during 1958 and the early part of 1959.

STATEMENT BY THE EXECUTIVE SECRETARY ON THE PRELIMINARY FINANCIAL IMPLICATIONS OF THE WORK PROGRAMME

234. In accordance with rule 26 of the rules of procedure, the Executive Secretary made the following statement to the Commission before the adoption of the work programme:

235. After a thorough consideration of the work programme, as modified by the decisions of the Trade Committee at its second session, and subsequently approved by the Commission, and in the light of the other decisions made by the Commission at its eighth session, the Executive Secretary concluded that the current resources of the secretariat were sufficient to cover some of the increases and changes envisaged in the work programme.

236. Nevertheless, the additional work called for in the common market project would not be undertaken with existing resources. There were various activities, particularly in respect to tariff systems and trade policy, for which the expertise, not at present available in ECLA, would be required. Moreover, the secretariat would have to increase considerably its consultative activities with Governments. It was also estimated that additional statisticians would be needed to implement resolution 154 (VIII) which requested the secretariat to set up, in collaboration with other international organizations, working groups of national experts in the different branches of statistics for the systematic development and improvement of statistics in the Latin American countries.

237. In view of the foregoing considerations, the Executive Secretary thought that — apart from the funds for consultants requested in the 1960 budget estimates and in addition to the increases under consideration by the Secretary-General in the budget estimates for 1960 — the minimum requirements above this level of resources were:

³² "Preliminary study of the effects of post-war industrialization on import structure and external vulnerability in Latin America", *op. cit.*, pp. 115-163.

1. *Common market*

One Senior Officer (P-5), an economist who is also a specialist in customs duties and tariff systems;

One First Officer (P-4), an economist, to take charge of the industrial inventory studies;

One First Officer (P-4), an economist, to take part in the chemical industries programme;

One First Officer (P-4), an economist, to study the financial aspects of a common market (incentives and opportunities for investment, exchange controls, policy followed with respect to foreign investment, etc.);

One Second Officer (P-3), an economist who is also a specialist in commercial policy.

238. The cost of this increase in the permanent staff in 1960 is estimated at \$45,000-50,000, plus \$5,000 for auxiliary services.

2. *Statistics*

239. In accordance with resolution 154 (VIII), a special programme will be initiated for developing and improving statistical services throughout Latin America and for organizing meetings of experts in the subject to deal with related matters. In this case also ECLA will need more staff, namely:

One Second Officer (P-3), statistician;

One Assistant Officer (P-1), statistician.

The cost of this increase in staff is estimated for 1960 at \$12,000 plus \$2,000 for auxiliary services.

3. *Timber trends study*

240. At its seventh session, held at La Paz in 1957, the Commission approved a proposal for this joint ECLA/FAO study, but it was not possible to carry it out in 1959 because the funds requested were not available. At the present session, in resolution 159 (VIII), the Commission urgently requested that this study be completed. The cost, corresponding to that of a post of Senior Officer (P-5) and of an Assistant Officer (P-1) for a period of twelve months, is estimated at \$19,000 including auxiliary services. In March 1959 the allocation of the necessary funds was once more put forward in ECLA's draft budget for the year 1960.

4. *Language and editorial services*

241. In connexion with the amendment of rule 3 of the Commission's rules of procedure suggested by the Economic and Social Council, by which the so-called "six-week rule" for the distribution of documents in the official languages was adopted, the Executive Secretary stated that on repeated occasions he had asked for the language and editorial services of ECLA to be expanded. That was now even more urgent and he hoped that the Secretary-General would allocate the necessary additional staff.

ANNEXES

Annex I

LIST OF REPRESENTATIVES

MEMBERS OF THE COMMISSION

Argentina

Representative: Arnaldo Tomás Musich,

Members: Elvio Baldinelli, Fernando Lerena, Rodolfo Korenjak
Jorge A. Livingston

Bolivia

Representative: Juan Haus Solíz

Member: César Lafaye Borda

Brazil

Representative: Jorge Latour, Ambassador to Panama

Alternate: José Garrido Torres

Members: Gerson Augusto da Silva, Eduardo García Rossi, Guilherme Pegurier, Helio Schlittler Silva, Genival de Almeida Santos, João Paulo de Almeida Magalhães, Henrique de Oliveira Duprat, Paulo Cabral de Melo, Murillo Valente Gurgel, Bendito Fonseca Moreira, Jacy Montenegro Magalhaes, Marcel Tarisse da Frontoura, Fredeiro C. Buys, Violeta Gómez, Doralice Garcia.

Chile

Representative: Luis Marty, Under-Secretary of Economy

Alternate: Gustavo Valdivieso

Members: Yves Morizón, Enrique Carvallo

Colombia

Representative: Aurelio Correa

Members: Jorge Franco, Alberto Díaz, Augusto Hannaberges,
Jorge Méndez

Costa Rica

Representative: Porfirio Morera Batres, Director, Department of
Economics

Member: Alfonso Fonseca Zamora

Cuba

Representative: Regino Boti, Minister of Economy

Alternate: Rafael Eric Agüero Montoro

Members: Andrés Vargas Gómez, Ricardo Riaño Jauma, Gerardo
Brown, Salvador Vilaseca, René Monserrat, Ignacio Bustillo

Dominican Republic

Representatives: Oscar Ginebra Henríquez, Under-Secretary for
Banking

Ecuador

Representative: Clemente Yerovi

Members: Gustavo Icaza, Walter Pitarque, Angel Murriagui,
Germánico Salgado

El Salvador

Representative: Alberto Morales Rodríguez, Ambassador

Member: Salvador Sánchez Aguillón, Jr.

France

Representative: Guillaume Georges-Picot, Ambassador

Members: René Letondot, Jean-Pierre Cabouat, Pierre Gudin du
Pavillon

Guatemala

Representative: Eduardo Rodríguez Genis, Minister of Economy

Members: Alberto Fuentes Mohr, J. Antonio Palacios, Roberto
Mazariegos, Carlos Humberto de León, Rafael David

Honduras

Representative: Salomón Ordóñez

Members: Francisco Safont-Tría, Valentín Mendoza

Mexico

Representative: Plácido García Reynoso, Under-Secretary of
Industry

Members: Octaviano Campos Salas, Fernando Rosenblueth,
Emilio Alanís Patiño, Víctor L. Urquidi, Julio Ocadíz, Roberto
Gatica Aponte, Herminio Pérez Flores

Netherlands

Representative: P. A. M. van Philips, Minister of Economy of
Surinam

Alternates: F. de Castro, J. Kaufmann

Members: R. A. Ferrier, Baron E. O. van Suchtelen, H. E. Rijdsdijk,
H. S. Radhahishun, L. A. M. Lichtveld

Nicaragua

Representative: José María Castillo

Members: Gustavo Guerrero, Oscar Danilo Darreto Terán

Panama

Representative: Fernando Eleta A., Minister of Finance and the
Treasury

Alternates: Alberto A. Boyd, Minister of Agriculture, Trade and
Industry; Roberto López Fábrega, Minister of Public Works;
Inocencio Galindo V., Controller General of the Republic

Members: Diógenes de la Rosa, Enrique Obarrio, Mario de Diego, Louis Martínez, Jaime de la Guardia Jr., Eduardo McCullough, Alfonso Tejeira, Ismael Olivares, María I. Mendoza, Luisa E. Quesada, Juvenal A. Castrellón A., Jorge R. Paredes, Emilio Clare, Julio Quijano, Rubén Darío Carles Jr., Gaspar Estribi, David Turner Morales, Rubén D. Herrera, Herman R. Rodríguez, Menalco Solís, José Guillermo Aizpú, Jorge Riba, Guillermo Jurado Selles, Juan M. Ruiz, Gilberto Ferrari, Carlos A. Velarde, Gustavo González, Bernardo Ocaña, Manuel Varela Jr., José María Sánchez B., Fernando Amado, Virginia Escala, José I. Navas, Ricardo Arosemena V., Víctor Cruz Urrutia, Jorge I. Quirós, Pedro Comas Calvet, Bernardo Lombardo, Marcos de Obaldía, Renato Ozores, Guillermo de Roux, Eucaris Espino, Antonio Moscoso B., M. Everardo Duque, Eduardo Lanuza, Erasmo Escobar, Alejandro Ferrer S., Pedro E. Alvarado A., Amelia Goursac C., Joel Medina, Galileo Solís, Alejandro de la Guardia Jr.

Paraguay

Representative: Pedro Chamorro

Member: Marcial Valiente

Peru

Representative: Juan Pardo Heeren

Members: Vicente Cerro Cebrián, Ambassador; Alejandro Busalleu, Rodolfo León Carrera, José Alvarado Sánchez

United Kingdom of Great Britain and Northern Ireland

Representative: Sir Ian Henderson, Ambassador to Panama

Alternates: H. N. Brain, R. C. Barnes

Members: E. R. Hargreaves, C. G. Simpson, R. A. Farquharson, E. A. Arnoux, V. G. Huntrods

United States of America

Representative: Harold M. Randall, Ambassador

Alternate: Walter Kotschnig

Members: Ralph Korp, Albert Powers, Herbert F. Propps, Marie Richardson, Alexander M. Rosensen, Robert L. Sammons, Joseph B. Tisinger, William Turnage

Uruguay

Representative: Julio B. Pons

Member: Félix Polleri Carrió, Ambassador to Panama

Venezuela

Representative: José Antonio Mayobre, Minister of Finance

Alternate: Carlos D'Ascoli

Members: Braulio Jatar Doti, Valmoré Acevedo, François Moanack, Horacio Guillermo Villalobos, Miguel Ángel Benzo, Antonio José Aveledo, Ernesto Peltzer

REPRESENTATIVES OF STATES MEMBERS OF THE UNITED NATIONS,
NOT MEMBERS OF THE COMMISSION, ATTENDING IN A CONSULTATIVE
CAPACITY

Austria: Louis Martínez

Belgium: Count Borchgrave d'Altena, Chargé d'Affaires in Panama

Canada: Howard W. Richardson

Czechoslovakia: Josef Hokes, Jaroslav Valenta

Hungary: Imre Hollai, Iván Sós

Italy: Mario Majoli, Giulio Barbosi

Japan: Ken Ninomiya, Harushige Kaneda

Poland: Boleslaw Jelen, Stanislaw Strus

Spain: Alfredo Sánchez Bella, Francisco Javier Mateos Alvarez,
Eduardo de Laiglesia González

Union of Soviet Socialist Republics: Vladimir I. Bazikin, L. T.
Mikhailov, Koryakin Victor Ivanovich

United Arab Republic: Hamdy El Tahri, Mohamed Rifky Osman,
Mohamed El Tabey

REPRESENTATIVES OF A STATE NOT A MEMBER OF THE UNITED NATIONS,
ATTENDING IN A CONSULTATIVE CAPACITY

Federal Republic of Germany: Count von Pappenheim, Josef Engels

REPRESENTATIVES OF SPECIALIZED AGENCIES

International Labour Organisation (ILO): Henri Vandriess

United Nations Food and Agriculture Organization (FAO): Mordecai
Ezekiel, Francisco Aquino, Jean Moser, Jorge d'Alarcão, Eero
Kalkkinen

*United Nations Educational, Scientific and Cultural Organization
(UNESCO):* Carlos Víctor Penna

*International Bank for Reconstruction and Development (IBRD)
and International Finance Corporation (IFC):* G. Neil Perry,
Gordon Grayson

International Monetary Fund (IMF): Jorge del Canto, Eduardo
Lasso

World Meteorological Organization (WMO): Rudolf Schroeder

INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA)

A. I. Galagan, Mr. Goswami

REPRESENTATIVES OF INTER-GOVERNMENTAL ORGANIZATIONS

General Agreement on Tariffs and Trade (GATT): Jean Royer

Inter-Governmental Committee for European Migration (ICEM):
Barthelémy Georges Epinat, E. K. Rahardt, Luigi Guida

Organization of American States (OAS): Cecilio Morales, Elba
Gómez del Rey de Kybal, Carlos Arosemena Arias, Armando
Aráuz

Inter-American Economic and Social Council (IA-ECOSOC):
Rafael Glower Valdivieso

European Economic Community (EEC): Guillaume Georges-Picot,
Robert H. Faniel

European Coal and Steel Community (ECSC): Christaki de Germain

REPRESENTATIVES OF NON-GOVERNMENTAL ORGANIZATIONS

Category A

International Confederation of Free Trade Unions (ICFTU): Ary
Compista, Aristides Wilson

International Federation of Christian Trade Unions (IFCTU):
Ramón Yllarramendy

World Federation of Trade Unions (WFTU): Vicente Lombardo
Toledano, Antonio García Moreno Grassi

Category B

Inter-American Council of Commerce and Production: Carlos Ons Cotelo

International Federation of Women Lawyers: Clara González de Behringer

International Federation of University Women: Maria Rita Soares de Andrade

Inter-American Statistical Institute: Tulo H. Montenegro

United States Chamber of Commerce: Forrest D. Murden

REPRESENTATIVES OF OTHER ORGANIZATIONS

Latin American Centre for Monetary Studies (CEMLA): Javier Márquez

Annex II

INAUGURAL ADDRESSES

1

Address delivered by His Excellency Ernesto de la Guardia, President of the Republic of Panama, at the opening meeting, on Thursday, 14 May 1959

In the name of the people and the Government of the Republic of Panama, and on my own personal behalf, I bid you a most cordial welcome in declaring open this eighth session of the United Nations Economic Commission for Latin America. I trust that you will bear with me if I take this opportunity of making a few remarks in addition to assuring you of the pleasure and honour that it is for the Panamanian people to have you here in our country and promising the wholehearted co-operation of the Government that is privileged to witness the success of your work.

Without disparaging the usefulness of the meetings previously held by this body, exceptional importance may be attributed to the session inaugurated today, both because of the juncture at which it is taking place and because of the topics to be studied and discussed. The peoples of Latin America are passing through a phase pregnant with suffering, hope, needs and uncertainties. Problems of every sort loom up like unknown monsters between them and their prospects of a higher standard of living. Economic, moral, social and political difficulties and maladjustments lie in ambush at every step, and, one after another, breed conflicts and provoke reactions of which the consequences are usually disastrous. It is no easy matter to determine the causes of such a phenomenon without incurring the risk of lapsing into unilateral statements or vague generalizations. But it might safely be asserted, in the light of inquiries conducted in several directions and from different points of departure, that the underlying cause of the violent upheavals which are convulsing the body politic of Latin America is the complex of problems inherent in its present stage of social and economic evolution. The term invented to describe the existing state of affairs is "under-development", which, although criticized by some as inaccurate or inadequate, has been widely accepted as a common denominator for the set of peculiar features shared by the economies of Latin America, and as a basis and connecting-link for possible and proposed forms of action calculated to deliver our peoples from their present predicament.

During the years which have elapsed since the end of the Second World War — which mankind prays will be the last — far-reaching and intensive research, analysis and study have been focused on Latin America's economic problems at both the national and the continental level. At the same time, projects have been formulated with a view to guiding and spurring on the development of these economies as the satisfaction of the peoples' most pressing needs requires. In such activities, an outstanding part has been played by this regional agency of the United Nations, the Economic Commission for Latin America, now assembled in my country to review its most recent activities and draw up a programme for its future work. The partial and special surveys made by officials of ECLA or by groups of technical experts under its direction

and the general studies on the situation of Latin America which it carries out and publishes year by year not only provide very valuable information on the structure and development of the Latin American economy, but are helping to establish the right attitudes and appropriate methods for understanding the true position of Latin America and for dealing with its problems.

Thus there exists already a doctrine, a comprehensive view of the economic and social situation in Latin America and a systematic programme of decisions to be taken, which can serve as the basis for co-ordinated action on a continental scale to solve the problems of immediate subsistence and future expansion which at present weigh on the minds of the peoples and leaders of Latin America. That is the reason why I stated at the beginning of my speech that the eighth session of the Economic Commission for Latin America has an importance without precedent in the history of the organization and must plan to achieve practical results in the immediate future. The peoples of Latin America are today at a most delicate psychological juncture, where the accumulation of long suffered privation makes them impatient for a change that will improve their position. But since their urge for sweeping and immediate action is not governed by a full appreciation of the realities of their situation and by a nation-wide understanding of the methods which must be adopted to solve their problems or of the objectives which can be attained, there is the obvious danger that despair will make the masses listen to the voice of irresponsible demagogy, which promises them everything immediately, and give themselves over, albeit momentarily, to ventures which only result in frustration and disillusion and create still greater obstacles to the reorganization of our economies.

It is clear that definite programmes are required to enable us to pass from theory and preliminary trial to concrete action, both immediate and long-term, and steadily improve the standard of living of the Latin-American peoples. That, in my opinion, must be the high ideal towards which the work of this session must tend. Study and consultations, these, as we know, are ECLA's activities and it cannot go beyond the recommendations made to it. But even within these terms of reference, it fulfils the function of helping and encouraging the adoption and execution of practical decisions. The meaning which it impresses on its debates and the accent which it gives its conclusions will on this occasion give them greater effect. The agenda which serves as a guide for this meeting gives an indication of the most urgent questions which confront the nations of Latin America on the road to economic development. The extension and consolidation of the basic economic structure as a prerequisite for steady and balanced development, the expansion of trade between the countries of Latin America and the establishment of foundations for greater co-ordination with a view to progressive integration of their national economies — these are not theoretical matters, but imply a plan for immediate action of which they are part. Indeed, the under-development, chronic unemployment and temporary or permanent underemployment, underconsumption and sub-culture, if I may use such a term, which assail such vast sections of our peoples, are bound

up with the narrowness and precariousness of local markets, which are limited, moreover, by customs and monetary restrictions. There is no sure issue to the poverty and privation common to all Latin American peoples, except in the employment of the resources of the continent for the common purpose of improving their living conditions. It is for that reason that it seems to me of the greatest significance that the work of this conference should coincide both with the completion of the work which the Committee of the 21 has been carrying out and with the announcement that the United States has formally endorsed the establishment of the Inter-American Development Bank which is the practical embodiment of a common aspiration of the nations of Latin America. In my view, all this gives us grounds for the firm conviction that we are now to advance more quickly by way of concrete achievements in the economic development of Latin America. It should be added that the work which the Economic Commission for Latin America has been carrying out for ten years has contributed considerably to this.

I must not conclude without expressing my Government's appreciation for the collaboration which the Mexico Office of ECLA has given to Panamanian experts in preparing the study, the results of which are to be found in the document entitled "The economic development of Panama". This fine report which provides in systematic form an over-all view and interpretation of earlier research and of new discoveries and observations will doubtless help Panamanians in forming a more accurate idea of our real economic position and will awaken us to a true appreciation of the tasks which lie ahead and the way in which we must tackle them if we wish to achieve a higher standard of living. The study gives the lie to the sombre and inaccurate contentions that have been put forward that we have done nothing to establish our economy on an independent footing or to emancipate it from subjection to "the Canal economy". Indeed, the study gives evidence of the contrary; it shows that since the Second World War we have made very appreciable efforts to set up industries and effect import substitution. The study also very clearly shows, however, that we must greatly increase our efforts in the next ten years if we wish not only to close the gap between the rate of population growth and the rate of increase of the national income but also prevent another possible trend, namely, a widening of this gap and a drop or stagnation in the standard of living. The conclusions of this study have prompted my Government to hold a special seminar to discuss the question after the conclusion of the eighth session and thus to lay the bases for an economic development plan for Panama covering the next ten years. I am convinced that ECLA will co-operate with us in this task.

I wish once more to reiterate the thanks of my people and Government for the choice of the Republic of Panama as the meeting place of the eighth session of the Economic Commission for Latin America. I again express the hope that your work will be extremely fruitful and will help to give concrete form to the desire for economic and social improvement which is ever present in the minds of the people of Latin America.

2

Address delivered by Mr. Dag Hammarskjöld, Secretary-General of the United Nations, at the opening meeting on Thursday, 14 May 1959

It is a privilege, which I appreciate highly, to be present at this eighth session of the United Nations Commission for Latin America. Important problems await your decisions and these may well mark a new step in charting the development of your continent. It is quite fitting that you should be gathered in this city whose geographic location symbolizes the concept of communication and exchange between the various parts of the world, indispensable to that better understanding and co-operation which is the very foundation of the United Nations. Meeting today in Panama,

one may recall that Simon Bolivar, the great liberator, in an act expressing bold and advanced ideas for his days, convened in this city the first Congress of the Americas and proclaimed that the time had come to place the common interest of the new republics on a safe footing. An extension of this idea is found in the motto that appears on Panama's coat of arms — "Pro Mundi Beneficio".

May I express my sincere appreciation to you, Mr. President, to the Government and the people of Panama for their generous invitation and their gracious hospitality.

Since the last time I was with you, at your 1955 session in Bogota, important events have taken place in some of your countries, which have focused the attention of the world on this hemisphere, from its southern tip to the Caribbean. With them has come a renewed dedication to some of the fundamental concepts, and ideals inherent in our Charter, and this is bound to be reflected directly in the life and work of our Organization.

I have come to this meeting from Geneva, where the United Nations is acting as host to the Conference of Foreign Ministers. Although Latin America, geographically speaking, stands rather apart from the main areas in which our Organization confronts major political issues, we owe much to the Latin American Republics for their constructive interest and participation in efforts constantly made under our Charter for the preservation of peace. It is precisely because your countries appear to be relatively distant from the main storm centres, that they should increasingly contribute to the formulation, with the necessary detachment, of solutions based on whatever objective criteria may be available to us.

I mention the diplomatic talks in Geneva, because in this forum devoted to economic development I cannot fail to emphasize how much the progress of the less developed parts of the world is dependent upon the relaxation of tensions and the solution of political problems. In turn, the urge for economic development is emerging as one of the potential unifying factors in the world of today, felt as it is in virtually all countries, independently of political creeds, philosophies and institutional structures. To me, the succession of these two meetings so different in their purpose and character exemplifies the wisdom of the authors of the Charter, when they, for the first time in the history of international organizations, placed political, economic and social objectives on the same footing.

International co-operation among American States did not begin with the United Nations. It has a long and remarkable history. Over many decades, and sometimes through difficult historical circumstances, it has managed to find a number of very striking expressions, never allowing temporary disputes or conflicts between states completely to obliterate the profound unity of tradition, culture and purpose on which it is based. As it has developed in the system of American States, it has shown its vitality and its adaptability to contemporary circumstances. Proof of this may be found in the recent decision to create a new financial institution designed to serve the interests of this region. The establishment of the Inter-American Bank represents the culmination of some years of negotiations, and we welcome this addition to the sources available for the financing of economic development.

If the United Nations has not been the first in this field, I believe that I am justified in underlining the quite unique and original quality of the contribution which it has made, and is making, through this Commission, to the cause of Latin American co-operation. Perhaps, we can see better the exact nature of this contribution at this session, where bold proposals stand before you, aiming at the establishment of a regional market. For such an idea has not sprung from a sudden and visionary inspiration. Nor does it seem to have been primarily influenced by experiments of a similar nature pursued elsewhere. Rather it derives from a decade of study and reflexion, from the systematic investigation and analysis made in ECLA, with a remarkable continuity of purpose, under the able guidance of Dr. Prebisch, of the conditions under which this continent is developing. It is in the course of analysing the

economy of individual countries, of identifying the various factors and the major trends affecting their growth and of attempting to scrutinize their future that the limitations inherent in political fragmentation have shown themselves in such a clear light, and that you have come to feel the need for a new instrument of co-operation. In this process of elucidation, which has led you from country studies to the discussion of the common market, there is an inherent logic and rationality, an intellectual quality, which has its roots in the vitality of the Latin tradition. It is this which today enables Dr. Prebisch to speak with such force of conviction of the need for some institutional arrangement, be it common market, free trade area, or a looser economic association.

These proposals are stimulating through the continent a new look at the relationship among countries, giving rise to efforts at accelerating the development of mutual beneficial interchange. The value of this approach is already illustrated by the first steps taken toward the programme carried out in Central America, which is the outgrowth of an earlier recognition by the participating Governments that economic progress could be more effectively attained through concerted action rather than in isolated compartments of small individual countries pursuing independent policies. Last year, a milestone in this endeavour was passed when the Multilateral Treaty on Free Trade was adopted by the five Governments. This type of inter-relationship among under-developed countries is a rather new phenomenon. When this Commission was established in 1948, trade and economic relations between countries of the region were on the whole scanty, in spite of common language and of this tradition of co-operation in many fields to which I have alluded a moment ago.

As you are now embarking on a new phase of this long and difficult journey toward the ambitious goals for which the social scientists use the word "integration", it is my sincere hope that the United Nations, where this idea received its first concrete formulation, will continue to be closely associated with it, whatever may be the form which your action now assumes. The Central American scheme pursued under the aegis of your Commission is an indication of the extent to which our Organization can assist Governments in providing a constructive framework for their co-operation. I am convinced that we can also devise appropriate arrangements for the larger project involving twenty nations.

These new developments, it seems to me, apart from their inherent merits, are bound to influence the orientation of your work in other sectors, giving them, so to speak, an additional dimension. Important as they may be, they should be kept in their true perspective, lest we be tempted to believe that we have found a magic cure for all our ills. The establishment of a system of freer trade in the region will facilitate and enhance the indispensable process of industrialization, opening up new opportunities for productive investments and speeding up the policy of import substitutions. But as we discuss the intricacies of new institutional arrangements, let us not forget that Latin American countries will continue for a long time to depend for their development on the proceeds of their exports of primary commodities. In this respect, we have only to look at the *Economic Survey* which has been placed before you to be reminded once more of the limitations of the regional approach, of the interdependence of the main trading partners, and the continuing and often acute reactions, in the under-developed countries, to significant trends in the industrialized world.

The main concern today is perhaps not so much with the temporary effects of the cyclical movement which has now been identified as the 1958 recession, but rather with the cumulative impact on Latin American foreign trade of the chronic weakness in commodity markets over the last four years. It is true that the decline was particularly felt during 1958 when exports from the region fell by about 700 million dollars, but the trend had started earlier, and is linked with the gradual slowing down of the rate

of growth of most industrial countries since 1955. Thus the demand for raw materials and foodstuffs had increased only slowly, in many cases more slowly than the capacity for supplying the demand. The real value of foreign exchange receipts has failed to rise fast enough to sustain the rate of economic growth previously achieved in most countries of Latin America. This relative stagnation must of course be viewed against the background of population increases which most of your countries are experiencing these days, and which, in many places, are among the highest in the world.

Fortunately, as a result of previous investments, and more generally of policies initiated during the last decade, internal production of goods is helping to neutralize to a certain extent the reduced availability of imports. The policy of "substitution" which has been so strongly advocated here is beginning to bear its fruits, and countries of the region find themselves less vulnerable to the familiar vicissitudes of demand and prices in the export products.

Also, it seems to me, we can witness a growing recognition of the basic requirements of sound economic development. Many of the illusions which may have existed in the past seem to disappear gradually and there is, at least conceptually, a substantial measure of agreement on the way to handle such problems as inflation, rates of exchange, agricultural policies and price structure. Obviously, many obstacles may defeat the policies designed to achieve the stated objectives but, at least, one can say that problems are no more, as in the past, problems of principles or philosophy, but primarily problems of implementation.

As your countries will resume their course toward rapid economic growth, it is to be expected that some problems may loom larger than before. High rates of growth and the process of industrialization cannot fail to bring to the forefront, as they have done elsewhere, such matters as the distribution of income and, more generally, the social conditions under which development takes place. I mention this factor particularly because your Commission is seized at this session with a proposal to amend its terms of reference in order formally to recognize, in the definition of your mandate, the importance of social factors. It may be for accidental reasons that this question is debated at this juncture, but recent history indicates that such a debate is very timely. Obviously, the question of deciding what balance must be struck between the often conflicting claims of social justice and rapid capital formation is one which each Government must decide for itself. But a lot can be gained by comparative study and the sharing of experience such as your Commission can provide.

Your Commission is an essential instrument of United Nations action in Latin America and it has a natural vocation to be concerned with all the various and interrelated aspects of economic development. It does not, however, exhaust the total contribution of the United Nations in your continent. I may be allowed to refer here to the increasing success of our programme of technical assistance with which you are so familiar. Efforts are constantly being made to improve its performance and I am glad to have with me here today both Mr. Philippe de Seynes, Under-Secretary for Economic and Social Affairs, and Mr. Roberto Heurtematte, the new Commissioner for Technical Assistance, a distinguished citizen of this country. Their close association in a unified Department symbolizes our determination to concentrate more than ever our resources and energies toward the concrete problems directly confronting countries in the process of development.

I also want to mention the new Special Fund, although at this stage it may still appear to you more a promise than a fulfilment, but I can assure you that, under the guidance of Mr. Paul Hoffman, steps are rapidly being taken to ensure that this potentially most useful instrument will make itself felt in the very near future in a number of high priority projects, enlarging and intensifying these spheres of your work which cannot be adequately covered under existing programmes.

Mr. President, during the last ten years, we have accumulated a body of knowledge and information which has enabled us to diagnose the major ills that beset your countries in the pursuit of their new aspirations. During this very session, we will turn once more our attention toward solving those problems in order to fulfil one of our major responsibilities under the Charter of the United Nations. In this nuclear age, we are very much aware of the consequences of a failure to co-operate; this may serve to stimulate new constructive efforts in all parts of the world. I am convinced that there will be no lack of that constructive and co-operative spirit in your deliberations.

Mr. President, I would like to thank you and the people of Panama once more for their gracious hospitality and to extend to all here present my best wishes for a fruitful session.

3

*Statement made by Mr. Raúl Prebisch, Executive Secretary,
on 15 May 1959*

I should like to begin by saying how deeply I appreciate the kind remarks that His Excellency the President of the Republic was good enough to make yesterday about ECLA's work. The President also suggested that we should hold a round-table discussion of the ECLA study on the economy of Panama. We are very happy to accept this invitation, which is of great importance for our work, for, in the course of such a discussion of the study which we have carried out with the co-operation of Panamanian economists, conclusions may be reached which will lead us to rectify or ratify its contents with respect to the economic development of Panama. I am also deeply grateful for the references to ECLA made by Mr. José Antonio Mayobre, Minister of Finance of Venezuela, which will remain indelibly imprinted in our minds. Similarly, Mr. Chairman, it is my very pleasant duty to express my sincere gratitude for what you have just said about ECLA's work. Your encouraging remarks mean a great deal to this secretariat, not only because of your high office, but also because they represent the view of one whose outstanding merits have placed him among the distinguished figures of his generation — a generation to whose points of view, as to those of its successors, I am always ready to listen. Perhaps my best qualification for my position as head of the ECLA secretariat is the fact that I have not yet lost my receptiveness to the opinions and suggestions of the rising generation, that I can still speak its language and find in its thinking my best source of inspiration.

Exactly two days ago I was discussing with my collaborators what should be the substance of this statement, and we came to the unanimous conclusion that one fact should be stressed as being of the greatest importance for Latin America. Unfortunately, the illusion that might have been cherished in the decade immediately following the Second World War, to the effect that the development of Latin American economy was gaining great momentum, has been completely dispelled. The high rate of increase of the *per caput* product registered in those years — 2.7 per cent — has in fact considerably slackened, and the exceptional factors which determined it have disappeared. In this context, the most important event is unquestionably the fall in prices of primary commodities. Suffice it to point out that in 1958 alone the value of Latin America's exports dropped by 700 million dollars in relation to the preceding year, mainly in consequence of this price decline.

In these circumstances, and in face of the increasingly complex forms assumed by the development of Latin America, the policy of international co-operation is clearly beginning to assume a new form. As the Minister of Finance reminded us a few moments ago, Latin America's long-standing ambition to have a development institution of its own has just been fulfilled. The capital of the Export-Import Bank has had to be increased; the same is true

of that of the International Bank for Reconstruction and Development; and the International Monetary Fund too has witnessed an expansion of its resources. All these are favourable symptoms, but it would be a serious mistake to suppose that a greater inflow of international capital would alone suffice to deal with Latin America's basic problems. They can be solved only if the following fundamental fact is recognized: Latin America, however great the external assistance it receives, however high the rate at which its exports expand — and they cannot do so very rapidly — will be unable to carry out its development plans, will be unable even to regain the rate of growth it achieved in the ten post-war years, unless it makes a sustained effort to establish within its own territory the capital goods industries of which it is in such urgent need today, and which it will require on a large scale during the next quarter of a century. Production of machinery and equipment in Latin America, estimated at 1958 prices, amounts to barely 240 million dollars.

According to ECLA calculations, by 1975, given favourable hypotheses as to external resources, the level of production of these industries in Latin America will have to be raised to about 6,500 million dollars. This is the conclusion reached in a study which has been distributed to the delegations and which I would particularly recommend them to read, because it sheds a very clear light on prospects for the Latin American common market. I refer to the study entitled "The influence of the common market on the economic development of Latin America", prepared by Mr. Jorge Ahumada, an eminent Chilean economist, with the help of his collaborators.

In order to produce capital goods and develop all the intermediate manufactures required in order to launch these highly complex dynamic industries — beginning with that of iron and steel, consumption of which is now 6.6 million tons and should reach about 38 million by 1975 — Latin America needs a common market.

True, the task of creating the common market is not, and never will be, an easy one. At the meetings of the Trade Committee, during the last few days, it was evident that, although there was a solid body of opinion in favour of the common market, unanimity was far from being reached as regards the form that it should take. This is by no means surprising. An undertaking of such scope requires some time to take shape; much patient explanation and public advocacy will be necessary before it can materialize, although this work may yield results earlier than we might expect.

A doubt has been expressed in the Committee as to whether the common market, as projected by the Working Group on the Latin American Regional Market in Mexico, could combine the features of a free-trade area, and thereby fulfil the conditions laid down by the GATT for its formation. The Working Group did not study the juridical aspects of the common market in any detail, since the session had been convened for a different purpose; but the group of consultants who met shortly afterwards at Santiago (Chile) were able to do so, and worked out a smooth and effective formula which has won the approval of the GATT representative. I feel sure that this formula, although devised for the southern-zone countries, provides the juridical key to a common market project designed to serve the whole of Latin America, and thus supplements the recommendations formulated at the Mexico session. I believe that, in ten years' time, Latin America would be ready to exempt an essential part of its trade from customs duties, as stipulated in the GATT regulations for the formation of a free-trade area. In the opinion of the experts at the Mexico meeting, this free-trade area should be gradually converted into a customs union.

Apart from these and other inevitable difficulties attendant upon the establishment of a common market, there is an increasingly widespread illusion which some attempt must be made to dispel.

To suppose that such a market will provide a magic formula obviating the need to tackle any of Latin America's other serious problems would be a grave misconception. The common market, despite its great importance, will be one, and only one, of the many aspects of an energetic economic development policy; but it will not eliminate the problems which have long been awaiting solution. The need for broadening the industrial market to embrace the whole of Latin America is not the only obstacle to the expansion and increased efficiency of industry, since its growth has been hampered by very serious organic problems which are preventing it from developing horizontally and vertically within each country's individual market.

I have pleasure in endorsing the observations made in this connexion at one of the meetings by a member of the delegation of Cuba. A series of rationally co-ordinated agricultural measures, besides solving the increasingly pressing problem of supplies, would have the merit of helping to lay deeper foundations for the domestic market for manufactured goods. An unsatisfactory agricultural sector, with a low standard of living for those engaged in agricultural production, is not the proper background for industrial activity in Latin America. A higher standard of living for the agricultural population could be achieved only by the effective improvement of farming techniques, by land reform to solve the basic problem of land tenures. Another formidable obstacle is also constituted by the type of autarkic policy which a large number of our countries have followed with respect to agriculture. I am far from imagining that this problem can be solved overnight, with the abolition of duties and restrictions. It would be a singularly unfortunate measure if agriculture in certain countries of the region were to be distorted by a degree of external competition from other Latin American countries which it was unable to withstand. I must stress that, while I criticize the policy of autarky, I do not think that is the way to solve the problem it raises. For a series of reasons set forth in the secretariat's report, I do not consider it an economically sound proceeding to adopt any measure that involves a contraction of existing agricultural activity, with the consequent disemployment of agricultural workers and disuse of farm land. What I do believe is that in this connexion the Latin American countries are faced with a dilemma of major importance for economic development. Either they must continue to pursue their autarkic policy, each one attempting to push agricultural production as far as possible within the confines of its own frontiers; or, alternatively, they could take advantage of the common market system and of economic integration, so that imports of goods which other countries could produce on more economic bases might satisfy part of the increment in the consumption of those countries where otherwise farmers would have to face rising costs, and consumer prices for agricultural commodities would increase.

The introduction of more advanced techniques will in its turn entail, as has already been the case, problems of another sort. Since the time of the earliest ECLA studies we have maintained that industry would have to fulfil, among others, a highly important dynamic function, namely, that of absorbing those very workers that the application of more up-to-date techniques rendered redundant in agricultural production. But it must be taken into consideration that industry also has to find room for the manpower deriving from other sources, especially that most proper to it — the artisan labour force itself. Thus there is an immense problem relating to the productive absorption of increasingly large bodies of active population in Latin America, and comprising more than one cause for concern. The industrial development of Latin America has been intensive, but not sufficiently so for it to fulfil the dynamic function described in a manner adequate to the needs of economic development. I do not think there is a single country in Latin America — apart from the cases where manifest disemployment exists — which has no under-employment problem in both urban and rural activities. Such a state of affairs is often disguised in statistics relating to the break-down of the active population by

economic sectors, which record a striking increase in the population employed in services. This fact has more than once been remarked upon as analogous with the phenomenon that is taking place, and has taken place in the past, in the large industrial centres, where, as the standard of living and productivity improve, demand for skilled services steadily increases. Let us not make the mistake of supposing that it is exactly the same phenomenon which is registered in Latin American statistics. It is true that here too there are skilled services which gradually increase with the progress of economic development, but at the same time a large body of occupations has grown up, of a pre-capitalistic nature, in which productivity is highly unsatisfactory and which constitute a dead weight, a formidable burden, a serious obstacle to the economic development of Latin America. It is an inefficiently utilized body, which can only decrease, slowly and gradually, if industrial production attains a much higher rate of expansion than in the past; and this will not be possible within the narrow bounds of the individual country markets. In this context, the quality of the labour supply also constitutes a very serious problem. Latin America is not doing all that the demands of economic growth require in training its labour force in every category, from that of the technical expert to that of the skilled worker. The importance of this fact can hardly be exaggerated, but as yet it has been very little studied, although successful experiments have been carried out in the training of the labour force, for example in Brazil.

Due attention has been devoted to this question in the secretariat studies, especially with respect to the economic development of Argentina. We have attempted to formulate a projection of Argentine industry's requirements in respect of technicians and skilled labour if certain plans are to be carried out and certain industrial growth targets attained. The conclusions reached are certainly impressive. The proportion of skilled labour and technicians to which training has been given so far is clearly insufficient to meet the needs of such industrial growth. I point this out because it is representative of what is going on throughout Latin America, although in other countries the contrast between supply and demand is still more marked. A great deal of the productive investment that may be effected in the next few years would be wasted without the technical support required to ensure its proper management. Technical training of all categories of manpower is no less important than an increase in capital, and I hope that ECLA may be able, in collaboration with other international institutions, to inquire into that part of the question which is of interest to the Commission, namely, its economic aspects.

Another point with which we are concerned is the study and inventory of natural resources. In compliance with the Commission's recommendations at previous sessions, we have already undertaken the systematic analysis of Latin America's water resources. What I might call an almost exhaustive study of the case of Chile has been carried out; the study relating to Ecuador is in process of completion; and, at the request of the Government of Argentina, a special study has been made of the water resources of Northern Patagonia. All this work has been in the hands of a group of experts from the Technical Assistance Administration (TAA) and others from a series of international institutions interested in water resources from their several points of view. This group is at the disposal of the Governments for the continuance of studies of this type, to which the secretariat attributes immense importance.

Suffice it to mention the following fact as an indication of the need for this analysis to be pursued further. In 1954 hydraulic potential for only 62 million kW was known to exist in Latin America. Today, thanks to the studies mentioned and to another series carried out by the Governments concerned, often with the co-operation of foreign organizations, the water resources figure has been doubled. But the knowledge and measurement of those resources is still far from having acquired the importance that should be attached to it in a far-sighted water resources develop-

ment policy. I feel it is very fortunate that the Special United Nations Fund can contribute to the systematic inventory of these and other basic resources in Latin America. Another reason for satisfaction is that the Organization of American States, through its appropriate technical agencies, is devoting considerable attention to this problem.

The ECLA secretariat in Santiago was recently the scene of a very short unofficial meeting of TAA geologists, with whom it was possible to compare opinions on what might be done in the field of mineral resources. They all agreed that although a great deal of information on these resources was available in Latin America, enough was not yet known about them, and a systematic study programme was needed.

To deal next with forest resources, about them too very little is known, in spite of the research that has been carried out. It is for this reason that we have taken up with great interest a proposal of FAO which will be submitted to the present session for consideration, to the effect that a joint study of these resources should be carried out, and, in addition, an estimate and projection of probable demand in Latin America should be prepared.

In the very act of giving you this information, I reflect that perhaps it might be asked, in view of the immediate difficulties besetting the Latin American economy, why special attention is being devoted to matters of this type at the expense of others of a more pressing nature. Our Governments are frequently led by the very understandable aim of tackling immediate problems to divert their attention from those longer-term questions which will continue to present themselves in Latin America, and the solution of which will be indispensable if a satisfactory rate of economic development is to be attained. I think that the most useful form of co-operation which ECLA and the United Nations in general, as well as other international institutions, could render and are rendering to the Latin American Governments consists precisely in restoring the balance in the attention demanded by these aspects. The difficulties involved are of a structural nature and their study requires the development of special methods, which ECLA has long been actively engaged in exploring. In all its publications in recent years it has stressed the need for the gradual evolution of a technique of analyses and projections of economic development by means of which development problems could be systematically and scientifically tackled. What is more, it has emphasized the necessity for economic programming, for establishing clearly-defined targets and objectives in economic policy, and attempting to quantify them, not for the mere interest of measuring their magnitude, but in order to lay down guide-lines for the efficient and satisfactory utilization of the community's resources.

These ideas, which have been discussed at all the sessions of the Commission, have taken root with amazing rapidity. The statutes of the new Latin American financial organization attach a great deal of importance to the need for programming. The misconception which associated the programming of development with detailed State intervention in the mechanism of the economy has now been removed, and a broad field lies open for the accomplishment of this task. Indubitably, a good deal of the missionary effort that has been involved must be attributed to us, and I say so not to claim a merit but to emphasize a responsibility. Many Latin American Governments are in fact requesting ECLA's co-operation in dealing with their programming difficulties. We launched the idea when the time was ripe for it, and now we are not in a position to respond to all these requests. In the present speaker's view, this is a crucial situation; if it is allowed to continue, the prestige of the idea of programming will inevitably be undermined, and there will be some risk that it may in the end be regarded by Governments as a kind of abstract juggling with techniques that are of no practical utility.

During the last day or two I have glimpsed, with great satis-

faction, the possibility of an effective solution of this problem of rendering systematic assistance to the Governments that request it. Mr. de Seynes, Under-Secretary for Economic and Social Affairs of the United Nations, and Mr. Heurtematte, Commissioner for Technical Assistance, both of whom are present here today, have displayed keen interest in the need to strengthen and increase the resources of the ECLA secretariat with a view to forming a mobile unit of technical experts who, together with specialists in other fields, would be at the disposal of the Latin American Governments at any moment in response to such requests. For the time being our limited resources have restricted action of this kind. At present we have only one well-organized group, which recently went to Colombia at the request of the President of the Republic himself, who desires the co-operation of secretariat experts in organizing the work of economic programming in his country. They are to assist and collaborate with eminent Colombian economists in this work of organization, in the analysis and discussion of basic material, and in the appraisal of the short- and medium-term problems of Colombia's economic development. A few days ago another group went to Cuba to assist the Government in an advisory capacity in connexion with similar work.

Had it been possible to extend this service, ECLA would have applied its efforts specifically to economic development, relegating its systematic studies to second place, so that the countries concerned might themselves carry out such research, with the help of this secretariat, as has been the case, up to a point, with the studies on El Salvador and Panama.

For us it would be an incalculably valuable source of experience to be able to probe farther and farther into the living reality of the Latin American countries, into the increasing complexity of the difficulties of their economic development; it would thus be possible gradually to accumulate a wealth of reciprocal experience which could be pooled among international and national officials, so that ever greater progress could be achieved in the techniques of programming, and increasingly active and efficacious service could be rendered to the Latin American Governments.

But it is not only with the question of long-term development that we are concerned. In the last analysis, practically every substantial difficulty confronting the Latin American economy today is of a structural type, the outcome of a prolonged want of foresight in economic policy or of the action of fundamental factors which obstruct development and which it has not yet been possible to remedy. The lack of foresight referred to might have been justified in the years immediately following the great world depression, a phenomenon which found not only the Latin American countries, but all the rest of the world, handicapped by the burden of an orthodoxy which it has taken a great deal of time and effort to shake off. Today, in the light of past experience, it would be inexcusable if we failed to reap the benefit of all that we have learnt, in order to build an economic development policy on a more solid and rational foundation, and thus prevent a recurrence of difficulties which the Governments cannot easily overcome, because of all the structural obstacles that stand in the way. Only at the cost of great sacrifice will the Governments concerned be able to grapple with the problem of the economic vulnerability of the Latin American countries.

This is not a phenomenon due solely to an adventitious error of policy, an economic misconception as regards imports or circumstantial balance-of-payments disequilibria. Its roots go much deeper. Latin America has been cherishing the illusion that with industrialization it will become increasingly less vulnerable to external fluctuations and contingencies. This illusion is being dispelled, especially in those countries where, because the industrialization process has taken place in watertight compartments, import substitution policy has so severely curtailed purchases from the rest of the world that they are restricted to goods essential for economic activity. Hence, if the capacity to import is reduced

as the result of one of the usual fluctuations in exports, the whole of a country's economy is affected, and the risk of serious unemployment is incurred. The old type of vulnerability, which was reflected in the fluctuations of demand, has been superseded by a new form, which is tending to manifest itself much more alarmingly, especially in the Latin American countries at the more advanced stages of development, on the supply side and in respect of essential goods.

The importance attached by the secretariat to these phenomena is so great that I should like to cite another of the reports which we have submitted to the consideration of this assembly, namely, that dealing with the common market and the multilateral payments system. It contains an analysis of Latin America's import coefficient, that is, the relationship between the value of imports and the total value of each country's national product. According to ECLA estimates, if an annual rate of growth of 2.7 per cent were regained, the present coefficient of 16 per cent would drop to 8 per cent by 1975. To form a clear idea of all that this implies, it is enough to recall that the countries of Western Europe, despite their high degree of industrialization, at present register a coefficient of 18.5 per cent, and to note that in a few years' time Latin America would have reduced its coefficient to a figure much lower than that.

Why does Western Europe's coefficient stand at 18.5 per cent? It is not because of the region's purchases of raw materials and primary commodities from the rest of the world, but precisely because before the common market existed Europe had already developed a brisk and long-standing intra-regional trade. Thus, out of the coefficient in question, 9.5 per cent corresponds to trade in primary commodities and industrial products among the European countries themselves, in consequence of a process of specialization which the common market is accelerating. Meanwhile, in Latin America industrialization has developed in watertight compartments, so that intra-regional imports represent a negligible proportion of the aforesaid coefficient of 16.5 per cent. Herein lies the contrast between the two situations, and the danger for Latin America of continuing to push its substitution policy to such extremes as hitherto.

Import substitution policy is an inescapable necessity, as we have insisted since the days of ECLA's earliest studies, and we now lay equally explicit stress on the need to carry this policy beyond the confines of national frontiers. The time has come to co-ordinate Latin America's efforts to achieve a more diversified intra-regional trade and a degree of economic efficiency which will enable it to export its industrial production to the rest of the world and escape from the cramped position in which trade in primary commodities is placing it *vis-à-vis* the large industrial centres. It is this structural problem which underlies many critical balance-of-payments situations. We should not disregard it, nor attribute it to adventitious monetary factors and to the effects of inflation. It is a deep-rooted structural phenomenon calling for structural remedies.

In that same process of inflation which is so great a motive of concern, financial disequilibrium is not the whole of the trouble, nor is pressure for higher wages. In several Latin American countries, inflation, which up to now has proved impossible to control, is due to the lack of dynamism in agriculture, which has not yet been able to supply low-cost foodstuffs, and which in many cases, on the contrary, is selling them to the working population at

increasingly high prices. Anxiety for wages to offset the effect of this steady rise in agricultural prices has often been one of the most serious determinants of inflation, and also one of the most formidable obstacles to the control of the process, since it cannot be eliminated from one moment to the next by the application of an anti-inflationary formula, but only through the removal of the basic factors which have been hampering agricultural development.

This does not mean that the scourge of inflation should leave us unmoved. In Santiago and Mexico we followed with close attention the praiseworthy efforts of certain Latin American Governments to combat this phenomenon, often at the cost of genuine political self-sacrifice. We have also noted with satisfaction that the expansion of the resources of the International Monetary Fund will enable it to take more effective action in support of anti-inflationary policy. Thus, by means of a combination of internal and external efforts, it may be possible to avert certain highly critical consequences of particular anti-inflationary measures, which in some cases have caused a regrettable contraction of the economy and a loss of capacity for capital formation. The consequences might be serious, because the bold and energetic internal measures adopted have not been duly complemented by firm fiscal action and by such timely co-operation of foreign investment as would enable the domestic economy to make a rapid recovery from the effects of a contractionist policy. This is all the more regrettable since such a policy frequently aggravates the severe social tensions which make themselves manifest in Latin America. They throw into sharper relief than ever the profound inequity of income distribution, the patent and increasing contrasts between the higher income groups, whose traditional comforts are now enhanced by all the conquests of modern technique and all the facilities which life in the great centres affords, and the masses, whose standard of living improves but slowly. There are serious tensions which can be eased only by the close co-ordination of social and economic development policies, and by a wisely-planned fiscal policy in respect of both taxation and the social distribution of public expenditure. Such tensions, rather than slackening, will become more acute, unless Latin America accelerates its rate of growth.

The need for such acceleration is imperative, and that not only in relation to the mass of the population. There is another manifestation of social tension which in certain countries is assuming a critical form. In each generation of young men entering a country's active life, there are dynamic elements, incisive minds, well fitted to combine technique with commerce, industry, the arts. If they are not effectively absorbed by the growth of the economy, if economic development weakens or stagnation supervenes, these elements gradually accumulate in society and very serious resentment and frustration arise. These are phenomena whose importance is self-evident in several countries of Latin America, and whose depth and implications are too great for them to be overlooked by economists when the social and political aspects of economic development are under consideration. For, in the last analysis, the dynamic validity of a system is to be found not in written expositions or in the abstract theories which present it as a scheme in which economic forces spontaneously fulfil economic and social aims, but in the evidence that its practical achievements are measurable in terms of specific solutions for Latin America's serious economic development problems.

Annex III

RESOLUTIONS ADOPTED BY THE TRADE COMMITTEE AT ITS SECOND SESSION
(Panama City, Panama, 11-19 May 1959)

RESOLUTION 6 (II)

WORK FOR THE ESTABLISHMENT OF THE LATIN AMERICAN
COMMON MARKET

The Trade Committee,

Considering that, at its first session, it approved, in resolution 3 (I) the setting up of a group of experts to define the characteristics of the Latin American common market and examine the possibilities of the establishment thereof,

Considering that the American Republics stated, in resolution XL of the Inter-American Economic Conference of the Organization of American States, that it would be "advisable to establish, gradually and progressively, in a multilateral and competitive form, a Latin American common market",

Considering that the existence of the broadest possible market within the Latin American area will lead to a more rational organization of the productive system by means of which industry will attain more economic dimensions and will thereby be able to reduce its costs and utilize natural resources more effectively,

Considering that the putting into operation of the common market as speedily as possible will help to expand and diversify trade, and to accelerate the economic development of each and all of the Latin American countries, with the consequent rise in the standard of living of its peoples,

Considering that the studies undertaken by the secretariat of the Economic Commission for Latin America, the documents prepared in Santiago (Chile) and in Mexico by the group of experts set up under resolution 3 (I) of the Trade Committee and the discussions held during the present session of the Trade Committee constitute an important contribution to future progress towards Latin American economic integration,

Considering the advisability of accelerating as much as possible studies relating to the establishment of the Latin American common market,

Decides:

1. To intensify efforts conducing to the increase of economic co-operation among the countries of the region, with a view to constituting a Latin American common market, which shall:

(a) Include all the Latin American countries which decide to participate in its formation;

(b) Remain open to the accession of other Latin American countries;

(c) Operate on competitive bases and comprise the largest possible number of products;

(d) Take into consideration the inequalities that exist among the Latin American countries in so far as their economic development is concerned;

(e) Be characterized by the progressive standardization of the customs tariffs and other instruments of trade policy of the Latin American countries, in their relations with other areas, due allowance being made for international commitments;

(f) Depend, for its realization, on the widest possible collaboration on the part of private enterprise;

(g) Promote increasing specialization in economic activities, in order to improve utilization of the production factors available in the region; and

(h) Contribute to the expansion and diversification of trade among the Latin American countries, and between them and the rest of the world.

2. To recommend the Latin American Governments to set up working groups to co-ordinate all national activities that are related to the possible future participation of their respective countries in the Latin American common market. It shall also be the function of the said working groups to promote the studies alluded to in paragraph 3 (c) of the present resolution in close co-operation with the secretariat;

3. To request the secretariat of the Economic Commission for Latin America:

(a) In order to proceed with studies on the formation of the common market, to set up a group of high-ranking experts to be appointed by those Latin American Governments and other Governments members of the Commission which may desire to do so;

(b) To co-ordinate and arrange in systematic order the suggestions and observations made in the course of the discussions at the second session of the Trade Committee, with respect to recommendations relating to the structure and bases of the Latin American common market formulated at the Santiago and Mexico meetings by the group of experts set up under the terms of resolution 3 (I) of the above-mentioned Committee;

(c) To give priority to and complete studies on the tariff exchange and foreign trade systems, important factors influencing productivity, different means of transport, foreign investment and other related subjects, as regards the aspects which it considers to have a fundamental bearing on the formation of a common market;

(d) To transmit to the experts, as well as to the member Governments, in the shortest possible time, the documentation referred to in point (b) and the studies mentioned in point (c), whether wholly or partly completed;

(e) As soon as it considers practicable, and not later than February 1960, to invite the group of experts to hold their first session in order that they may prepare a preliminary draft agreement on the Latin American common market;

(f) To send the preliminary draft, after completion, to the Governments for their study and for any comments that they may deem advisable, which should be made within the time limit allotted by the secretariat;

(g) To reconvene, if any one of the observations on fundamental aspects indicates the desirability of making a new technical review of the subject, the group of experts in order to prepare the final preliminary draft, which shall immediately be transmitted by the secretariat to the Governments of all member countries;

(h) To convene, as soon as it considers this feasible, and by means of a prior communication to the member Governments, another session of the ECLA Trade Committee with a view to the discussion and preparation of the final draft agreement to be submitted to the Latin American Governments for their signature;

4. To recommend to the secretariat of the Commission that, as regards paragraph 3 (c) of the present resolution, it should co-ordinate its work on the respective studies with that of the secretariat of the Inter-American Economic and Social Council, under resolution XL of the Inter-American Economic Conference of the Organization of American States.

19 May 1959

RESOLUTION 7 (II)

STANDARD TARIFF NOMENCLATURE

The Trade Committee,

Considering that, in order to attain the objectives for the establishment of the Latin American common market, it is necessary to standardize the tariff nomenclature of the Latin American countries,

Considering that the Central American countries have already adopted a standard tariff nomenclature based on the Standard International Trade Classification,

Decides:

1. To recommend to the secretariat of the Commission that it should prepare, for consideration by the Trade Committee, suitable bases and procedures for the adoption of a standard tariff nomenclature in the Latin American countries;

2. To suggest to the secretariat that it should organize seminars on customs questions, for the purpose of clarifying customs problems common to the Latin American countries, especially those relating to the desired standardization of tariff nomenclatures;

3. To request the secretariat that it should bring to the attention of member Governments the background data and studies on the Standard Central American tariff nomenclature and all other matters which it deems of interest for the purpose in view.

19 May 1959

RESOLUTION 8 (II)

MULTILATERAL PAYMENTS

The Trade Committee,

Having considered secretariat document E/CN.12/C.1/10, in which the results achieved at the second session of the Central Banks Working Group, set up pursuant to resolution I (I) on multilateral payments adopted at the first session of the Trade Committee, are recorded,

Taking note of resolution 5, adopted at the same session, by virtue of which the Central Banks Working Group requests the ECLA secretariat diligently to pursue its studies on the possibility of gradually establishing a multilateral payments system in Latin America,

Decides:

1. To note with satisfaction the results of the second session of the Central Banks Working Group; and

2. To suggest to the ECLA secretariat that all Latin American central banks or equivalent institutions, as well as the central banks of other States members of the Commission attending in the capacity of observers, should be invited to participate in the future activities of the Working Group.

19 May 1959

RESOLUTION 9 (II)

STUDY OF THE INTER-LATIN-AMERICAN PAYMENTS PROBLEM WITHIN THE COMMON MARKET

The Trade Committee,

Considering that, at its second session, it discussed the question of inter-Latin American payments with reference to the estab-

lishment of the Latin American common market and to the suggestions put forward by the Working Group on the Latin American Regional Market (E/CN.12/C.1/9),

Whereas the said Group is in favour of the organization of a payments and credits system to facilitate the multilateral settlement of balances among the member countries as one of the aspects of the common market,

Considering that the views expressed at the aforementioned session show that opinions vary as to the best method of approach to the problem in question, and that, moreover, the State members of the United Nations Economic Commission for Latin America are likewise members of the International Monetary Fund, the United Nations specialized agency dealing with international payments and monetary affairs, and that it is desirable that this agency should study the payments system in a Latin American market,

Being convinced of the benefits that would result from a study of the problem by the staff of experts of ECLA and IMF,

Decides:

1. To request the secretariat of the Economic Commission for Latin America and the International Monetary Fund to collaborate in the preparation of a report on the best way of tackling the problem of inter-Latin American payments in a regional common market, which will in due course be submitted to the member countries for their consideration;

2. That the reports which were previously requested will not interfere with the further execution of the work assigned to the Central Banks Working Group under Trade Committee resolution I (I).

19 May 1959

RESOLUTION 10 (II)

MEASURES TO PUBLICIZE THE OBJECTIVES OF THE COMMON MARKET

The Trade Committee,

Considering that, during the discussions held at its second session, it was made clearly evident that the Governments were interested in the establishment of a Latin American common market as one of the necessary steps towards the achievement of a more rapid rate of economic development and the better utilization of resources,

Considering that these ideas should be made known to all economic sectors and to the general public,

Decides:

1. To request the secretariat of the Commission through its own information services and those of the United Nations, to disseminate as widely as possible information on the reasons underlying the proposal to establish the common market and thus to achieve Latin American economic integration;

2. To recommend that member Governments which collaborate in this task at the national level should inform public opinion, and particularly representative bodies in the economic, agricultural and trade sectors, of the beneficial effects on the expansion of trade, the development of industry and the improvement of the standard of living of the Latin American peoples which would result from the establishment of the common market.

19 May 1959

Annex IV

LIST OF THE PRINCIPAL DOCUMENTS ISSUED BY THE COMMISSION SINCE ITS SEVENTH SESSION (MAY 1957)

Symbol	Title	Languages *
GENERAL DOCUMENTS		
E/CN.12/426 and Add.1/ Rev.1	<i>Manual on development projects</i> (United Nations publication, Sales No.: 1959.II.G.5)	E S
E/CN.12/429/Rev.1	<i>El desarrollo económico de la Argentina Parte I: " Los problemas y perspectivas del crecimiento económico argentino "</i> (United Nations publication, Sales No.:1959.II.G.3, Vol.I)	S
E/CN.12/429/Add.1-4	<i>Ibid.: Agricultura, industria, energía</i>	S
E/CN.12/430/Rev.1	<i>El desarrollo económico de Bolivia</i> (United Nations publication, Sales No.: 1958.II.G.2)	S
E/2998	Annual Report (15 May 1956 - 29 May 1957)	E F S
E/3091	Annual Report (30 May 1957 - 8 April 1958)	E F S
E/CN.12/AC.41/3	Report of the Extraordinary Session of the Commission of the Whole of the Economic Commission for Latin America	E F S
E/CN.12/482	Seminario sobre enseñanza del servicio social Puntos fundamentales de discusión	S
E/CN.12/483	The Latin American common market and the multilateral payments system	E S
E/CN.12/485	Summary of the situation of pulp and paper in Argentina: development prospects and economic aspects	E S
E/CN.12/488	Posibilidades de expansión de la producción triguera en el Brazil	S
E/CN.12/489/Rev.1	<i>Economic Survey of Latin America, 1957</i> (United Nations publication, Sales No.:1958.II.G.1)	E S
E/CN.12/490	<i>Coffee in Latin America. Productivity problems and future prospects: I. Colombia and El Salvador</i> (United Nations publication, Sales No.: 1958.II.G.4)	E S
E/CN.12/491 and Add.1	<i>Los problemas del transporte en la Argentina y la orientación de sus soluciones</i>	S
E/CN.12/493	<i>The industrial development of Peru</i> (United Nations publication, Sales No.:1959.II.G.2)	E S
E/CN.12/494	The economic development of Panama	E S
E/CN.12/495	El desarrollo económico de El Salvador	S
E/CN.12/496	El desarrollo económico de Honduras. Informe de trabajo	S
E/CN.12/498 and Add.1	<i>Economic Survey of Latin America, 1958</i>	E S
E/CN.12/499	The role of agricultural commodities in the proposed Latin American common market	E S
E/CN.12/500	Preparation for programme appraisal 1959-1964	E F S
E/CN.12/501	Los recursos hidráulicos de Chile y su aprovechamiento en América Latina	S
E/CN.12/501/Add.1	Water resources and their utilization in Latin America	S
E/CN.12/502	Control and limitation of documentation	E S
E/CN.12/503	Systems of administrative organization for the integrated development of river basins. Outline of the different types of institutional structure used in Latin America and the rest of the world	E S
E/CN.12/504	Information paper on the assistance rendered to the countries and territories of the ECLA region by the Expanded Programme of Technical Assistance	E S
E/CN.12/505	Technical assistance in the ECLA region during 1958	E S
E/CN.12/506	Progress report of the Pulp and Paper Advisory Group for Latin America	E S
E/CN.12/507	Study of Latin American timber trends and prospects	E S
E/CN.12/508	The railway rolling stock industry in Latin America	E S
E/CN.12/509	Amendment of the Commission's terms of reference and rules of procedure	E S
E/CN.12/510	Proceedings of the Population Commission at its ninth and tenth sessions which are of interest to the Economic Commission for Latin America	E S

* The letters E, F and S indicate English, French and Spanish respectively.

<i>Symbol</i>	<i>Title</i>	<i>Languages</i>
E/CN.12/511	Preliminary review of questions relating to the development of international river basins in Latin America	E S
E/CN.12/512	Progress report on the ECLA/FAO coffee survey	E S
E/CN.12/513	Progress report by the Executive Secretary on the programme of work	E F S
E/CN.12/514	Resolutions of the General Assembly and of the Economic and Social Council of concern to the Commission	E S
E/CN.12/518	Advice and assistance to Governments in programming economic development	E S
E/CN.12/519	Problems of skilled manpower in Latin America	E S
E/CN.12/520	Immigration and economic development in Latin America	E S
E/CN.12/521	El presupuesto fiscal como instrumento de programación del desarrollo económico	S
E/CN.12/523	Report on the Joint ECLA/TAA Economic Development Training Programme	E S
E/CN.12/524 and Add.1 to 3	Progress report on studies relating to the inventory of Latin American industry	E S
E/CN.12/525	Study of the chemical industry in Latin America	E S
E/CN.12/526	Report of the Mission of the International Atomic Energy Agency to Latin America	E S
E/CN.12/527	Report of the Latin American Centre on substitution policies and price stabilization for agricultural commodities and foodstuffs	E S
E/CN.12/528	Statistics in the Latin American region	E S
E/CN.12/529	Suggested programme of work and priorities	E S
E/CN.12/530	Annual Report (9 April 1958 - 23 May 1959)	E F S
	<i>Economic Bulletin for Latin America</i> , Vol. II, No. 2 (Santiago, Chile, October 1957)	E S
	<i>Economic Bulletin for Latin America</i> , Vol. III, No. 1 (Santiago, Chile, March 1958)	E S
	<i>Economic Bulletin for Latin America</i> , Vol. III, No. 2 (Santiago, Chile, October 1958)	E S
	<i>Economic Bulletin for Latin America</i> , Vol. IV, No. 1 (Santiago, Chile, March 1959)	E S

DOCUMENTS ISSUED BY THE CENTRAL AMERICAN ECONOMIC CO-OPERATION COMMITTEE

GENERAL PROGRESS OF THE CENTRAL AMERICAN ECONOMIC INTEGRATION PROGRAMME

E/CN.12/AC.17/3	Informe preliminar del Secretario Ejecutivo de la Comisión Económica para América Latina sobre integración y reciprocidad económica en Centroamérica	S
E/CN.12/422	<i>La integración económica centroamericana, su evolución y perspectivas</i> (United Nations publication, Sales No.:1956.II.G.4)	S
E/CN.12/CCE/103	Informe del Comité de Cooperación Económica del Istmo Centroamericano (30 de enero de 1956 - 24 de febrero de 1957)	S
E/CN.12/492	<i>Report of the Central American Economic Co-operation Committee (25 February 1957 - 10 June 1958)</i> (United Nations publication, Sales No.:1958.II.G.3)	E S
E/CN.12/517	Progress report on the Central American Economic Programme since 10 June 1958	E S

TRADE AND TRADE POLICY

E/CN.12/CCE/10	Análisis y perspectivas del comercio intercentroamericano (1934-1938 to 1946-1952)	S
E/CN.12/CCE/11	Política comercial y libre comercio en Centroamérica	S
E/CN.12/CCE/67	Informe de la Comisión <i>ad hoc</i> para el proyecto de Tratado Multilateral de Libre Comercio e Integración Económica Centroamericana (México, 19-24 de marzo de 1956)	S

<i>Symbol</i>	<i>Title</i>	<i>Languages</i>
E/CN.12/CCE/110	Repercusiones fiscales de la equiparación de impuestos a la importación y del libre comercio en Centroamérica	S
E/CN.12/CCE/SC.1/34	Métodos de aplicación y problemas de la equiparación de gravámenes aduaneros en Centroamérica	S
TAA/LAT/21	Equiparación de gravámenes aduaneros y política comercial común en Centroamérica	S
E/CN.12/CCE/SC.1/41	Procedimientos para la equiparación de los impuestos a la importación en Centroamérica	S
E/CN.12/420	<i>Nomenclatura Arancelaria Uniforme Centroamericana (NAUCA) y su manual de codificación.</i> (United Nations publication, Sales No.: 1955.II.G.3)	S
TAA/LAT/4	Proyecto de código y reglamentos aduaneros para Centroamérica	S
TAA/LAT/14	Segundo proyecto de código aduanero uniforme centroamericano	S
E/CN.12/CCE/156	Informe de la quinta reunión del Subcomité del Comercio Centroamericano (Guatemala, 3-12 de septiembre de 1958)	S
E/CN.12/497	Cuestiones fiscales, de política comercial y metodológicas relacionadas con la formación del mercado común centroamericano	S

INDUSTRIAL DEVELOPMENT

E/CN.12/CCE/68	Informe del Grupo de Expertos sobre el Régimen de Industrias Centroamericanas de Integración (Managua, Nicaragua, 18-23 de junio de 1956) Informe sobre los recursos forestales y las posibilidades de producción de celulosa y papel en Centroamérica. Misión FAO, 1954	S
FAO/57/1/603	Proyecto para la fabricación de celulosa y papel en Centroamérica. (General Report of the FAO Mission (1957) on the Technical and Economic Bases for the selection of the forest area and the establishment of a pulp and paper mill and of integrated wood industries in Honduras, under the Central American Economic Integration Programme)	S
FAO/57/1/606	Estructura técnica, consumo de madera, productos químicos, energía, etc.: costos de operación e inversiones de diferentes plantas de celulosa y papel y posible establecimientos en Honduras. Informe preliminar sobre el plan de manejo forestal para el establecimiento de la fábrica centroamericana de celulosa y papel proyectada en Honduras. Misión de la FAO, 1958. Informe preliminar sobre los problemas de caminos y transportes para la explotación forestal y la operación de la fábrica de celulosa y papel proyectada en Honduras. Misión de la FAO, 1958.	S S S
TAA/LAT/8	Informe preliminar sobre la industria textil centroamericana	S

DEVELOPMENT OF THE INFRASTRUCTURE OF THE ECONOMY

E/CN.12/356	<i>El transporte en el Istmo Centroamericano</i> (United Nations publication, Sales No.:1953.VIII.G.2)	S
TAA/LAT/3	Reglamentación del tráfico internacional por carretera	S
TAA/LAT/5	El transporte marítimo	S
TAA/LAT/15	Unificación de reglamentos sobre circulación por carretera en el Istmo Centroamericano	S
E/CN.12/CCE/120	Situación del transporte en Centroamérica	S
E/CN.12/CCE/158/Add.1	Especificaciones generales para la construcción de carreteras y puentes en Centroamérica y Panamá	S
E/CN.12/CCE/158/Add.2	Normas para el diseño de puentes en Centroamérica y Panamá	S
E/CN.12/CCE/158/Add.3	Recomendaciones del Subcomité de Transportes sobre asuntos viales de carácter general y planeamiento de carreteras	S
ST/TAA/J/CENTRAL AMERICA/R.1	Informe preliminar sobre electrificación en América Central	S
TAA/LAT/9	El desarrollo eléctrico de Centroamérica	S

<i>Symbol</i>	<i>Title</i>	<i>Languages</i>	
DEVELOPMENT OF CROP AND STOCK FARMING AND FISHERIES			
FAO/CCE/57/1	Algunos aspectos de la coordinación regional del desarrollo agrícola en Centroamérica		S
E/CN.12/305	<i>Memoria del seminario Centroamericano de Crédito Agrícola</i> (United Nations publication, Sales No.:1953.II.G.1)		S
E/CN.12/CCE/119	El abastecimiento de granos en Centroamérica y Panamá		S
FAO/55/7/4320	Estudio de los aspectos técnicos de la industria ganadera en Centroamérica		S
—	Informe provisional sobre el mercado ganadero y de productos ganaderos en Centroamérica, Misión de la FAO, 1957		S
FAO/CAIS/58/1	Informe sobre los aspectos agrícolas, técnicos y económicos de la producción de algodón en Centroamérica		S
—	Estado de los trabajos sobre problemas pesqueros en Centroamérica. Misión de la FAO, 1958		S
FINANCING OF ECONOMIC DEVELOPMENT			
E/CN.12/AC.17/30	Estudio preliminar sobre problemas de financiamiento de desarrollo económico y la integración en Centroamérica		S
E/CN.12/486	<i>La política tributaria y el desarrollo económico en Centroamérica</i> (United Nations publication, Sales No.:1957.II.G.9)		S
E/CN.12/CCE/157	Recopilación preliminar de leyes de fomento industrial de Centroamérica, Panamá, Cuba y México		S
HOUSING, BUILDING AND PLANNING			
E/CN.12/CCE/AC.6/5	Significación económica de los programas de vivienda en Centroamérica y Panamá		S
E/CN.12/CCE/AC.6/6	Posibilidades de un mercado común centroamericano para las industrias de materiales de construcción.		S
MISCELLANEOUS			
E/CN.12/487	<i>Compendio estadístico centroamericano</i> (United Nations publication, Sales No.:1957.II.G.8)		S
TAA/LAT/20	Estudio sobre pesos y medidas en los países centroamericanos		S
TRADE COMMITTEE DOCUMENTS			
E/CN.12/369	<i>Study of inter-Latin-American trade</i> (United Nations publication, Sales No.:1956.II.G.3)	E	S
E/CN.12/423	Inter-Latin American trade: current problems (containing the Report submitted by the Trade Committee to the Economic Commission for Latin America (Santiago, Chile, 19-29 November 1956) (E/CN.12/C.1/7/Rev.1), the three main studies comprised in it: Payments and trade in Latin America (E/CN.12/C.1/3), Inter-Latin American commodity trade in 1954 and 1955 (E/CN.12/C.1/5) and Payments and the regional market in inter-Latin-American trade (E/CN.12/C.1/4) and the <i>Rules of Procedure of the Trade Committee of the Economic Commission for Latin America</i> (E/CN.12/C.1/6) (United Nations publication, Sales No.:1957.II.G.5)	E	S
E/CN.12/439	Progress report by the secretariat on the work of the Trade Committee (Contains, in the form of annexes, the studies: Compensation of balances in inter-Latin-American trade (E/CN.12/C.1/WG.1/1), Registration of operations in inter-Latin-American clearing accounts and exchange of comparable data (E/CN.12/C.1/WG.1/2) and Bases for the draft standard agreement on a payments system (E/CN.12/C.1/WG.1/3), which were presented at the first session of the Central Banks Working Group)	E	S
E/CN.12/484	Report submitted to the Trade Committee by the Central Banks Working Group on a Multilateral Payments System (First session, Montevideo, 29 April - 10 May 1957)	E	S

<i>Symbol</i>	<i>Title</i>	<i>Languages</i>	
E/CN.12/C.1/WG.1/8 and Adds. 1-3	Payments in inter-Latin-American trade (with annexes on multilateral compensation, foreign trade systems in several countries, and liberalization)	E	S
E/CN.12/C.1/WG.1/9	Principal objectives and possible characteristics of a Latin American payments union	E	S
E/CN.12/C.1/WG.2/1	Approach to regional market problems	E	S
E/CN.12/C.1/WG.2/2	Some problems of the Latin American regional market	E	S
E/CN.12/C.1/WG.2/3	Sugestiones sobre el mercado regional latinoamericano		S
E/CN.12/C.1/WG.2/4	Main background data on the Working Group on the Latin American Regional Market	E	S
E/CN.12/C.1/WG.2/5	Distintas fórmulas para la integración económica de América Latina		S
E/CN.12/C.1/WG.2/7	Possible alternatives for the establishment of a Latin American regional market	E	S
✓ E/CN.12/C.1/9	The Latin American common market and the multilateral payments system (also contains the reports of the first session (Santiago, 1-11 February 1958) and second session (Mexico, 16-27 February 1959) of the Working Group on the Latin American Regional Market)	E	S
• E/CN.12/C.1/10	Report of the second session of the Central Banks Working Group (Rio de Janeiro, 24 November - 3 December 1958)	E	S
E/CN.12/C.1/11 and Adds. 1 and 2	Consultations on trade policy (contains the summary records of the consultations held at Santiago, Chile (26 August - 1 September 1958), Bogota (13-18 November 1958), Santiago, Chile (6-16 April 1959) and Caracas (2-7 May 1959))	E	S
E/CN.12/C.1/12 and Add.1	Preliminary study of Government policies affecting foreign private investment in a Latin American regional market	E	S
E/CN.12/C.1/13	Influence of the common market on Latin American economic development	E	S
E/CN.12/C.1/14	Transport problems in Latin America. Possible studies bearing on the common market	E	S
E/CN.12/515	Report of the second session of the Trade Committee (Panama City, Panama, 11-14 May 1959)	E	S

Annex V

TERMS OF REFERENCE OF THE ECONOMIC COMMISSION FOR LATIN AMERICA

As adopted by the Economic and Social Council at its sixth session and amended at its ninth and thirteenth sessions

1. The Economic Commission for Latin America, acting within the framework of the policies of the United Nations and subject to the general supervision of the Council, shall, provided that the Commission takes no action in respect to any country without the agreement of the Government of that country:

(a) Initiate and participate in measures for facilitating concerted action for dealing with urgent economic problems arising out of the war and for raising the level of economic activity in Latin America and for maintaining and strengthening the economic relations of the Latin-American countries both among themselves and with other countries of the world;

(b) Make or sponsor such investigations and studies of economic and technological problems and developments within territories of Latin America as the Commission deems appropriate;

(c) Undertake or sponsor the collection, evaluation and dissemination of such economic, technological and statistical information as the Commission deems appropriate;

(d) Give special attention in its activities to the problems of economic development and assist in the formulation and develop-

ment 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. The Commission shall direct its activities especially towards the study and seeking of solutions of problems arising in Latin America from world economic maladjustment and towards other problems connected with the world economy, with a view to the co-operation of the Latin-American countries in the common effort to achieve world-wide recovery and economic stability.

3. (a) 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. Any territory, or part or group thereof, within the geographic scope of the Commission's work, may, on presentation of its application to the Commission by the Member

responsible for the international relations of such territory, part or group of territories, be eligible for admission by the Commission as an associate member of the Commission. If it has become responsible for its own international relations, such territory, part or group of territories may be admitted as an associate member of the Commission on itself presenting its application to the Commission.

(b) Representatives of associate members shall be entitled to participate without vote in all meetings of the Commission, whether sitting as commission or as committee of the whole.

(c) Representatives of associate members shall be eligible to be appointed as members of any committee or other subordinate body which may be set up by the Commission, and shall be eligible to hold office in such body.

4. The geographical scope of the Commission's work is the twenty Latin-American States Members of the United Nations, participating territories in Central and South America which have frontiers adjoining any of these States, and participating territories in the Caribbean area.

5. The Commission is empowered to make recommendations on any matters within its competence directly to the Governments of members or associate members concerned, Governments admitted in a consultative capacity, and the specialized agencies concerned. The Commission shall submit for the Council's prior consideration any of its proposals for activities that would have important effects on the economy of the world as a whole.

6. The Commission shall invite any Member of the United Nations not a member of the Commission to participate in a consultative capacity in its consideration of any matter of particular concern to that non-member, following the practices of the Economic and Social Council.

7. (a) The Commission shall invite representatives of specialized agencies to attend its meetings and to participate, without vote, in its deliberations with respect to items on its agenda relating to matters within the scope of their activities; and may invite observers from such other inter-governmental organizations as it may consider desirable in accordance with the practices of the Council.

(b) The Commission shall make arrangements for consultation with non-governmental organizations which have been granted

consultative status by the Council, in accordance with the principles approved by the Council for this purpose.

8. The Commission shall take measures to ensure that the necessary liaison shall be maintained with other organs of the United Nations and with the specialized agencies, with special attention to the avoidance of the duplication of efforts.

9. The Commission shall co-operate with and take the necessary measures to co-ordinate its activities with the appropriate organs of the Inter-American System and as may be necessary with the Caribbean Commission in order to avoid any unnecessary duplication of effort between those organs and itself; to this end the Commission is empowered to, and shall seek to, make working arrangements with the appropriate organs of the Inter-American System regarding the joint or independent study or execution of economic problems within its competence and the fullest exchange of information necessary for the co-ordination of efforts in the economic field. The Commission shall invite the Pan American Union to nominate a representative to attend meetings of the Commission in a consultative capacity.

10. The Commission may, after discussion with any specialized agency concerned, and with the approval of the Council, establish such subsidiary bodies as it deems appropriate, for facilitating the carrying out of its responsibilities.

11. The Commission shall adopt its own rules of procedure, including the method of selecting its Chairman.

12. The Commission shall submit to the Council once a year a full report on its activities and plans, including those of any subsidiary bodies.

13. The administrative budget of the Commission shall be financed from the funds of the United Nations.

14. The Secretary-General of the United Nations shall appoint the staff of the Commission, which shall form part of the Secretariat of the United Nations.

15. The headquarters of the Commission shall be at Santiago, Chile. The first session of the Commission shall be held during the first half of the present year in that city. The Commission shall at each session decide upon the place of meeting for its next session, with due consideration for the principle that the countries of Latin America be chosen in rotation.

16. The Council shall, from time to time, make special reviews of the work of the Commission.

Annex VI

RULES OF PROCEDURE OF THE ECONOMIC COMMISSION FOR LATIN AMERICA

As adopted by the Commission at its first session and amended at its second, third, fourth, fifth and eighth sessions, and by the Committee of the Whole at its session in February 1952

CHAPTER I. SESSIONS

Rule 1

(a) The Commission shall at each session recommend the date and place for its next session, subject to the approval of the Council, and in consultation with the Secretary-General. Sessions of the Commission shall also be held within forty-five days of the communication to the Executive Secretary of a request to that effect by the Economic and Social Council, and in that case, the Secretary-General shall establish the place of such sessions in consultation with the Chairman of the Commission.

(b) In special cases the date and place of the sessions may be altered by the Secretary-General in consultation with the Chairman of the Commission and the Council's Interim Committee on Programme of Conferences. At the request of the majority of the

members of the Commission, the Secretary-General, in consultation with the Chairman of the Commission and the Council's Interim Committee on Programme of Conferences, may also alter the date and place of the session.

Rule 2

The Commission's recommendation regarding the place of meeting for its session shall be taken with due consideration for the principle that the countries of Latin America be chosen in rotation.

Rule 3

The Executive Secretary shall ensure that, at least six weeks 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 three 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 44 of the rules of procedure.

Rule 4

The Commission shall invite any Member of the United Nations not a member of the Commission to participate in a consultative capacity on its consideration of any matter of particular concern to that Member.

Rule 5

The Commission shall invite representatives of specialized agencies to attend its meetings and to participate, without vote, in its deliberations with respect to items on its agenda relating to matters within the scope of their activities; and may invite observers from such other inter-governmental organizations as it may consider desirable in accordance with the practices of the Council.

Rule 6

The Commission shall invite the Inter-American Economic and Social Council to nominate a representative to attend meetings of the Commission in a consultative capacity.

CHAPTER II. AGENDA

Rule 7

The provisional agenda for each session shall be drawn up by the Executive Secretary in consultation with the Chairman and shall be communicated to the members of the Commission, to the specialized agencies, to the Inter-American Economic and Social Council, to the non-governmental organizations in category A and to the appropriate non-governmental organizations in category B and on the register, together with the notice convening the Commission.

Rule 8

The provisional agenda for any session shall include:

- (a) Consideration of the report of the Executive Secretary referred to in rule 24;
- (b) Items arising from previous sessions of the Commission;
- (c) Items proposed by the Economic and Social Council;
- (d) Items proposed by any member of the Commission;
- (e) Items proposed by a specialized agency in accordance with the agreements of relationship concluded between the United Nations and such agencies;
- (f) Items proposed by the Inter-American Economic and Social Council;
- (g) Items proposed by non-governmental organizations in category A subject to the provisions of rule 10; and
- (h) Any other items which the Chairman or the Executive Secretary deems fit to include.

Rule 9

Before the Executive Secretary places an item proposed by a specialized agency, or by the Inter-American Economic and Social Council, on the provisional agenda, he shall carry out with the agency or organization concerned such preliminary consultations as may be necessary.

Rule 10

Organizations in category A may propose items for the provisional agenda of the Commission subject to the following conditions:

(a) An organization which intends to propose such an item shall inform the Executive Secretary at least sixty-three days before the commencement of the session and before formally proposing an item shall give due consideration to any comments the Executive Secretary may make;

(b) The proposal shall be formally submitted with the relevant basic documentation not later than forty-nine days before the commencement of the session. The item shall be included in the agenda of the Commission if it is adopted by a two-thirds majority of those present and voting.

Rule 11

After the agenda has been adopted the Commission may amend it at any time.

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

CHAPTER III. REPRESENTATION AND CREDENTIALS

Rule 12

Each member shall be represented on the Commission by an accredited representative.

Rule 13

A representative may be accompanied to the sessions of the Commission by alternate representatives and advisers and, when absent, he may be replaced by an alternate representative.

Rule 14

The credentials of each representative appointed to the Commission, together with a designation of alternate representatives, shall be submitted to the Executive Secretary without delay.

Rule 15

The Chairman and the Vice-Chairmen shall examine the credentials and report upon them to the Commission.

CHAPTER IV. OFFICERS

Rule 16

The Commission shall, at the commencement of each session, elect from among the representatives a Chairman, two Vice-Chairmen and a Rapporteur, who shall hold office until their successors are elected. They shall be eligible for re-election.

Rule 17

If the Chairman does not attend a meeting, or absents himself from a meeting, one of the Vice-Chairmen shall preside. If, at a following meeting, the Chairman should again be absent, the other Vice-Chairman shall preside, the succession alternating in the

Spanish alphabetical order. The provisions of this rule apply only to a single session or to a part thereof.

Rule 18

If the Chairman ceases to represent a member of the Commission or is so incapacitated that he can no longer hold office, one of the Vice-Chairmen shall be elected as Chairman for the unexpired portion of the term. The other Vice-Chairman shall continue to act in the capacity prescribed in the rules of procedure.

Rule 19

The Vice-Chairman acting as Chairman shall have the same powers and duties as the Chairman.

Rule 20

The Chairman or the Vice-Chairman acting as Chairman shall participate in the meetings of the Commission as such and not as the representative of the member by whom he was accredited. The Commission shall admit an alternate representative to represent that member in the meetings of the Commission and to exercise its right to vote.

CHAPTER V. SECRETARIAT

Rule 21

The Executive Secretary shall act in that capacity at all meetings of the Commission and of its subsidiary bodies. He may appoint another member of the staff to take his place at any meeting.

Rule 22

The Executive Secretary or his representative may at any meeting make either oral or written statements concerning any question under consideration.

Rule 23

The Executive Secretary shall direct the staff provided by the Secretary-General and required by the Commission and any subsidiary bodies thereof.

Rule 24

The Executive Secretary shall be responsible for the necessary arrangements being made for meetings.

At the beginning of the session he shall present a report on the work programme of the secretariat during the period between the previous and current sessions.

In the periods between sessions, the Executive Secretary shall see that, in so far as possible, the member Governments are informed of the results of the work in progress and of the opinions expressed by the member Governments regarding such results.

Rule 25

The Executive Secretary in carrying out his functions shall act on behalf of the Secretary-General.

Rule 26

Before new proposals which involve expenditure from the United Nations funds are approved by the Commission, the Executive Secretary shall prepare and circulate to members an estimate of that part of the cost involved in the proposals which could not be met and of the resources available to the secretariat. It shall be the duty of the Chairman to draw the attention of members to this estimate, and invite discussion on it before the proposals are approved.

CHAPTER VI. CONDUCT OF BUSINESS

Rule 27

A majority of the members of the Commission shall constitute a quorum, except as provided in the third paragraph of rule 11 of these rules of procedure.

Rule 28

In addition to exercising the powers conferred upon him elsewhere by these rules, the Chairman shall declare the opening and closing of each meeting of the Commission, shall direct the discussion, ensure the observance of these rules, and shall accord the right to speak, put questions to the vote and announce decisions. The Chairman may also call a speaker to order if his remarks are not relevant to the subject under discussion.

Rule 29

During the discussion of any matter a representative may raise a point of order. In this case the Chairman shall immediately state his ruling. If it is challenged, the Chairman shall forthwith submit his ruling to the Commission for decision and it shall stand unless overruled.

Rule 30

During the discussion of any matter, a representative may move the adjournment of the debate. Any such motion shall have priority. In addition to the proposer of the motion, one representative shall be allowed to speak in favour of and one representative against the motion.

Rule 31

A representative may at any time move the closure of the debate whether or not any other representative has signified his wish to speak. Not more than two representatives may be granted permission to speak against the closure.

Rule 32

The Chairman shall take the sense of the Commission on a motion for closure. If the Commission is in favour of the closure, the Chairman shall declare the debate closed.

Rule 33

The Commission may limit the time allowed to each speaker.

Rule 34

Upon a request of any member any motion and amendment thereto made by any speaker shall be given to the Chairman in writing and shall be read by him before any further speaker is called upon and also immediately before a vote is taken on such motion or amendment. The Chairman may direct that any motion or amendment be circulated to the members present before a vote is taken.

This rule shall not apply to formal motions such as one for closure or adjournment.

Rule 35

Principal motions and resolutions shall be put to the vote in the order of their submission unless the Commission decides otherwise.

Rule 36

When an amendment revises, adds to or deletes from a proposal, the amendment shall be put to the vote first, and if it is adopted, the amended proposal shall then be put to the vote.

Rule 37

If two or more amendments are moved to a proposal, the Commission shall vote first on the amendment furthest removed in substance from the original proposal, then, if necessary, on the amendment next furthest removed and so on, until all the amendments have been put to the vote.

Rule 38

The Commission may, at the request of a representative, decide to put a motion or resolution to the vote in parts. If this is done, the text resulting from the series of votes shall be put to the vote as a whole.

CHAPTER VII. VOTING

Rule 39

Each member of the Commission shall have one vote.

Rule 40

Decisions of the Commission shall be made by a majority of the members present and voting, except as provided in rule 10 and the third paragraph of rule 11 of these rules of procedure.

Rule 41

The Commission shall normally vote by show of hands. If any representative requests a roll call a roll call shall be taken in the Spanish alphabetical order of the names of the members.

Rule 42

All elections shall be decided by secret ballot.

Rule 43

If a vote is equally divided upon matters other than elections, a second vote shall be taken at the next meeting. If this vote also results in equality, the proposal shall be regarded as rejected.

CHAPTER VIII. LANGUAGES

Rule 44

The final text of the Commission's report to the Economic and Social Council and of its resolutions shall be prepared in Spanish, French, English and Portuguese, which shall be the official languages of the Commission. The first three languages mentioned shall be the working languages of the Commission.*

Rule 45

Speeches made in any of the working languages shall be interpreted into the other working languages.

CHAPTER IX. RECORDS

Rule 46

Summary records of the meetings of the Commission shall be kept by the secretariat. They shall be sent as soon as possible to the representatives of members and to the representatives of any other government agency or organization which participated in the meeting concerned. Such representatives shall inform the secretariat not later than seventy-two hours after the circulation of any summary records of any changes they wish to have made.

* Approved by the Economic and Social Council in resolution 301 (XI) of 7 August 1950.

Rule 47

The corrected version of the summary records of public meetings shall be distributed as soon as possible in accordance with the usual practice of the United Nations. This shall include distribution to associate members if and when admitted, to the Inter-American Economic and Social Council, and on appropriate occasions to Governments admitted in a consultative capacity.

Rule 48

The corrected version of the summary records of private meetings shall be distributed as soon as possible to the members of the Commission, to associate members if and when admitted, to any Government participating in a consultative capacity in the meeting concerned, to the specialized agencies, and to the Inter-American Economic and Social Council. They shall be distributed to all the Members of the United Nations if and when the Commission so decides.

Rule 49

As soon as possible the text of all reports, resolutions, recommendations, and other formal decisions made by the Commission, its sub-commissions or other subsidiary bodies and its committees shall be communicated to the members of the Commission, to associate members if and when admitted, to all other Members of the United Nations, to the specialized agencies, to the Inter-American Economic and Social Council, to non-governmental organizations in category A and to the appropriate non-governmental organizations in category B and on the register.

CHAPTER X. PUBLICITY OF MEETINGS

Rule 50

The meetings of the Commission shall ordinarily be held in public. The Commission may decide that a particular meeting or meetings shall be held in private.

CHAPTER XI. RELATIONS WITH NON-GOVERNMENTAL ORGANIZATIONS

Rule 51

(a) Non-governmental organizations in categories A and B and on the register may designate authorized representatives to sit as observers at public meetings of the Commission.

(b) Written statements relevant to the work of the Commission or its subsidiary bodies may be submitted by organizations in categories A and B on subjects for which these organizations have a special competence. Such statements shall be circulated by the Executive Secretary to the members of the Commission except those statements which have become obsolete, e.g., those dealing with matters already disposed of.

(c) The following conditions shall be observed regarding the submission and circulation of such written statements:

(i) The written statements shall be submitted in one of the official languages of the Commission;

(ii) It shall be submitted in sufficient time for appropriate consultation to take place between the Executive Secretary and the organization before circulation;

(iii) The organization shall give due consideration to any comments which the Executive Secretary may make in the course of such consultation before transmitting the statement in final form;

(iv) A written statement submitted by an organization in category A or B will be circulated in full if it does not exceed 2,000 words. Where a statement is in excess of 2,000 words, the organization shall submit a summary which will be circulated or shall supply sufficient copies of the full text in the three working

languages for distribution. A statement will also be circulated in full, however, upon the specific request of the Commission;

(v) The Executive Secretary may invite organizations on the register to submit written statements. The provisions of paragraphs (i), (iii) and (iv) above shall apply to such statements;

(vi) A written statement or summary, as the case may be, will be circulated by the Executive Secretary in the working languages of the Commission.

Rule 52

(a) The Commission may consult with organizations in categories A or B either directly or through a committee or committees established for the purpose. In all cases, such consultations may be arranged on the invitation of the Commission or on the request of the organization. On the recommendation of the Executive Secretary and at the request of the Commission, organizations on the register may also be heard by the Commission.

(b) Subject to the relevant rules of procedure or financial implications, the Commission may recommend that an organization which has special competence in a particular field should undertake specific studies or investigations or prepare specific papers for the Commission. The limitations of rule 51, paragraph (c) (iv), shall not apply in this case.

CHAPTER XII. SUB-COMMISSIONS, OTHER SUBSIDIARY BODIES AND COMMITTEES

Rule 53

The Commission may, after discussion with any specialized agency concerned and with the approval of the Economic and Social Council, establish such continually acting sub-commissions or other subsidiary bodies as it deems appropriate for facilitating the carrying out of its responsibilities and shall define the powers

and composition of each of them. Such autonomy as may be necessary for the effective discharge of the technical responsibilities laid upon them may be delegated to them.

Rule 54

The Commission may establish such committees and sub-committees as it deems necessary to assist it in carrying out its tasks.

Rule 55

Sub-commissions or other subsidiary bodies shall adopt their own rules of procedure unless otherwise decided by the Commission.

CHAPTER XIII. REPORTS

Rule 56

The Commission shall submit to the Economic and Social Council once a year a full report on its activities and plans, including those of any subsidiary bodies, and shall make interim reports at each regular session of the Council.^b

CHAPTER XIV. AMENDMENTS AND SUSPENSIONS

Rule 57

Any of these rules of procedure may be amended or suspended by the Commission provided that the proposed amendments or suspensions do not attempt to set aside the terms of reference laid down by the Economic and Social Council.

^b Under the terms of its resolution 234 B (IX) of 12 August 1949, the Economic and Social Council decided to amend paragraph 12 of the Commission's terms of reference by deleting the requirement for the Commission to "make interim reports at each regular session of the Council".

Annex VII

PREPARATION FOR PROGRAMME APPRAISAL FOR 1959-1964, ECONOMIC COMMISSION FOR LATIN AMERICA

Note of transmittal by the Executive Secretary

1. The Executive Secretary presents herewith to the Commission for its attention his contribution to the Secretary-General's appraisal of the scope, trend and cost of the regular United Nations programme in the economic, social and human rights fields for the period 1959-1964, made under the terms of Economic and Social Council resolution 665 C (XXIV), as clarified and amplified in Council resolution 694 D (XXVI).

2. Following the directives and decisions of the Economic and Social Council and the General Assembly, the Economic Commission for Latin America at its seventh session, in May 1957, reviewed the main field of its activities with a view to achieving concentration and co-ordination of its work programme, taking into consideration its limited resources. It took note of those projects which had been entirely or substantially completed and decided to eliminate a number of projects (seventeen in all) the substance of which was either contained in broader subjects or could more appropriately be undertaken by other agencies. A number of projects were also placed in a lower-priorities category. This action was a reflection of the increasing concern to concentrate efforts on the most urgent problems of economic development and on regional trade. Nevertheless, it should be noted at this point that the secretariat has not been able to complete even the minimum high-priority programme adopted at the seventh session and approved by the Economic and Social Council at its

twenty-fourth session. While work is proceeding on most of the projects directly related to economic development and regional trade, there are several on which work has started but is not well advanced, and there are others on which work has not yet been started. The most important among the latter are shown in the relevant sections on the discussion of the programme for 1959-1964.

3. The principal reason for the delays and postponements in the work programme has been that more and more of the secretariat's resources have had to be used for studies and activities directly related to the gradual creation of a regional market and a multilateral payments system in Latin America. Reference will be made to this problem at the end of the appraisal in connexion with the estimated additional resources that will be required to carry out the work programme of the Commission as tentatively envisaged for the next four or five years.

BASIC NEEDS AND THE COMMISSION'S ROLE IN ASSISTING GOVERNMENTS TO MEET THEM

1. Ever since the Commission was established, over ten years ago, it has recognized that the basic needs of Latin America are to accelerate the rate of economic growth and strengthen the economic relations among the countries of the region and with other countries of the world.

Economic development

2. In the final analysis, economic development is an urgent social need. The rate at which productivity increases in economically under-developed countries is notoriously slow, and despite the rise in *per caput* income in Latin American countries since the Second World War, there is a marked disparity between them and the great industrialized countries in this respect. The rate of population growth in Latin America is among the highest of all areas of the world. It is estimated that by 1975 Latin America's population will be approximately 295 million, which represents an increase of a little more than 50 per cent over the estimated present population. Of the total increase of 100 million, about 35 million will have to find gainful employment; and of these perhaps not more than 5 million will be needed in agricultural production, leaving some 30 million to be absorbed by industry, energy production, transport and essential services. If it is assumed that the standard of living (as measured by *per caput* income) is to rise at the rate of 2 per cent per year, which can hardly be considered an accelerated rate, then the gross product will have to expand by about 150 per cent by 1975, with agricultural production increasing by 90 per cent and industrial production almost three times. In order to achieve a national income growth of 2.7 per cent *per caput*, industrial production would have to rise by about four times over the present volume. These preliminary estimates are based on a moderate rate of growth of Latin America's exports to the rest of the world. If such exports should increase at a higher rate, industrial production could be somewhat lower to meet total demand for manufactures, but this would lessen only slightly the pressure to accelerate industrial development. This in turn would require a speeding up of investment and technical progress and the best possible allocation and utilization of available material and human resources. The role of public investment in providing the infrastructure for economic growth and of Government policy in providing the conditions and incentives for the development of new dynamic industries will be decisive in determining the extent to which these targets may be reached or, in some countries, exceeded.

3. Already at the earliest meetings of the Commission — 1949, 1950, 1951 — Governments realized that a vigorous development policy was required if economic growth was to be accelerated. It was during this period that the Governments established the basic pattern of work and activities for the Commission and the secretariat. This programme has evolved and has been greatly expanded, but the central concept motivating the work has remained essentially the same; namely, that effective economic policy and programming must be based on facts and systematic analysis of national economies and on a correct interpretation of the process and prospects of growth. These are requisites common to all Latin American countries, although the need for assistance in providing them is considerably greater for some countries than for others.

4. In addition to intensive work of a fact-finding nature, several studies and activities were undertaken during the first five-year period, for the purpose of defining the more fundamental economic problems and in order to analyse and interpret the process of growth in Latin America. In this connexion mention should be made of the *Economic Surveys* for 1949 and for 1951-1952, *Some Practical and Theoretical Problems of Economic Growth* (1951), and *The Technique of Programming* (1953). The *Economic Survey, 1949*, was a first attempt to analyse the relation of foreign trade and the terms of trade to economic development. This, together with later studies, showed that for most Latin American countries in the process of growth, demand for imports grows faster than national income, while exports tend to grow more slowly than income, thus creating a gap — in some cases a very substantial one — between import requirements and the capacity to import; and that in so far as export earnings cannot be increased, this demand-import capacity gap can be closed only by import substitution.

5. The need for systematic studies of national economies motivated a study on the technique of programming, a preliminary version of which was presented to the fifth session in 1953. This study presented a method for analysing and projecting the economic growth of a country, and the sectoral investment requirements and priorities that would have to be established to accelerate growth. This technique has been applied by the secretariat in a series of country studies carried out since then.

6. Closely related to the need for the preparation of basic data and analyses for policy making and development programming is that for training economists equipped to do this work and to form the nucleus of the staff required by programming agencies. In accordance with a resolution adopted by the Commission at its fourth session, in 1951, an economic development training programme was started with the collaboration of the Technical Assistance Administration. The influence of this programme is being felt increasingly in many directions, and one result of this should be eventually to relieve the secretariat of the preparation of country studies.

7. Moreover, in connexion with this programme a manual on economic development projects was prepared, to serve as a practical tool for Latin American economists. The results achieved with the manual have proved of such positive benefit that it would be desirable to prepare similar manuals in future to cover other aspects of development programming.

8. During the second five-year period (1953-1958), the work of the Commission in the field of economic development has steadily expanded. Perhaps the most fundamental studies made by the secretariat during these years have been those of the economic development of individual countries. Altogether, there have been ten such country studies, which have provided not only the bases for formulation of economic policy but also understanding of problems common to the region as a whole. In this respect, they have been particularly useful in showing the changes in the structure of an economy which take place with development, and the sectors in which investment priorities need to be established.

9. Simultaneously with the country development studies, a series of studies of specific industries have been carried out and work on problems of transport and of the development of energy production and utilization has been started by the secretariat. All these studies, while concentrating their analysis on a particular sector or branch of the economy, have been related to the requirements of over-all development. Among the subjects studied have been the iron and steel making and transforming industries and the pulp and paper, textile and chemical industries. The studies on the iron and steel and the pulp and paper industries were submitted to meetings attended by highly qualified experts not only from Latin America but also from Europe, Canada and the United States.

10. These studies have shown clearly some of the problems faced by industry in Latin America, in particular its difficult competitive position *vis-à-vis* imports, its dependence on imported raw materials, the shortages of trained personnel and of facilities for training, the lack of systematic studies on the size of the potential markets, and the difficulties encountered in technological adaptation to machinery and equipment designed for countries at more advanced stages of industrialization. Moreover, it has become fairly clear that the countries concerned have successfully reached the stage of manufacturing most of their consumer goods, and that they are now entering upon the more complex stage represented by the manufacture of durable consumer goods, capital goods and intermediate products.

11. The need to stimulate and to modernize the techniques of agricultural production as a primary requisite for general economic development has been a continuous concern of the Commission, and in this connexion close collaboration has been maintained with FAO. The agricultural sector has been fully analysed in each

of the country studies; and trends in agricultural production have been studied in the annual *Economic Survey*. A number of special studies on specific aspects and problems of agriculture have been studied by a joint ECLA/FAO Group within the secretariat. The work of this Group has been gradually expanded, and as will be seen later in the discussion of the future work programme it is planned that the Group will enter more deeply into technical and structural problems of agriculture.

12. The human factor has not been neglected in the development studies. Work has been done on manpower problems, embracing the growth of the labour supply, the structure of employment and changes in this structure, labour productivity and problems of qualified manpower, urban problems and social aspects of economic development.

Trade and economic development

13. Reference has already been made to the role of trade and import substitution in economic development. The secretariat has continuously studied the trends and problems of trade, and much of the material produced has been published in the annual economic surveys. These studies have included fluctuations in the terms of trade and their effect on economic development; the relation of demand for Latin American export commodities in the industrialized countries to the import requirements of the expanding economies of the region; the need to expand exports in order to meet the rapidly growing demand for imports of capital goods, intermediate products and essential consumer goods; the effects of industrialization on the composition of imports and the external vulnerability of Latin American countries; the possible repercussions of the creation of a European common market on Latin American exports; and the trade balance in food and other agricultural products of the individual countries of the region.

14. However, the major emphasis of the Commission in the field of trade has been to stimulate intra-regional trade and economic relations. Latin American countries have a common cultural heritage and, to a large extent, a similar historical background, which appear to give this region a wider measure of homogeneity than may perhaps be found in any other region. Nevertheless, economic relations have been extremely limited. In fact, no serious and effective attempt to organize a planned co-operative programme for trade and economic development was made before the United Nations Economic Commission for Latin America and the Inter-American Economic and Social Council were created, both in 1948. These two organizations have collaborated and co-ordinated their activities, and the two secretariats have maintained close liaison in order to avoid any duplication of effort and to ensure co-operation on common problems.

15. In 1954, the ECLA secretariat, in accordance with a resolution adopted by the Organization of American States at the Tenth Inter-American Conference held at Caracas early that year, co-operated with the IA-ECOSOC in the preparation and work of the Meeting of Ministers of Finance and Economy held at Rio de Janeiro in November. With the assistance of six outstanding Latin Americans, the ECLA secretariat prepared a report, *International Co-operation in Latin American Development Policy*, which analysed the capital requirements and technical needs of economic development programmes in Latin America and set forth a comprehensive set of international policies and measures for the expansion of trade and acceleration of economic growth in the region. This report was based on the studies, conclusions and experience of the Commission since its establishment. It was submitted to the Rio de Janeiro meeting after its preparation had been approved by the ECLA Committee of the Whole. The group of six Latin Americans presented, on their own authority, a number of specific recommendations for carrying out the aims and policies in question. Among other things, they called for a new approach to problems of trade reciprocity and tariff production with a

view to stimulating industrialization; they recommended concerted action to reduce the external vulnerability of Latin American countries; they suggested methods for the periodic and more systematic revision of economic development policies and the fulfilment of measures for international co-operation among the Latin American countries; they pointed out the need to establish targets for foreign investment in the region and recommended the creation of an inter-American fund for industrial, agricultural and mining development, a project which had been advocated for many years by the Latin American countries. The Rio de Janeiro meeting appointed a committee of experts to study the proposed establishment of an investment fund and to make recommendations to the IA-ECOSOC and its member Governments. The ECLA secretariat subsequently participated, in an advisory capacity, in the committee's deliberations. Although the Governments did not act on the committee's proposals, the idea of creating such a fund in the form of a banking institution has been revived and is now being actively pursued by the Committee of Twenty-One recently set up within the Organization of American States.

16. One of the main reasons for the lack of an over-all international policy of development and trade and of economic co-operation among the Latin American countries has been the fact that up to the Second World War there was little complementarity in the structure of their production, and that their economies were geared primarily to the production of raw materials for export to other regions. Development during the post-war years and diversification into new lines of production accentuated changes in the structure of their economies which had already been taking place and created new opportunities for the intensification of commercial relations among them. At the same time, there was a growing awareness that the narrowness of national markets would set limits to the extent of import substitution that would be economically feasible without the economies of scale that go with specialization and broader markets.

17. One of the first efforts made through the Commission to achieve complementary development took place in Central America. As early as 1951, the Commission, in compliance with the wishes of the Central American Governments, took the first steps towards the economic integration of the Central American Republics, and requested the secretariat to explore ways and means of implementing this objective.

18. In 1952, the Ministers of Economy of the Central American Republics met at Tegucigalpa (Honduras) to discuss the possibilities of integrating their economies, taking into account the background material prepared by the secretariat. They decided at that time to establish a permanent committee—the Central American Economic Co-operation Committee—which Panama was invited to join at any time.

19. This Committee, which was ECLA's first subsidiary organ, has the following main functions: to advise Governments on measures for the gradual and progressive integration of the economies of the Central American Isthmus and the co-ordination of national programmes of economic development; to determine the research and studies to be undertaken in relation to the integration programme; and to co-ordinate and channel the utilization of technical assistance for the programme. The Committee has received support in its work from the United Nations Technical Assistance Administration and the specialized agencies. A joint Working Group, including representatives of TAB, ECLA, FAO, TAA, the ILO and UNESCO, has advised the Committee on the formulation of applications for technical assistance, and on the studies that should be carried out on the basis of a co-ordinated programme.

20. The basis objectives of the economic integration programme which has been drawn up in the course of the Committee's five sessions are to create conditions in which Central America as a whole may give greater impetus to its economic development and lay firmer and more diversified foundations for improving the living standards

of the population in the region. The targets included in the programme are: (a) the establishment of a common market; (b) integrated industrial development in the region; and (c) co-ordination of fundamental aspects of the agricultural economy of the area and of other basic sectors.

21. Economic integration in Central America is a way out of the limitations imposed on economic development by the smallness of the five national markets. It will permit the establishment of some types of industries whose minimum economic size requires a market larger than that of any of the countries individually considered. Moreover, the unification of the five markets will progressively lead to over-all schemes of development in which the existing natural resources, manpower and capital are put to the best possible use. To facilitate and stimulate the fulfilment of these general objectives it has been necessary to undertake a study of the possibilities of widening the basic economic facilities — such as transport, communications, electric power, etc. — from a regional standpoint and to carry out studies and research on natural resources, manpower, trade, industrialization and agricultural development on a Central American scale. A start has also been made in studying some social aspects of the economic development of the area.

22. Because of their size and geographical location and their relatively equal levels of development, the need for and the benefits to be derived from economic integration seem to be quite evident for the Central American countries. Although the practical problems that must be solved in creating a regional market for the Latin American countries as a whole are very much more complex, owing mainly to the great disparities between their levels of development and the size of their national markets and to divergencies between their national interests, the necessity is, in the long run, equally great. The approach will have to concede more flexibility to individual countries, in order to allow them to protect their national interests and to adapt the structure of their production and trade to that of the regional market.

23. It is significant that when the Commission established the Central American Economic Co-operation Committee it also requested the secretariat to make a thorough study of the problems and obstacles to inter-Latin-American trade and of measures that might be taken to expand such trade. The first report, which embraced only the southern South American countries, was submitted to the fifth session in 1953. This study was then extended to all Latin America, and included inter-Latin-American payments as well as trade. On the basis of the study, the Commission fully discussed the problems of trade at its meeting in Bogota in 1955, and decided to create a Trade Committee, requesting it to pay particular attention to the need to expand inter-Latin-American trade. The Trade Committee held its first meeting in November 1956, at which time it agreed in principle on the desirability of establishing a regional market and requested the secretariat to set up two groups of experts: one to study the possible structure of a regional market; and the other to study the feasibility of establishing a multilateral payments scheme for Latin America.

24. The meetings and reports of these two working groups are discussed later, in connexion with the future work programme of the Commission. At the same time, it should be stressed here that the Commission has placed the highest priority on all aspects of the work relating to the gradual creation of a common market.

THE FORWARD LOOK, 1959-1964

25. As indicated above, the work programme of the Commission gradually evolved from one in which fact-finding and basic studies of economic growth and problems, both for individual countries and for the region as a whole, were predominant to one in which more and more the Commission is becoming an instrument for practical action by the member Governments. This does not mean that the systematic collection of statistical data and other informa-

tion and analysis of fundamental problems is any less important now than it was before, but rather that practical needs are compelling the Commission to expand its activities. Therefore, in appraising the programme for the next five years it should be kept in mind that while the broad aims and objectives are to assist Governments in connexion with economic development policy and intra-regional co-operation, the underpinning for these activities must continue to be research and economic analysis.

26. The programme is presented under the following headings:

- Current economic trends;
- Acceleration of economic development;
- The common market;
- Industry;
- Joint ECLA/FAO Programme on Agriculture;
- Natural resources, including energy and water;
- Social aspects of economic development.

Current economic trends

Economic Survey

27. Gradually, the preparation of the annual *Survey* has developed into one of the Commission's more important tasks, and one on which the different members have laid great stress at each succeeding session of the Commission.

28. The early *Surveys* concentrated primarily on the collection and analysis of data on current Latin American economic trends and the impact of these and of external events on the economies in the region. It is felt that the time has now come to develop a longer historical perspective; research put into such a project should yield high returns, for ECLA has now compiled a vast amount of material on trends in most of the leading countries. Moreover, the question of the rate of economic growth and its influence is becoming more and more important with every year that passes.

It is anticipated that over the next five years the *Survey* (like the *Bulletin*) will continue to contain a discussion of recent events, but will devote a much smaller proportion of its space — perhaps only a third — to this discussion.

Thus, it is envisaged that future *Surveys* will consist of:

- (i) A short general analysis and interpretation of current events in Latin America.
- (ii) Special articles on, for example, inflation, anti-inflationary policy, rates of economic growth and the long-term influence of these rates, problems of industrialization and so forth; in other words, on special aspects of economic development policy.
- (iii) Systematic analyses, presented every three years or more, on such sectors as agriculture, industry, transport, mining and energy.

29. Subject to the exigencies of changing conditions and to the Commission's requests, plans have been made for special studies during the coming years on the following subjects:

(1) *The course and causes of inflation in Latin America.* This is a constant and pressing problem for many countries in the region. Attention would be given to the question of how much the stagnation of exports has aggravated the situation in some countries by causing shortages of essential imports. An attempt would be made to show the conditions for prices remaining stable (or climbing only slowly) during a period of economic development, by examining the influence of general excess demand, specific "bottle-necks", and wage-pressure in Latin American experience. Particular study would be given to the effects of different types of banking structure, monetary policies, and foreign exchange systems.

(2) *A comparison of rates of growth.* Great and increasing interest is being shown in the rates of growth of under-developed countries. This study would compare rates of growth within the region and attempt to assess the main influences. Its findings would be related to those of the studies of growth being made for other regions, developed and under-developed. The analysis would start with population trends, distinguishing between economic growth in over-all and in *per caput* terms and including, where relevant, an assessment of the effects of migration. This would be followed by investigation into the structure of the economy, using industrial and agricultural production series, and a discussion of the relationship between export earnings and growth, against the background of the changes in total world demand for primary products and of Latin America's share in this demand. Lastly, the study would deal with the relationship between investment and growth, with some attempt to indicate the contribution of each to the other.

(3) *The scale and effects of industrialization* (see section on industry).

(4) *Agricultural aspects of development* (to be undertaken in connexion with the joint ECLA/FAO programme).

Economic Bulletin

30. The Commission had for some time needed a publication in which it could introduce periodic reports on its work — not only on the practical studies carried out, but also on the more fundamental scientific or theoretical research which it undertakes, sometimes in collaboration with distinguished consultants. Accordingly, a special review was prepared for the sixth session (1955); and since then the *Economic Bulletin* has been published twice yearly to fulfil the purposes required. As the *Bulletin* is intended to cover the gap between the annual appearances of the *Survey*, each issue usually contains one or more articles on recent economic developments. In addition, there have been articles dealing with commodity markets (coffee, meat, bananas), with the economic problems of particular countries, with theoretical aspects of development programming (as for instance the input-output model), and with problems of special practical interest to the region (trade with the countries forming the European Common Market, the energy problem, index number clauses in Government bonds, United States imports from the region, and so forth).

31. The statistical supplements started at the end of 1958 will be a regular feature in future *Bulletins* and will, it is believed, meet a real need in the region. Moreover, the *Bulletin*, in addition to its comments on recent events, will continue to publish special articles on methodology, some of them by outside contributors. Articles dealing with specific current problems will also be featured.

Statistics

32. Statistical work has in the past been directed towards (a) the provision of material needed on an *ad hoc* basis for specific economic studies, and (b) the establishment and maintenance of permanent series which could be used as the basis for further tabulations in the future.

33. The amount of data accumulated on a permanent basis has now reached sizeable proportions and has gradually reduced the need for statistics of an *ad hoc* nature. Moreover it is this accumulation of permanent series which has made possible the production of the above-mentioned statistical supplements to the *Bulletin*. There are now series available on national income, production (agriculture, industry, mining and energy), trade and finance, and various miscellaneous series on subjects such as manpower, population, wage rates, transport and cost of living. Derivative data such as *per caput* production figures, capital-output ratios, etc., which combine many of the above categories, have also been developed.

34. Despite the progress achieved, there is still much that must be done to improve statistics within the region and to strengthen

the statistical basis of ECLA's work. A programme has been prepared with two main objectives:

(a) To develop and maintain series covering national and regional statistics in the main fields, to assess the reliability of these series (particularly at first hand) and to guide economists in their use;

(b) In collaboration with the Statistical Office of the United Nations, the Inter-American Statistical Institute and other relevant international organizations, to stimulate national statistical organizations towards a further development of their work and towards greater standardization.

35. This work is urgently necessary if Governments, ECLA economists and other interested groups are to have available the best possible statistical service on which to base their studies.

36. There are plans to extend the statistical supplements published in the *Bulletin* and to add a statistical abstract for Latin America.

37. Work already envisaged for the near future includes the preparation of a manual to guide economists in statistical practice, and the calculation of purchasing power parity ratios for international comparison, based on price data collected in the various countries. In regard to national income, it is intended to enlarge the scope of the series, making greater use of data on current prices. For trade, it is hoped to expand the amount of data processed by machine methods in order to cover, as a minimum, the values and quantities of exports of all main products to destinations both within and outside of Latin America. As regards agriculture, mention may be made of work planned jointly with FAO for unifying procedures in the establishment of production series for the region. For industry, it is planned to continue collaboration with national statistical offices with a view to providing better index series in countries where data are at present deficient or non-existent.

38. Nevertheless, these plans for improving the statistical background so essential for sound economic analysis cannot be realized without a corresponding strengthening of ECLA's statistical services. Hitherto, the number of statisticians and computers has not kept pace with the number of economists seeking to use their data, nor have experienced statisticians been made available to deal with problems in specific fields. These deficiencies must be remedied, and any future programme must be accompanied by an increase at all levels in the number of statisticians. Only then will it be possible to avoid serious bottlenecks; and only then will ECLA be able to provide the amount and type of information needed in its work.

Acceleration of economic development

39. For several reasons — in particular the heterogeneity of basic economic conditions — the studies of the different countries must be continued; but the approach used up to now requires resources that are beyond the secretariat's reach. Concentration on the problems of diagnosis and closer co-operation with national agencies, as in the case of Costa Rica and Panama, may reduce the manpower requirements of such studies to three or four man-years per country.

40. Moreover, the next five years will see an increasingly marked shift of emphasis in ECLA's work towards direct assistance to Governments in the framing of their development policies. Governments are already asking the Commission to help them in four different fields: (a) the establishment of planning agencies; (b) methods of planning and estimating investment requirements; (c) the establishment of public investment priorities; and (d) the implementation of development programmes.

41. One method of providing the assistance required is to constitute mixed working groups of ECLA staff and staff provided by the Governments concerned, drawing upon the advice and resources of the United Nations technical assistance programme.

42. In this latter connexion, the ECLA/TAA Economic Development Training Programme is assuming growing importance, for Governments are finding that in order to establish planning agencies, particularly those relating to budget planning, it is essential to have trained technical staff who can assemble the necessary data and carry out the studies on which a development policy must be based. It is for this reason that Governments have been showing increasing interest in the special intensive training courses of 70 to 100 students, including senior civil servants, banking officials, professors and engineers. Six such courses have already been held in Argentina (1), Brazil (3), Colombia (1) and Venezuela (1). Four have been requested for 1959 — in Argentina, Brazil, Colombia and Peru — and it can be safely assumed that these courses will have to be expanded and extended over the next five years.

43. Through the regular training programme and the intensive courses, and through the secretariat's economic development studies, countries are being provided with some of the instruments they need in order to help themselves. This in turn will reduce the resources hitherto required by the secretariat for country studies, as has been the case with the economic development studies of Central America, where some of the countries concerned, through their own agencies and universities, are conducting the studies themselves in direct collaboration with the Commission's staff.

44. In view of the importance to the region of improvements in the teaching of economics, the secretariat, with the collaboration of UNESCO, proposes in 1959/60 to investigate teaching and training facilities. A small ECLA/UNESCO team, headed by an outstanding personality in the academic world who will be commissioned by UNESCO, will make a comprehensive study of university teaching methods in four or five Latin American countries.

45. The problems which have come to light in the course of the secretariat's work over the past ten years indicate clearly that ECLA's activities in economic development should, during the next five years, cover at least the following fields: (a) the elaboration of medium and long-run development programmes in co-operation with governments upon their request; (b) the analysis of economic policy; (c) economic integration (see section on the regional market); (d) the financing of economic development; (e) qualified manpower; (f) improvements in the tools of analysis; (g) regional development within a country; and (h) transport.

The elaboration of national medium- and long-term development programmes

46. ECLA's economic development country studies have thus far included the projections necessary for the formulation of development programmes. However, as this procedure is too time-consuming and, furthermore, as projections need to be revised annually to be of real value — a task that only the countries themselves can undertake — ECLA should shift its efforts towards assisting countries in establishing their own machinery for development programming. With a team of four or five experts, the secretariat could undertake this work for two countries each year. These experts would ascertain the main development problems of the country concerned, and with the assistance of staff assigned to the team by that country would establish the procedures for analysing these problems and for seeking solutions. The secretariat would help to organize the research and operating agencies that would have to participate in the preparation and implementation of the programme, and would give assistance in training personnel in the field of development programming and project-making.

Analysis of economic policy

47. Although ECLA's techniques for quantifying consistent production targets have been continually improved, work on methods for evaluating the instruments of policy necessary for achieving such targets has had to lag behind owing to lack of resources. In particular, a methodology for evaluating policy in actual cases is needed. Fiscal policy, for example, plays an extremely

important role in Latin America as regards both growth and stability; yet it is not always known how it operates and whether its net influence is positive or negative. Some work is being done at present in the case of Chile, in preparation for the Budget Workshop to be held in the first half of 1959, organized jointly with the Fiscal and Financial Branch at Headquarters and with the United Nations Technical Assistance Programme; but for comparative purposes the experience of other countries should also be analysed.

48. Furthermore, there is urgent need to study the process of policy making, which is seriously deficient in the countries of the region. The study should examine the way in which objectives are determined, the type of information available and utilized for choosing targets and policy instruments, and the procedures used for purposes of co-ordination and for the evaluation of the effects of Government policy.

Financing of economic development

49. It is essential to study the methods of financing economic development which are being used in Latin America. In most countries of the region even a consolidated capital account is lacking, so that it is not known to what extent investment is currently financed from reinvested earnings or from personal savings. Still less is known of transfers of savings from one sector to another, or of the ways and means whereby transfers take place. All this information must be made available before the guiding lines can be laid down for less inflationary investment-financing policies.

The problem of qualified manpower

50. Some work on manpower problems has already been done, but it is highly necessary to complete and extend the survey of qualified manpower needs and availabilities, since the shortage of such manpower constitutes one of the most serious bottlenecks in most countries of the region. This study could be undertaken in collaboration with other international agencies.

Improvements in the tools of analysis

51. It would be of great value, both scientific and practical, to generalize the lessons derived from the development experiences of Latin American countries. In particular, it would be useful to evaluate the influence of the common and individual elements revealed in the studies made so far.

52. Moreover, ECLA's experience has shown that the existing techniques of programming are open to substantial improvement, and that their applicability at more specific levels needs to be checked. On the other hand, there are newer methods such as linear programming whose applicability remains to be tested. It would be of great interest to hold a seminar with the participation of technicians from, say, the development corporations and experts with experience in over-all programming for the discussion and evaluation of their own and ECLA's experience.

53. Finally, while the fiscal budget is by definition a programming tool, the techniques at present in use in Latin America are, for institutional and technical reasons, extremely deficient, particularly as regards the proper calculation and presentation of estimates, the establishment of priorities and the provision of adequate economic information. Serious efforts must be made to remedy these deficiencies and to assist Governments to improve their budget-making procedures. Some progress in this direction will be made in connexion with the Budget Workshop mentioned earlier.

Regional development within a country

54. For historical and geographic reasons, most Latin American countries are characterized by wide differences in standards of living among areas within their own boundaries. This is a problem of balanced growth which has so far not received sufficient atten-

tion, although it is a matter of concern in most countries of the region. ECLA's studies should suggest the means available for reducing internal differences of *per caput* income, and may also shed light on the problems that may arise in this respect with increasing integration. Since ECLA's experience in this field has so far been limited, there is much to be learned as the studies proceed, and special research will be needed, in view of the methodological problems involved.

Transport

55. Early in the secretariat's studies on economic development and intra-regional trade, it became increasingly evident that there were serious deficiencies in the basic sector of transport which would constitute a growing drag on the development of the national economies and on trade among the countries in the region.

56. In addition to transport studies related directly to the work on the regional market and described under that heading, sections on transport have been included wherever possible in the economic development country studies. In the particular case of Argentina, a detailed survey and analysis was made of the transport sector and of the material and financial requirements for its rehabilitation and modernization over the next ten years, as a basis for the future economic development of the country. In addition, there has been careful collaboration with the UNTAA railway experts assigned to Argentina, and a considerable amount of time has been devoted to comments and criticism of their reports.

57. As a logical development of these earlier activities, work in the transport sector will continue in the future to be closely geared to the main effort of the Commission towards the economic development of the area and the common market. Transport studies will be oriented primarily towards the practical policies applied in these two major fields.

58. Nevertheless, the next five years should see an intensification of the work on transport, in the form of advice to Governments and studies of the obstacles to development raised by inadequate means of transport and communication. For this purpose, increased resources will be necessary, since so far the resources available have been entirely inadequate.

The common market

59. No matter what plan is eventually decided upon by Governments for proceeding with the programme for the gradual and progressive formation of a Latin American common market, it is evident that the next five years will be an important transitional period, and that the secretariat will be called upon not only to prepare the necessary technical studies on various subjects affecting the common market, but also to act in an advisory capacity and to assist in promoting inter-governmental action to attain the desired objective.

60. In order to ensure that the new directions imposed by economic development and international conditions on the trade policy of the Latin American countries are effectively followed, these countries will have to undertake a broad and co-ordinated reorganization of the tools by which this policy is carried out: customs tariffs, systems for the administrative, quantitative, financial and exchange regulation of foreign trade, payments systems and trade treaties. Most countries do not possess enough specialists who can be spared from their normal work on day-to-day problems to direct and carry out this complex work, at the international level of common policy and co-operative action. This is the reason why member Governments of the Commission have called on the secretariat for assistance in solving technical questions, in making the technical and economic studies needed for working out common policies and agreements and, lastly, in servicing the various committees and working groups responsible for implementing Government decisions and policies.

61. Despite the limited resources available for such activities, the secretariat has to date been able to co-operate actively with Governments in the preliminary work of arranging and reorganizing the instruments and machinery of trade policy. But the secretariat's group of specialists in this field is very small indeed. It will necessarily have to be increased, if there is to be continued participation in a task which will become increasingly broad and complex over the next few years.

Trade policy

62. When ECLA's Trade Committee met for the first time, in November 1956, it devoted its session mainly to the two closely related problems of a common market and payments. Two working groups were set up to deal with these problems, and both had held two meetings before the second session of the Trade Committee, in May 1959.

63. The role played by the Commission will profoundly affect Latin America's progress towards a solution of its payments problem and towards the formation of a common market. One important task the Commission can carry out in this connexion is to put the system for compensation of bilateral balances into operation, as a transitional step towards a truly multilateral payments system. With regard to the common market, it will be necessary to initiate a preference system under which countries can begin lowering their tariffs and liberalizing their trade with one another on a flexible basis permitting the widest possible applicability according to the needs and interests of the participating countries.

64. During the various phases of the work on common market and payments problems, the Commission has been able to draw on the experience of consultants from such agencies as the European Coal and Steel Community and the Organization for European Economic Co-operation, and to enlist the services of Latin American experts in trade and payments questions. As the work proceeds, close relations will also be maintained with other interested organizations such as FAO and the organization of American States. Discussions with the latter organization have in fact been taking place at the secretariat level, in accordance with the co-ordination machinery set up under ECLA and the IA-ECOSOC on the foundation of ECLA.

Payments

65. The two sessions of the Central Banks Working Group, held in May 1957 and November 1958, were devoted to the discussion of measures for facilitating payments between the countries of the region. At the first session a standard payments agreement was adopted as a model for use in bilateral trade agreements and it has since been so used by several countries in the region. Moreover, the bases were prepared for standardizing central banks' operating procedures and for facilitating the operation of clearing accounts. At the request of the Working Group, the secretariat has since that session been compiling and distributing information on the status of bilateral accounts to Governments maintaining such accounts, on the basis of data supplied by the countries concerned.

66. The agenda for the second session included payments problems between countries having clearing accounts and countries not having such accounts; accordingly, all the Latin American countries were invited to participate in the session. Possible steps towards the desired objective include a transitional régime leading gradually towards a multilateral payments system and the establishment of a payments union, and in this connexion a Protocol was adopted establishing a system for the multilateral compensation of bilateral balances, to enter into effect as soon as a minimum of four countries have acceded to it. Moreover, the ECLA secretariat was appointed to act as the agency in charge of compensation operations. This Protocol will be submitted to the next session of the Trade Committee in May 1959.

67. Progress on payments problems must in the future be closely linked with the work relating to the gradual liberalization of trade. It is envisaged that special inter-governmental organs will have to be set up to operate such liberalization schemes as may be created and to supervise the payments system in force among the countries of the region.

Working Group on the Regional Market

68. This Working Group consists of outstanding personalities acting in their private capacity. They first met in closed session, in February 1958, when they agreed on a set of general principles under which a future Latin American common market could operate. The secretariat had prepared for the Group's consideration a series of documents outlining the main problems associated with the creation of a common market, indicating the possible advantages and disadvantages of such a market and devoting particular attention to the differences between the more advanced and the less developed countries of Latin America.

69. In its report, the Group stated that the social need for the development of the Latin American countries made it increasingly urgent to devise effective measures for accelerating the rate of growth of *per caput* real income, and enumerated the essential bases for a future Latin American common market. Many of these bases will necessitate the compilation of additional information on the economic situations and policies of the countries of Latin America, as well as analyses of methods to be recommended for translating the proposed principles into economic realities. The secretariat has begun some of the requisite studies, and at the request of the Working Group prepared information and material for the Group's second session.

70. At its second session, held in Mexico in February 1959, the Group did not attempt to draft a specific agreement; instead, in accordance with its terms of reference, it made recommendations concerning the fundamental structure of the common market, and suggested guiding principles for the operation of the market. It recommended that the common market should be created in two stages: during the first stage, which would last ten years, a substantial reduction should be made in customs duties and other taxes similar in their effect and quantitative and administrative restrictions should be eliminated; and before the end of the first stage a further agreement should be negotiated providing for a second stage during which customs duties and other preferences would be gradually abolished. It was recommended that special concessions and preferences should be granted to the less developed countries in the region and that customs duties should be reduced more quickly for products of industries which had the greatest prospects for rapid growth.

71. The Group stated in its report that "if, at the eighth session of ECLA to be held at Panama City in May 1959, member Governments give their general approval to the recommendations set out in this report, the secretariat could then prepare, in close collaboration with the Governments concerned, an initial common market draft agreement which would help to bring together those countries interested in putting the idea into immediate effect".

Consultations on trade policy

72. In connexion with its studies relating to the Latin American common market, the secretariat has found it useful to convene private meetings of officials responsible for trade policy in some of the region's more important trading countries. Two such meetings have been held so far, the first in Santiago (Chile) at the end of August 1958, attended by experts in trade policy (acting in their private capacity) from Argentina, Brazil, Chile and Uruguay, and the second at Bogotá in November 1958, attended by experts from Colombia, Ecuador and Venezuela. These meetings have provided a starting point for the Trade Committee's future discussion of inter-governmental negotiations directed towards the common objective. The Governments concerned have already

requested the secretariat to continue these meetings, and a second series of such meetings, one for each zone, is planned before the meeting of the Trade Committee in May 1959.

Economic integration

73. The studies on certain problems connected with the common market will have to be given the highest priority in the secretariat's work for several years to come; this means that all of ECLA's substantive divisions will contribute. Attention will have to be focused on three main subjects:

(i) The prospects of growth of the Latin American economies without integration.

(ii) The prospects of growth of the Latin American economy with integration. This study should be finished in mid-1961.

(iii) Co-ordination of economic policies, since the operation of the common market may be seriously disturbed if wide divergencies of fiscal, monetary and other policies exist in the participating countries.

Industrial integration

74. Since 1956, the secretariat's work on industry has been increasingly directed towards investigating the economic advantages of regional integration, with due regard to the needs of the industries which can survive or expand on the basis of their own national markets. Over the next five years the secretariat will carry out (i) an industrial inventory, and (ii) a series of studies of different industries:

(i) *Industrial inventory*. Such an inventory is currently being prepared for the main Latin American industries engaged in the manufacture of capital and durable consumer goods. The inventory will later be extended to intermediate products and consumer goods industries. This, it is expected, will provide the basis for further exploration of the possibilities of developing trade in these goods.

(ii) *Studies of different industries*. On the basis of the inventory, the secretariat will undertake a series of studies of individual industries. These will have to include some consideration of problems such as the relation of investment and cost of production to size of operation and volume of production, and of factors affecting the location of industry. The problem of economies of scale is important not only in so far as it affects specialization for the larger regional market but also in relation to the possibility of establishing efficient small industries for local markets.

75. As the Bureau of Economic Affairs at Headquarters has been making general studies on this type of question, ECLA's secretariat will take full advantage of these studies and will co-operate with the Bureau in this respect in its work on Latin American industries.

76. While the industrial studies already undertaken by the secretariat have been useful in providing basic information on and understanding of problems related to the development of national industries and in suggesting the nature and institutions of an eventual common market, they still fall short of the assistance which Governments and industries urgently require if they are to take practical measures jointly and immediately for the exchange of manufactures, especially of machinery and equipment. It is both urgent and essential to find out what factors hinder the complementary development of industry in the different countries. One difficulty is the lack of credit facilities for financing trade in manufactures; another is the lack of experience in international business co-operation. Moreover, there is virtually no market research carried on of a kind which could indicate what is the real demand for, or supply of, the various products already manufactured in the region.

77. Herein lies the particular interest of the series of studies which the secretariat is to undertake and which will be followed

by meetings bringing Governments and industrialists together to analyse and discuss their problems, both technical and economic, in terms of a larger market. The first such meeting took place at Córdoba, Argentina, in March 1959; it followed a preliminary study of existing facilities in four countries for the manufacture of railway material, which was then discussed in terms of trade prospects. Further studies and meetings will deal with industries producing tractors, engineering equipment, machine tools, electrical equipment and so forth, so as to ensure thorough investigation of the practical problems which may arise in connexion with the regional market.

78. The approach is different from that adopted so far in ECLA's meetings of industrial experts, since the emphasis will now be placed not on technological aspects of manufacturing problems, but on the prospects for specialization in certain types of equipment with a view to expanding trade in such equipment between the countries concerned.

79. Simultaneously with the above, work has been done on the motor vehicle industry, with particular reference to Argentina, Brazil and Mexico, and on flat steel products, with a view to ensuring regional co-ordination of development plans for these important branches of the steel industry.

80. Work on the chemical industry also falls into this category, and a pilot study has been made which, it is hoped, will provide the theoretical basis for further analysis. This study, which will require field work in at least six countries, will take at least two years to complete. The Commission has been requesting this study since 1955, but lack of resources prevented any continuous work on it until 1958.

81. The studies described have a dual objective: they are being carried out in relation to the possibilities opened up by the common market and also in relation to national development.

82. So far as the common market is concerned, work must be done to determine the probable consequences to industry if integration fails to take place. At the same time, the problems expected to arise from integration must be explored, in particular the advantages or disadvantages of specific sites for heavy industries. In this respect, the chemical industry and the metal transforming industries are of special importance; but they must be studied as complexes and not by products, due weight being given to the importance for these industries of locational factors, in the light of such findings as may emerge from the basic studies in preparation.

83. Because of the very nature of the present stage of discussions on the common market, it is presupposed that priorities will have to be assigned to these studies on an *ad hoc* basis and all available resources marshalled to complete the more immediate tasks. But here again, the Commission's responsibility is an urgent one, since progress towards the common market will not wait upon the availability of the corresponding secretariat studies.

Agricultural complementarity

84. In connexion with its work on the common market, the secretariat is collecting data on production, imports, exports and domestic consumption of wheat, maize, rice, sugar, vegetable oils and fats and meat and dairy products and on the areas under use for each of these branches of production in Latin America. The purpose here is to obtain some gross estimates on which projections can be based. At the same time, data are being collected on cacao, tobacco, fruit, cotton, rye, barley, oats, wool and hides.

85. Simultaneously, a study is being made of the potential production capacity of all these commodities in Latin America. For this purpose, in the case of livestock an estimate has been made of the stocks of each type of animal—sheep, cattle and pigs—with a calculation of the percentage of extraction. The latter includes slaughtering plus exports of animals on the hoof, for each of the different countries.

86. In addition to these somewhat general studies, more detailed analyses are being made of selected commodities. Drafts for three of these (meat and dairy products, fats and oils and wheat and wheat flour) have been completed and work is proceeding on three more (cotton, wool, fruit); while the collaboration of FAO will be requested in a study on the marketing of timber products. These studies analyse the trade situation and consumption trends and possibilities of increasing production to meet future demand. They have been carried out by the Joint ECLA/FAO Group, and in addition to being of considerable value for the work on the regional market, they will also deal with prospects for agricultural integration in the region.

Transport and the regional market

87. Earlier studies on intra-regional trade have made it quite clear that transport problems constitute a major obstacle to development, and that increasing attention should be devoted to analysis of these problems with a view to finding satisfactory solutions.

88. In December 1958, a study was started on problems of transport and its development in relation to the gradual establishment of a Latin American common market. As the great bulk of Latin America's trade, both intra- and extra-regional, is carried by sea, emphasis in this connexion will be placed on problems relating to maritime transport and ports. This will in particular require further analysis of the matters dealt with in the study on maritime transport carried out in 1954/55. However, due regard will also be paid to problems of inland transport (by rail, road and water) and to the vital role of the latter in providing transport connexions between ports and their "hinterland", its significance for countries without direct access to the sea, and the importance of improved inland transport for the promotion of regional trade by land (including inland waterway traffic) and by air. In connexion with this study, the Transport Section will in future devote greater attention than has until now been possible to matters relating to the promotion of international rail, road and water traffic and transport in the area. The studies on transport, in relation to the Latin American regional market, will also supply valuable guidance in the development of technical assistance programmes in the area.

89. In connexion with the foregoing, due account will be taken of the activities in similar or related fields of the Inter-American Economic and Social Council and its subsidiary organs.

90. The primary purpose of this first study on transport and the regional market will be to define the main problems and outline the principal objectives to be pursued in the field of regional transport within a gradually evolving regional or common market.

91. In considering the above programme, it should be remembered that the Transport Section has until very recently consisted of a Chief of Section and one local assistant. Although it has lately been reinforced by a second professional staff member, its present staff is much too small to deal with the many urgent problems relating to transport which should form part of the work programme over the next five years.

Central American Economic Integration Programme

92. The signature by the Central American Governments at Tegucigalpa (Honduras) in June 1958 of the Central American Multilateral Free Trade and Economic Integration Industries Treaty (since ratified by three legislative assemblies) marked the end of the first stage of the secretariat's work on economic integration in Central America. This Treaty, together with the Agreement on the Central American Integration Industries and the other agreements signed at the same time, will give effect to the Central American common market, so that the emphasis in the programme will now shift from the building-up and improvement of an organizational framework to the designing and setting in motion of the additional machinery that will be required. The United

Nations may possibly be called upon to act in this field, but its role will gradually diminish.

93. Progress towards the economic integration of Central America has been made by studying different problems successively in the necessary breadth and depth. Among the first and most far-reaching projects undertaken were the development of the Standard Central American Customs Nomenclature (NAUCA), the establishment of a method for calculating import duties on a uniform basis, a study of the fiscal repercussions of free trade and equalization, and an analysis of the implication of trade policies; and these provided a sound basis for subsequent work on the common market in Central America. While this and other work leading to the adoption of the Tegucigalpa agreements was being carried out, certain industrial development projects were being further considered, some aspects of agricultural integration were examined, institutes for technological research and administrative training were inaugurated and a start was made on the co-ordination and broadening of the basic sectors of the economy. This overall approach is justified because it is perhaps the only way of husbanding resources and promoting accelerated growth, which are the basic objectives of the programme. In addition to the agreements referred to, a first Central American Convention on the Equalization of Import Duties is being studied by Governments, prior to signature. When these instruments have entered the stage of practical application, two lines of action will be necessary; one, of an immediate character, related to the entry into force of the agreements, and the other, of a long-term nature, designed to promote a rapid transition from the free-trade system to the customs union provided for in the Multilateral Treaty on Free Trade and Economic Integration.

94. In order to carry out its programme, the Central American Economic Co-operation Committee has created sub-committees, composed of representatives of Governments, on Trade, Transport, Electric Power, Housing, Building and Planning, and Statistical Co-ordination. There is also an Industrial Initiatives Commission which includes members from the private sector. In addition, *ad hoc* committees or working groups are set up for specific purposes. All of these bodies are subsidiary organs of ECLA and are serviced by the secretariat. The Inter-American system has also given assistance, in specific fields, and close links for co-operation and information have been maintained with the Organization of Central American States (ODECA). The programmes outlined below are based on recommendations by the respective sub-committees.

95. *Enlargement and improvement of the free trade system.* During the next five years the secretariat will aim at: (i) augmenting the list of items included in the free-trade régime and securing the application of the progressive reductions and other transitional arrangements provided for in the Treaty; (ii) equalizing import taxes and duties on such articles and working for the rapid equalization of the remainder of the tariff schedule; and (iii) proposing solutions for such trade, fiscal and institutional problems as may arise from the application of the Treaty. In this work close co-operation will be maintained with the Central American Trade Commission and its secretariat, which were set up by the Organization of Central American States to study and solve problems connected with free trade. As this Commission's resources increase, the ECLA secretariat's participation in the work of equalization will tend to be increasingly directed to more general studies requested by Governments, instead of to studies of individual products, with a consequent release of resources for other work.

96. *Integrated industrial development.* Now that the Central American Governments have agreed upon the conditions in which industrial integration should be carried out, a series of activities related to the application of the proposed régime must be organized forthwith. Thus, the first group of industries to enjoy integration status needs to be defined on the basis of the projects so far studied and the additional plans submitted. Moreover, under the terms of the Convention on the Integration Régime for Central American

Industries, the application of the régime is subject to signature of an additional protocol setting forth the locations of the industrial plants covered, their minimum capacity, the conditions under which new plants are to be admitted, the requirements necessary for the protection of the consumer, the regulations advisable as regards the participation of Central American capital, and other provisions.

97. Studies of new lines of development for industrial integration must be continued; these should in some cases relate to complete industrial complexes rather than to isolated industrial projects. Moreover, a study should be made of the machinery needed to permit greater mobility throughout the area of the resources available in each country. Contacts with private enterprise must be more frequent in order to publicize the new investment opportunities offered by the programme. The secretariat can help by setting up *ad hoc* groups: some such groups are already in existence. Thus there will be a shift of emphasis in the activities of the Central American Economic Co-operation Committee from study and research to the task of practical execution.

98. *Fiscal aspects.* Simultaneously, the tax conditions affecting investment in Central America must be standardized. In this connexion, the secretariat will collaborate in 1959 with the United Nations Fiscal and Financial Branch in a comparative study of development legislation, both existing ones and those projected, in the five countries, in order to determine the nature and extent of the fiscal benefits available and to promote their equalization. Moreover, in 1960, a more detailed study will be made of domestic taxes which affect or may affect inter-Central-American trade. A further study might explore the possible fiscal obstacles to the free movement of capital and persons between the five countries, with particular reference to double taxation and the fiscal treatment of foreign capital.

99. *Agricultural integration.* The main problem here is the unequal distribution of agricultural resources among the various countries; this has already given rise to a certain degree of agricultural specialization and a volume of agricultural trade between the Isthmus States which represents a high percentage of total inter-Central-American trade. During the next five years, studies must be made on the following subjects: the characteristics of a trade system designed to replace the unilateral enforcement of quantitative controls by a mechanism for regulating the volume of trade, and the possible forms through which this system could be put into effect; agricultural raw materials for industrial purposes, with particular reference to industries that have already been considered of interest for integration; the over-all development of irrigated farming in Central America with a view to determining whether the integrated utilization of water resources would be feasible and to promoting the expansion of agricultural production on the basis of modern techniques. As in the past, all the work on agricultural integration will be carried out in close collaboration with FAO.

100. *The economic infrastructure.* The movement towards economic integration could not be confined to the formation of a common market alone; hence, the activities carried out under the programme have included the co-ordination of work and plans relating to transport, port facilities, electrical installations and other factors. The secretariat, with the assistance of the Transport and Communications Unit at Headquarters and of UNTAA experts, has prepared a series of studies on maritime transport, ports, and the improvement of regional road transport and traffic, and during the last two years the Central American Governments have signed various agreements on those subjects. This work should be continued in the future, together with the studies needed before a regional inter-connexion of Central American electricity systems can become a reality.

101. *Social aspects of economic integration.* From 1956 onwards, studies have been made of some of the social aspects of Central American development, with particular reference to demographic and housing problems.

102. Over the next few years, a study will be made of the labour force and its adaptability to development needs. As for housing, the work programme includes a study of the building materials industries and of physical planning regulations; research into building costs and studies on the rationalization and standardization of building materials; and a study of the demand for building materials and the prospects for meeting it with Central American products. An exchange of technical information and research is planned, and the co-operation of the Housing, Building and Planning Branch of the Bureau of Social Affairs at Headquarters and of the OAS has been enlisted at all stages of the work. During the next five years it should be possible to tackle additional social problems in which concerted action can be taken. To do this work, however, the secretariat will need greater resources than are currently at its disposal.

103. An inquiry is also to be conducted into certain social aspects of agricultural development, particularly with regard to systems of land tenure and agricultural working conditions. This project will be carried out in co-operation with the Latin American Centre for Research in the Social Sciences (Centro Latinoamericano de Investigaciones en Ciencias Sociales) at Rio de Janeiro.

104. During the next five years it will also be desirable to carry out studies on the following social-economic subjects: income and the distribution of wealth; the size and growth prospects of the middle class, together with its influence on demand, savings and private enterprise; general and vocational education and its role in the social-economic development of the country; community organization; and the development of social services.

105. *Statistical co-ordination.* Because analysis of the Central American economies is often hampered by the lack of comparability of the relevant national statistics, the co-ordination and improvement of Central American statistics was included in the integration programme. This, however, is a continuous task, and now that a certain degree of general co-ordination has been achieved, the future programme will tend to provide for more thorough studies of specific statistical problems.

Industry

106. Apart from its work on industrial integration connected directly with that on the regional market and described under that heading, the secretariat's work on industry over the next five years will be directed along three main lines: short-term systematic research, basic studies and promotional work.

Short-term systematic research

107. It is proposed to assemble information, on a continuing basis, on the current situation of industry and mining. The object will be to provide the foundations for a more analytical approach, rather than the mere description of projects hitherto included in the annual *Survey*. The preparation of studies on specific problems of current and general interest to Latin America will be an important part of this type of work, particularly in relation to industrial and mining development. Special studies on such problems will henceforth be included in the *Survey* every three or more years, since it is believed that the study of countries at various stages of development (and of the past history of the more advanced countries of Latin America) should throw light on the process by which industrialization develops. A preliminary assessment of the effects of industrial development on other sectors and on the balance of payments is also planned.

Basic studies

108. These will be aimed at providing a better knowledge on the one hand of how industry (including mining) has developed in the past and what factors (institutions, laws, resources, markets, etc.) have determined or influenced this development, and on the other hand of the future prospects of Latin American industry in relation to growth and structure of production. These studies

will have to be based on a careful analysis of the structure of industry and its relationship over the years with the growth of other economic activities, and should include projections of demand, and the production required to meet it, by broad branches of industry. They will deal with important institutional questions such as the effects of credit or financial facilities upon development, development institutions, tariffs, industrial loans, local or foreign entrepreneurship, the propagation of techniques, the training of personnel and the industrial structure proper.

109. The basic studies will provide the framework for the specific industry studies, and will be published in the form of special development reports or as articles for the *Survey* and the *Bulletin*. They will be prepared with the co-operation of all divisions of the secretariat and of the Industrial Development Branch at Headquarters.

110. The work programme also calls for a meeting of experts on the mining industry, based on studies to be prepared by the secretariat in 1959 and 1960. As there are at present no resources available for these studies, the secretariat will be unable to start them in 1959.

111. In the case of the pulp and paper industry, a series of studies was prepared by ECLA and FAO in preparation for the meeting of experts held in 1954. One of the principal recommendations made at that meeting was that a pulp and paper advisory group should be set up to assist Governments. The group was established in 1955 under the joint auspices of ECLA, FAO and UNTAA. To date, it has prepared studies based on requests from the Governments of Argentina, Chile, Ecuador, Peru, Mexico and Venezuela. The first two studies have already been submitted, and the last four will be completed in the first half of 1959. Work will continue during 1959 on the study for Brazil, for which part of the field work has already been done, and requests are pending from the Governments of Colombia and Surinam. Once these last requests have been met, the group is to prepare an integrated study for the region as a whole; this is expected to be completed during the course of 1960 or 1961.

Promotional work

112. It has so far been impossible to meet the various requests from Governments in connexion with industrial problems or to fulfil the recommendations made at the meetings of experts sponsored by the secretariat. This, for instance, applies to the recommendations for studies on the standardization of steel products and on facilities for making special steels. Both these studies should form part of the work programme over the next five years, since they are a necessary foundation for any regional trade programme in the steel industry. So far as requests from Governments are concerned, Ecuador has asked the secretariat to provide advice on organizing systematic research into the situation of the textile industry, with particular reference to productivity.

113. The secretariat was materially assisted in this type of work by its participation in the panel of experts on management of industrial enterprises in under-developed countries organized in 1957 by the Industry Section of the Bureau of Economic Affairs.

114. Activities under the heading of promotional work also include the contribution which the secretariat made to the work of the United Nations technical assistance programme by suggesting industrial problems in connexion with which there is a more urgent need of technical assistance, and its collaboration in the preparation of job descriptions and in the subsequent briefing of experts, followed by comments on their reports.

Natural resources, including energy and water

Energy

115. If economic development in Latin America is to proceed at an adequate pace, the energy sector must be strengthened. Consumption of energy in Latin America is currently very

low, amounting on a *per caput* basis to less than one-third that of Western Europe, and energy shortages impose limitations on the rate and structure of development in a number of Latin American countries. An expansion of ECLA's activities in this field is essential to meet the growing interest in this sector shown by the members of the Commission.

116. A pioneer study of the present and estimated future production and consumption of energy in Latin America was published in 1957. It gave a picture of energy resources for the region as a whole, indicating differences among countries, among areas within each country and among the various sectors of the economy.

117. Apart from the need for keeping under continuous review the various topics dealt with in this general study, more thorough analyses of a number of energy problems are called for. The programme of work in this field during the next few years should include in particular:

(i) Studies of energy requirements and supplies in relation to economic development for specific countries or regions. These studies will analyse the structure and growth of demand for energy in relation to the pattern of economic development, and the alternative ways of meeting requirements from the various potential sources of energy.

(ii) Studies of the electric energy industry; generally speaking shortages of electricity appear to be the greatest limiting factor within the energy sector at present. These studies will include detailed analyses of potential demand and supplies, and will also deal with some of the industry's organizational and financing problems.

The regulation of the electric energy industry in Latin America, in terms of legislation, tariff rates and financial measures, is of particular importance, and ECLA, at the request of the International Bank for Reconstruction and Development, has already analysed and commented on a study on these problems prepared by the Harvard Law School.

In connexion with these studies on the electric energy industry in Latin America, the role of nuclear energy will also be examined in co-operation with the Economic Commission for Europe and the International Atomic Energy Agency. First contacts with the latter were made in 1958, when the secretariat provided a staff member to accompany the IAEA Mission which toured Latin America and to assist in the preparation of the subsequent report to the Agency's Board of Governors.

(iii) Apart from the studies to be carried out by the secretariat, it is felt that the time is now appropriate for the organization of a meeting of experts on energy, the members of the Commission having expressed an interest in such a meeting. As it would be the first meeting of its kind in Latin America, there would be some advantage in limiting its scope to a single branch of the overall field of energy so that a homogeneous group of experts might be assembled. Accordingly, it is suggested that the meeting should concentrate on the basic situation and prospects of development of the electricity industry and on the problems connected with this development. Its purpose would be:

(a) To define the problems of common interest to Latin American countries on which concerted action could be taken and to lay down guiding lines for further United Nations assistance in this field (under the United Nations technical assistance programme or Special Fund). A tentative list of such problems includes standardization and exchange of information; technical problems connected with the long-distance transmission of electric power; improvement of the efficiency of fuel utilization in electric power generation; methods for the assessment of power resources and the forecasting of demand; possibilities of increasing the production of equipment for electric power generation, transmission, distribution and use; problems of development policy and institutional organization.

(b) To promote the participation of Latin American govern-

ment experts in the Commission's activities, with a view to the eventual establishment of an electric energy committee as a permanent organ reviewing problems and establishing priorities in the studies to be jointly undertaken.

118. Plans had been made to hold the electric energy industry meeting towards the end of 1959 or early in 1960, and contacts had been established with a view to its preparation in collaboration with United Nations Headquarters and with the Economic Commission for Europe. However, the meeting has had to be postponed owing to lack of funds.

119. Provided more resources are made available, ECLA's activities in the energy sector will thus expand substantially in the years ahead, in line with the interest displayed by the Commission in this connexion.

Water resources

120. The secretariat is currently engaged in a preliminary survey of water resources and their use, present and future, in Latin America. This programme was started early in 1957, and has a link with the energy programme through hydroelectric power development. In view of the interest shown in the survey by a number of countries and of the fact that its usefulness in the formulation of sound development policies has been confirmed, its scope will be expanded during the next few years. Here again, however, shortages of personnel are a serious limiting factor.

121. The purpose of the survey is to attempt, on a country or regional basis and using existing data, a preliminary assessment of water resources, and to analyse the utilization of these resources for such purposes as irrigation, energy and residential and industrial supply. On the resources side an inventory is being made of existing knowledge with respect to hydrometeorology, surface waters and underground waters. On the basis of this information an attempt will be made to build up a picture of available resources, with special reference to the areas of greatest importance for economic development. Gaps in existing information are becoming apparent and the organization and efficiency of the services in charge of hydraulic measurements are under observation, recommendations being made for their improvement.

122. On the utilization side each sector is being analysed functionally under its various aspects (technical, economic, institutional). A multi-purpose analysis of the various uses of water resources in the same areas is being carried out to assess their complementarity or lack of complementarity and the present and future adequacy of their resources in relation to their needs. A basis is thus being provided for the integrated development of water resources. Such studies can prove most valuable, firstly by serving as a guide in the over-all planning of economic development and secondly by indicating those problems in the field of water resources into which further technical inquiries could usefully be made.

123. The survey is being conducted under the joint sponsorship of ECLA and the United Nations Technical Assistance Programme and is based on an integrated approach to technical and economic problems. The World Meteorological Organization (WMO) is providing the services of an expert, and has expressed its intention of continued participation. Contacts in the field are maintained with FAO and other specialized agencies, and further close co-operation with FAO is contemplated.

124. The specific studies already undertaken — two hydraulic surveys on a country basis (Chile and Ecuador) and an area survey within a country (North Patagonia, in Argentina) — having been completed, an expansion of activities under the programme is contemplated for the years ahead. The work would include:

(i) Country surveys to meet the requests of members of the Commission. These surveys would cover the fields and use the methods described above. Reinforcement of the existing staff would permit such requests to be met more promptly.

(ii) Follow-up action for the surveys already made. Each survey makes a number of recommendations relating to the reorganization or improvement of existing services, or the carrying out of detailed studies, for instance on river basins. Advice on the implementation of these recommendations or such direct assistance in the preparation of detailed studies as the countries concerned might request would reinforce the impact of the initial surveys.

125. In the course of the various country surveys, and also through a general questionnaire which was prepared by the secretariat and sent to all Governments members of ECLA, the secretariat has started accumulating considerable information in the field of water resources, and will receive still more in the future. This will undoubtedly provide an excellent basis for co-operation and exchange with the water resources centre at Headquarters.

126. In addition to the hydraulic surveys described above, the Commission has recommended that the secretariat should approach the Governments of the Latin American countries with a view to ensuring that the utilization of international rivers is effected on the basis of adequate planning undertaken by international technical commissions. A start, even if only a cautious one, must be made in this important field, since joint development of natural resources is becoming increasingly desirable now that Latin America is moving towards a regional market. At the present time, work is proceeding on an examination of the background to existing agreements. At a later stage — possibly at the eighth session — countries might be consulted with a view to a decision on the basic approach, the selection of river basins, and possible limits to the scope of action.

127. These surveys of water resources will be only a first step in the evaluation of the region's natural resources. The secretariat has already been requested to undertake similar surveys of mineral resources and timber resources. These have had to be postponed for lack of personnel and financial resources, but plans have been made for a joint ECLA/FAO study of timber, beginning in 1959 and continuing through 1961 (see also the chapters on industry and agriculture). All of these various studies on natural resources offer a most promising line of possible co-operation with the Special Fund.

Joint ECLA/FAO programme on agriculture

128. The tasks of the joint group have been determined to date on an *ad hoc* basis by agreement between the Executive Secretary of ECLA and the Director-General of FAO. Among the group's future objectives should be to establish a continuing intelligence service on statistics and current economic information, and to undertake a series of studies of basic or structural problems of Latin American agriculture.

129. One of the first studies completed under the joint ECLA/FAO programme dealt with the selective expansion of agricultural production. It analysed the situation of the basic agricultural commodities produced in Latin America, including wheat, maize, rice, sugar, cotton, coffee and livestock products.

130. The second important joint project has been the coffee survey. Its first part, dealing with Colombia and El Salvador, has recently been published. The second part relates to Brazil and is still at the field work stage.

131. This study examines the following questions: first, the productivity of labour and capital under different conditions and with different methods of production and processing; secondly, production trends, on the basis of the number and age distribution of the trees; and thirdly, the effects of coffee production on the economic development of the producer countries.

132. Once the Brazilian study has been completed, a third part will be prepared, dealing with the general problem of coffee in Latin America.

133. The staff of the joint programme has also collaborated very actively in the economic development country studies, both through participation in the field work and by assisting in the

writing and criticism of the reports. Moreover, work has been done on a series of commodity studies as part of the regional market programme, and is described under that heading.

134. Because of staff shortages, the work under the ECLA/FAO programme has fallen behind; but it is hoped within the next few years to be able to start or complete work on the following projects:

(a) A study of the role of agriculture in the economic development of Latin America, and of the obstacles to the technical improvement and growth of agricultural production;

(b) The preparation of a manual on agricultural programming for use by Government offices concerned with economic development policies;

(c) Continuance of work on the productivity of labour and capital in agricultural production;

(d) Study of agricultural investment trends of the factors that affect such investment and of the possibilities of increasing investment in agriculture;

(e) Study of Latin American timber production and consumption trends and prospects. (This study was to have been started in 1959 and completed in 1960, but there are no funds available for it in the 1959 budget. It has been accorded very high priority by FAO, since it forms part of a world series. Moreover, it is of particular importance in Latin America, in view of the region's vast timber resources.)

135. There are other urgent projects which should be taken up during the next five years, if resources can be made available:

(a) A study of agricultural prices, including the effect of prices on demand, factors affecting prices and price policies;

(b) Market research, including studies on market structure and area of influence, the demand for agricultural commodities, and income and price elasticities.

136. It would also be desirable to start work on studies relating to the taxation of agriculture and its influence on land tenure and use; land use and its improvement and the resources and prospects for agricultural expansion; agricultural (rural) population and labour, the distribution, migration, surpluses and deficits, employment, unemployment and under-employment of such labour, the industrial demand for it and the factors affecting all these aspects; and agricultural income in relation to income in other sectors and by separate agricultural activities. Finally, general research into land tenure and agrarian policy is also needed.

Social aspects of economic development

137. In addition to the Commission's economic work, which has been reported in some detail in the preceding sections of this report, a major development during the last five years has been its growing attention to the social aspects of economic development. This relatively new interest of the Commission is reflected in several of its resolutions, and is in accordance with the recommendations made by the General Assembly and the Economic and Social Council, which stress the need for study of the social aspects of the economic development process with a view to achieving integrated development. The Commission's programme in the social field must be mainly concerned with the broad question of balanced economic and social growth, as also with the problems involved in the adaptation of Latin American society to the new functions required by its economic development and the attitudes and new forms of individual and community life required for the discharge of these functions.

138. In order to enable the secretariat to deal more systematically with such a programme, a Division of Social Affairs was established in the second part of 1955. Owing to limitations of staff, the Division's programme has been primarily aimed at promoting and co-ordinating research by national public and private institu-

tions in the various Latin American countries. The Division has nevertheless been directly responsible for carrying out a number of significant projects.

139. For example, the Division has prepared an analysis of the social factors affecting the process of economic growth in Bolivia, as part of the over-all study carried out on that country's economic development. This analysis made it possible to develop further the methodology that had been evolved in previous ECLA socio-economic studies, and suggests general guiding principles for the conduct of future surveys of this type. The Division has also given attention to the problems of urbanization, particularly those associated with the present large-scale migratory movement from rural to urban areas. A seminar on this subject, organized jointly by ECLA, the Bureau of Social Affairs and UNESCO and to be held in July 1959, is in an advanced stage of preparation; case studies of urban groups in selected countries will be included in the basic material prepared for this seminar.

140. In the field of population and demography, the Commission has given particular attention to questions relating to labour supply. The Commission recommended that studies of manpower should be carried out in close connexion with work on problems of economic development in specific areas or countries, and, in particular, with analyses and projections required for purposes of programming. Accordingly, the demographic work of the secretariat has been carried out in conjunction with a number of economic projects and has included the preparation of population estimates and projections for several Latin American countries. Under the technical assistance programme, a United Nations seminar on population problems in Latin America was held at Rio de Janeiro in December 1955, and a demographic training and research centre for Latin America was established at Santiago in 1957 as a joint project of ECLA and the Bureau of Social Affairs. Finally, mention should be made of the co-operation between the ECLA secretariat, the Bureau of Social Affairs and the Pan American Union in organizing the expert meetings on the financing of housing that were held in 1955 and 1957 under the United Nations technical assistance programme.

141. The Commission's future work programme in the social field will be largely determined by the results of the discussions held at the forthcoming sessions of the Commission and of the Economic and Social Council on the addition to the Commission's terms of reference of functions relating to the social aspects of economic development. It is to be expected, however, that the programme will be broadly designed to assist Governments in the elaboration of social policies required for the successful carrying out of their economic development programmes, and in the formulation of development plans and policies that will be concerned with more than the strictly economic factors involved in social change. In particular, studies will be carried out, in accordance with the recommendations made by the Economic and Social Council in its resolution, on balanced social and economic development, the criteria used in different countries for the fixing of development priorities and allocations, with special reference to social expenditure.

142. In the demographic field, in addition to the advisory services to be provided to Governments under the technical assistance programme, ECLA's activities will centre on the carrying-

out of manpower studies and on the preparation of the population estimates and projections needed for the adequate planning of economic development programmes in the Latin American region.

BUDGETARY IMPLICATIONS

143. It will have been seen that throughout this review reference is made to the need for additional resources if the secretariat is to fulfil the work programme already in hand and to meet the increasing demands made on it for help in solving urgent economic problems arising in the region. In this connexion, it may be pointed out that in paragraph 6 (c) of its resolution 694 D (XXVI), the Council affirmed that appraisals should "estimate the magnitude of likely changes in the budgetary requirements by applying the cost factors known from experience to new and developing parts of the programmes".

144. The main point to be borne in mind in approaching such an estimate is that the secretariat of the Commission, as the fore-going appraisal amply shows, needs to be gradually expanded throughout. But there are two particular fields of activity, involving all substantive secretariat units and pertaining to both research and operational functions, where there is a special need for strengthening the staff. These are:

(i) Advice to Governments on the preparation and execution of development policies, which it is expected will be carried out with the collaboration of the Bureau of Technical Assistance Operations at United Nations Headquarters;

(ii) The regional market project, which necessitates special studies of industries and transport, macro-economic studies and the provision of staff for servicing committees, working groups and other machinery for inter-governmental negotiations similar to those carried out in past years under the Central American Economic Integration Programme.

145. The divisions most directly affected by the expansion of work under these two headings will be the Economic Development Division, the Trade Policy Division and the Industrial Development Division; and the first need will be to strengthen these, and the associated statistical services, to meet their increased responsibilities. But additional strength will also be needed for future work under the programmes on agriculture, energy and transport. Taking all these factors into account, the target for staff increase by 1965 should be twenty-five professional posts, spread fairly evenly from P-5 to P-2, with the corresponding supporting staff in general services, estimated at some thirty posts, including statistical clerks or computers. Increases in funds for travel and temporary assistance will also be required for the preparation and servicing of the increasing number of meetings necessitated by the requirements of the work on the regional market and a multilateral payments system.

146. Details of concomitant additional requirements for such items as office supplies, printing, travel and so forth cannot yet be estimated with any degree of accuracy.

147. It can, however, be said, as a very rough estimate, that the funds needed to fulfil the programme envisaged between now and 1964 will need to be stepped up progressively to an additional \$425,000 per annum by 1964.

Annex VIII

REPORT ON THE EXTRAORDINARY SESSION OF THE COMMITTEE OF THE WHOLE OF THE ECONOMIC COMMISSION FOR LATIN AMERICA (E/CN.12/AC.41/3), 1-3 OCTOBER 1958

PART I

EXTRAORDINARY SESSION OF THE COMMITTEE OF THE WHOLE

A. Attendance and organization of work

Opening and closing meetings

1. With a view to discussing proposals for the financing of a United Nations building on the plot of land donated by the Government of Chile, the Executive Secretary, after consulting the Chairman of the Commission, convened the extraordinary session of the Committee of the Whole that was held in New York on 1 and 3 October 1958.* The first meeting was opened by Mr. Philippe de Seynes, Under-Secretary for Economic and Social Affairs, after which Mr. Dag Hammarskjöld, Secretary-General, made a statement concerning the purpose of the meeting. Mr. José Correa, Representative of Ecuador, who was elected Chairman of the Committee, spoke on behalf of the attending delegations at both the opening and closing meetings.

Membership and attendance

2. Representatives of the following countries attended the extraordinary session: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, France, Guatemala, Haiti, Honduras, Mexico, Netherlands, Nicaragua, Panama, Paraguay, Peru, United Kingdom, United States of America, Uruguay and Venezuela.

The following specialized agencies were represented: International Labour Organisation, Food and Agriculture Organization of the United Nations and World Health Organization.

Representatives of the following non-governmental organizations attended the session: International Federation of Christian Trade Unions and World Federation of Trade Unions.

Election of officers

3. The Committee of the Whole elected Mr. José Correa (Ecuador) Chairman, and Mr. Eurico Penteado (Brazil) and Mr. Jorge E. Illueca (Panama) First and Second Vice-Chairman, respectively. Mr. Raúl Guijano (Argentina) was elected Rapporteur.

B. Agenda

4. The Committee of the Whole adopted the following agenda (E/CN.12/AC.41/1):

1. Election of officers
2. Adoption of agenda
3. Proposals for the financing of a United Nations building in Santiago, Chile. Background document: note by the Secretariat (E/CN.12/AC.41/2)
4. Pledges of contributions
5. Report of the session

C. Summary of discussion

5. The Committee of the Whole took note of General Assembly resolution 1224 (XII) under which the Secretary-General was requested to accept the generous gift by the Government of Chile of a plot of land for the construction of a building for the United Nations offices in Santiago, Chile. It also took into account a note by the Secretary-General concerning the financing of the construction of the building (E/CN.12/AC.41/2).

* For the background information on the extraordinary session of the Committee, see document E/CN.12/AC.41/2.

6. In order to facilitate the work of the Committee, the delegations of Ecuador and Mexico submitted a draft resolution (E/CN.12/AC.41/L.1) under the terms of which the building would be financed by means of interest-free loans made by the Governments of the member States. In this connexion, the delegations were in unanimous agreement concerning the advantages to be derived from construction of the building.

7. Several delegations recommended that the Governments of all States Members of the United Nations should contribute towards financing the cost of the building, and some indicated that they had instructions from their Governments to pledge contributions.

8. It was pointed out that while member Governments should be encouraged to make interest-free loans, this procedure raised constitutional difficulties in the case of some countries and therefore, from an administrative point of view, would prove a very slow process. Several delegations therefore supported a plan of action under which the General Assembly could authorize the Secretary-General to construct the building, the cost of which would be included, in annual instalments, in the regular United Nations budget. The contributions of the members of the Commission would supplement the cash needs for construction. The Secretary-General could also use advances from the Working Capital Fund. These advances and those made by the Governments of States members of the Commission would be repayable by means of annual appropriations in the regular United Nations budget over a period of years.

9. The representative of the Secretary-General explained that the two ideas could be combined into a single proposal, subject of course to the approval of the General Assembly, as that would give a firm basis for undertaking the construction. Ultimately, the total membership of the United Nations would be underwriting the cost through budget appropriations over a period of years, but the question at issue was the availability of cash resources in the two or three years of actual construction. He said that, as a practical matter, these cash requirements could be met in part by means of budget appropriations and in part by cash advances either from especially interested member Governments or from the Working Capital Fund. As the position of the Working Capital Fund was somewhat precarious, it would be advisable to include a procedure whereby the Secretary-General could, if necessary, approach Governments members of the Commission for interest-free cash advances.

10. The two points of view were combined in the draft resolution submitted by Argentina, Ecuador, France, Mexico, United Kingdom, United States of America and Uruguay, which in the Committee's view represented a practical and effective arrangement for the rapid construction of the building. Resolution 147 (AC.41) was adopted unanimously.

PART II

RESOLUTION ADOPTED BY THE COMMITTEE OF THE WHOLE AT ITS EXTRAORDINARY SESSION

147 (AC.41) Proposals for the financing of a United Nations building in Santiago, Chile

The Committee of the Whole of the Economic Commission for Latin America,

Bearing in mind that the General Assembly in its resolution 1224 (XII) requested the Secretary-General to accept with thanks the generous offer of the Government of Chile of a plot of land

for the construction of a building to house United Nations offices in Santiago, Chile, and authorized him to open with the Governments of States members of the Commission such negotiations as may be necessary with regard to the financing of the construction of that building,

Having considered the proposals of the Secretary-General and of members of the Commission,

Considering that the provisional estimate of the cost of construction is not more than \$850,000,

Considering that the Commission at the sixth session of its Committee of the Whole adopted a resolution (143 (AC.40)) in which it expressed the hope that the Secretary-General would expedite the work he has undertaken in this connexion so that the United Nations building in Santiago might soon become a reality,

Requests the Secretary-General to submit for the consideration of the General Assembly a proposal that it take a decision in this matter along the following lines:

1. Authorizing the Secretary-General to proceed with the planning and construction of a building on the site in Santiago within the cost estimate mentioned above;

2. Appropriating for 1959 the amount of \$50,000 in the regular United Nations budget for initial expenses in planning and construction of the building;

3. Deciding, in principle, that the remaining cost of the building should be included in the regular United Nations budget in annual instalments. These instalments might be of \$200,000;

4. Inviting Governments members of the Commission to make repayable interest-free advances to the United Nations, in order to meet the cash needs for construction, if the Secretary-General finds this to be necessary;

5. Authorizing the Secretary-General to meet any cash deficiencies for construction from the Working Capital Fund.

Appendix to Annex VIII

LIST OF REPRESENTATIVES

MEMBERS OF THE COMMISSION

Argentina

Representative: Raúl Quijano

Bolivia

Representative: Abel Ayoroa

Brazil

Representative: Eurico Pentecado

Alternate: Fernando Abbott Galvao

Chile

Representative: José Serrano Palma, Ambassador, Permanent Representative to the United Nations

Alternate: Alfonso Grez Valdovinos

Colombia

Representative: Jorge Morales Rivas

Costa Rica

Representative: Gonzalo Ortiz Martin

Cuba

Representative: Emilio Núñez-Portuondo, Ambassador, Permanent Representative to the United Nations

Alternate: Juan O'Naghten

Dominican Republic

Representative: Kémil Dipp-Gomez

Ecuador

Representative: José A. Correa, Ambassador, Permanent Representative to the United Nations

Alternate: Luis Coloma Silva

El Salvador

Representative: Miguel Rafael Urquía, Ambassador, Permanent Representative to the United Nations

France

Representative: Maurice Viaud

Guatemala

Representative: Ciro A. Molina

Haiti

Representative: Robert Theard

Honduras

Representative: Carlos Adrián Perdomo, Ambassador, Permanent Representative to the United Nations

Mexico

Representative: Victor A. Urquidi

Netherlands

Representative: J. Kaufmann

Nicaragua

Representative: Luis Mena Solorzano

Panama

Representative: Jorge E. Illueca

Paraguay

Representative: Pacífico Montero de Vargas, Ambassador, Permanent Representative to the United Nations

Alternate: Miguel Solano Lopez

Peru

Representative: José Pareja y Paz Soldán

United Kingdom

Representative: J. A. Annand

United States

Representative: Christopher H. Phillips

Alternates: Albert F. Bender, Jr.

Virginia Westfal

Uruguay

Representative: Juan Felipe Yriart, Minister to Finland and Sweden

Venezuela

Representative: Juan Alvarado

REPRESENTATIVES OF THE SPECIALIZED AGENCIES

International Labour Organisation:

Rudolph A. Metall

Food and Agriculture Organization:

Joseph L. Orr

World Health Organization:

R. L. Coigney

REPRESENTATIVES OF NON-GOVERNMENTAL ORGANIZATIONS

Category A

International Federation of Christian Trade Unions:

G. Thormann

World Federation of Trade Unions:

Elinor Kahn

CONTENTS (continued)

	Paragraphs	Page
1. Common market	131-146	17
2. Payments problems	147-149	18
Economic development and technical assistance		
1. Development problems and policies	150-158	18
2. Economic development and integration of Central America	159-165	19
3. Technical assistance for economic development	166-169	20
4. Statistics	170-171	20
Economic survey	172-174	20
Agriculture, industry and energy		
1. Agriculture		
(a) Rate of economic development	175-176	20
(b) Structural and institutional factors	177-179	21
(c) Incentives to production	180	21
(d) Forest resources and trends and prospects for the consumption of timber products	181	21
(e) Joint ECLA/FAO Programme	182	21
2. Industrial development		
(a) The institutional framework	183-193	21
(b) Regional co-ordination	184-185	22
(c) Regional co-ordination	186-188	22
(c) Other aspects	189-193	22
3. Energy and water resources		
(a) Peaceful uses of atomic energy	194-197	22
(b) Water resources	198-201	23
Amendments to the terms of reference and internal rules of procedure of the Commission; co-ordination with the Inter-American Economic and Social Council; programme of work and priorities		
1. Amendment of terms of reference and rules of procedure	202-209	23
2. Co-operation with the Inter-American Economic and Social Council	210-211	24
3. Appraisal of work programme for 1959-64	212	24
4. Control of documentation	213	24
5. Programme of work and priorities, 1959-60	214-219	24
PART III. RESOLUTIONS ADOPTED BY THE COMMISSION AT THE EIGHTH SESSION	—	25
PART IV. DRAFT RESOLUTION FOR ACTION BY THE ECONOMIC AND SOCIAL COUNCIL	—	33
PART V. PROGRAMME OF WORK AND PRIORITIES, 1959-60	220-241	33
Basic directives	221	33
Concentration and co-ordination	222	33
Pattern of conferences	223	34
Regional projects in co-operation with the United Nations Bureau of Technical Assistance Operations (TAO)	224	34
Changes in the work programme for 1959-60	225	34
Work programme in social affairs	226	35
Implementation of the work programme	227-228	35
Explanatory notes	229-233	35
Annotated list of projects	—	35
Statement by the Executive Secretary on the preliminary financial implications of the work programme	234-241	40

ANNEXES

I. List of representatives	43
II. Inaugural addresses	45
III. Resolutions adopted by the Trade Committee at its second session	52
IV. List of the principal documents issued by the Economic Commission for Latin America since its seventh session (May 1957)	54
V. Terms of reference of the Economic Commission for Latin America	58
VI. Rules of procedure of the Economic Commission for Latin America	59
VII. Preparation for programme appraisal for 1959-1964	63
VIII. Report on the Extraordinary Session of the Committee of the Whole of the Economic Commission for Latin America, 1-3 October 1958	77

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[59E2]

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