

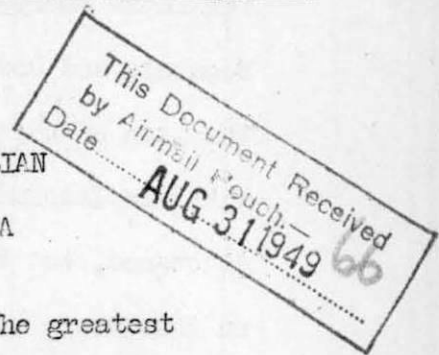
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ECONOMIC COMMISSION FOR LATIN AMERICASPEECH DELIVERED BY THE CHIEF OF THE BRAZILIAN  
DELEGATION, AMBASSADOR CARLOS AVES DA SOUZA

The Brazilian delegation has studied with the greatest interest, the excellent data submitted by the Economic Commission for Latin America. It would not be too much to say that the quality of this material exceeded our greatest hopes. In spite of the expected difficulties met by an organization which has hardly emerged from its embryonic stage, the Economic Commission for Latin America has produced an extremely useful piece of work, both timely and realistic, which presents for the first time in history as complete a picture as possible of the economic realities of Latin America.

The "Economic Survey of Latin America", a document of considerable scope which is an agreeable surprise to its readers by reason of the variety and solidity of the topics it covers, is without doubt a great step forward towards reaching a more accurate understanding of the complex problems of Latin America, whose solution must be reached on a continental scale.

At the meeting of the Economic and Social Council held at Geneva in 1948, the Brazilian delegation had the opportunity of discussing the Report of the First Session of the Economic Commission for Latin America, and considered it opportune to call attention at that time to the importance of two of the many resolutions passed at that session.

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We refer to the resolutions concerning the formation of a Joint Working Party of the E.A.C. and the Economic Commission for Latin America and its coordination with the Interamerican Economic and Social Council. It should be remembered that at the time of the creation of ECLA the danger of overlapping with the Interamerican Economic and Social Council was discussed, but the very reasonable doubts of many delegations on this score were not entirely removed. This fundamental problem was squarely faced by ECLA. Today in Havana as heretofore in Geneva the Brazilian delegation continues to believe that cooperation between ECLA and the Interamerican Economic and Social Council is not only essential, but that it is also perfectly feasible and any proposal presented here with the aim of strengthening such cooperation will naturally have Brazil's support.

Another great step forward was taken as regards cooperation between ECLA and the United Nations Food and Agriculture Organization. It is well known that on the creation of ECLA it was realized that the question of duplication with various fields of activity of the FAO would arise. Nevertheless the setting up of a Joint Working Party of ECLA and the FAO, similar in structure to the other regional commissions, enabled the Commission to cooperate with the Specialized Agency, with consequent great benefit to the study of Latin American economy. Having now seen the report which the Joint Working Party has just submitted for our consideration, the Brazilian delegation is highly satisfied, for already in Geneva it perceived the importance of cooperation between the two organizations.

/The report

The report deals with one of the basic aspects of the economic situation of Latin America: the necessity of maintaining the best possible balance between the development, of agriculture and the expansion of industry, transport, and finance. It represents one of the most constructive contributions of ECIA towards analyzing the economic situation of the Latin American countries, and its preparation was only made possible by the intelligent cooperation of the FAO. It is tangible proof of the fact that the danger of overlapping can be eliminated, provided the task of each participant is accurately understood. The cooperation given to ECIA by the International Monetary Fund, the International Labour Office and the International Refugee Organization, is a matter for congratulation. The first-mentioned organization assisted in preparing the chapters of the Report which deal with financial matters and the last two supplied other valuable information. We should also note that ECIA kept in close contact with the World Health Organization, the Interim Commission of the International Trade Organization, the International Organization for Civil Aviation, the International Bank for Reconstruction and Development and the Caribbean Commission.

As to technical assistance, the Brazilian delegation proposes to discuss this subject at length when item 7 of the agenda is considered, merely recalling for the moment that it has already had the honour of taking action on this subject by presenting specific proposals to the

/Economic and Employment

Economic and Employment Commission and the Subcommittee on Economic Development. Later on, at the Economic and Social Council meeting at Geneva in 1948 and finally at the last General Assembly, the Brazilian delegation's thesis was accepted, thanks to the vigorous support of the Chilean delegation. Point 4 of President Truman's inaugural speech opened up favorable possibilities. We are awaiting with interest the Secretariat General's report, the general outlines of which were briefly given by the author in his speech at the inauguration of this Session of ECLA.

The problem of technical assistance is closely linked with that of economic development in Latin America. One of the great causes of the weakness of Latin America's economic structure is undoubtedly to be found in the low productivity of Latin American labour. The "Preliminary Study of Needs for Technical Assistance in Latin America" (E/CN.12/84) prepared by ECLA is a very useful guide for the technological inventory and the preparation of plans to be put into effect in this field.

Analysis of Latin America's economic problems cannot but bring us to the conclusion that the problems of the various Latin American countries have common characteristics and no one can make us believe that the main difficulty in solving them does not reside precisely in the fact that we have tried to solve them separately. In this ECLA is attempting an interesting and promising approach in studying the Latin American problems jointly. As regards Brazil, which has recently been the subject of a thorough economic survey by the Joint

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Brazilian-American Technical Commission, this system is of special importance and timeliness. The problems, being the same, require identical solutions, and it is imperative for Brazil to secure greater integration with Latin America.

The report of the Joint Brazilian-American Technical Commission states that the industrialization of Brazil must be carried out on the basis of efficient development of primary production, a conclusion which is evident with regard to Latin America. The trade problems which affect Latin America are strikingly similar to those which preoccupy Brazil. The same can be said of financial, technological and social problems.

The Brazilian government can take pride in having courageously faced the problem of inflation, which it proceeded to combat through balancing its budget, avoiding the issue of paper money and restricting credit in a selective manner. The inflationary pressure nevertheless remains very great in Brazil as it still does in Latin America. Despite the careful fiscal and monetary control maintained by the Government, the lack of adaptability in production due to the difficulties in renewing agricultural, industrial, and above all transport equipment, and also the fact that certain development projects cannot be delayed, results in continued inflationary pressure.

The Brazilian delegation is in full agreement with the analysis of this subject made by the Secretary of the Commission in his report. Wartime conditions caused the intensive use and accelerated deterioration of industrial equipment; they also wore out transportation equipment

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at a time when its replacement and even normal maintenance were impossible. In this sense there is a real physical reconstruction problem in Latin America. The war period and the immediate postwar period were times of great capital consumption during which the formation of new capital was delayed because of the scarcity of production goods. But this post-war phenomena was aggravated by a less known factor. I refer to the low rate of importation of production goods in the thirties, due to the exchange difficulties and the unfavorable relation between exports and imports. The effects of this breakdown were felt all through the depression period. Let us look at the case of Brazil. From the year 1930 to 1936 the average quantity of equipment imports went down 50% as compared with the average for the years 1926 to 1939. From 1937 an improvement occurred which the war of 1939 wiped out, the problem reaching more and more serious stages up to 1946. The runaway inflation in the United States, the only supplier of production goods, seriously reduced Brazil's capacity to acquire the equipment it needed, since the accumulated dollar reserve was insufficient to meet the enormous demand for production and consumption goods.

In our opinion the problem of industrial recovery is one of the most important which we face in Brazil. The fight against inflation must be carried on not only through financial measures but also through an increase in productivity.

The weakness of the European and Asiatic position in foreign trade, as is known, creates very serious problems for

/the economy

the economy of Latin America, including Brazil. We cannot forget that in 1947 the net deficit of Latin America in relation to the United States was 1900 million dollars, whereas the net surplus in trade with Europe was close to 1300 million dollars. The existence of an enormous deficit against Europe in its trade with the United States makes the problem even more serious. Nor can we forget that the level of business activity in the United States is undergoing a change in the direction of a lowering of prices. We should also recall (E/CN.12/85) that any new decrease in prices may unfavourably affect the price relationship between the imports and exports of Latin America, since we know from past experience that the prices of raw material and foodstuffs tend to drop proportionately more than those of manufactured products.

The problem of an unfavourable balance of payments takes on extreme importance in the light of the fact that Latin America cannot delay its recovery and economic development. As regards Brazil for example, and to return once more to the question of reequipment in production goods, let us recall that in 1937/39 imported machinery represented 33.2% of the total value of purchases from abroad as against 31.5% in 1947. In the periods mentioned there was an increase in the purchase of consumer goods, which represented 50.6% in 1947 as against 43.8% in 1937/39. The introduction of an import licence system, recommended by the Joint Brazilian-American Technical Commission, made it possible to modify this tendency from 1948 on and with its assistance my Government proposes to prosecute its programme for the development of the national

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economy.

This development programme - largely made up of the SALTE plan, which includes the problem of health, subsistence, transport and power - necessarily requires foreign capital. It may be possible that ECLA can lend valuable assistance in this matter by the preparation of projects which the International Bank and the Export-Import Bank will be justified in financing.

The United Nations up to now has given priority to Europe, on the theory that the recovery of its industrial capacity will contribute to speeding up the recovery of world economy. It is necessary nevertheless to strengthen the economy of the Latin American countries since without that strengthening the recovery of Europe itself would be uncertain, not to mention our own inability to trade with the United States on a level adequate to the needs of Latin American economy.

ECLA, as we have seen, contributed to the study of economic conditions in Latin America, complementing the fruitful work of the Economic Commission for Europe, which constitutes as we know, one of the pillars in the successful planning of the reconstruction of the Old World.

The Latin American countries possess remarkable conditions for securing their own economic development; and that development can and must be achieved as part of a global plan in which the possibilities of each country will be taken into account in attaining the integration of this important area.

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