"(2) a Central American Commission for Industrial Coordination to be comprised of presidents of development banks and institutions and planning offices with the participation and advice of private interests; its main function would be to implement existing treaties for selecting and promoting regional industries.

"A Central American Transport Council and Commissions on fiscal matters and economic and financial legislation also were recommended.

"In support of the proposed Central American Institute for Educational Loans, the Comité suggested in a resolution that member governments establish national commissions to study the project and make their recommendations. The Insitute would be established on the lines of a proposal presented by the Organization of Central American States (ODECA) in San Salvador, and the Consejo Superior Universitario Centroamericano (CSUCA) in San Jose, Costa Rica." (End News Article)

PER CAPITA PRODUCTIVITY AND GNP

With reference to the Honduran case mentioned in the news article above, statistics attributed to the Joint Planning Mission for Central America dramatized the "high" and "low" members in economic development among the five countries.

In 1950, per capita production in Honduras, at the bottom, was 86 percent of the regional average, while in Costa Rica, at the top, it was 118 percent. Fifteen years later, in 1964, production in Honduras, still at the bottom, had declined to 74 percent of the regional average while that in Costa Rica, still at the top, had climbed to 180 percent. Productivity in Honduras, it was stressed, is going up in absolute terms but not in relative terms.

Central America's gross national product in 1950 was put at $1.761 billion. In 1965 the GNP was estimated to have doubled to approximately $3.6 billion. (See "Summary of Central American economic data" p. 27.)

FOREIGN CAPITAL AND CREDIT

How much foreign capital does Central America require for economic development at its present pace? An estimate provided by a top integration movement official placed the amount at about $140,000,000 annually over the next 10 years, or until 1975. He reached this estimate by the following calculation: Total capital formation required in the next 10 years is $8. 2 billion or about $820 million each year. Of this annual sum, Central Americans can produce about $680 million—all but $140 million.

"Never in the history of Central America," he said, "have the Central American countries had so much credit as now, in general terms, although perhaps a specific activity might not be open to this credit. The problems are: (1) Not enough of a middle class has been developed which can save earnings for investment. The upper class, where the wealth is concentrated, is not risk-minded. It is still sending money abroad, although apparently not as much as previously. (2) Neither the governments or private elements in Central American have taken enough advantage of the available credit and much of the credit is still in the pipelines. In addition, international institutions like AID, the World Bank and IDB have too many regulations."

FOOD PRODUCTS AND PRICES

A sidelight on the Common Market was supplied by the owner-manager of a supermarket catering to the well-to-do in one of the better residential areas of Guatemala City: Five years ago, before the advent of the CACM, he said he imported about 90 percent of his packaged food products. Today, he imports only about 20 percent, the remainder coming from the various food processors established in the five countries under the impetus of the CACM. Principal commodities now imported are breakfast cereals, alcoholic beverages, high quality confections, and fancy foods. The quality of the Central American products, he said, compares favorably with those previously imported, mainly of medium grade or somewhat above.

Unfortunately, prices of the Central American goods are near the level of the imports despite the absence of high tariffs on the Central American goods. This high price situation is due, in a large part, according to U.S. marketing technicians, to the archaic distribution system which burdens the products with excessive profits, thus limiting access to the mass market.

However, the distribution system is in the process of modernization and considerable progress is noted in several areas. Costa Rica is the outstanding example of the modernization trend.