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ECONOMIC COMMISSION FOR LATIN AMERICA

Fifth Session

SUMMARY RECORD OF THE
FORTY-FIFTH MEETING

Held at Rio de Janeiro on Friday,
10 April 1953 at 4.15 p.m.

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Constitution of Committees

/PRESENT:

PRESENT:

<u>Chairman:</u>	MR. EUVALDO LODI	Brazil
<u>Rapporteur:</u>	Mr. GIORDANO BRUNO ECCHER	Uruguay
<u>Members:</u>	Mr. SANTOS VENTURA	Argentina
	Mr. CEVALLOS TOVAR	Bolivia
	Mr. DECIO DE MOURA	} Brazil
	Mr. CLEANTO LEITE	
	Mr. HUMBERTO MARTONEZ	Chile
	Mr. MEJIA PALACIO	Colombia
	Mr. VICTOR GARRIDO	Dominican Republic
	Mr. CRESPO ORDOÑEZ	Ecuador
	Mr. DE TINGUY DE POUET	France
	Mr. NORIEGA MORALES	Guatemala
	Mr. RIGAUD	Haiti
	Mr. ALVARADO TROCHEZ	Honduras
	Mr. MARTINEZ BAEZ	Mexico
	Mr. JONG BAW	Netherlands
	Mr. CANTARERO	Nicaragua
	Mr. URBIETA FLEITAS	Paraguay
	Mr. BARRETO	Peru
	Mr. McCULLOUGH	Republic of Panama
	Mr. GODFREY	United Kingdom
	Mr. BOHAN	United States
	Mr. CASAS BRICEÑO	Venezuela

/Also present:

Also present:Representatives of specialized agencies:

Mr. SILBERER	}	International Labour Organisation (ILO)
Mr. MONTEIRO		
Mr. ROBICHEK		International Monetary Fund (IMF)
Mr. MARRAMA		Food and Agriculture Organization (FAO)
Mr. FORCART		United Nations Educational, Scientific and Cultural Organization (UNESCO)

Representative of an inter-governmental
organization:

Mr. SILVERIO	Inter-American Economic and Social Council (IA-ECOSOC)
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Representatives of non-governmental
organizations:

<u>Category A</u>	Mr. STEBELSKI	International Chamber of Commerce (ICC)
	Mr. PARMIGIANI	International Confederation of Free Trade Unions (ICFTU)
<u>Category B:</u>	Mr. CARVALHO	Brazilian Committee of International Conference of Power
	Mr. VILAS BOAS	Inter-American Council of Commerce and Production
	Mr. KINGSTON	Inter-American Statistical Institute Executive Secretary
<u>Secretariat:</u>	Mr. PREBESCH	Assistant Director
	Mr. SWENSON	
	Mr. SANTA CRUZ	Secretary to the Conference

/GENERAL DEBATE

GENERAL DEBATE (continued)

Mr. MEJIA PALACIO (Colombia) said that Mr. Prebisch's Survey and the Study on the Technique of Programming provided a valuable theoretical basis for economic planning. The greatest contribution which could now be made consisted in the exchange of information concerning each country's experiences, methods and practical conclusions. He described his country's plans of economic development which were partly based on a study prepared jointly, in 1950, by the Government and the International Bank for Reconstruction and Development. As a result, a five-year economic programme was being studied by the Consejo Nacional de Planificación. That programme included (a) a study of variations in the structure of national accounts; (b) the study and co-ordination of investment projects and of public and private financing of economic development; (c) the co-ordination of the different specific programmes formulated by the Government; (d) co-ordination of foreign technical assistance; (e) revision of statistical series; and (f) recommendations to the President of the Republic concerning the utilization of foreign loans. That body's recommendations carried great weight and some of its specific projects have been carried out.

One of Colombia's most pressing needs was a satisfactory transport and communications system. It was hoped that by 1954 the first stage of the roadbuilding programme would be completed. Unfortunately, owing to that country's topography, the railway

/network had

network had been developed in two separate unconnected sectors. A loan had been obtained from the International Bank and it was believed that by 1956 the situation would be remedied. Air transport had developed vigorously for it was the ideal mode of transport for mountainous territory, and in fact as early as 1919 the first commercial air transport company in Latin America had begun to operate in Colombia.

Similarly, with the help of United Nations experts, the problem of electric generating capacity had been studied and the planning board was considering an ambitious programme for raising capacity by one million kilowatts, to be financed jointly by domestic and foreign capital.

Plans were also contemplated for expanding the livestock industry and for a paper and pulp industry as well as promoting timber exports.

Irrigation and an increase in food production were the main problems envisaged in the agricultural sector. Considerable attention was also being given to petroleum refining, pipelines and liquid fuel distribution.

The major difficulty would be to maintain economic stability and yet to avoid inflation, although deflation could be equally dangerous.

Naturally, external factors profoundly affected Colombia since a fluctuation of one cent either way in the price of a pound of coffee meant a difference of about seven and a half

/million dollars

million dollars for Colombia and three times more for Brazil.

In formulating its economic programme, his Government had been averse to interfering in any way with private enterprise. On the contrary, it was the aim to offer every incentive to such initiative. Colombia was anxious to continue receiving technical assistance from the United Nations for many years to come, particularly in view of the need for technical training. At the same time a body had been set up to select trainees who would receive scholarships for studying at centres for higher education in the Americas and Europe. In time, these trained persons would, it was hoped, replace foreign experts.

He was confident that his country would continue to enjoy the support of the International Bank and other sources of foreign credit so that Colombia could develop and rely on trade on fair terms in order to build a stable economy.

MR. BOHAN (United States of America) said the fifth session of the Economic Commission for Latin America would offer a welcome opportunity for a frank discussion of Latin America's economic problems. The essential data for such discussion had been provided by the Secretariat. Dr. Prebisch and his staff had produced the most detailed and penetrating analyses of the economic problems and prospects of the area hitherto available, in particular in the Economic Survey of Latin America 1951-52, the Study of Trade Between Latin America and Europe and the Study of the Iron and Steel Industry.

/He was

He was confident that with the aid of these studies the session would produce constructive results.

MR. W. GODFREY (United Kingdom of Great Britain and Northern Ireland) congratulated the Secretariat on the documentation prepared for the fifth session of the Commission, though, even at the cost of a reduction in bulk, its earlier publication would have been desirable.

The United Kingdom had a direct interest in Latin America, to which it had long been linked by close ties. The Study of Trade Between Europe and Latin America referred to the early benefit derived by Latin America from "the combination of favourable features -- expanding exports, profitable prices and the inflow of capital"; an Englishman might take pride in the share played by his country in creating those conditions -- the essential prerequisite of the almost miraculous development now to be seen in Brazil as in the whole of Latin America. Yet that development was but the harbinger of greater things to come. In Her Majesty's speech at the opening of Parliament in November 1952, the United Kingdom Government was pledged to achieve measures to strengthen the long-standing bonds of friendship between the United Kingdom and Latin America. In carrying out those pledges the United Kingdom would be hampered by the economic aftermath of six years of war and by the effort to check inflationary trends while maintaining reasonable standards of home consumption. The Government was, however, confident of the co-operation of Latin-American trading partners and of its own

/power to

power to play a part in the economic development of the region.

In differing degrees, trade with the United Kingdom was an important factor for all Latin-American countries. In the past, the United Kingdom had relied on Latin America for such essential foods as meat and sugar and vital raw materials such as cotton, wool and tin. Despite some interruption since the war, that flow of trade had continued and would be maintained, though naturally the United Kingdom, the second greatest trading nation in the world, being itself dependent on exports at prices which the world would pay, could not buy its requirements except at competitive prices.

The United Kingdom was also a large supplier of goods to Latin America and such exports had again reached the level of 1938, even allowing for existing differences in prices. Its purpose was not only to maintain but to increase the volume of exports though, as a result of local industry, demand had changed from consumer goods to tools and machinery. Both the consumer and capital goods needed for the development of Latin-American industries would be supplied and by that means the United Kingdom hoped to play a considerable part in the development of Latin America's economy.

The Conference would be concerned with a number of fields of economic development and it was encouraging to note the increasing attention paid to agricultural development through the improvement of new techniques and investment in mechanical cultivation. Latin-American countries already enjoyed extensive

/markets for

markets for agricultural exports and increased activity could provide an assured income. Far from retarding industrial development, increase in agriculture was the surest way of adding to the national wealth and providing for a rising standard of living while making available the foreign exchange necessary for the import of machinery and raw materials essential to industrial expansion.

The problem of payments between Latin-American countries and between Latin America and Europe was fundamental to any development in the economy of the region. Experience had shown that the insistence on an exact balance of trade with every individual country would involve stabilization at a very low level. In trade between Latin America and Western Europe prejudice against multilateral trade had hampered development. Difficulties were many and neither side was free from blame, but it was essential to find a less restrictive system. To do so could form an important contribution by the Economic Commission for Latin America to the prosperity of those countries. In all such endeavours Her Majesty's Government would co-operate to the full.

The Executive Secretary had given a frank and brilliant survey of the situation, on which one or two observations suggested themselves.

If he had understood Dr. Prebisch correctly, he had appeared to suggest that foreign capital in Latin America was of purely ephemeral importance and once it had performed its /"pump-priming" function

"pump-priming" function it would no longer be welcome. Representing a country which had, in the past, played an important part in the economic development of Latin America, the United Kingdom delegation could not regard that picture as corresponding to its view of the future of the Latin-American economy.

The other point on which it would lay greater emphasis was the importance, in the hungry world of to-day, of not neglecting, for the sake of industrial self-sufficiency, the development of agriculture and particularly food production.

MR. PREBISCH, Executive Secretary, replied that there was no real divergence of opinion between the Delegate of the United Kingdom and himself. In the course of an earlier statement he had doubtless not been sufficiently explicit on the role of foreign capital in Latin-American countries. In the aim of increasing development from 16 per cent to 20 per cent, foreign capital would be essential.

Mr. Prebisch agreed that agriculture must play an important role in Latin-American economic development.

CONSTITUTION OF COMMITTEES

The Chairman invited discussion on the quantum of the number and composition of Committees.

After some debate it was agreed that six committees should be established, as follows: 1) Current economic situation and prospects; 2) Economic development and technical assistance; 3) Industries; 4) Agriculture; 5) Intra-regional trade; and 6) Co-ordination with IA-ECOSOC.

The meeting was suspended at 6.15 p.m. for informal

/discussions among

discussions among delegations and reconvened at 8 p.m.

The CHAIRMAN announced that at the informal discussions an agreement was reached that members of the following delegations would be the officers of the committees:

COMMITTEE 1

CHAIRMAN Argentina
RAPPORTEUR Venezuela

COMMITTEE 2

CHAIRMAN Mexico
RAPPORTEUR Panama

COMMITTEE 3

CHAIRMAN Chile
RAPPORTEUR Nicaragua

COMMITTEE 4

CHAIRMAN Ecuador
RAPPORTEUR El Salvador

COMMITTEE 5

CHAIRMAN Paraguay
RAPPORTEUR Brazil

COMMITTEE 6

CHAIRMAN Guatemala
RAPPORTEUR France

The meeting rose at 8.10 p.m.