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Ninth Session
Santiago, Chile

AGRICULTURE COMMITTEE

PROVISIONAL SUMMARY RECORD OF THE FIRST MEETING .
Held at Santiago on Monday, 8 May 1961, at 10 a.m.

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/PRESENT:



PRESENT:

Chairman:

Mr. AQUINO El Salvador

Rapporteur:

Mr. MONROY BLOCK Bolivia

Members:

Mr. VAILATI Argentina

Mr. BATISTA PINHEIRO Brazil

Mr. MANNARELLI Chile

Mr. PATIÑO ROSSELLI Colombia

Mr. CIFUENTES Ecuador

Mr. DUBOIS France

Mr. RADHAKISHUM Kingdom of the Netherlands

Mr. CANO Mexico

Mr. TUDELA Peru

Mr. SIMPSON United Kingdom of Great
Britain and Northern
Ireland

Mr. TURNAGE United States of America

Mr. BROTONS Uruguay

Mr. ACEVEDO Venezuela

Associate Members:

Mr. JAGAN British Guiana

Mr. PRICE British Honduras

ALSO PRESENT:

Observers from States Members
of the United Nations not
Members of the Commission:

Mr. BRUNNER Austria

Mr. GORGASIDZE Union of Soviet Socialist
Republics

Representatives of
specialized agencies:

Mr. SANTA CRUZ Food and Agriculture
Organization

Mr. VERA United Nations Educational,
Scientific and Cultural
Organization

Representative of the
International Atomic
Energy Agency:

Mr. FREEMAN

/Representative of

Representatives of inter-
governmental organizations:

Mr. REY ALVAREZ

Inter-American Development Bank

Representative of a non-
governmental organization:

Category A: Mr. VARGAS

World Federation of Trade
Unions

Secretariat: Mr. SWENSON

Deputy Director, Economic
Commission for Latin America

Mr. ALCAZAR

Secretary of the Committee

/ELECTION OF

ELECTION OF VICE-CHAIRMAN

Mr. CIFUENTES (Ecuador) nominated Mr. Vailati (Argentina) for the office of Vice-Chairman.

Mr. PATIÑO ROSSELLI (Colombia) seconded the nomination.

Mr. Vailati (Argentina) was elected Vice-Chairman by acclamation.

ECONOMIC PROBLEMS OF AGRICULTURE (IN CO-OPERATION WITH FAO) (E/CN.12/565/Add.1, Part Two, Chapter III; E/CN.12/592, E/CN.12/551, E/CN.12/595, E/CN.12/578, E/CN.12/596, E/CN.12/557-559 and E/CN.12/594).

Mr. ALCAZAR (Secretary of the Committee) outlined the agricultural situation in Latin America and commented on its principal problems. Agriculture in Latin America had lagged behind other sectors and had prevented a more rapid development of the economy. While the domestic gross product of other sectors had increased at an annual rate of more than 5 per cent during the last fifteen years, the gross product of agriculture had increased at an annual average rate equal to, or perhaps slightly less than, the demographic rate of increase (2.5 per cent per year). Given the importance of agriculture within the region's economy, the significance of those figures became at once apparent. About 50 per cent of the total active population was engaged in agricultural work but, owing to their low productivity, they had contributed in 1955-59 only 21 per cent of the domestic gross product.

Latin American agricultural exports had declined substantially between 1945-49 and 1957-59: in the former period they had represented 70 per cent of the total value of exports, in the latter only 59 per cent. The fact that agriculture had been declining in importance within the Latin American economy could be taken as a good indication of its rate of development, for a similar situation had characterized the growth of the more industrialized countries. In view, however, of the high proportion of the total active population working in agriculture, its low productivity and the heavy unemployment in its rural areas, Latin America was in a much more difficult position and agriculture was one of the weakest and most vulnerable points in its economy.

In order to increase the regional rate of growth the urban sector would have to develop much more rapidly, but it was prevented from doing so by the
/slow development

slow development of agriculture and the enormous disparities in the distribution of income which prevented the rural areas from becoming an adequate market for industrial production. At the same time, Latin American agriculture had clearly been unable to satisfy the increasing demands for foodstuffs and raw materials generated by a rising population. As a result, a large proportion of output traditionally considered to be exportable had had to be diverted to domestic consumption. Furthermore, nearly all the countries of the region were compelled to increase considerably their imports of foodstuffs and agricultural raw materials. Foreign exchange reserves had consequently declined and countries had become less able to purchase abroad the capital goods so essential for their economic development.

Although a number of outside factors exerted considerable influence on Latin American agriculture, most of the causes of its virtual stagnation were to be sought within the sector itself: some of the main causes were poor utilization of production factors, the inelasticity of supply and the extremely low level of farming techniques, the limited use of land resources, the unjust systems for contracting and paying agricultural workers, the low educational levels of the rural population, the lack of credit and the inadequate marketing systems, deficiencies in taxation policy, the defective agrarian structure and the absence of a clearly defined agrarian policy.

Most of the Latin American countries were well aware of their agricultural problems and had in many cases found the necessary solutions for each one of them. Very few, however, had analysed the situation more deeply by seeking the relationships of cause and effect between those individual problems, measuring their impact on the decline of agriculture and drawing up an order of priorities for their solution. Such an analysis would reveal that all agricultural problems were intimately related and that it would be impossible to achieve a rapid and sustained advance in the sector as a whole unless those problems were attacked simultaneously within a programme of general economic development.

One of the basic problems of Latin American agriculture which gave rise to a number of complementary problems was the defective agrarian structure which predominated in most of the countries. On the one hand, a small number of landowners possessed the bulk of the land area, while on the other a large

/number of

number of smallholders owned only tiny parcels of land. In addition, the inadequate systems of land tenure did not provide the necessary incentives for the rational exploitation of natural resources.

The two systems of land tenure - latifundia and minifundia - not only contributed to a deficient combination of production factors but also created acute social differences highly prejudicial to economic, cultural and human development. The privileged landowners possessed a political power which was opposed to the rapid development of agriculture and to the social changes involved. They were also unwilling to encourage scientific research and improvements in rural education. They were often absent from their estates and lacked the administrative capacity for exploiting the land directly. They frequently rented land out on short-term lease, with the result that tenants tried to obtain the most from the soil in the shortest possible time, with disastrous results for soil conservation.

If the defective agrarian structure of Latin America were remedied, many of the problems affecting agricultural development would be removed. As the Regional Representative of FAO had pointed out at the fourth plenary meeting of the Commission (E/CN.12/SR.82), the problem was extremely complex. The present session of ECLA should consider it carefully and make recommendations which would encourage Governments to study and adopt comprehensive agricultural policies.

In close collaboration with OAS and FAO, ECLA would shortly begin a comprehensive study of the problems affecting Latin American agriculture and it hoped to submit to Governments specific recommendations on the manner in which they could evolve a more ordered, more effective and more dynamic continental policy of agricultural development.

Mr. MANNARELLI (Chile) said that the document prepared by the joint ECLA/FAO Agricultural Division, entitled "An agricultural policy to expedite the economic development of Latin America" (E/CN.12/592), revealed the vulnerability of the Latin American economy which was due mainly to the slow rate of agricultural growth. The inflation that had been increasing over recent decades had seriously affected Chilean agriculture. It had impeded capital formation, raised production costs, precluded a fair return on invested capital and further worsened the already unsatisfactory distribution
/of income

of income in the agricultural sector, especially among the small farmers, who represented 75 per cent of the total number of landowners. The annual rate of increase in agricultural production in the last fifteen years had been 1.83 per cent compared with a demographic rate of increase of 2.5 per cent. Other difficulties were the low productivity of the agricultural sector and the structural imbalance of the land tenure system.

The document in question stressed the importance of planning in agricultural development. Chile had established for 1961-70 a national economic development plan which included a programme of agricultural development designed to increase agricultural production, decrease imports, increase exports of agricultural commodities and improve the people's diet. The programme envisaged an agricultural policy designed to provide incentives for agricultural production, increase mechanization and improve the distribution of agricultural income. It also included plans to assist the Chilean small farmer through improved credit facilities, extension and educational activities and the encouragement of handicrafts. The Government was laying special emphasis on such assistance to small farmers because it realized that a relatively small investment in that sector yielded excellent returns. In view of the fact that in its more limited sense land reform meant the fragmentation of large holdings, ECLA and FAO should accord a high priority to programmes of assistance to smallholders. At the meeting of the Inter-American Development Bank at Rio de Janeiro in April 1961 the Chilean Minister of Agriculture had stressed that land reform really meant the attainment of greater productivity and better utilization of land by placing it in the hands of men properly trained to exploit it.

In addition to the above programme, Chile was contemplating the establishment of agricultural communities providing housing, schools and social assistance to agricultural workers. Much of the agricultural development programme had already been put into effect in spite of the devastating effects of the recent earthquakes.

One of the main difficulties impeding the formation of free-trade areas in Latin America was the fear that they might produce serious repercussions on the weakest point in the Latin American economy, namely, agriculture. At the moment, there were no studies which gave the Latin American countries an

/idea of

idea of the magnitude of the changes which should be made in the various branches of agriculture. Nor were there any studies which accurately assessed the possibilities of competition within the common market and the stability of export markets. ECLA and FAO might remedy those deficiencies and in that way eliminate the uncertainty which was at present causing farmers to oppose the establishment of a free-trade area.

Mr. ACEVEDO (Venezuela) said that the predominance of military dictatorships in Venezuela up to 1958 had seriously impeded agricultural development. The new regime instituted in that year had, however, made great efforts to improve the situation. One of the new Government's first acts had been to pass a law providing for an integral programme of land reform. Various national departments and institutions were collaborating closely in the administration of land reform, in the granting of credit to farmers and in extension and research activities.

Priority had been given to improving the situation of small tenants and sharecroppers, while credit had been extended both to entrepreneurs and to small farmers. Considerable progress had been made in education and the Constitutional Government had increased the number of technical schools from 20 to 120. At the same time, the Government was taking measures to improve not only the productivity of the agricultural workers but also their general well-being. Its land reform measures were based on democratic principles whereby workers were encouraged to join voluntary co-operatives and trade unions of their choice.

Paragraph 10 of the joint document prepared by the ECLA/FAO Agricultural Division (E/CN.12/592) pointed out that the growth rate of the product in Latin America was currently much lower than it was in the period 1945-55 and prospects for improvement seemed somewhat limited unless the countries concerned adopted decisive measures to overcome certain obstacles, particularly of an institutional character. Such structural changes were not only advocated by the technical organs concerned but were also in harmony with the desire of the Latin American peoples.

His delegation was prepared to support any draft resolution embodying the recommendations of ECLA and FAO in the field of agricultural policy.

/Mr. CIFUENTES

Mr. CIFUENTES (Ecuador) said that the only means whereby Ecuador could expand its domestic market was by increasing agricultural productivity. One way to accomplish that goal was to resettle the people living in the over-populated part of the country in the more industrialized coastal strip. The expenditure required for that, however, was beyond the country's means and in any case such a solution would only defer the difficulties for a number of years. The only possible solution was to tackle the basic problem of land reform. A committee had therefore been entrusted with the task of drafting a land reform law which would be based, not on the theory that every individual who worked the land was entitled to the land, since that would merely lead to an increase in the number of small holdings, but rather on the establishment of family farms. Moreover, land reform would be carried out gradually and would not be put into effect throughout the country.

Land reform might well impair efficiency unless families were given enough land to cultivate, modern tools and adequate training. It was the objective of the Ecuadorean land reform programme to eliminate large, monopolistic land holdings and, at the same time to increase agricultural productivity. External assistance was needed in that effort.

Land reform, however, would not solve the problem of over-population of the land. Ecuador was trying to solve that problem by other methods. For example, it was establishing programmes in agricultural research, education and the improvement of farming techniques. As national currency had to be used in carrying out such programmes, it was sometimes difficult to obtain the foreign credits needed to promote them. His Government had also initiated a programme to revive the ancient tradition of community work. It had introduced sheep into the country in order to produce wool and African palm to provide oil; it was also endeavouring to improve the fishing industry.

/Mr. BROTOS

Mr. BROTOS (Uruguay) pointed out that, while land reform was a topic constantly discussed in Latin America, it was difficult to agree on a definition of the term. Indeed, land reform was more a political than an economic expression. His delegation considered that land distribution and land tenure were not the only factors in the problem and that land reform unaccompanied by other measures might simply result in a distribution of poverty, inefficiency and starvation.

The solution to the problem of agricultural development must vary according to the area concerned and should be adapted to the social, economic and legislative circumstances in each particular country. Uruguay, for example, was in certain ways quite different from the other countries of the continent: it was a small country, with an ethnically homogenous population and no mountains, snowy areas or deserts; most of its land was arable and was used for farming and stock-breeding. The Uruguayan land tenure system differed from that of other Latin American countries: there were no tenant farmers, the greater part of the land being privately owned; the number of landowners was steadily increasing, as a result of legislative measures that indirectly encouraged the acquisition of land by lessees; and owing to the heavy taxes imposed on absentee owners almost all Uruguayan land was owned by nationals. Under Uruguayan legislation, the landowner was compelled to make improvements to enable the lessee to make the land productive, and as part of a policy of indirect pressure land not cultivated by the owner was the first drawn upon when expropriation became necessary. Over the past forty years, the number of estates of more than 10,000 hectares had decreased, while the number of medium-sized and small holdings had increased.

His Government felt that while some acceleration might be desirable no substantial change in its land reform policy was required. Since Uruguay had no State or municipal lands available for the solution of land problems, it had since 1948 expropriated lands, paying a prior indemnity required by the Constitution and established in each case by the courts. The individuals who received the land were given loans at a low rate of interest, seeds, fertilizer, etc. Moreover, Uruguayan legislation regulated the conditions

of employment and wages of land workers; a mandatory pension scheme covered all agricultural workers; a number of agencies protected the social interests of the workers, while the agricultural co-operatives defended their economic interests. Thus, there was no social problem in connexion with land reform or land distribution in Uruguay. The most important agricultural problem which Uruguay faced was the training of Uruguayans to work the land with increased productivity, so that rural levels of living could be raised. In short, there was an economic problem of production and productivity. The weak part of the Uruguayan land programme was the training of farm workers, but the Government was making substantial efforts to remedy that defect. For example, with assistance from the International Bank and FAO, it had initiated the Rio Negro project, designed to transform a large part of Uruguayan territory into a more productive agricultural area.

His delegation wished to stress that redistribution of land was not enough: the farmer must be taught how to take care of the land. Moreover, the land problem must be dealt with by evolutionary rather than revolutionary means; co-ordinated action should be taken on the many different factors involved, in order to increase the productivity of the land. It was his Government's belief that the objective of improved levels of living could be accomplished within the framework of respect for individual freedom.

Mr. VARGAS (World Federation of Trade Unions) said that from the documents prepared by ECLA and FAO it was apparent that the present system of land distribution in Latin America was one of the greatest obstacles to agricultural and economic development. Land reform had become a necessity for all Latin American countries. Under the present system of land tenure, the land was either held as non-productive latifundia or divided into a large number of economically inefficient small holdings; relationships of serfdom and archaic methods were maintained; frequently the rural population had no civic rights and were not permitted to form trade unions except with the consent of the employer. The agricultural agreements concluded by the Latin American countries with the United States of America tended to perpetuate that feudal system. The first step in any programme for agricultural development must therefore be land reform: i.e., the confiscation of the land held by the large proprietors and its distribution among the real /agricultural producers.

agricultural producers. In that connexion, he was glad that the Venezuelan representative had stressed the importance of carrying out land reform through the organization of the agricultural worker. The WFTU would wholeheartedly support any proposal that was designed to eliminate the feudal system from the Latin American continent.

In conclusion, he suggested that the Committee might recommend that advice and assistance should be given to the first conference of agricultural workers, which was to meet at Santiago at the end of May.

Mr. TURNAGE (United States of America) felt that the availability of credit facilities would permit the better use of land resources. He hoped that such credit facilities would be established as a major part of the new Inter-American Fund for Social Progress. The availability of credit, however, would not of itself eliminate rural under-development. He considered that the projects which the secretariat had listed as the most important to be carried out as part of a programme of public investment in agriculture (E/CN.12/592, paragraph 44) offered the best opportunity for expanding rural employment. The real problem, however, lay in the organization of thousands of small units, largely on a community basis. In his statement in the general debate, the head of the United States delegation had said that one of the most challenging problems facing the planners was that of identifying new self-help measures and indicating how such measures could be effectively put into practice. In the present connexion, the measures had been identified but the task of putting them into practice still remained. His Government was eager to help with that formidable task, firstly, through the Inter-American Fund for Progress, and in particular through the Inter-American Development Bank, and secondly, by contributions of food to be used as supplemental payments to the workers as an incentive to carry out the projects.

In his view, the ECLA/FAO document on agricultural policy (E/CN.12/592) had not given adequate treatment to two important points: the comments on the breaking-up of large estates and the redistribution of land offered no practical guidance to Governments in dealing with those problems; and the use of the land tax had not been given the emphasis it deserved.

The meeting rose at 12.45 p.m.