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ECONOMIC COMMISSION FOR LATIN AMERICA

SPEECH MADE BY THE HEAD OF THE URUGUAYAN DELEGATION

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In the long and sustained effort which is now being made to reform the economy of Latin America and to raise it from its present state of exhaustion and inanition, this first session of the Economic Commission for Latin America will without doubt mark a special stage, welcomed as it is by the Government and people of Chile with a generous sympathy and a cordiality which compel our recognition and gratitude. It is beneficial for the Commission to work here in the favourable atmosphere of Santiago, where they can feel that peoples which have built up cities like this, and have thus shown their capacity to make use of, and to create, all the advantages of civilization are fully capable of realizing, without limitations or evasions, the noble ideal of full employment and higher standards of living set forth in the United Nations Charter.

Uruguay is happy to attend this session, because it provides an opportunity to examine once again the urgent problems which the Second World War has raised for Latin America. Also, in order to bring a concrete contribution to these discussions, and to prepare adequate solutions of value to all, we consider it useful to make a general statement on our own economic position at the present time.

Uruguayan economy has the same fundamental characteristics as that of most Latin American countries.

It depends chiefly on the amount and the stability of its export trade. Most of this consists of agricultural products. The essential elements to be considered in any study are therefore (a) the development of the export trade and (b) the condition of the farming and stock-breeding industries. This economic structure is completed by a considerable degree of industrialization, which is not a movement improvised during the critical periods of the two wars but has been growing up for more than half a century, and which received adequate protection and effective encouragement

* This document is a revised translation of the original, which was issued in Santiago.

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under the wise law of 12 October 1912.

The stock-breeding industry has declined in the last few years from various causes; the losses suffered have been calculated at more than 30 per cent. This year, however, has seen the beginning of full recovery, and it is estimated that the normal level will have been regained by 1950. According to reliable estimates, for the five-year period 1948/52, we shall be able to export about 230,000 tons of frozen salt beef; about 55,000 tons of mutton, including wether and lamb; about 75,000 tons of hides, dried, salted and tanned; about 15,000 tons of industrial fats; about 10,000 tons of edible fats; about 350,000 tons of wool; and about 70,000 bales of fleeces. To these should be added the exports of industrialized agricultural products and grain, which are increasing in quantity, quality and value.

Agriculture also suffered serious losses owing not only to unfavourable climatic conditions but also to wastage of equipment. Satisfactory crops, however, were produced in 1947. At the risk of boring you with further figures, I must say that the flax, which has always been exported in fairly large quantities, is now required by the national oil industry, which is able to absorb the entire production of the country. During the five-year period 1948/52 we should be able to export about 150,000 tons of oil and about 260,000 tons of oil-cake. More than 50,000 tons of oil and about 180,000 tons of oil-cake will be produced in the same period from peanuts and sunflower seed. Wheat, after a period of low production, showed an exportable surplus of about 100,000 tons during the 1947/48 season, and we may reckon that during the five-year period up to 1952 our exports will be at least 250,000 tons. Rice, cultivation of which was started in Uruguay in 1927, is doing very well; an area of 10,500 hectares is under this crop, and fairly large exportable surpluses are produced.

In order to maintain, develop, and increase the variety of agricultural industries, suitable equipment is required, especially considering that selective stock-breeding requires artificial pasture. Experts estimate that at least 2,000 medium and large tractors and about 1,500 harvesters will be required during the five-year period 1948/52; there is also a shortage of large ploughs and certain other agricultural machinery. The export figures which I have mentioned could be considerably increased if this equipment were made available and if prices continued at their present profitable level.

We have opened markets, especially in America, for many of our processed and semi-processed products. Uruguay is particularly interested
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in maintaining and strengthening these commercial relations by means of bilateral agreements, which ensure that other producer countries on the continent will receive in Uruguay the unconditional and unrestricted treatment accorded to the most favoured nation, and that the total reciprocal trade figures will be balanced.

Uruguayan imports have shown during the last few years, as is pointed out in one of the Inter-American Trade and Production Council's excellent monographs on the Marshall Plan, "certain progress in imports of capital goods and a correlative decline in imports of consumer goods". The increase of prices in the production markets, the urgent need to cover the deficits accumulated during the war, and the increase in purchasing power, produced an unfavourable balance for our country in the year 1947.

The following factors have had a noticeable influence on the balance of payments for the 1939/47 period: higher income from exports, substantial increase in the sums spent on imports, particularly in the years 1945/47, the entry of foreign capital, and the favourable balance of trade. According to the Bank of the Republic, reserves of gold and foreign currency have increased by 336.72 per cent, from a total of 75.7 million dollars at the end of 1939 to 254.9 million dollars at the end of 1947.

Uruguay is a country with a balanced and protected economy, which supervises its expenditure, goes without superfluous luxuries, and does not wish to spend its savings on the purchase of luxury goods or articles of which it does not as yet stand in need. But in the future it should continue its policy of the renewal and replacement of machinery and equipment for its agricultural and manufacturing industries, for its transport, for the development of new industrial plant, for the enlargement of its ports, particularly that of Montevideo, and for the carrying-out of the large-scale plan of public works now in execution.

All the efforts now being made by private capital and enterprise are supported by legislation and the public authorities, subject to the unavoidable requirements of our traditional policy of effective social justice. Foreign capital, today as in the past, comes into our country subject to no other conditions than submission to the law of the land and to the jurisdiction of our courts; it receives the same treatment as Uruguayan capital and may be used freely in trade and industry; not even the taxation laws make any distinction of nationality. Uruguay made great efforts at Havana, Washington and Bogota to ensure equitable treatment without discrimination, within a system of effective legal and
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judicial guarantees, for capital used in the countries of America and serving productive economic and social purposes. The Chairman, in his speech of 7 June, said rightly that Latin America stands in need of the assistance of foreign capital, because in our countries the supply of capital is usually small and inadequate. This private capital, which in certain economies has the power and weight of a true national institution gravitates to places where it can obtain adequate profits and sufficient guarantees to work, develop and transfer its earnings. It is timid and cautious, and it makes use of acquired experience in order to free itself from or to cut down risk and danger. In Chapter IV of the Economic Convention of Bogota there is, I think, a balanced and appropriate solution providing encouragement, guarantees and opportunities both for the capital invested and for the country receiving and favouring it. The concrete and practical solution of suppressing double taxation and supplementary taxes is, however, lacking; this will doubtless be attained by means of bilateral agreements such as those entered into by the United States with the United Kingdom, China and other nations. The already copious literature on the investment of private capital would take on a sufficiently realistic tone if the sources of capital could perform such an act of fiscal justice and proper encouragement.

Uruguay encourages and supports the economic activities of private enterprise by its industrial and commercial policy, showing its initiative particularly in those fields which are fundamental to the efficient functioning of the public services, the defence of production, the ensuring of supplies of essential articles, and the prevention of monopolies. The Fuel, Alcohol and Cement Administration (ANCAP), power stations and telephones (UTE), trams and railways, the fisheries service (SOYP), the Banks of the Republic and of Insurance, the Mortgage Bank, the Port Administration, and the PLUNA Air Transport Company, are all part of the State's activities in the industrial commercial sphere. A body unique in law, the "Frigorifico Nacional", looks after the interests of stock-breeding.

It is not irrelevant to recall in this connection the recommendation of the First South American Engineering Congress held here in Santiago in 1939, which reads: "To recommend that sources of power be controlled by the States, in accordance with their own laws, to further national sovereignty, economic independence and the common good." Later it adds, referring specifically to Uruguayan methods: "To call the attention of governments, engineers, institutions or individuals dealing with electrical
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services in South America to the interesting long-term experiment made by Uruguay and the satisfactory results obtained by these methods in that country."

The development which Uruguay is preparing and encouraging with all its economic and social resources must have the help of adequate technical assistance, equipment and machinery, raw material and fuel, in order to achieve useful results and help to remove the serious shortages caused in most countries by war. Competent managers and specialist workers must continue to enter our country, and receive equal treatment, with no discrimination, so that they may bring to the aid of our experiment the scientific and technical advances which modernize and diversify production, and help to train Uruguayan workers, improve their living conditions, balance our economy, increase international trade and raise profits.

This Economic Commission will doubtless contribute, both directly and by interesting other specialized agencies of the United Nations, to the solution of the economic problems of Latin America. This much-desired development cannot be achieved without sacrifice and without careful studies which will lead to the drawing-up of realistic plans, inspired by a sense of the real possibilities and co-ordinated with work already carried out or in progress. The profound change which must take place in Latin America to allow its natural riches and its agricultural and manufacturing industries to be developed, and its immense resources to be used fully, so that its products may be properly distributed and means of transport may be available to convey them to the best markets - in a word, to achieve economic and social welfare and raise its peoples from the poverty and misery in which they live - will not come at once at the miraculous stroke of a rod, like the water gushing from the rock on Mount Horeb. Only hard work intelligently guided by experience, technical ability and the resources of national and international bodies, in an atmosphere of peace and under the protection of free institutions, can by means of rational and carefully-analyzed planning set us on the road to achieving the desired end. The Uruguayan delegation is happy to put into words its hope that this Commission is a sign, like the signal from a flagship, that the channel through which the new economic life of America will run has now been opened.



