

UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



GENERAL
E/CN.12/AC.18/SR.6
20 April 1953
ORIGINAL: ENGLISH

ECONOMIC COMMISSION FOR LATIN AMERICA
Fifth Session
Rio de Janeiro, Brazil

COMMITTEE I (Current Economic Situation and Prospects)

SUMMARY RECORD OF THE SIXTH MEETING

Held at Rio de Janeiro on Monday,

20 April, 1953, at 10 a. m.

CONTENTS:

General position of industry, mining and
energy (continued)

General debate (continued)

Consideration of draft resolutions

/PRESENT:

PRESENT:

Chairman:	Mr. VENTURA	Argentina
Members:	Mr. ALSINA) Argentina
	Mr. BALBOA	
	Mr. ALCAZAR	Bolivia
	Mr. MANGIA	Brazil
	Mr. RUIZ	Chile
	Mr. LEJIA	Colombia
	Mr. GARDENAS	Ecuador
	Mr. COTLER	France
	Mr. HUDICOURT	Haiti
	Mr. FEIN	Netherlands
	Mr. KOLBERG	Paraguay
	Mr. BARRERO	Peru
	Mr. GODFREY	United Kingdom of Great Britain and Northern Ireland
	Mr. ASHER	United States of America
	Mr. PASTORI	Uruguay

Also present:

Representatives of Specialized Agencies:

Mr. LARSEN	International Bank for Reconstruction and Development (IBRD)
Mr. DEL CANTO) International Monetary Fund (IMF)
Mr. ROBICHEK	

Representative of a non-governmental organization:

Mr. TAYLOR	Inter-American Economic and Social Council
------------	---

Secretariat:

Mr. URQUJUE	Secretary of the Committee
Mr. MENDIVE	

/GENERAL POSITION

GENERAL POSITION OF INDUSTRY, MINING AND ELECTRIC POWER
(continued)

Mr. RUIZ (Chile) observed that his country's policy on industrialization was guided by three basic objectives. The first was to increase per capita income for which a steady expansion of industrial capacity was essential. The second was to free Chile's economy from the uncertainty caused by excessive dependence on the state of world markets for its two main exports, copper and nitrates. Thirdly, it was desired to redress the country's hitherto unfavourable position as regards terms of trade by introducing processing industries for its raw materials.

A number of weighty obstacles hampered their efforts, the chief being lack of capital. Due to the abundance of labour, the highly mechanized methods employed in industry in other countries were therefore unsuitable for Latin America and that aspect of industrial development had to be approached from the strictly Latin-American standpoint. That was one of the reasons why ECLA's economic survey was so valuable.

The balance of payments constituted another important limitation to progress. Efforts had been made in Chile to channel investments into industries which would take the place of imports, thus enabling available foreign exchange to be applied to the import of more capital goods.

The extent to which it was preferable to give priority to investments producing quick savings in foreign exchange

/as against

as against investments giving a higher rate of return, was a matter that had hitherto been settled on a more or less ad hoc basis. The ECLA study on technique of programming economic development would now permit of decisions on a technical basis, suited to the country's individual conditions.

Another problem that had arisen in Chile was that of unequal growth of certain sectors of the economy, with harmful effects on overall progress. Investments had therefore had to be diverted in urgent efforts to redress the balance. The slow rate of development of agriculture in relation to industry was a case in point.

The movement of manpower to industry had led to increased demands for foodstuffs that could not be satisfied except by reducing exports. There was no need for him to stress the effect of that situation on the country's balance of payments and capacity to import.

His picture would not be complete without some details of Chile's industrial development in the past few years. (He cited data relating to iron and steel, petroleum, electric power, mining and paper and pulp.)

Mr. ALSINA (Argentina) took the opportunity to comment on Argentina's recent industrial development, leaving out the exceptional year 1952. In the period 1947-1951, industry had continued to expand and the physical volume of industrial output had shown a striking rise, the greatest increases being in electric machinery and equipment, metals, petroleum derivatives, paper and pulp.

New branches of industry that had been penetrated included the production of newsprint, typewriters, sewing machines and fluorescent lamps. That illustrated the trend towards the broadening of the country's industrial structure with the object of becoming self-sufficient.

As indicated in the economic survey, the chief factors that had militated against progress were the lack of foreign exchange and shortage of electric power. Nevertheless those difficulties had been overcome, and Argentina's progress towards industrialization had not been halted.

The first stage of industrialization had been completed with the establishment of light and medium industries. It now remained to develop heavy industries - iron and steel and heavy chemicals - and that was the objective of the current five-year plan. Expansion of energy resources and mining were also receiving high priority.

The Argentine Government was continuing its vigorous policy to promote industrial development by direct State intervention in a wide field of activities.

GENERAL DEBATE (continued)

Mr. COTTEER (France) said his delegation had already indicated its interest in the studies produced by ECLA, particularly in that on trade between Latin America and Europe and in the Economic Survey of Latin America, 1951-1952.

His delegation felt it would be to the general interest to have such studies pursued and amplified in future, since
/they showed

they showed the changes brought about in the general structure of trade. The growth of the population, development of agriculture and industrialization of Latin America had modified its import requirements, while technical developments had changed the demand by the industrialized countries for raw materials. The countries concerned should be enlightened on the nature and scope of such changes, so as to enable them to take them into account in planning their future production. His delegation therefore submitted a draft resolution on the study of structural changes in the trade between Latin America and the industrialized countries.

Mr. ASHER (United States) took advantage of the opportunity to report on the current economic situation and prospects of the United States.

1953 promised to be a year of high production, high consumption and high imports. For the past six months the United States economy had been producing goods and services at a rate markedly above the high level previously reached. Increases in defence spending since the previous spring had been relatively moderate, but defence and foreign assistance programmes continued to be a burden to the American people.

Total employment had reached the highest level in history, and unemployment had declined to the lowest level since the Second World War. Inflationary pressures had subsided and some commodity prices had declined, the most striking decreases being in the sensitive commodities.

The previous year's agricultural production had been

/the largest

the largest in United States history, and increasing supplies coupled with the disappearance of inflationary pressures had made it possible to eliminate most of the economic controls imposed in 1951 and 1952.

He had reported at a previous meeting on his country's general position in the field of international trade and balance of payments. In regard to the Latin American Republics, there had been an excess of United States imports over exports of \$175 million in the latter half of 1952, which had almost entirely offset the export surplus of the preceding six months so that from the viewpoint of more balanced trade 1952 had been better than any post-war year except 1950.

Business investment in the United States had been large throughout the post-war period and a recent survey indicated that that situation would continue in 1953. A longer term survey showed a similar trend and indicated that American businessmen realized the need for further large investments to expand capacity, improve efficiency and develop new products. Total Government purchases of goods and services had been rising gradually over the past year and would continue to be high in 1953.

There were, however, one or two features which marred the generally rosy picture he had just painted. Agricultural production was increasing while agricultural exports were declining; consumer debt was increasing and large inventories had in some cases been accumulated. A reduction in international
/tension might

tension might produce temporary declines in the stock and commodity markets. It would nevertheless be welcomed by the American people and would not affect the underlying economy. It would indeed free important resources for the far more productive purposes of peace. In that connexion, he quoted from a recent major foreign policy address by President Eisenhower in which the latter had suggested the possibility of devoting a substantial percentage of the savings achieved by disarmament to a fund for world aid and reconstruction in order to help develop the underdeveloped areas of the world, stimulate fair and profitable world trade and assist all peoples to know the blessings of productive freedom.

During the past quarter of a century the United States had learnt much about the operation of its economy and had greatly reduced the chances of depression. Nevertheless, as had been pointed out in the Economic Report of the President of January, 1953, certain fluctuations in the general level of business were the inevitable price which had to be paid for a dynamic free economy,

CONSIDERATION OF DRAFT RESOLUTIONS

Mr. PASTORI (Uruguay) pointed out that representatives had not yet had an opportunity of considering all the draft resolutions submitted to the Committee. He therefore proposed that discussion by the Committee should be postponed.

It was so agreed.

The meeting rose at 11:50 a.m.