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ECONOMIC COMMISSION FOR LATIN AMERICA

Fifth Session
Rio de Janeiro, Brazil.

COMMITTEE IV (Agriculture)

SUMMARY RECORD OF THE FIRST MEETING

Held at Rio de Janeiro, on Tuesday,
14 April 1953 at 3.30 p.m.

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(E/CN.12/291/Rev.1)

/PRESENT:

PRESENT:

<u>Chairman:</u>	Mr. CRESPO ORDONEZ	Ecuador
<u>Rapporteur:</u>	Mr. GLOWER	El Salvador
<u>Members:</u>	Mr. BILLARD	Argentina
	Mr. CEVALLOS TOVAR	Bolivia
	Mr. de SOUZA	Brazil
	Mr. BERTENS	Chile
	Mrs. WYLIE	United States of America
	Mr. FILLIOS	France
	Mr. SANTA CRUZ	Guatemala
	Mr. RIGAUD	Haiti
	Mr. ROBLES	Mexico
	Mr. CANTARERO	Nicaragua
	Mr. RADHAKISHUN	Netherlands
	Mr. McCULLOUGH	Panama
	Mr. GONZALES	Paraguay
	Mr. WEISS	Uruguay
	Mr. CASAS BRICEÑO	Venezuela

Also present:

Representatives of specialized agencies:

Mr. MONTEIRO	International Labour Organisation (ILO)
Mr. MARRAMA	United Nations Food and Agriculture Organization (FAO)
Mr. JUNQUEIRA SCHMIDT	World Meteorological Organization (WMO)

Secretariat:

Mr. AQUINO	Secretary of the Committee
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INSTALLATION OF THE COMMITTEE AND ELECTION OF A PERMANENT VICE-CHAIRMAN

The CHAIRMAN invited the Committee to elect a Vice-Chairman.

Mr. WEISS (Uruguay) nominated Mr. Billard (Argentina).

Mr. de SOUZA (Brazil) supported the nomination.

The CHAIRMAN proposed that the Committee should appoint

Mr. Billard (Argentina) permanent Vice-Chairman of the Committee.

It was so decided.

SECRETARY'S STATEMENT ON THE ITEMS OF THE AGENDA

After Mr. AQUINO (Secretary of the Committee) had described a programme of work in broad outline, it was agreed that his programme should be followed, subject to the addition of a study of land reform.

PRESENT POSITION OF AGRICULTURE AND PRODUCTION TRENDS. AGRICULTURAL DEVELOPMENT PROGRAMMES IN THE LATIN-AMERICAN COUNTRIES: Economic Survey of Latin America 1951-1952 (E/CN.12/291/Rev.1)

Mr. AQUINO (Secretary of the Committee) said that under the stimulus of favourable terms of trade and a high level of demand and investment the agricultural production of Latin-American countries, with the exception of Argentina, had greatly increased in recent years. However, in consequence of a marked decrease in production in Argentina, agricultural production for Latin-American countries as a whole had decreased by 2 per cent in 1952 and per capita production for the same year had been 4 per cent below that for 1948. If Argentine production were disregarded, the agricultural production of Latin-American countries had increased by 7 per cent in 1952 and per capita production had been 8 per cent above that of 1948.

In Chile and Paraguay the rate of increase in agricultural production had fallen below the rate of population growth.

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To reverse production trends in Argentina and to stimulate production, the Government had adopted a policy involving the subsidizing of agriculture and the execution of agricultural development programmes.

Agriculture was one of the sectors of Latin-American economy faced with the problem of capitalization. It was therefore desirable that the Governments of the region should study the rate of investment and capital requirements.

Coffee occupied a particularly important place in the agricultural economy of Latin-America. In some Latin-American countries the wages paid in the coffee industry fixed the level of agricultural wages as a whole. Because of the difficulty of mechanization in the coffee industry, productivity remained low. Owing to a lack of land or because of unfavourable climatic conditions, some countries found it impossible to develop coffee cultivation. Moreover in some comparatively well-developed areas in Latin America, as in the São Paulo region, coffee had to compete with more remunerative crops and industries for labour; it was barely holding its own as the principal export.

The CHAIRMAN invited comments on the Secretary's statement. Increased agricultural production was the central problem of the Latin-American countries, though the means of achieving that aim might differ. Some countries had succeeded in improving their agricultural economy by increasing their production index, whereas the fall of that index in other countries had produced serious repercussions on the general economy of Latin America. The causes of the decrease were not only weaknesses in technical production or inadequacy of manpower. Natural factors could also have a decisive influence on production. The baneful action of

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the elements could be counteracted by a better utilization of the soil and a more intensive use of chemical fertilizers. Latin-American countries were undoubtedly on the way to increased agricultural production, but they were still far from being self-sufficient.

The graph of agricultural production in Latin America shown in Table 38 of the ECLA Economic Survey had been calculated in two ways -- one including and the other excluding Argentine production. The divergence between the two graphs clearly showed the importance to Latin America of Argentine productivity.

Mr. NOBLES (Mexico) said that Latin America was first and foremost an agricultural region and that questions regarding the agriculture of the area should not give place to questions of industrialization. In Mexico, particularly, 50 per cent of the population lived by farming 8 per cent of the surface area. Mexico was far from under-estimating the importance of industrialization, but industrialization involved capital investment lacking in the country.

One of the most important results of the Mexican revolution was land reform, the results of which already appeared satisfactory. The question of land reform involved that of irrigation, a hard problem in Mexico. Mexico's agricultural production had been directed towards genetic experiments and the production of improved species. Moreover the fertilizer industry had grown, factories had been built for the manufacture of insecticides and farm mechanization was progressing. That mechanization, however, should be undertaken with caution.

Land reform in Mexico had raised the further problem of agricultural credit. The system of agricultural credit which obtained in Mexico had

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two different forms: one for smallholders, the other for landowners granted their land by the State.

The interest shown by Mexico in agriculture did not mean that it was the country's intention wholly to revert to the production of raw materials. Mexico intended to balance its economy by harmonizing industrial and agricultural production.

Mr. de SOUZA (Brazil) stressed the common interest of IA-ECOSOC and ECLA in the question of agricultural production in Latin-American countries. Even though all those countries were conscious of the need for industrialization, the fact remained that their economy was more or less based on agriculture and stockbreeding. The ECLA Economic Survey of Latin America brought out the economic position of Latin-American countries, though some aspects of the report called for observations which the representative of Brazil wished to make in a spirit of co-operation. The ECLA Survey could be no more than a basis for the discussion of the problems with which it dealt, for it was incomplete. There were serious omissions in the agricultural statistics relating to the developing Latin-American countries; they were therefore an inadequate foundation for judging the agricultural activity of those countries. It was desirable, for instance, that agricultural statistics should afford accurate data on yield per hectare, and on the income from capital investment in agriculture and stockbreeding, yet such information was not to be found in the ECLA Survey. To remedy that omission the Brazilian representative suggested that ECLA might urge Latin-American Governments to supply full statistical information. The graphs in the ECLA Survey were not scientifically plotted and the explanatory matter concerning them was inadequate. Finally, the Survey did not mention the fact that the cotton exported by Brazil was sold at prices below those obtaining on the international market and only

passing mention was made of the vital problem of land reform.

The agrarian question in Brazil appeared to have three main aspects: first, the attitude that land reform was a panacea; second, the tendency of large landowners to await the revalorization of their estates, accompanied by a general tendency to speculate; finally, the disastrous influence of latifundio on the standard of living of agricultural workers. The ECLA Survey made no mention of any of those aspects of Brazil's agrarian problem, which might usefully be studied jointly by the Commission and FAO. In that connexion he stressed FAO's services to his country. The activities of that body were expanding steadily and were ones in which ECLA should increasingly co-operate. The Brazilian Government was anxious that FAO should study the possibility of establishing a permanent office in Brazil to serve as a centre of action for Latin-American countries.

Mr. SANTA CRUZ (Guatemala) made some comments on the relationship between agriculture and industry in Latin America. Industry undoubtedly offered greater financial rewards and the Latin-American countries should industrialize despite their lack of capital and of technical knowledge. There was still, however, the problem of deciding the relative importance to be given to agriculture and industry in the economic development of individual countries. The Guatemalan delegation proposed the following criterion -- the proportion should be such as to permit the greatest possible number of inhabitants to achieve the highest possible standard of living. He pointed out that in Guatemala, as in many other Latin-American countries, many planters produced marginal or sub-marginal crops such as maize, which provided a very poor economic return. They had to be persuaded to replace such uneconomic cultivation by more remunerative

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crops such as coffee and textile fibres if the standard of living of the workers were to be raised.

The CHAIRMAN pointed out that, however desirable, such changes in cultivation sometimes encountered biological or climatological obstacles. In Ecuador however (to take but one example) it would be possible to grow coffee or textile fibres on vast areas now planted with sugar cane for making alcohol or else to use them for stockbreeding.

Mr. BILLARD (Argentina) thought that some of the analyses of the Economic Survey 1951-1952 (E/CN.12/291/Rev.1) failed to take account of the interdependence of many of the factors affecting agriculture. The analyses were often based on statistics which themselves relied on approximate estimates calculated solely in relation to prices. Prices were not the only factor to be considered.

It was essential to proceed vigorously with industrial and agricultural development. Industry certainly permitted a speedy raising of the standard of living of some sectors of the population and provided a remedy for the instability experienced by purely agricultural economies. It was equally true that rural populations as a whole tended to benefit from economic development and technical progress, and was therefore particularly important from that point of view to make accurate ecological and climatological maps of every country.

At the CHAIRMAN's request, Mr. BILLARD (Argentina), Vice-Chairman, assumed the Chair.

Mr. ORESPO ORDÓÑEZ (Ecuador) thought that the question of land reform should be studied from a new angle. The important thing was not

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to consider the size of landed estates, but every landowner's obligation to produce whatever the surface of his land might be like. Production was the sole justification for land ownership, and it was the duty of every landowner to make his land productive. If a single owner possessed 2,000 hectares and made them produce the maximum possible, he had fulfilled his obligation. If, on the contrary, a man bought, as a speculation, a single hectare and let it lie fallow, he should be subject to coercive measures. The ultimate aim was that of making all arable land fully productive.

If those principles were applied throughout Latin America, many problems would be solved and the development of the continent ensured.

It was therefore essential that among the resolutions adopted by ECLA there should be some kind of ruling on the best method of using and administering estates. No Latin-American country could claim that its territories were administered altogether satisfactorily and all Latin-American countries would be well advised to follow the example of the United States in that respect. It was essential to be able to deal with the threefold erosion caused by chemical agents and water, for they endangered the very foundations of the agricultural life of every country. If the problem of estate management were to be studied in its true perspective for the whole of Latin America, ECLA and FAO should jointly tackle it.

Agricultural development was impossible without the progressive training of farmers themselves. Several Latin-American countries had a large indigenous population which had difficulty in adapting itself to modern life and monetary economy by reason of its ancestral habits. The examples of Mexico, Bolivia and of Ecuador showed that those

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populations had a very valuable contribution to make to American civilization. It must not be thought, however, that statutory legislation alone could suffice to bring about the absorption of those populations into the economy of their country. A long and laborious education, founded on extensive ethnological research, was needed.

Mr. CRESPO ORDÓÑEZ (Chairman), resumed the Chairmanship of the meeting.

Mr. RIGAUD (Haiti) wondered whether the Committee might not achieve more satisfactory results if it set up working groups to study every proposal and counter-proposal submitted to it.

The CHAIRMAN thought it would be difficult for the Committee to change its initial procedure. The representatives of Brazil, Argentina and Mexico had, however, put forward some concrete proposals which might be submitted to a working group.

Mr. WEISS (Uruguay) said that though acceptable in principle, the Haitian proposal was not very practicable at that stage of discussion. He drew the Committee's attention to the need for avoiding all duplication and overlapping between the work of ECLA and such international organizations as FAO. FAO's province was not confined to the technical aspects of agriculture; it also extended to the allocation of foodstuffs and the economic policy to be followed in the agrarian sphere. At its last session the FAO Council had decided, on the instructions of the United Nations Economic and Social Council, to undertake a survey of land reform throughout the world, including Latin America. Some of the problems with which agriculture was faced in Latin America obviously extended beyond that region and should be studied in a far broader perspective.

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It was not easy for the authors of the Economic Survey to formulate general counsels applicable to all the countries in the region, since there were considerable differences in their economy which, in some cases, varied even within every sub-region. Hasty decisions should be avoided. Hence, though the representative of Uruguay had been able to state at a plenary meeting that his country had achieved a satisfactory balance between town and country, a comparison with New Zealand which somewhat resembled Uruguay in its economic life, showed that the breeding productivity per hectare was five or six times higher in New Zealand. The example of New Zealand made it clear that a high level of productivity in agriculture and stockbreeding could bring about a very high standard of living, and that any sharp distinction drawn between agriculture and industry was largely artificial.

Like the representatives of Brazil and Ecuador, the Uruguayan delegation emphasized the importance of the human factor in economic development. There should be three aspects of all international aid -- social, technical and financial. If it were to be efficacious, technical assistance should sometimes be "intermediary in character", i.e. it should seek to improve primitive techniques without endeavouring immediately to raise them to the same level as more developed countries.

The increase in agricultural and industrial production at which all governments and international organizations were aiming could not be regarded as an end in itself and even involved certain risks. Once goods had been produced an outlet had to be found for them, both on the home and world markets, where they were exposed to all the hazards of the law of supply and demand. In that connexion it would be interesting

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to study the thorny question of subsidizing agricultural production and stabilizing agricultural prices. Uruguay had taken some steps in that direction by building up reserves of agricultural products and endeavouring to solve the problem of the relation between production costs and retail prices.

Mr. MARRAMA (United Nations Food and Agriculture Organization) pointed out that the close co-operation which had always existed between FAO and ECLA was clearly apparent in the establishment of the ECLA/FAO Agricultural Section. The co-operation between the two bodies and the elimination of duplication with which the representative of Uruguay was rightly concerned were thus ensured for the future.

He drew the Committee's attention to four passages of the Economic Survey (E/CN.12/291/Rev.1): Table 7 (page 14), Table 11 (page 27), Graph 38 (facing page 232 of the English text, particularly the graph in the top right-hand corner) and Graph 48 (facing page 298 of the English text, particularly the graph on the left-hand side). It was clear from those figures that, since the end of the war, the economic development of Latin-American countries was solely due to increased industrial production. It was equally clear from Graph 8 and Table 15A that more than 60 per cent of the active population of Latin America was engaged in agriculture. It followed that more than half Latin America had not benefited from the economic development of that region. That fact explained why, in 1950, the gross income per capita in the agricultural sector was 285 dollars below the gross income in other sectors.

The ECLA Secretariat might attempt to calculate the variations in per capita income distribution since the end of the war. It was possible

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that a study of the kind might show that over 60 per cent of the population had not shared in the economic development of the continent.

There were many dangers in any economic development which left the majority of the population unaffected. He enquired how a stagnant agricultural economy could absorb developing industrial production? Where the current economic development of Latin America was concerned, greater importance should be attached to agricultural development than in the past. Agricultural investment should be increased -- not only the investment specifically directed towards increasing agricultural production, but that which tended to stimulate it indirectly by such means as encouraging the distribution of agricultural products and improving agricultural credit and co-operative institutions.

At its Fifth Session ECLA would study the report on the various surveys of agricultural credit jointly undertaken by ECLA and FAO, in addition to the question of latifundia. In those two fields ECLA might count on the wholehearted co-operation of FAO.

The meeting rose at 7.10 p.m.