



GENERAL  
E/CN.12/SR.59 (VI)  
1 September 1955  
ORIGINAL: ENGLISH

ECONOMIC COMMISSION FOR LATIN AMERICA  
Sixth Session  
Bogotá, Colombia  
29 August 1955

SUMMARY RECORD OF THE FIFTY-NINTH MEETING

Held at Bogotá on Thursday,  
1 September, 1955 at 3.35 p.m.

CONTENTS:

General Discussion (concluded)

PRESENT:

<u>Chairman:</u>	Mr. VILLAVECES	Colombia
<u>Rapporteur:</u>	Mr. GEORGES-PICOT	France
<u>Members:</u>	Mr. PEREZ VILLAMIL	Argentina
	Mr. ARCE	Bolivia
	Mr. DE ANDRADE-LYRA	Brazil
	Mr. VILDOSOLA	Chile
	Mr. ARCHILA MONROY	Colombia
	Mr. HESS	Costa Rica
	Mr. LOPEZ ISA	Cuba

/Members:

Members:

Mr. GINEBRA HENRIQUEZ	Dominican Republic
Mr. PONCE ENRIQUEZ	Ecuador
Mr. RAMIREZ	El Salvador
Mr. GEORGES-PICOT	France
Mr. YDIGORAS FUENTES	Guatemala
Mr. HUDICOURT	Haiti
Mr. BUESO ARIAS	Honduras
Mr. ZAMORA	Mexico
Mr. NEWTON	Netherlands
Mr. GUERRERO	Nicaragua
Mr. McCULLOUGH	Panama
Mr. GALEANO	Paraguay
Mr. BAKULA PATIÑO	Peru
Sir KEITH JOPSON	United Kingdom
Mr. RANDALL	United States of America
Mr. BROTOS	Uruguay
Mr. MULLER	Venezuela

Also present:

Representatives of specialized agencies

Mr. VASQUEZ CARRIOSA	International Labour Organization
Mr. BOERMA	Food and Agricultural Organization
Mr. LARSEN	International Bank for Reconstruction and Development
Mr. LASO	International Monetary Fund

/Representatives of

Representatives of inter-governmental organizations:

Mr. ROYER	General Agreement on Tariffs and Trade
Mr. AMADOR	Inter-American Economic and Social Council

Representatives of non-governmental organizations:

Category A:

Mr. CARDENAS	International Confederation of Free Trade Unions
Miss KAMEN	World Federation of Trade Unions

Observers from Member States:

Mr. ALMASY	Czechoslovakia
Mr. KOTT	Poland
Mr. BJORK	Sweden

Observers from non-Member States:

Mr. FIORIOLI DELLA LENA	Italy
Mr. ALFARO Y POLANCO	Spain

Secretariat:

Mr. PREBISCH	Executive Secretary of the Commission
Mr. MARTINEZ CABAÑAS	Deputy Director, United Nations Technical Assistance Administration
Mr. URQUIOI	Director, Mexico City Office
Mr. SANTA CRUZ	Secretary to the Conference

/Mr. LACARTE

Mr. LACARTE (Uruguay), in the course of a general statement on the economic situation in Latin America<sup>1/</sup>, said that the appreciation of the general economic situation of inter-Latin America contained in the Economic Survey of Latin America 1954 tallied with the views of the Government of Uruguay.

Uruguay could have benefited considerably from the return to pre-war conditions of competition on its market, if the marked decline in the prices of its basic products had not upset its balance of trade and payments. A policy of stimulating production and a flexible system of exchange rates had been adopted to counteract the effect of such price fluctuations.

A new factor in the situation was the entry of Eastern European countries on its markets on a basis of strict bilaterism.

Technical assistance from the specialized agencies was essential if Uruguay was to make the best of its potentialities for development. His Government also laid great stress on the establishment of the International Finance Corporation as a means of financing a sane policy of industrialization in Latin America - a policy which would call for thorough long-term planning to avoid any interference with existing productive activities.

Uruguay had increased its public hydro-power output at an annual rate of 10 per cent between 1950 and 1953 and proposed building another dam. That, however, like other productive projects, would require outside financial support.

Development was being fostered by preferential treatment for imports of capital goods and raw materials and by the credit facilities offered by the Banco de la Republica.

The conclusions of the joint ECLA/FAO study on the selective expansion of agricultural production in Latin America (E/CN.12/378) were worthy of close study in view of the conditions of over-production and

---

<sup>1/</sup>The text of the statement is given in Information Document No.24

low prices under which primary production was laboring in Uruguay and other Latin American countries, after the great expansion in output during the war and immediate post-war years. Both public and private circles in Uruguay were greatly concerned with the problem and, while appreciating the immediate benefits of the system of disposing of surpluses on very favourable terms, were conscious of the threat to sound economic development involved by such a policy.

Uruguay felt that the time had come to establish in Latin America that unity in the economic sphere which was already well under way in the political sphere. The theoretical basis for such a long overdue development having been provided by the Secretariat study on Inter-Latin American Trade (E/CN.12/369), the Commission could pass to the constructive stage, while taking due account of the General Agreement on Tariffs and Trade and existing currency and payments arrangements. His delegation proposed submitting suggestions for setting up machinery to intensify inter-Latin American trade.

While gratified to note the perfect understanding which existed between the Inter-American Economic and Social Council and the Commission at the secretariat level, his delegation would welcome closer co-ordination of methods of conducting studies in the interest of comparability. Ways and means of exchanging staff and facilities should also be studied. Better co-ordination at the government level would greatly simplify the work of the two secretariats.

Mr. LOPEZ ISA (Cuba), in the course of a general statement on the economic situation in Latin America<sup>2/</sup>, said that Cuba was determined to promote the planned development of its economy and to that end had established a series of technical, banking and financial institutions. Its efforts in connexion with foreign trade were directed towards the following objectives: diversification of import and export markets, increase in and diversification of its exports, and greater emphasis on imports of capital goods.

To achieve the first objective, payments and bilateral agreements and trade treaties had been signed and a Cuban Foreign Trade Bank had been set up, which has scored encouraging successes, particularly in inter-Caribbean trade. The experience thus gained might be of interest to

<sup>2/</sup>The text of this statement is given in Information Document No.20

other members of the Commission. In pursuit of the second objective, production of beans, maize and coffee had been raised to leave a certain margin for exports. The bringing of fallow land under rice cultivation had made it unnecessary to import above the basic quota. Imports of potatoes and dairy produce had also been reduced and a plan was under expert study for reducing other food imports.

After stepping up its sugar production to meet the demand during the Second World War and the Korean conflict, Cuba had agreed, in the interest of international cooperation, to reduce its sugar exports, at considerable sacrifice to its economy. To avoid a sudden lowering of national income, his Government had had to adopt a policy of special public investment and tolerate deficits in its budgets.

Coffee production in Cuba, thanks to State action, was expected to total one million quintals for the coffee year 1955/56, a figure far in excess of domestic requirements. The quality of the bean had also been improved and coffee was now being exported to the United States and Spain.

Cuba would regulate its coffee industry according to the same rules of conduct that had governed its sugar policy, reconciling its own interests with the commonweal, and was glad to see that other countries were guided by the same rules. It was confident that, as in the past, a solution favourable to all parties could be found. Its policy in the matter of export of basic products, and especially sugar, might serve as a general guide for other countries and, in that connexion, it hoped that the more developed nations and international financial bodies would not grant loans for the artificial promotion of production in countries not previously exporters of the goods in question.

The essential thing was not to choose between agricultural and industrial investment, but to strike a happy balance between the two. Every country which could obtain the necessary capital should not be content with merely exporting its raw materials, but should develop industries which would create employment and increase income from abroad.

But, industrialization must not be undertaken without due enquiry solely for reasons of prestige. The establishment of industries

/must be

must be justified by the domestic market and should not be made at the expense of agriculture or in order to profit from a temporarily favourable situation. Too great a concentration of industry would merely aggravate economic and social disequilibrium within the country concerned.

The drive for higher productivity must be reconciled with the need to maintain and improve standards of employment and wages - which might mean accepting a lower economic return at the outset.

The field of possible growth was so wide that there was no excuse for following a policy which would reduce traditional exports that were the mainstay of the economic life of other countries.

In spite of adverse factors Cuba had laid at least the basis for a solution of its structural unemployment problem. There had, for instance, been a marked increase in the production and consumption of power and cement and in the output and export of minerals.

Plans were being evolved for the establishment of a variety of new industries, which will enjoy tariff and tax exemptions. Petroleum refining capacity was to be expanded at a cost of about 60 million pesos, while domestic crude oil output had already risen to about 1,500 barrels a day.

He noted that the study omitted to mention the plan for tariff reform and the efforts to set up a national planning board to assign priority to public work projects. Similarly, the study overlooked the fact that the improvement of communications was an essential step in the development of regional production.

Cuba was strongly in favour of intensifying technical assistance activities and pledged its fullest co-operation with the Commission.

Mr. RAMIREZ (El Salvador), in the course of a general statement on the economic situation in Latin America made on behalf of his own country and of Costa Rica, Guatemala, Honduras and Nicaragua<sup>3/</sup>, said that Central America appreciated the efforts made by the Economic Commission for Latin America, either directly or through the Central American Economic Co-operation Committee, and other United Nations bodies, which had helped to implement specific programmes, thus contributing to the economic

---

<sup>3/</sup>The text of the statement has been circulated as Information Document  
No. 26.

integration of the region. The basis for that integration had been laid at the first meeting of the Central American Ministers of Economy, in 1952, and had resulted in such concrete achievements as the setting up of the Advanced School of Public Administration and the Research Institute for Industry. Other studies were now being undertaken, which would be considered at the Committee's next session, in November 1955.

The five countries for which he was speaking were all coffee-producers and therefore deeply concerned at the instability of coffee prices. They had followed the work of the International Coffee Bureau and of the coffee committee of the Inter-American Economic and Social Council with great interest, and they hoped that ECLA would study the possibility of finding new coffee markets. He was convinced that all the Latin American and Central American countries would benefit from continued co-operation in that and other fields.

Mr. ARCE (Bolivia), in the course of a general statement on the economic situation in Latin America <sup>5/</sup> said that, during the last three years, Bolivia had nationalized the three large mining concerns and instituted agrarian reforms. The nationalization of the mines had given rise to many problems. The State had been obliged to provide capital for the Corporación Minera de Bolivia, which had taken over the management of the mines for the Government. After fifty years of intensive exploitation, the deposits had been nearing exhaustion and production costs had been consequently high. The machinery and equipment had deteriorated and replacements had been necessary. The nationalization of the mines had coincided with a serious drop in tin prices, with the result that the Government had had to sell at a loss, while at the same time, its expenditure on social benefits had greatly increased. The inevitable consequence of so many adverse factors had been inflation and the devaluation of the Bolivian currency. Bolivia had been unable to benefit from periods of prosperity in the past, as the profits from its tin mines had gone to private investors, and it had

---

<sup>5/</sup>The text of the statement has been circulated as Information Document No. 27.

/therefore had



therefore had no reserves which would have enabled it to check the inflationary trend.

In order to free the country from its dependency on tin, the Government had decided to diversify its economy. It was therefore implementing a plan involving increased agricultural and mineral production and the harnessing of electric power. The Bolivian Government realized the need for forcing capital and was encouraging private investment. The new Petroleum Act would ensure the proper climate for foreign investment while protecting the country's interests. Bolivia was grateful to the United States and to ECLA for the help it had received with its economic development plans and hoped, with continued aid from the same sources, that the targets would be reached by 1958.

Mr. ZAMORA (Mexico), in the course of a general statement on the economic situation in Latin America<sup>5/</sup> congratulated the Commission on its valuable analysis of the subject owing to the rapid increase of population all the Latin American Governments were faced with serious problems. Part of the solution for those problems was to be found in the regional utilization of electric power, industrialization, and the improvement of agriculture. Internal difficulties, particularly in the financial field, were aggravated by a tense international situation and he therefore welcomed the recent announcements of a slackening of tension. Advantage must be taken of the new situation to put in hand studies on specific problems of agricultural and industrial development, which could be carried out by ECLA. In order to gain the maximum benefit from those studies, each country should establish a national technical assistance department.

Mexico had experienced the same difficulties as the other Latin American countries, particularly a rise in prices on the domestic market. Since 1953 the Government had been making great efforts to encourage private investment and ensure a better co-ordination of the economy, and in 1954

---

<sup>5/</sup>The text of a statement has been circulated as Information Document No. 22

the national income had increased by 7 per cent compared with 1953. Agricultural and industrial production had also increased during the same period. The budget had been balanced in 1955 and imports had risen.

He had listened with some surprise to the statement made by the representative of the World Federation of Trade Unions that three United States banks had bought three million dollars' worth of shares in the Compañía Mexicana de Luz y Fuerza: it was entirely without foundation.

Mr. BAKULA (Perú) in the course of a general statement on the economic situation in Latin America<sup>6/</sup> paid a tribute to the Commission for having produced a climate in which harmonious development was possible. Perú had applied a liberal economic policy which had produced excellent results. It had been said, and he agreed, that methods which suited one country might not suit another, but the remarkable revival of the Peruvian economy should give other countries food for thought. Perú had been the first Latin American country to abolish exchange control and import licenses and it was now financially stable.

Perú would need heavy capital investment for many years in order to develop its resources and raise the living standard of its people, and it had therefore established a system which favoured foreign investors. Under the present liberal system agricultural and mineral production had improved foreign trade and consequently earnings in foreign currency had increased, the national income had risen and living standards had improved.

Perú was now in a position to consider further development and large-scale plans were being worked out with the help of other countries and international organizations. The National Health and Social Welfare Fund, a new iron and steel plant and a new hydroelectric plant were already concrete achievements. The new mining, petroleum and electricity laws favoured foreign investment and had borne immediate fruit in the development of resources.

<sup>6/</sup>The text of the statement has been circulated as Information Document No. 28.

In the course of a general statement on the economic situation in Latin America,<sup>7/</sup> Mr. de ANDRADE-LYRA (Brazil) said that he wished in particular to point out how the results of the Commission's studies had been advantageously applied in Brazil. Recently the Banco Nacional de Desenvolvimento Economico of Brazil and requested the co-operation of ECLA for the formation of a group of specialists in economy and with the help of these ECLA technicians the project had been successfully undertaken.

Meetings such as the current one, wherein the problems that affected the economy of Latin America were debated, were extremely important, since they led to solutions which were beneficial for all the countries in that part of the continent.

With regard to the position of his country, in Brazil there was room for economic development, since the rate of development per capita during the war years had been of 0,7 per cent whilest in the succeeding 5 years it had reached 6.2 per cent and in the last five years 4.5 per cent.

Investment had increased from 35 billion cruzeiros in 1948 to 65 billions in 1952. On the other hand, the terms of trade, which had been favourable during the previous ten years, had become unfavourable since the end of 1954.

Among methods that could be used to improve the economic position were the intensification of industrialization

---

<sup>7/</sup>The text of the statement is given as Information Document No. 31.

and a system under which importation was permitted. The decline in the prices of Brazil's exports constituted an important factor in the economy and that was a problem that affected practically all the countries of Latin America. In that connexion he considered that the suggestions put forward by ECLA at the Fourth Extraordinary Meeting of the Inter-American Economic and Social Council, held in Rio de Janeiro in November 1954, should be carefully considered by all the governments concerned and by international bodies. He then described the effects of the recent draughts on Brazil's coffee production and commented favourably on the recent agreement reached between Brazil and Colombia for the establishment of export quotas.

Finally, in the matter of foreign public and private investment in Latin America, it would be highly beneficial if a way could be found to increase the participation of international public capital in the field of basic investments.

Mr. GALEANO (Paraguay), in the course of a general statement in the economic situation in Latin America,<sup>g/</sup> thanked the Government and people of Colombia for their hospitality and courtesy. He went on to describe the progressively more important role Latin America was playing in the world today. In that connexion he pointed out that, if the United States had reached such a high degree of development, there was no reason why the countries of Latin America should not do the same.

<sup>g/</sup> The full text of the statement has been circulated as Information Document No. 32.

In Paraguay the Government had recently approved an important measure governing the conditions under which foreign capital would be admitted. Those conditions were very favourable to the importation of foreign capital and he enumerated some of the salient clauses of that measure.

Although in some quarters it was considered that Paraguay offered small opportunities for expansion, the truth was that its territory possessed large natural resources which had not yet been fully exploited.

In conclusion he expressed the hope that the work and studies to be undertaken at the current session would bring forth solutions to the many problems of the various countries of Latin America.

Mr. VILDOSOLA (Chile) in the course of a general statement on the economic situation in Latin America<sup>2/</sup> said that his delegation would add only a few words to the brilliant statements that had been made by other delegations. He would concentrate his exposition on the subject of programming technique and how it was contemplated in his country.

His delegation fully concurred with the opinion expressed by Mr. Prebisch on the need of the under-developed countries to intensify their industrialization in order to furnish work for the excess rural population. He then described briefly the work of the Corporación de Fomento de la Producción de Chile, which in the past 15 years had

<sup>2/</sup>The text of the statement has been circulated as Information Document No. 30.

constituted the basis of the country's economic development.

Although industrialization had progressed satisfactorily, technical progress in the agricultural field had not kept pace and had consequently produced a disequilibrium which had had an unfavourable effect on the general economic development of the country. His country therefore sought the co-operation of such international bodies as the Food and Agriculture Organization and the International Bank for Reconstruction and Development, which had sent a mission to study the problem and had proposed a solution which formed the basis of a complete programme for the development of agriculture. That plan would serve as the basis for the overall programme of economic development.

Foreign trade played an important part in the problem of development and his delegation considered that the increase of inter-American trade was an inescapable necessity. The General Agreement on Tariffs and Trade was an important factor in the commercial policy of Chile.

In conclusion, he wished to extend to ECLA the sincere congratulations of the Chilean Government and his delegation on the excellent and complete reports it had presented.

MR. ESPINOSA (International Confederation of Free Trade Unions), in the course of a general statement on the economic situation in Latin America<sup>10/</sup> thanked the conference in the name of his organization for having been given the

<sup>10/</sup>The full text of the statement has been circulated as Information Document No. 15.

opportunity to express the very real interest of the working class in the problems to be debated. The free trade unions were vitally interested in economic conditions in the various countries of Latin America, since their standard of living depended to a great extent on the degree of prosperity of their respective countries.

In certain aspects 1954 had not been a bad year from the point of view of the economic development of Latin America. There had been a slight increase in the total agricultural production, along with an appreciable increase in industrial production. However, from the long-range point of view, the significant fact was that the proportion of the national gross production continued to be small and very much below that of more industrially advanced countries outside of Latin America.

Accelerated economic development constituted a political and social necessity for the countries of Latin America. He then described the importance of investments in the economic development of the various countries, and added that such economic development should be well balanced in order to avoid the danger of inflation. However, he wanted to make it clear that the free trade unions did not consider economic development as an end in itself but rather as a means of improving the welfare of the people.

In conclusion, he hoped that the great discoveries of modern technology, the progress of science and the utilization of atomic energy for peaceful uses would be made available

/ to the

to the workers on the farms and in industrial plants and would be translated into a greater amount of food, housing and education.

The meeting rose at 6:20 p.m.