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ECONOMIC COMMISSION FOR LATIN AMERICA

SPEECH DELIVERED BY THE HEAD OF THE DELEGATION OF CUBA

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Mr. Chairman:

As is stated in document E/CN.12/3 of 28 April 1948, prepared by the Secretariat on the Economic Commission for Latin America, which is now beginning its first session, it is hoped that the representatives of the Member Latin-American Governments will include in their reports a survey of their economic situation with special reference to urgent economic problems arising from the war and from the world-wide economic maladjustment.

While we fully realize the importance of these matters and wish to give them our thorough attention, we shall not undertake to present a detailed analysis of the problems confronting Cuba as a consequence of the last war and the present world disorder, because that would require more time than we would be justified in consuming in a meeting of this nature.

We shall therefore proceed to provide definite data on certain aspects of Cuba's situation at the beginning of the recent conflict and at the present time.

In common with other countries of America, the maintenance and development of the economic life of Cuba is fundamentally affected by exports, which represent no less than 33% of the national income; consequently our internal as well as our external purchasing power depends fundamentally on our exports.

Examining Cuban foreign trade in the five-year period before the war, 1935-1939, and from 1940 to 1947, it is observed that imports, which showed a yearly average of \$108,000,000 during that five-year period, increased in 1947 to the sum, in round numbers, of \$520,000,000. Exports showed a yearly average of \$157,800,000 during the five-year period, and in 1947 reached the sum, in round numbers, of \$747,000,000, with a favourable balance in the former instance of \$49,800,000 and in the latter of \$227,000,000.

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

/These increases

These increases were uninterrupted with the exception, for exports, of the year 1942, when the figure dropped below that of the year immediately preceding; this decrease was due solely to the effects of submarine warfare in the Caribbean.

Of exports, it can be stated that 75% is accounted for by sugar and its by-products, 10% by tobacco, and 15% by fruits, vegetables and other products.

As to the destination of Cuban exports, it is worthy of note that in the five-year period mentioned 78% was absorbed by the United States, whose purchases increased to 90% in 1942 and dropped to 68% in 1946.

Our total sugar sales increased in 1939 to 2,730,315 metric tons, reaching in 1947 a figure of 5,768,358 metric tons which will probably be exceeded this year.

Leaf-tobacco exports in the five-year period 1935-1939 represented an annual average of 12,404 metric tons, increasing to 20,923 metric tons by 1946. The figures for twist tobacco were 35,933 and 59,695 thousand units respectively. Last year there was a decrease from the preceding year to 50,260 thousand units.

During the five-year period under review 67.5% of Cuban imports were from the United States, and that figure increased to 76.8% in 1946; imports from Europe represented during that period approximately 12%, dropping to 2% in 1944 and rising to 5% in 1945. The rest of the world has supplied an average of from 18% to 20% of the total imports.

A glance at the principal export items during the war years shows that the war brought about a notable increase in the amounts of minerals, fibres, cordage, alcohols, liquors, honey and other items; but since the end of the war the figures show a downward trend, which has a serious effect on the Cuban economy, although the export figures shown seem to indicate the contrary, owing to the general increase of prices at the end of the war.

A very large part of our food supply is acquired through imports, even though it has been possible to reduce the 37% of our food imports in 1927 to 25% in the subsequent ten-year period, with domestic production accounting for the difference.

In order not to weary you with figures, it will suffice to add the particularly remarkable fact that more than two-thirds of Cuban imports are used by Cuban industries, both for domestic production and for re-export.

Cuba's principal supplier is, as you know, the United States, who contributed 67.5% of our imports in the five-year period 1935-1939, and

/76.8% in 1946.

76.8% in 1946. The percentage rose to 80.9% in 1944. The gold and dollars of the Cuban economy in 1942 represented \$133,000,000, in the hands of the banks, the public and the national Treasury; by 1946 this had increased to \$542,000,000.

The credit balance of the balance of payments in current account has been earmarked for decreasing the country's indebtedness, placing Cuban capital abroad, acquiring foreign short-term banking credits and increasing the dollar and gold reserves of the nation.

Although the Cuban national income is not calculated officially, it was reported by Professor Julian Alienes, Chief of the Economic Department of the Cuban Chamber of Commerce, to be approximately \$430,000,000 in 1938 and \$1,400,000,000 in 1946.

The per capita income, \$86.00 in 1935, reached \$283 in 1946.

Cuban imports in relation to exports could be said to represent a value of \$0.75 per peso of the exports, but since the proportion has not been maintained in recent years, during which because of shortage we could not obtain the goods we needed, our situation is the following: we actually have foreign exchange, but, since consumer needs are inescapable, we are only trustees of this foreign exchange, which does not belong to us and which has merely been placed in our hands. It will in due time be recovered by the depositor when we make our necessary purchases.

It is therefore very important, as the Uruguayan representative has said, that the money should be spent on items which will be of definite benefit to the country rather than on non-essentials, so that the exchange of money for goods will be justified and a contribution to the national economy.

Cuba faces two groups of problems. These are:

Those affecting the domestic economy, where it has to correct or try to correct the temporary maladjustment between production and availability of economic goods for domestic consumption on the one side, and supply of monetary purchasing power on the other. The necessary steps are, first, the increase and diversification of production; second, the maximum possible increase of basic imports; and third, the temporary retention of the harmful portion of current purchasing power.

The second group of problems, those affecting foreign trade, involves the protection of the purchasing power in foreign exchange accumulated within the national territory.

/The situation

The situation which we have just set forth - extensive exports, great availability of currency, and imports reduced owing to the circumstances - has brought with it an additional increase in prices.

Thanks to the efforts of our Government, the harmful effects of the rise in prices have to a certain extent been counteracted or lessened; unfortunately, however, it has not been possible to avoid them as completely as would have been desirable.

It cannot be said that Cuba has full use of all her productive sources nor is her arable land entirely under cultivation. Her industry is not functioning at maximum capacity, available domestic raw materials are not all being transformed by industry, nor is all available manpower being fully utilized.

The Chilean representative has said in his report before this Commission that an important part of the Commission's work would be to furnish data on the economy of the nations and the territories within its competence, so that between the first and the second sessions all background material could be obtained and gathered together in an appropriate publication, as has already been done for Europe.

The Cuban delegation supports this suggestion and believes in fact that without a profound and complete knowledge of the economic problems confronting our countries, intelligent action with positive effects, such as we all hope will result from our deliberations would be inconceivable.

The representatives, in the interesting discourses heard up to this time, have displayed profound knowledge of economic matters, presenting with great clarity and vision the principal problems affecting the economy of their countries.

We do not doubt that many more speeches of the same high calibre will be heard during the next few days. Nevertheless, we must realize that if we are to fulfil the task entrusted to us by the Economic and Social Council of the United Nations, and if we are to represent that body fittingly in Latin America, we must obtain more detailed data on those problems of our continent which require early solution or study. Cuba has not suffered the harmful effects of interrupted trade and scarcity of supplies during the war to the extent her sister nations have, but it should be stressed that the harm done to the economy of many Latin American countries by the war has in some cases been aggravated rather than corrected in the post-war period, due to lack of equipment, machinery, raw materials and foodstuffs, - to high prices and to lack of foreign exchange. The appraisal of this harm must be one of the fundamental tasks preliminary to all action.

/It has become

It has become a commonplace, gentlemen, to say that for the last ten years, the technical equipment of Latin-American countries has been wearing out at the very time when it should have been renewed in order to form a stable basis for their economic and industrial development. The overwork to which this equipment, in many cases already antiquated, was subjected during the war, and the failure to receive new supplies, spare parts, and new machines, with the shortage still continuing, seriously jeopardize the efficiency of our economic production, both for primary and for industrial commodities. We know, gentlemen, that this condition exists - but are we able to say at this time that all the countries have made a complete survey of their necessities and classified them in such categories as industry, agriculture, mining, transportation, production and distribution of electric power? And there is a problem, still more important from the international point of view, which we must now consider: are there any studies showing the needs of Latin America as a whole and how those needs might be met through international co-operation? The reply must be in the negative. If such economic and statistical data are still lacking, would it not be logical for our Commission to ask its Secretariat, which has shown such efficiency and skill not only in the preparation of the documents for our meeting but also in the preparation of important surveys of our economic problems, to undertake this highly important task? In my opinion, gentlemen, that task would be based on an intimate and permanent collaboration with the governments here represented, to carry out an economic survey indicating what changes have taken place in our economic structure during the war, which of them are of the most pressing importance, and the solution of which of them would enable us to stabilize and consolidate the advances already made with such great effort.

Some ideas in this regard are found in documents E/CN.12/3 and E/CN.12/4, and I humbly suggest that my colleagues consider them with the attention that they merit.

If we review the experience of the other two regional Commissions, those of Europe, and of Asia and the Far East, we shall find that the work they have done so well has been based primarily on the conscientious and well-documented studies that their respective Secretariats have prepared with the collaboration of the Member Governments. Thus we have seen the latest report prepared by the Economic Commission for Europe, in which the problems of that unfortunate continent are analyzed in a masterly fashion and with penetrating insight, and in which practical solutions are suggested. Similarly, the Economic Commission for Asia and the Far East

/is now

is now engaged in studies of the same nature, and several publications have been issued in recent months.

Gentlemen, the Cuban delegation believes that the Economic Commission for Latin America should become a useful regional organ of the United Nations. However, it could hardly become a useful body if it failed to undertake immediately the study of the problems of the region within its competence. I do not for an instant doubt that I share the opinion of all my colleagues in declaring that it is our hope and desire that our reports to the Economic and Social Council of the United Nations shall present the problems of Latin America to that important body framed on such a scientific basis, with all the economic facts, and couched in such terms that the co-operative action of the United Nations will be facilitated and expedited.

The Council has vested in us certain responsibilities which we cannot and must not shun. The Cuban Government is pleased to declare its readiness to co-operate in that task in every way within its power, and it here and now offers the Secretariat its fullest co-operation in the work of preparing studies and information which it feels should be undertaken as an immediate duty.

In regard to the Peruvian representative's report on the establishment of compensatory current accounts, the Cuban delegation agrees with the idea in principle, in order to avoid the difficulty experienced in obtaining the appropriate exchange for the goods sold and using it solely for the benefit of the receiver country and the direct consumer.

The Cuban delegation is aware that the lack of effective payable foreign exchange is a different situation from the failure to obtain the exchange with which to reimburse the loss of property, particularly when a favourable trade balance in foreign exchange exists in the selling country.

In Cuba there is no restriction on payments or means of payment, although the Chief Executive is empowered to carry out such restrictions. Nevertheless, it might be difficult to continue this policy in those cases where Cuba - despite the fact that she pays faithfully for her purchases in the appropriate foreign currencies - is unable to receive similar treatment in return.

We therefore suggest favourable consideration of a system whereby the supplying country would be automatically repaid the amount of foreign exchange which it is owed, and by the holding of an equal amount of foreign exchange to pay for sales by nations supplying it which the purchasing nation, owing to lack of dollar exchange, is not able to finance.

/Lastly, the

Lastly, the Cuban delegation considers that this Commission might agree to recommend that in meetings held between producer and consumer nations to discuss arrangements regarding primary products for the purpose of establishing new international instruments, consideration be given to the principles set forth in the second resolution of the Third Inter-American Conference on Agriculture, on "Suggestions for the promotion and development of the agricultural and cattle-raising industries on the Continent," and in the sixth chapter of the Havana Charter on inter-governmental agreements on primary products, so that such instruments might form part of a price stabilization policy. It should be pointed out that the same policy concerns alike sugar, coffee, nitrates, wheat, meat, corn, and other products of fundamental interest to all the countries of Latin America.

At the session of the International Sugar Council held in London on 28 May of this year, 22 July of this year was fixed for an extraordinary meeting with the object of discussing the bases for reaching a new international sugar agreement to replace the agreement of 1937.

The representatives of the Governments Members of this Commission realize the importance of making such a declaration in support of the principles laid down at the Agricultural Conference and in the Havana Charter, and we trust that this matter will be given attention at the proper time.

Finally, we wish to affirm our great confidence in the results to be achieved by the meeting of this Commission, and to take this opportunity to express publicly to the Chilean people, the Chilean Government and its officials our gratitude for the hospitality which they have so generously extended to us.



