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ECONOMIC COMMISSION FOR LATIN AMERICA

Text of Speech by the Delegate of France

Mr. Robert Buron

Mr. Chairman:

As we are to devote our meeting this morning to continuing discussion of the final chapters of the economic survey of Latin America (E/CN.12/82) and the Executive Secretary's report on trade development (E/CN.12/85), I should like to make a number of observations.

Their purpose will not be to question the very great merit of the economists who drafted these two documents under the leadership of our distinguished Secretary, but rather to acknowledge their great value and attempt to furnish the necessary additional information which Mr. Martinez Cabanas himself solicited yesterday.

1. I am more optimistic than he is and, basing my statement on the latest known figures, I think I can affirm that Europe is tending progressively to retrieve the place it had held for so long in Latin American trade. Although for well known reasons - which the Executive Secretary's study on the economic situation analyses most clearly - trade between Europe and Latin America is as yet relatively small, it should not be forgotten that the countries of Western Europe have only recently been able fully to devote themselves to the

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task of bringing this trade up to an adequate rhythm by 1952, at which date American aid is to end.

But the estimates established on this subject at the end of last year by the countries of Western Europe - which the study before us mentions - have been exceeded by the figures representing the first months of this year and in spite of the anxieties of a certain section of opinion which is always nervous when faced by symptoms of a slackening of business, I cherish the hope that the progress achieved will confirm those estimates.

In the first four months of this year the monthly average of exports from Western Europe to South America has already reached the figure estimated for the 12 months beginning 1 July 1949, that is, well over one thousand million dollars a month. The French delegation thinks therefore that there is at present no serious reason why the proposed figure for Western European exports to South America for the period 1 July 1952 to 1 July 1953 - namely two hundred million dollars, in the appropriate currency - should not be reached. However, if that were found impossible, the question for the European countries would be to discover how, without exceptional means of payment, they could maintain their imports at a high level; and the solution would be on the basis of reciprocal loans by which Europe and Latin America would jointly secure, the former its recovery and the latter its necessary economic development.

2. The main necessity for France in particular - whose cultural and sentimental links with the Latin

American countries the delegate of Bolivia recalled yesterday in terms which I found most moving - is to extend to the full this trade with those countries. No doubt because of her particularly severe sufferings from the war, it is only after a dangerously long interruption in her economic relations that my country is now devoting her attention to reestablishing, and extending them. She might perhaps at first sight be thought presumptive in the efforts she is determined to make. I must reassure France's many friends here on that point. In April last, just four months after the cessation of hostilities in Europe, French industrial production surpassed its previous record figure, reached in 1929.

At the same time, favoured by the circumstances of 1948 it is true, but also with mechanical equipment still inadequate though much superior to what it had before the war, our agriculture as a whole already last year achieved the objectives set for 1950.

Our production is thus now sufficient to allow rapid expansion of our exports; and it should be noted that their volume increased remarkably in April, where being in particular a very appreciable extension in the range of articles which we shall be, in fact are already, able to offer.

Fully conscious of Latin America's needs to industrialize in order to raise the inadequate living standards of a large part of her population, we are anxious to do all we can to help in the expansion of her economy. France is determined to translate into action,

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as far as is within her powers, the positive and definite statements which our delegation made on this subject last year at Santiago, Chile. Consequently, of the 190 million dollars of exports which my country hopes to send to South America in 1952, more than 60 per cent will be represented by equipment alone. Already next year, 25 per cent of our total exports of equipment are scheduled to go to Latin America. Needless to say, we do not intend to discontinue selling Latin America our quality goods, which have always found a market in countries where French taste is particularly appreciated - on the contrary. But we understand the needs of the present economic situation of the Latin American countries and above all we are convinced that in the end it is of the greatest importance, even to those of our luxury industries which were the worst hit by the closing down of markets which had traditionally provided the main outlets for their goods, that there should be balanced economic development in Latin America.

I should like however to point out that it should be possible, at least for those countries which have a credit balance with France, to open their markets wider to French goods, as in the end that cannot result in any loss of gold or hard currencies for them.

Moreover I am persuaded that the Chilean delegation, which yesterday stressed that the application of the Marshall Plan had had only a limited effect on the dollar balance in the South American countries, nevertheless shares my view that in the long run Latin America would benefit indirectly from the rapid recovery

/of Europe,

of Europe, just as Europe cannot but gain from the development of Latin America.

3. Indeed there is to be a still further extension of our trade exchanges in the future, economic expansion in Latin America, both industrial and agricultural, must take place without delay. Our delegate at the First Session of the ECIA stated this very clearly. I think there are no delegates here who do not fully realize the need, on the part of the countries which are members of the ECIA, to diversify their economies, themselves take a greater part in the transformation of the agricultural and industrial raw materials which they produce, in short, to protect their economy against the cyclical fluctuations of which they are often the innocent victims.

But the speed of Latin America's economic expansion itself depends upon two main factors:

I) the training of the necessary technicians, both on the level of responsible positions and on that of skilled labour. This is a matter for Committee Three.

II) rational utilization of all the resources which can be marshalled to aid in this expansion, regardless of their source.

The under-developed countries seem to be caught in a sort of vicious circle, since the non-existence of savings is at the same time both the consequence of economic stagnation and the factor which promotes such stagnation and even lessens productivity. This vicious circle must be broken at all costs. The French delegation will return to that subject in due course; for the time being it confines itself to stressing that only by economic

development will Latin America be able to raise real income standards and thus build up a margin for savings. In addition, it would not suffice to encourage the building up of savings if they were not to be productive. Although it is true that efforts must be made to mobilize savings capital by every appropriate means, it is also necessary that the savings be utilized for the implementation of rational and highly productive projects.

4. In any case world trade can only be developed in the future by the adoption of healthy principles of international trade. It was in the Charter of International Trade and Full Employment, which will always be associated with the name of Havana and which several of us present here helped to draft last year, that these principles were affirmed. Even at that time the French delegation felt it necessary to state that for a time the war-devastated or under-developed countries ought to be authorized to take exceptional measures to bring their production into a position to face world competition. I had the great honour there of being a member of the Sub-Committee on Economic Development, which gave me the opportunity of working together in concord with the delegates of the Latin American countries. My principal preoccupation - the reconstruction of Europe - took its place alongside their legitimate concern regarding the need to develop the vast economic possibilities of their territories. Temporary procedures were provided for, to permit all countries to start on an equal footing as soon as the consolidation of peace, the widening of traditional trade currents and the economic

/expansion

expansion of the war-devastated countries and the young countries in the process of industrialization, make it possible to establish a system based on multilateral agreements and the convertibility of all currencies. Until such time as that final objective is attained, my country thinks that everything should be done to widen the narrow bilateral system into which circumstances have constrained us. We for our part have sought to achieve that widening through customs unions such as the one we are in the process of arranging with Italy, or even through wider economic unions such as that which, I am persuaded, will one day be achieved between the countries of Western Europe.

We hope to achieve it also through as wide as possible currency compensations and that is why we have noted with particular interest the report of the International Monetary Fund, as, similarly, we shall study the interesting Uruguayan proposal.

We do not believe, and have never believed, in the division of labour as conceived by the capitalists of last century, but we are strong partisans of specialization, national, regional and even international. It is from such a division of labour, not between exploiters and exploited, or between highly industrialized countries and underdeveloped ones, but between sovereign countries animated by the sincere desire mutually to help each other increase the standard of living of their peoples, that we look for the best results.