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SPEECH OF AMBASSADOR JULIO ARGENTINO LOPEZ MUNIZ

CHAIRMAN OF THE ARGENTINE DELEGATION

Mr. Chairman, representatives:

The Argentine Government has repeatedly stated that it considers that the promotion of world well-being will be the means of overcoming the difficulties of circumstance through which the nations are at present passing, and that reserves of wealth and commodities in the countries which possess them should be used for meeting the needs of humanity. In accordance with this idea, Argentina has adopted the policy of rendering assistance demanded by popular acclaim, and has attempted to contribute towards a solution of world problems by her efforts at improving standards and conditions of living and guaranteeing that economic well-being which is considered vital if the peoples of the world are to live together in peace.

In accordance with this line of conduct, and with the policy of broad collaboration adopted by my country and repeatedly evinced by its participation in the activities of many organizations and conferences covering not only the American area but the whole world, Argentina has supported in the United Nations and in the Organization of American States the establishment of the Economic Commission for Latin America, which has so auspiciously begun its work in the traditionally hospitable town of Santiago de Chile. It holds that governments should spare no effort to achieve the most rapid economic rehabilitation of the countries of America and the other continents.

Argentina, I repeat, is following with the greatest interest the discussions and conclusions of this Commission, which is called upon to co-ordinate the efforts of the countries of Latin America for the improvement of their economic systems and to join them to the efforts made by the nations of the old continent, so cruelly shaken by the recent war, to rehabilitate and reconstruct their economies.

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

/The delegations/

The delegations taking part in these meetings are well acquainted with the work which Argentina is carrying out and proposes to carry out, not only in promoting the development of her natural riches, manufacturing her raw materials, industrializing the country and improving the social conditions of its inhabitants, but also in the field of continental and world brotherhood. Her efforts in this field have been often evinced by the aid she has cheerfully offered to all peoples of the globe standing in need of it, and by the fact that she has opened her ports and her arms to men of goodwill who wish to come and make fertile the country of the Argentinians.

In answer to the Secretary-General's kind invitation, I think it might be useful to express a few brief thoughts on the main problems arising in the post-war period and their connection with the evolution of the Argentine economy.

The armed conflict which for almost six years shook humanity to its deepest foundations and produced loss of life and destruction of property on a scale thitherto unknown, fundamentally changed the conditions of the international economy, dislocating commercial relationships, isolating markets, creating new needs and preventing the adequate satisfaction of traditional requirements. But perhaps the most important result produced by this state of affairs is connected with the changes that have taken place in the structure of national economic systems. It has been necessary to adjust the organs of production in order to satisfy the requirements which had previously been covered by the international exchange of producer and consumer goods without regard to production costs. In actual practice, all this has resulted in an economic sacrifice of which the results have only recently begun to make themselves felt.

The consequences of the armed conflict were not confined, however, only to the strictly economic field, but passed over to the social sphere, bringing about a substantial change in the evaluation of the human factor. On each such occasion, one idea has gained ground: that of ensuring to the worker not only the just remuneration to which he is entitled by his contribution to the production process, but also decent conditions of life.

During the war years our Government saw itself called upon to face the grave problem created by the enormous restrictions imposed on maritime traffic and the resultant impossibility of placing the great exportable balances from its harvests in the traditional overseas markets. In addition to the internal economic changes which this made necessary, obliging us to burn large quantities of grain, the country had to face the necessity of assuring the producer such remuneration as would stave off depression and consequent abandonment of production. Thus it was possible to ensure that

food production capacity in particular did not fail and that our country was in a condition, before the conflict was well over, to contribute with her exportable surpluses towards mitigating the distress which the world had to face. This policy of protecting production was followed by a Government campaign to make possible as big an increase in the area ^{under} cultivation as was permitted by the availability of machinery, fuel and labour within the country. Thus it was possible to achieve a substantial increase in the rate at which ships were loaded; and so, whereas in 1944 and 1945 the export of grain and meat reached a volume of 6,000,000 tons a year, in 1947 it exceeded 9,000,000 and it can be foreseen that in the course of the present year the figure will reach 11,000,000 tons. It should be emphasized that this figure reflects the magnitude of the effort made by our producers and at the same time gives an idea of the facilities granted to traditional customers once more to obtain their requirements in our markets.

My Government feels deeply the need for maintaining at maximum intensity the effort to increase agricultural production. For that purpose it is expending large sums of money to pay for agronomical and technical production studies. Fresh areas of cultivable land are being exploited by means of large irrigation systems; a broad policy of giving credits to rural producers is being pursued; and large-scale settlement plans have made it possible to give the producer the status of a property-owner by allowing those who work the land to obtain possession of it, and by providing in addition for raising the standard of life of the rural population. In this respect, however, it must be stated that the amounts which our country would be able to produce and export could be appreciably increased if we could count on having the agricultural machinery and the instruments and technical equipment needed by our ports.

In full accordance with the wishes and aspirations unanimously expressed in numerous inter-American conferences, Argentina has succeeded to the extent of her natural resources and economic possibilities in encouraging the development of her extractive and manufacturing industries, thus following the natural process of her economic evolution and satisfying the requirements arising from the world situation. In the process of industrialization which the country has recently been experiencing, the Government's programme for raising the standard of life of the working population has played a great part. An illustrative index of the form followed by this process is the contribution of industry to the gross national income (excluding trade and public services). Whereas in 1935 that contribution was 40% of the total, in 1947 it was 52%, a figure which should be considered in relation to the fact that during that period the total value of the income from industry was doubled.

/In recent/

In recent years the tempo of the industrialization of the country has grown considerably: in 1935 industry gave employment to 452,000 people, in 1943 to 846,000 and in 1947 to more than 1,150,000 a figure which, it may be pointed out, represents an increase of 115,000 in the number of persons employed by comparison with the figure for the preceding year. The amount paid in wages by industry was in 1947 estimated at 3,500 million pesos, whereas in 1946 it had amounted to no more than 2,000 million, the workers' average wage having increased between 1943 and 1947 by more than 99%.

The great activity displayed by industry during recent years was only made possible by the intensive use of existing equipment, since conditions dominating the international market prevented the necessary renovation and even the repair of equipment. Before commercial relations were fully re-established, the industry of the country began to make large-scale purchases, in spite of the restrictions which it encountered in the majority of supplying countries. Nevertheless, it is evidently necessary, if industrial activity is to reach the levels required by the national economy, that industry should be able to rely on obtaining modern machinery and stores and in particular fuel, in sufficient quantities.

By the policy mapped out by the National Government it was possible to ensure that most of the available foreign currency was incorporated in capital assets or used for obtaining raw materials essential for industry.

In order to execute the vast plan of economic reconstruction which the government of my country has initiated, it has turned out to be fundamentally necessary to include provisions enabling us to solve the basic problem of power. For the time being a large proportion of the available free currencies has had to be expended on the purchase of liquid fuels and coal, which are so urgently needed by industry and the transport system. But within a plan of vast consequences for the future many projects have been studied, and many are actually in process of execution, which will have concrete results and will allow the rational use of all power resources. These include an increase in the production of petroleum and its derivatives, the utilization of natural petroleum gas, the exploitation of the great Rio Turbio coal deposits, and the production of hydro-electric power by a system of power-stations amongst which the most prominent is the projected Salto Grande station, a great work which, after many years of planning and technical study, has entered the stage of concrete realization, thanks to the happy agreement which the Government of my country has concluded with the sister republic of Uruguay, and the benefits of which for the two nations are undeniable.

The industrialization of the Argentine Republic is being carried out in conformity with the studies and provisions of the Five-Year Plan, with which

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the present Government initiated its policy, and which is the first rational and co-ordinated study of the needs of the country to be applied in the Argentine Republic. The plan referred to, which is in full process of execution, proposes to apply an integrated form of exploitation of the innumerable resources of which the nation disposes. The National Commission for the Location of Industry, which has just been established, aims at promoting and prosecuting, in harmony with the economic conditions of the country, the establishment of such industries as wish to transfer themselves to the Republic with their capital, machinery and the most modern technical and scientific equipment.

For a country with the geographical and economic characteristics of Argentina, a vast system of transport by land and water is essential in order to make possible adequate distribution from the centres of production to those of consumption and export.

At the present time Argentina has an ample network of trunk and branchline railways, the construction of which has been carried out practically in the past fifteen years, and which includes about 60,000 kilometres of track, a large proportion of which has been strengthened or improved.

Amongst the recent events which have done most to define the direction of my Government's economic policy, one of the most important is the acquisition by the State of the private railway enterprises, which has made it possible to incorporate within the fiscal administration more than 24,000 kilometres of permanent way, with 2,512 locomotives, 160 motor coaches, 443 electric coaches, more than 3,200 passenger coaches, about 55,000 goods wagons, 1,707 stations, 180 workshops and depôts, and 4,200 sheds for wagons and goods. In addition to the financial advantages and those of commercial policy which will be derived from this act, it is worth pointing out that the centralization of railway transport will make possible its rational use through co-ordination of its services and tariffs, unification of materials, uniformity of gauge and, to sum up, the adjustment necessary for converting the Argentine railway network into an organic system serving national interests in co-ordination with motor and water transport. At present we are faced with the urgent problem of modernizing rolling stock and permanent ways, renovation of which was delayed during the war years by the conditions of the international market and made more urgent by the intensive use which the material had to endure during this period. It is to the end that the purchases initiated by the State railways will have to be completed. During 1947 the railways bought for their own services 185 locomotives and 1,300 wagons.

In view of the abundance of the commodities which Argentina traditionally exports, the country will inevitably have to possess its own facilities for

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transportation to external markets. In the war years the State merchant fleet was established with great effort. When added to those of the existing shipping companies, its services made possible the maintenance of contact with continental markets which would otherwise have remained completely isolated from our country. The services which Argentine overseas navigation rendered during this period should be emphasized, because they made it possible not only to supply other markets which were able to receive great quantities of foodstuffs in the necessary amount and with the necessary frequency, but also to maintain the adequate provisioning of the country with raw materials, fuels and manufactured goods under very unsatisfactory conditions.

As a result of the experience acquired during these years of hardship, and in order to avoid repetition of the same difficulties, my Government has provided for an increase in merchant-ship tonnage according to a purchasing plan which in the immediate future will raise it to a figure of approximately one and a half million tons.

As a complementary project to the overseas/merchant fleet, a State river fleet has been established to carry the heavy traffic of the interior of the country and provide access to the ports.

Mention must be made, in however summary a form, of the great development which is being undergone by aerial navigation, which by regular services has made possible air communication with the principal capitals of the continent and the Old World. Essential to the success of this effort is the construction of airports conveniently distributed over the whole territory of the country. In this connection the important work being done on the great Ezeiza Airport is outstanding. The first runways will be equipped in the forthcoming months.

In the financial sphere my country has introduced substantial changes intended to place finance at the service of those responsible for increasing production and raising the value of national labour. This transformation is being initiated through the nationalization of the Central Bank and the new banking order which provides for the establishment of other institutions within an organic system.

This reform has allowed the State banking organizations to limit their functions specifically, and they have confined their attention to meeting the financial requirements of perfectly definite sections of the national economy.

One of the basic points in the new banking order has been the backing of bank deposits by the nation. This made possible the registration of all deposits in the name of the Central Bank, and the conversion of rediscounting operations into the normal channels of banking activity for the fulfilment of

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the majority of credit operations. Just as it has provided the depositor with an integral guarantee, this modification of the banking system has made it possible to direct credit policy in conformity with the requirements of the country's economic development.

The great anxiety of the Government of my country to bring about a substantial improvement in the living conditions of the working population is well known. The worker has been secured a "standard" of life which is worthy and compatible with humanity and is related to the Government's efforts to secure social progress. As a fundamental stage within the process, action has been taken to adjust incomes by the fixing of minimum wages and the system of collective agreements, which has made it possible to increase the level of wages in 1947 as compared with 1939 by 102.3%, while during the same period the cost of living rose only by 78.5%.

The housing problem which today afflicts the whole world in an acute form has made itself felt in my country also as a result of the increase in the settled population and in the number of immigrants and of the displacement of large communities towards the industrial centres. The freezing of rents, the construction of park suburbs in harmony with modern ideas of urban development, the freezing of the small property from tax burdens and a broad and liberal credit system for both the acquisition and the construction of dwellings, have made it possible to a large extent to solve this serious problem.

At the present time our workpeople are living under protective legislation which provides for an adequate system of pensions for workers in industry and commerce, journalists, seamen, bank employees, public servants and State officials. This system not only covers the risk of old age but also provides for compensation in case of sickness, disablement, accident and dismissal. Similarly, the provisions in force include a plan for social welfare, paid holidays and touring facilities for the working population, the scope of which has considerably increased.

In the sphere of industry the worker is insured by a series of provisions the purpose of which is to prevent accidents at work by adequate education, the improvement of machinery and workshop installations, and more efficient supervision. All this is in harmony with the international recommendations issued by the conferences which have studied the subject.

Finally, and to complete this summary picture of the economic and social activity of my country, I cannot leave unmentioned the effort accomplished in the last two years to increase the capacity and technical efficiency of our workers. With this purpose in view provision has been made for the establishment of the Technical Institute and the Workers' University, and

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there are at present in operation factory schools; classes in apprenticeship, technical improvement, and vocational guidance for men and women; and also private factory schools.

In accordance with the central idea which underlies the action of my Government, that "the improvement of the living and working conditions of the economically-enfeebled classes has a close connection with the increase of the national wealth, which in its turn depends to a large extent on the increase in the population", special attention has been given to the incorporation of immigrating groups in order that by their efforts they may contribute towards bringing the population of the rural areas up to the required level, and towards satisfying the requirements of industry for labour and skilled workers. It is gratifying to be able to state that, in spite of transport difficulties and internal difficulties in the countries of origin, more than 26,000 immigrants arrived in our ports during the last months of 1947. To judge from the rate achieved in the first four months of the present year, it can be estimated that in 1948 the immigrants will provide more than 150,000 workers.

Argentine external trade suffered from the impact of the war, which appreciably lessened its volume owing to the restrictions imposed in the supplying markets, to the difficulties which had to be contended with in order to obtain the bottoms necessary for transport, and to the fact that re-adjustments had to be made in respect both of the countries to which goods were sent and of those from which they were obtained.

As soon as hostilities were over, commercial exchange relationships were re-established. The traditional purchasers from the European continent again appeared in the Argentine market, and purchases were facilitated by the credit policy followed by the Argentine Government and described in more detail below. Nevertheless, with regard to imports it was not possible to re-establish more than partially the flow of purchases from other countries, owing to the difficulties with which their organs of production had to contend; and it was necessary to turn to the United States to satisfy the needs of our industry and transport system in repairs and new equipment.

The volume of trade, which had fallen to a total value of 2,617 million pesos in 1941, remained at approximately the same level during the war years and began to increase rapidly after the war, rising to 3,491 million pesos in 1945, and to 5,893 million in 1946 and last year reaching the record figure of 9,922 million.

Although last year's imports exceeded the 1937-1939 average, amounting to 11 million tons with a value of 5,350 million pesos, the volume of imports only partially met the requirements which had remained unsatisfied during the

war years and the first post-war years.

A proof of the evolution through which the Argentine economy has passed is provided by the present composition of imports which have attained the highest values hitherto recorded. From an analysis of these imports it appears that 43% of the total consists of machinery, motors, tools and transport equipment, and 45% of raw materials, fuel, and semi-finished products for industry, while only the remaining 12% is for the satisfaction of consumer needs. These figures demonstrate the industrial effort accomplished by Argentina.

Exports also display a rise in both value and volume. In 1947 more than 9,000,000 tons were exported, 7,373,000 of which were agricultural products, 969,000 tons meat and by-products, 147,000 tons hides, 172,000 tons wool, 236,000 tons forest products, and the remainder minerals, manufactured products, etc.

With regard to exports, Argentina has followed a definite policy of exporting those of its products which involve a high grade of industrialization in order to encourage national labour, especially in respect of those items in which the industrial process is justified by economic conditions.

In order to have a clear idea of the present direction of Argentine external trade it is convenient to classify it in two sections, that of tied currencies and that which is conducted through the medium of free currencies. For this purpose, and taking into account present conditions of payment, we find that in 1947 the composition of foreign trade was as follows:

Countries	Exports	Imports	Balances
	In million of pesos		
With payment agree- ments or credit sales	1,490	1,052	+ 438
Sterling area	2,004	528	+ 1,476
Free currencies	1,927	2,937	- 1,010
<u>Total</u>	<u>5,421</u>	<u>4,517</u>	<u>+ 904</u>

As may be seen, two-thirds of our exports are to countries with which we have written agreements, and in return we are obliged to obtain the greater part of our requirements in the United States, since the slow reconversion of the European countries is delaying the consignments which they were accustomed to send and does not allow them to counterbalance our supplies.

This situation has obliged our Government to adopt an exchange-control policy for facilitating purchases on compensation accounts in the countries in which we have balances in our favour, and in the adjacent countries.

The Argentine policy of contributing substantially to the reconstruction of the countries affected by the war found its expression in numerous

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agreements made with various countries after the termination of hostilities.

These agreements are based on reciprocity in the satisfaction of requirements: grain, meat, fats, foodstuffs and various other raw materials are to be supplied by Argentina, in return for machinery, transport equipment, semi-finished articles and other products necessary to the national economy.

With the high purpose of assisting in the revival of the economic systems of the countries bound up with our own, the majority of these agreements contain clauses granting credits which allow the countries concerned to cope with their requirements for a reconstruction which will enable them to correct the imbalance at present observed between their need for Argentine products and the possibility of sending in return articles required by our country. In this spirit agreements have been entered into with the principal countries of Europe and, in accordance with our traditional policy of strengthening relations with the countries of this continent, and on a basis of more extensive co-ordination between the various economic systems, agreements have been entered into or are being negotiated with various Latin-American countries.

Mr. Chairman:

Within the competence ascribed to this commission, the Argentine Delegation is of the opinion that during this series of meetings consideration should be given to the means to be adopted for finding the solution of the urgent economic problems of the nations of Latin America in those of their aspects which are connected with the countries of Europe.

For that purpose, and since American economic problems have been amply debated in such well-known inter-American conferences as that recently concluded at Bogotá, and since some of these problems will again be considered in the near future at the Special Economic Conference to be held this year, I consider that in order to avoid a duplication of tasks it is indispensable to establish strict co-ordination between the work of this new Commission and that of an organization of the importance and influence of the Inter-American Economic and Social Council.

Such a co-ordination will perhaps make possible more rapid progress in the studies and investigations to be undertaken by the Commission on the means to be adopted in Latin America for re-establishing the equilibrium of world economy, solving the economic problems arising from the war, and raising and strengthening the economic activity of the Latin-American countries by strengthening their economic relations with each other and with the other countries of the world.

In one passage of his interesting speech Ambassador Santa Cruz, the representative of Chile, pointed out with regard to the meetings of this

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Commission and those of the Special Economic Conference called by the Organization of American States that the results obtained by each of these will be of immense benefit for the other's work, that the studies which we have at our disposal for the coming months could be used by the Special Economic Conference, and that the plans and conclusions of that conference might serve as a guide and rule for the Commission in the development of its subsequent work.

The Argentine Delegation agrees with these ideas and considers that in order to put them into practice it would be very advisable that this Commission, while inviting the representatives of the Inter-American Economic and Social Council of the Organization of American States to communicate the views of that organization on an improved form of co-ordination which would allow the ideals by which we are animated to be realized with all possible rapidity, should consider the possibility of appointing representatives from its own membership to prepare, by agreement with representatives of the Inter-American Economic and Social Council, a co-ordinated programme.

I shall end, Mr. Chairman, by expressing the wish that the feeling of brotherhood and co-operation between the Latin American nations may assist in promoting world co-operation and brotherhood; and I express the belief of the Argentine Government that the deliberations of this Commission, carried out in the spirit of understanding and collaboration which characterizes the relations between the countries of America, will contribute to the common effort undertaken by all nations to obtain the well-being and happiness of their peoples.



