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ECONOMIC COMMISSION FOR LATIN AMERICA

Fifth Session

SUMMARY RECORD OF THE
FORTY-EIGHTH MEETING
Held at Rio de Janeiro
on Monday, 13 April 1953
at 9:30 p.m.

CONTENTS

General debate (continued)

/PRESENT:

PRESENT:

<u>Chairman:</u> Mr. EUVALDO LODI	Brazil
<u>Rapporteur:</u> Mr. GIORDANO BRUNO ECCHER	Uruguay
<u>Members:</u> Mr. PORTELA	Argentina
Mr. ALCAZAR	Bolivia
Mr. DE MOURA	Brazil
Mr. ISAZA	Colombia
Mr. MARTONES	Chile
Mr. CRESPO ORDÓÑEZ	Ecuador
Mr. GLOWER V.	El Salvador
Mr. BOHAN	United States of America
Mr. DE TINGUY DU POUET	France
Mr. NORIEGA MORALES	Guatemala
Mr. ALVARADO TROCHEZ	Honduras
Mr. MARTINEZ BAEZ	Mexico
MR. CANTARERO	Nicaragua
Mr. JONG BAW)	Netherlands
Mr. FEIN)	
Mr. Mc CULLOUGH	Panama
Mr. URBIETA FLEITAS	Paraguay
Mr. BARRETO	Peru
Mr. MACKENZIE	United Kingdom of Great Britain and Northern Ireland
Mr. GARRIDO	Dominican Republic

Also present:Representatives of specialized agencies:

Mr. MONTEIRO)	International
Mr. SILBERER)	Labour Organization (ILO)
Mr. MARRAMA	Food and Agriculture Organization (FAO)
Mr. FORCART	United Nations Educational, Scientific and Cultural Organization (UNESCO)
Mr. LARSEN	International Bank for Reconstruction and Development

/Mr. DEL CANTO

Mr. DEL CANTO)	International
Mr. ROBIGHEK)	Monetary Fund (MF)

Representatives of inter-governmental organizations:

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

Representatives of non-governmental organizations:

Category A:

Mr. STEBELSKI	International Chamber of Commerce (ICC)
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Secretariat:

Mr. PREBISCH	Executive Secretary
Mr. SWENSON	Assistant Director
Mr. PEREZ GUERRERO	Executive Secretary, Technical Assistance Board
Mr. SANTA CRUZ	Secretary to the Conference

GENERAL DEBATE (continued)

The CHAIRMAN asked Mr. Cevallos Tovar (Bolivia), Second Vice-Chairman, to take the chair while Mr. Alcazar, representative of Bolivia addressd the Commission.

Mr. Cevallos Tovar (Bolivia), Second Vice-Chairman, took the chair.

Mr. ALCAZAR (Bolivia) said that the representatives of Latin America had met in order to devise practical solutions for the problems of economic development, full employment and improvement in their peoples' standard of living.

ECLA's work had expanded progressively ever since its inception and the Executive Secretary was to be congratulated on the studies produced under his guidance.

Without wishing to describe in detail his own country's economic situation he pointed out that its basic industry was mining, which the Bolivian Government had recently nationalized. The nationalization had proceeded under conditions of perfect fairness towards the owners of the mines and had produced
/most beneficial

most beneficial effects on the extractive industry and general economy of Bolivia. Before nationalization Bolivia had exported about 130 million dollars worth of tin and imported foodstuffs, raw materials and manufactured goods to the value of 70 million dollars. The foreign exchange yielded to the State treasury had amounted to 80 million dollars, whilst 44 million dollars had been left in the hands of the "tin barons". Now, as a result of the nationalization of the tin industry, the State had 83 million dollars for the purpose of financing imports and 46 million dollars for economic development and improving the workers' standard of living. Admittedly a great deal remained to be done in Bolivia in the matter of economic development. The country urgently needed roads and schools and one of the Government's main preoccupations was to strengthen the workers' purchasing power through the sale of domestic products and raw materials. In that direction Bolivia would work out a long-term programme of economic development with a view to diversifying national production. For that purpose it planned to enter into long-term commercial agreements which would assure markets for its products at economic prices sheltered from cyclical fluctuations. In that endeavour it counted on the understanding and co-operation of the other countries of Latin America and on the help of ECLA.

Mr. LODI (Brazil) resumed the chair.

Mr. BARRETO (Peru) referred to page 38 of the Economic Survey of Latin America, 1951-52 (E/CN.12/291/Rev.1) where it was stated that the gross rate of investment in Peru in 1952, as compared with the gross national income, had been 22 per cent, that being the highest figure for the whole of Latin America. That increase was a decisive factor in Peru's economic development. It was partly due to the monetary reform of 1948 which had encouraged savings by increasing the gross national income and had led to the stabilization of the country's internal economy. The abolition of currency control had led to an inflow of capital, which had been invested or re-invested in mining, agricultural and industrial /undertakings, irrigation

undertakings, irrigation works, the construction of schools, hospitals and public buildings. Despite higher imports and a drop in world prices for Peruvian exports, the Government had been able to build up a reserve of foreign exchange and to improve the balance of payments.

In conclusion he wished to congratulate the Executive Secretary on the very constructive and interesting report he had given to the Commission.

Mr. FLEITAS (Paraguay) said the dominant feature of his country's economy was trade with Argentina, which absorbed about 65 per cent by volume and 90 per cent by value of Paraguay's exports. His country's economy suffered from excessive fluctuations which made it difficult to balance the budget and to raise the population's standard of living. An inflationary trend had set in in 1947, as a consequence of the Civil War of Concepción and that trend had been aggravated by insufficient production and the lack of incentives. Foreign exchange reserves were not freely convertible owing to the bilateral payments union with Argentina. Paraguay could not better its economic situation unless its currency was stabilized. Accordingly his Government had set up two rates of exchange, was trying to balance the budget and encouraging exports, while at the same time credit was being rationally organized and the country's administrative machinery was being overhauled.

The official rate of exchange was intended to prevent violent fluctuations of the currency, whilst the free rate of exchange made it possible to encourage exports and to avoid a black market in foreign exchange. At the same time it tended to attract foreign capital.

His Government had also organized foreign trade by classifying imports into three categories, subject to different forms of control varying according to the urgency of the country's internal needs.

Bank credit which had dropped to its lowest level in 1950 had risen in 1951 and 1952. In the current year (1953) the Treasury's reserve balance with the Central Bank exceeded /46 million guaranis,

46 million guaranis, which should be sufficient to forestall any violent fluctuations of the currency.

From the point of view of the budget, revenue had not increased at the same rate as expenditure on national defense and on the expansion of administrative and social services. The Government was endeavouring to make up the deficit by a fiscal reform based on the principle that all tax-payers should share equally in the State's liabilities in keeping with their ability to pay. For the purpose of raising the standard of living, the Government was also contemplating agricultural development and the construction of cold storage facilities. The Government was determined, by expanding exports and investments through an orderly, coherent policy, to defeat the inflation and to lay the sound foundations of the country's economic and social development.

In conclusion he said he was reasonably optimistic about the future of inter-American economic relations and Paraguay's economic and social development.

Mr. GLOWER (El Salvador) said his Government was keenly interested in ECLA and its studies and research. He referred to the programme of economic integration which ECLA advocated for the countries of Central America and which would make a valuable contribution to inter-American economic organization. That development was reflected chiefly in the establishment of free zones, meetings of experts and the proposed seminar on transport in Central America. An economic co-operation committee for Central America had been set up and had held its first meeting in Honduras.

He conveyed his country's gratitude to the United Nations Technical Assistance Administration for the great help which it had given - and he hoped would continue to give - to his country.

Mr. FORCART (United Nations Educational, Scientific and Cultural Organization) said that though his organization was not directly concerned with economic questions, it had never failed to send an observer to the ECLA sessions, for both bodies had the
/same ultimate

same ultimate aims: those laid down in the United Nations Charter. They proceeded along different lines but their efforts were complementary, for social progress and the advancement of educational culture needed a sound economic basis and on the other hand any economic development that was not reflected in human progress would be devoid of meaning.

UNESCO had made a most interesting study of race relations in Brazil. The happy relationship which prevailed in that country between the races constituted a lesson for other countries which were less fortunate in that respect. So far as migration was concerned, UNESCO would do its utmost to make a contribution to ECLA's studies concerning the relationship between economic development and migration. The two bodies were also co-operating in studies concerning the production and distribution of paper, a problem which UNESCO had brought to the notice of the Economic and Social Council as early as 1951.

In 1953 and 1954 UNESCO's Department of Social Sciences hoped to organize one or perhaps two seminars in Latin America. Their topic was not yet settled for UNESCO wished to consult its American members first. The seminars might deal with such questions as teaching in social sciences in Latin America, the social repercussions of economic development and similar topics.

The International Economic Association, which had been established under the auspices of UNESCO was shortly organizing, in Italy, a study week at which economic progress would be discussed; he hoped that the Executive Secretary of ECLA would be able to attend the meeting.

One of UNESCO's essential functions was to disseminate ideas and for that reason it took a keen interest in ECLA's work and research. Latin America's contribution in the economic field was so vast and original that its influence was felt beyond the limits of the region.

Mr. SILBERER (International Labour Organisation) said
/his organization

his organization took a lively interest in ECLA's work and in the economic and social evolution of Latin America generally. That interest had taken tangible form in the establishment of a Field Office of the ILO in 1951 to deal with manpower questions in Latin America, and also in a number of missions and expert assistance. In November 1952 the ILO, on the invitation of the Peruvian Government, had organized a conference at Lima where Latin-American manpower questions were discussed; he asked the Secretariat to arrange for the circulation of the report on the proceedings of that conference to the members of ECLA.

The Field Office which had now been established at Rio de Janeiro was at the disposal of governments for the purpose of any studies relating not only (as in the past) to occupational training, the organization of employment services and migration, but also to social security, co-operatives, small scale industry and labour statistics.

The studies produced by ECLA were hopeful to the ILO as they offered a firm basis on which to proceed. Technical assistance could not produce its full effects unless the peculiar circumstances and the needs and hopes of each country were taken into consideration.

The meeting rose at 11:40 p.m.