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ECONOMIC COMMISSION FOR LATIN AMERICA  
Fifth Session  
Rio de Janeiro, Brazil

COMMITTEE IV (Agriculture)

PROVISIONAL SUMMARY RECORD OF THE SIXTH MEETING  
Held at Rio de Janeiro on 21 April 1953  
at 10:40 a.m.

CONTENTS:

- Factors of production and incentives to agricultural production in the Central Valley of Chile (E/CN.12/306)
- Study on the agriculture of Brazil (E/CN.12/307)
- Study on economic development of Ecuador (E/CN.12/295)

NOTE:

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/PRESENT:

PRESENT:

<u>Chairman:</u>	Mr. CRESPO ORDOÑEZ	Ecuador
<u>Rapporteur:</u>	Mr. GLOWER	El Salvador
<u>Members:</u>	Mr. BILLARD	Argentina
	Mr. BORGES )	Brazil
	Mr. ZARUR )	
	Mr. BERTENS	Chile
	Mr. GARRIDO	Dominican Republic
	Mr. DE TINGUY DU POUET )	France
	Mr. FILLIOS )	
	Mr. SANTA CRUZ	Guatemala
	Mr. RIGAUD	Haiti
	Mr. ALVARADO TROCHEZ	Honduras
	Mr. ROBLES	Mexico
	Mr. HADHAKISHUN	Netherlands
	Mr. CANTARERO	Nicaragua
	Mr. McCULLOUGH	Panama
	Mrs. WYLIE	United States of America
	Mr. WEISS	Uruguay

Also present:

Representatives of specialized agencies:

Mr. MONTEIRO	International Labour Organisation (ILO)
Mr. MARRAMA	Food and Agriculture Organization (FAO)

Secretariat:

Mr. AQUINO	Secretary of the Committee
Mr. BARR	Chief, Agricultural Division
Mr. PAIVA	

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FACTORS OF PRODUCTION AND INCENTIVES TO AGRICULTURAL PRODUCTION IN THE  
CENTRAL VALLEY OF CHILE (E/CN.12/306)

Mr. BARR (Secretariat) explained that the study (E/CN.12/306) was a joint effort of ECLA and FAO in co-operation with the Chilean Ministry of Agriculture, which supplied a number of experts. The purpose of the study had been to examine in detail the factors of agricultural production -- land, manpower, draughtpower and working capital -- in operation in a specific, limited area. He described the area that had been studied, the provinces of Santiago and Valparaiso, which had produced the equivalent of 90 million dollars in crops in 1952 and supported a rural population of about half a million people.

One of the most important aspects of the study was the sampling method used. Grids were formed by lines drawn on available maps of the area, and blocks were selected representing 5 per cent of the total number of farms (406 in number). Questionnaires were prepared and enumerators filled them out in personal interviews with the owners or managers of each of the farms selected.

The findings of the survey were quite significant in that they showed that land, labour and other factors were not being fully or efficiently utilized. More than one-fifth of the irrigated land, for example, was kept lying fallow or devoted to natural pastures. An exceedingly large part of farm profits was not being reinvested, particularly in the case of the large holdings, so that there had actually been an outflow of capital from the farms. Some of the causes of those phenomena were the indifference of the manager, particularly when the owner was absent, and lack of interest on the part of the owner himself. Although small-holders used their lands more intensively, productivity per worker was low and little of the production was available for sale after meeting their own consumption needs.

The agricultural labour force in the area was characterized by low cash incomes and per capita output as a result of the abundance of labour and lack of specialized training. As a result the labourer suffered from a low living standard and lack of incentive, and he was not able to participate in the urban economy.

Mr. BORGES (Brazil) said the study was the first serious attempt by an international organization to use the sampling method for dealing with agricultural problems. In Brazil similar methods had been used in studying costs of production of cotton and coffee in the Sao Paulo area.

/The study

The study on incentives in Chile amply demonstrated the retarding influence of large holdings on the full utilization of the land, but he thought it would increase the value of the study if more complete information could be given on the sampling methods used. For example, it would be interesting to see a copy of the questionnaire used.

In reference to the specific chapters of the survey, he took note of the effect of land monopolization on the distribution of incomes. According to his own calculations from information in the study on the output per worker and the number of days worked, the average labourer's wage worked out to be not more than 100 pesos daily compared with an output of about 400 pesos. That situation was bad for the worker.

On the other hand, the conclusion of the study as to the direct correlation between farm size and labour productivity had been received as somewhat of a shock. The part of the document on mechanization was significant in that it showed that the purchase of new machines had not even been sufficient to replace worn-out equipment, while the amount of agricultural credit received by the farmers in the area had been insufficient.

The most impressive conclusion that could be drawn from the study, however, was that fuller utilization of existing farm lands could greatly increase production with very little capital outlay.

#### STUDY ON THE AGRICULTURE OF BRAZIL (E/CN.12/307)

Mr. PAIVA (Secretariat) explained that the purpose of the agricultural study on Brazil (E/CN.12/307) was to evaluate the possibilities of development of the important crops in each of the regions of the country. The subject was so vast, the country so diversified and the time and information available so inadequate, that he felt it necessary to stress that the study could not be considered as definitive.

The method used had been that of direct consultation with experts and farmers acquainted with each of the regions. In that way published data had been verified or qualified and specific local conditions and idiosyncracies had been taken into account. In spite of the rather unscientific procedure that had to be used in the survey, he thought that the urgent need for information on which directives for agricultural policy could be based fully justified the treatment given to the subject.

The state of Rio Grande do Sul was a good example of a region in which wheat production could be greatly increased, but the lack of adequate maps made it impossible to fix the exact area which could be so utilized. It was thus

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necessary to use personal judgment, which of course was open to criticism. Many deficiencies were encountered with regard to water supply, labour, markets, prices and reliable data concerning products which did not have a wide commercial market in the country. Such deficiencies could only be overcome by making assumptions based on informed opinion and partial information.

Mr. ZARUR (Brazil) recognized the value of the panoramic study of agriculture in Brazil and expressed his respect and appreciation for the work that had gone into document E/CN.12/307, but he wished to make some observations on certain weaknesses in the study.

Any study carried out on such a large scale in so short a time was of course bound to run into difficulties of over-generalizations which led to misleading conclusions. Perhaps the study could be interpreted as having laid down the over-all "strategy" which now required detailed "tactical" analysis. There existed a large number of detailed studies and information in Brazil which could be utilized in such an analysis.

He agreed that the regional approach to the problem of agricultural development in Brazil was the only feasible one, but he was not in perfect agreement with the regions as selected and defined in the ECLA study. Regions had to be defined by reference to complex human, economic and physical factors, in order to recognize the interdependence of some zones and avoid over-simplification in the demarkation of others. Studies of indices of aridity, for example, showed that the drought area in the northeast was not as large as generally thought, whereas the water problem in the Amazon region was one worth careful study. The treatment of the northeast region in the ECLA study was too simplified and did not take into consideration the periodic crises brought about by the imbalance between production for the domestic market and for export.

He found that the treatment of the problem of population pressure and migration was not uniform, the same facts having been used to support different theses in the same report. The central region of Brazil could not be treated as a unit; it had to be sub-divided in order to give due consideration to the heterogeneous factors influencing agricultural development.

In short, the ECLA study amply demonstrated the difficulty of making general agricultural surveys which could be used as a basis for comparison with other countries. It should be realized that no valid inter-country comparisons could be made, and ECLA's efforts should be channeled toward specific, detailed agricultural studies. He did not wish to appear as

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criticizing the direction of ECLA's work; he only wished to stress that there was a lot of ground to cover and that it would require a lot of time and financial and human resources to provide the basic studies upon which agricultural development plans could be based.

Mr. RIGAUD (Haiti) paid tribute to the lucid statement of the delegate of Brazil and to the high technical level of the discussion. He agreed that ECLA's study and those who worked on it deserved much credit, but was also of the opinion that more time was needed to organize ECLA's work, and that it was necessary to go deeply not only into agricultural problems but also to pose alternative course of action.

Mr. GARRIDO (Dominican Republic) expressed satisfaction with the ECLA study, which after all was not definitive but for general orientation, and considered that the criticisms made in Committee could be interpreted too severely.

#### STUDY ON ECONOMIC DEVELOPMENT OF ECUADOR (E/CN.12/295)

The CHAIRMAN, speaking as representative of Ecuador, said that the study was the most searching enquiry ever made into a Latin American country and fully justified the continuation of ECLA's efforts along the same lines. He cited the six principal parts of the study as demonstrating its broad scope, which had not been equalled in any of the numerous studies by international organizations made in Ecuador since the end of the war.

The study had penetrated to the heart of Ecuador's problems, such as that of the division of the country into two rather isolated economic units, the "Sierra" and the coastal belt. The problem of the substitution of new for traditional crops was considered, as well as the resettlement of the indigenous population. The report concluded that Ecuador could be self-sufficient in the production of flour, and recommended that only wheat grain rather than the milled products should be imported. Already that recommendation has been translated into legislation.

The production of wheat offers great possibilities in Ecuador. Technical studies had shown that yields could be increased to the level of the great wheat-producing countries. With regard to the overpopulation of the "Sierra" region, the recommendation of ECLA to transfer a part of the indigenous population to the coast would incur considerable difficulties, because the Ecuadorian Indian was closely attached to the soil. As an alternative, he could perhaps be moved short distances within the same region, with very beneficial economic results.

One subject which had escaped proper attention in the ECLA study was

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cattle raising, and more particularly dairy farming. Several years earlier an organization had been established which had succeeded in raising the quantity and quality of dairy production. Ecuador was the only country in Latin America which did not have hoof-and-mouth disease.

In short, Ecuador was a country with great agricultural possibilities, requiring only the recuperation of the land, the promotion of modern technical methods, and the lifting of the economic and social level of the indigenous working population.

Mr. MARRAMA (Food and Agriculture Organization) submitted the FAO's study of the fishing industry in Latin America. He apologized that copies had not been made available earlier and that it had not yet been translated into Spanish.

The study was based on information gathered throughout the area by FAO personnel; the numerous statistical tables included a number of estimates which would later be improved. There were two principal parts to the survey, one dealing with the present situation of the industry in Latin America and the second with prospects for future development.

Among the most serious problems inhibiting development of the industry was its instability and the consequent high cost of production. Thus capital requirements were large and often obliged State intervention. Nevertheless, since the end of the war production of the industry had increased at the rate of 9 per cent annually. The subject deserved further study, not only because of the growing economic importance of the industry, but also because fish might become a useful supplement of the popular diet.

The meeting rose at 1:00 p.m.