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ECONOMIC COMMISSION FOR LATIN AMERICA

Sixth Session

Bogotá, Colombia

29 August 1955

COMMITTEE I

(Economic Trends and Prospects)

SUMMARY RECORD OF THE SECOND MEETING

Held at Bogotá on Saturday,

3 September 1955 at 10.35 a.m.

CONTENTS:

General discussion of economic trends and prospects.

PRESENT:

<u>Chairman:</u>	Mr. DE ANDRADE-LYRA	Brazil
<u>Rapporteur:</u>	Mr. GINEBRA HENRIQUEZ	Dominican Republic
<u>Members:</u>	Mr. VALLADARES	Argentina
	Mr. ANTEZANA PAZ	Bolivia
	Mr. KNAACK DE SOUZA	Brazil
	Mr. NAPPE	Chile
	Mr. HOYOS ARANGO	Colombia

/ Mr. DIAZ MASVIDAL

Mr. DIAZ MASVIDAL	Cuba
Mr. RODRIGUEZ MORALES	Ecuador
Mr. HUEZO SELVA	El Salvador
Mr. POUSSARD	France
Mr. HUDIGOURT	Haiti
Mr. MONDRAGON	Honduras
Mr. NAVARRETE	Mexico
Mr. CUERRERO	Nicaragua
Mr. AIZPU	Panama
Mr. WRIGHT	United Kingdom of Great Britain and Northern Ireland
Mr. CORLISS	United States of America
Mr. FERNANDEZ GOYECHEA	Uruguay
Mr. BELLO	Venezuela

/ Also present

Also present:

Observer from a Member State:

Mr. KOT Poland

Observer from a non-Member State:

Mr. FIORIOLI DELLA LENA Italy

Representatives of specialized agencies:

Mr. SACO Food and Agriculture
Organization

Mr. LASO International Monetary Fund

Representative of an inter-governmental
organization:

Mr. AMADOR Inter-American Economic and
Social Council

Representatives of non-governmental organizations:

Category A:

Mr. LUNAZZI International Chamber of
Commerce

Mr. CARDENAS International Confederation of
Free Trade Unions

Mr. LOMBARDO TOLEDANO (World Federation of

Miss KAHN (Trade Unions

Secretariat:

Mr. MAYOBRE Secretary of the Committee

Mr. PERDOMO Assistant Secretary

/General Discussion

GENERAL DISCUSSION OF ECONOMIC TRENDS AND PROSPECTS:

The CHAIRMAN requested the Committee to begin its general discussion with particular reference to production trends and the rate of development, factors affecting the rate of development, inflation and anti-inflationary policy and export and import trends.

Mr. POUSSARD (France) congratulated the Secretariat on the quality of the Economic Survey of Latin America, 1954, now before the Committee. Apart from serving as a basis for the work of the various Committees, the Survey, which contained a masterly diagnosis of the state of the Latin American economy, would have a circulation going far beyond the bounds of the Commission and would be most useful to Governments, administrations and businessmen throughout the world. It would contribute to a better understanding of Latin America, its potentialities, problems and needs, and thereby help to attract those means of assistance of which it stood in need.

In deference to the request made by the Secretary at the previous meeting, the French Government would readily communicate all available economic information concerning France to the Secretariat and all Governments represented on the Commission. Such information was centralized by the Institut national de Statistiques et d'Etudes économiques (INSEE) in Paris, which was in close co-operation with similar services in the United States and the United Kingdom for the purpose not only of exchanging information but also of giving each other the benefit of any advances in methods and means of furthering the progress of the science of statistics.

Housed in the same building as INSEE was a school for statisticians, where French and foreign students with an advanced scientific, legal or economic education were trained. One of the School's conditions of admission for foreign students was that they must be prepared to attend a full six-month course at least, since they could hardly gain any benefit from a shorter period.

Desirous, as it was, of making an effective contribution to the work of the Commission, France would open wide the doors of its School of Statisticians to trainees from Latin America, for his country was convinced that without accurate basic material it would be impossible to draft the necessary plans for the economic and social advancement of the region.

/ Mr. NAVARRETE

Mr. NAVARRETE (Mexico) presented the most recent statistical data on the development of Mexico's economy. The balance of payments had been favourable in 1954, since net international assets had risen by 11.9 million dollars, while the terms of trade had improved by 3 per cent. The deficit on current account in the balance of payments from 1951 to 1953 and in the first months of 1954 had been due to the basic disequilibrium in Mexico's external accounts, which had led to the devaluation of the national currency in April 1954. The economic adjustment required after the end of the boom related with the Korean war had been one of the causes of the disequilibrium in external payments. The fact that Mexico's real production had risen by 7 per cent in 1954 and by 10 per cent in the first half of 1955 and that surpluses of 11.9 and 45.7 million respectively had been registered in the balance of payments for those same periods, clearly showed that Mexico's economy had fully recovered.

He placed the reports of the Banco de México and of the Nacional Financiera, which gave detailed information on various aspects of the economy during 1954, at the disposal of the secretariat.

/ Mr. MONDRAGON

Mr. MONDRAGON (Honduras) suggested that ECLA economists should attach as much importance to the relationship between the terms of trade and geographic income as they did to the relationship between the former and national income. He explained that in Honduras, for instance, the terms of trade affected geographic income more noticeably, since foreign banana companies accounted for about 80 per cent of all exports, and the only benefit accruing to the country from an improvement in the terms of trade was the small rise in Government income.

Mr. HUDICOURT (Haiti) noted with gratification the constant progress shown by ECLA at each session. As could be seen in the Economic Survey for 1954, ECLA had reached the stage of individual studies by countries. In the course of time those basic studies would improve, as the material supplied became more complete and accurate. The existing defects were mainly due to the fact that the most recent and complete data could not be provided in time for publication.

He recalled that, at the fifth session of ECLA, with the support of the Brazilian and Ecuadorian representatives, he had requested that sisal should be included among the commodities studied.

Mr. MAYOBRE (Secretary of the Committee) replied that it had been agreed that the Inter-American Economic and Social Council should undertake the study of sisal. However, he

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would take the Haitian representative's request into account with a view to including sisal in the general surveys of commodities in Latin America.

Mr. CORLISS (United States of America) considered that the secretariat had done remarkable work in producing the Survey, particularly as it had had only one year in which to assemble and analyse the information available. In addition, the secretariat was obliged to wait several months until the general economic trends for a given period became apparent. Accordingly his observations should not be construed as criticism.

In chapter IV, the Secretariat referred to the agitation in the United States for increased tariffs on certain products. He suggested that the next ECLA publications should point out that, despite such agitation, there had in fact been no increase, although a proposal to that effect had been introduced in the Senate.

With regard to table 64 and comments, the Survey stated that the outlook for the mining of lead and zinc was clouded by the possibility of higher duties on imports into the United States, whereas in fact the substantial decline in production in 1954 had been due to lower output in Peru; although Peru's production was still at a high level. The decline in 1954 was perhaps also attributable in part to the somewhat lower prices prevailing as compared with those of 1953; marginal

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producers who had operated at 1953 prices had been forced to cease operation in 1954.

It was further stated in the Survey that the over-all demand for tin had declined, particularly in the United States, which was the main consumer of Bolivian tin, and that the reduction in demand had been determined less by a decrease in consumption than by the liquidation of surplus stocks by the United States Government. Yet, according to the statistics of the International Tin Study Group, world demand had increased in 1954 as compared with 1953, a fact to which the secretariat might direct its attention in the interests of accuracy. In addition, there had been no liquidation of United States Government stocks in the period under review, and the United States had continued to purchase for its stockpile.

The Survey further stated that world prices had improved appreciably during the second half of 1954 following the ratification of the International Tin Agreement, whereas, to his knowledge, the Agreement had not yet been ratified.

Mr. MAYOBRE (Secretary of the Committee) remarked that the United States representative's observations would be taken into consideration.

The meeting rose at 11.20 a.m.