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UNITED NATIONS

REPORT OF THE ECONOMIC COMMISSION
FOR LATIN AMERICA

(THIRD SESSION)

(15 JUNE 1949—21 JUNE 1950)

ECONOMIC AND SOCIAL COUNCIL
OFFICIAL RECORDS : ELEVENTH SESSION

SUPPLEMENT No. 9

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depends to a great extent on technical training of a special nature;

Considering that the majority of the Latin American countries have had valuable experience as regards the organization and functioning of agricultural credit;

Considering that it is necessary to combine efforts and benefit from the experience acquired, making it available to each of the countries;

Recommends :

(a) That the Executive Secretary of the Economic Commission for Latin America, in consultation with the Director-General of the Food and Agriculture Organization of the United Nations, should urgently request from the Latin American countries information relating to the structure and methods of operation of their agricultural credit institutions and of their training centres and that the results of this inquiry be assembled in such a way that they reveal the needs of technical assistance and also the facilities which the Latin American countries may be able to offer in order to collaborate in a co-operative programme of technical assistance;

(b) That the ECLA/FAO Co-operative Unit submit the results of this inquiry to the pre-conference regional meeting of the Food and Agriculture Organization of the United Nations to be held in Montevideo in December 1950, without this preventing its subsequent analysis and consideration by the Economic Commission for Latin America, in order that it may serve as a basis for the elaboration of a plan for immediate action in the field of agricultural credit and within the limits of the financial resources which will be used for this purpose by the competent organizations of the United Nations and the Organization of American States;

(c) That, as soon as the ECLA/FAO Co-operative Unit is in possession of the results of the inquiry mentioned above, the Executive Secretary of the Economic Commission for Latin America shall send copies to its member governments in order that they may be able to study the said document;

(d) That the Economic Commission for Latin America and the Food and Agriculture Organization of the United Nations take steps in order that, in the programme of technical assistance offered by the United Nations through its specialized agencies, due attention be given to scholarships for professional training in activities connected with agricultural credit;

(e) That the Executive Secretary of the Economic Commission for Latin America and the Director-General of the Food and Agriculture Organization of the United Nations convene, as soon as possible and with the co-operation of the Governments of Costa Rica, Honduras, Nicaragua, El Salvador, Guatemala and Panama, a meeting of agricultural credit experts in one of the Central American countries; in addition to those mentioned above, any country interested may attend the meeting, the provisional agenda to be prepared by the Food and Agriculture Organization of the United Nations and the Economic Commission for Latin America in consultation with the governments concerned.

(f) AGRICULTURAL CREDIT STUDIES

Resolution of 19 June 1950 (E/CN.12/196)

The Economic Commission for Latin America,

Considering that in the Latin American countries the greater part of the population is engaged in agricultural activities,

Considering that the development of agriculture in co-ordination with that of other activities is essential to the economic development of the Latin American countries, in order that they may raise their standards of living,

Considering that the legal system and the economic and social structure are peculiar to each one of the Latin American countries and require specific plans for agricultural development,

Considering that agricultural credit is one of the most important factors for the improvement of these activities,

Takes note with satisfaction of the report presented by the ECLA/FAO Co-operative Unit on Agricultural Credit in Central America, which demonstrates the effective results obtained through the co-operation of the two bodies of the United Nations;

Requests the Executive Secretary, in consultation with the Director-General of the Food and Agriculture Organization of the United Nations, to continue the studies on agricultural credit in other Latin American countries, taking into account the financial possibilities and social factors that determine the conditions of agricultural credit in each country.

(g) DOMESTIC CAPITAL MARKETS

Resolution of 19 June 1950 (E/CN.12/197)

The Economic Commission for Latin America,

Considering that the economic development of the Latin American countries should be based on their domestic financial resources with the co-operation of foreign capital,

Considering that it is necessary that the Latin American countries know their financial capacity in order to carry out programmes to hasten their economic development in a balanced and stable manner, and that the estimation of the amount of their domestic financial resources and a study of the distribution thereof would be a means of analysis which could contribute to the obtaining of greater financial assistance from abroad,

Considering that investigations of a general nature already exist on these problems, which could serve as a basis for more detailed studies,

Recommends to the Executive Secretary :

1. That, with the consent of the respective governments and in collaboration with the Inter-American Economic and Social Council and other international organizations, he make studies on the domestic capital markets of each of the Latin American countries;

2. That in these studies special attention be given to the following aspects :

- (a) Source of financial resources;
- (b) Factors affecting the supply and demand of capital;
- (c) Methods of distribution of financial resources and their application.

(h) FOREIGN INVESTMENT

Resolution of 19 June 1950 (E/CN.12/198)

The Economic Commission for Latin America,

Considering the contribution that an increasing flow of foreign investments can make to the economic development and stabilization at a high level of the balances of payments of the countries of Latin America, as well as to the expansion of world production and trade,

Taking into account the report on "National and international measures for full employment" (E/1584) prepared by a group of experts and presented to the Economic and Social Council of the United Nations, and in particular the recommendation regarding the necessity of obtaining an "outflow of capital from the industrially advanced countries to the under-developed areas... both adequate and stable" as a fundamental element of a continuous development policy and an essential requisite of an anti-cyclical policy,

Considering that in this connexion it is desirable to develop adequate and systematic information on the conditions affecting the investment of foreign capital in the countries of Latin America,

Considering that to date Latin America has not obtained an adequate and stable flow of capital, which could be increased in favour of the economic development of that region,

Considering the necessity of an indication of the possible means by which this flow of capital can be increased,

Considering that the International Bank for Reconstruction and Development, after having directed its first efforts towards the task of reconstruction, has during recent years granted its loans to the under-developed countries, and taking into account the desirability that international credit institutions should direct their policy towards the well-balanced development of these areas, avoiding uneconomic production and ruinous competition in their supplies of products on the international market,

Resolves :

1. To take note of the studies on the economic and legal status of foreign investments in selected countries of Latin America prepared by the secretariat of the Commission in collaboration with the Inter-American Economic and Social Council;

2. To take note of the studies made by the Secretariat of the United Nations concerning the financing of plans for economic development, and of the obstacles, including double taxation, which obstruct an adequate flow of investment towards the under-developed areas;

3. To take note with satisfaction of the policy adopted by the International Bank for Reconstruction and Development in favour of the development of under-developed countries and invites it to continue and intensify this policy to the greatest possible extent;

4. To request the Economic and Social Council, and through it, the Secretary-General of the United Nations :

(a) That the studies should be continued;

(b) That the data relevant to Latin America be considered separately so that, as far as possible, they can be made available to the Economic Commission for Latin America and to the governments of its member States;

(c) That in these studies all factors, including double taxation, be taken into account, and that they indicate as precisely as possible the results obtained;

5. To request the governments of member States to make known to the Executive Secretary periodically and in a systematic fashion data concerning the amount, origin and nature of foreign investment, as well as concerning the policies and legal and administrative measures, practices and procedures that affect foreign investments in their respective territories;

6. To request the Executive Secretary of the Commission to compile and analyse the data placed at his disposal by the governments and in consultation with the Inter-American Economic and Social Council, complete the study of the economic and legal status of foreign investments in the Latin American countries;

7. To recommend to the Executive Secretary of the Economic Commission for Latin America that the studies on foreign investments in Latin America shall include an analysis of the fluctuations which have taken place in the flow of investments;

8. To request the Executive Secretary that the agenda for the next session include the subject of measures intended to obtain an adequate and stable amount of foreign investment in Latin America, in accordance with the resolution of the eleventh session of the Economic and Social Council concerning document E/1584 (National and international measures for full employment) and with the report of the fourth session of the Sub-Committee on Economic Development (E/CN.1/Sub.3/29).

(i) FINANCING OF ECONOMIC DEVELOPMENT

Resolution of 19 June 1950 (E/CN.12/199)

The Economic Commission for Latin America,

Considering that during the course of the debates it has been pointed out that the economic development of Latin America is held back, amongst other things, by the insufficiency of the domestic financial resources in the countries of Latin America to cover the expenditures which must be made in local currency, which prevents them from making full use of the foreign financial aid they may obtain from the international financial institutions,