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COMMITTEE No. 1

STATEMENT BY THE ACTING REPRESENTATIVE OF THE UNITED STATES ON THE  
UNITED NATIONS ECONOMIC COMMISSION FOR LATIN AMERICA, THE  
HONORABLE CHRISTIAN M. RAVNDAL, PRESENTED ON JUNE 12,  
1950 BEFORE A MEETING OF THE COMMITTEE ON ECONOMIC  
DEVELOPMENT, IMMIGRATION AND TECHNICAL ASSISTANCE.

The United States delegation has welcomed the opportunity which this third session of the Economic Commission for Latin America is giving us to sit around the table and exchange views with the distinguished representatives of the countries, which constitute a family of nations, peculiarly linked by history, geography and economic interdependence. It is clear that what concerns one member of the American family is of concern to all; and my Government, far from being indifferent to developments within the rest of the American states, desires to offer its most sincere cooperation in finding solutions to the individual and collective problems being discussed at this Conference.

During the several sessions which have been held by this Committee on Economic Development, Immigration and Technical Aid, the outstanding theme of discussion has been the possible ways and means of achieving the optimum economic development of this hemisphere. The theme is appropriate and urgent.

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It is one in which my Government is vitally interested. Indeed, collaboration with other Governments for the purpose of promoting economic development through the sharing of technical knowledge is a principal feature of our foreign policy. Some of you may have observed that within the past several days President Truman has signed a law authorizing the United States to collaborate in economic development programs and authorizing substantial funds for technical assistance.

It is generally recognized that the promotion of economic development is a primary problem of our time. It is a problem in the solution of which all of us must be determined to collaborate; for, expressed in broad general terms, the grand objective seems to us to be the establishment of conditions of economic stability and well-being which will make possible a free, peaceful and happy world.

It is obvious that promotion of economic development alone cannot guarantee peace; that it cannot insure development of democratic institutions; and that it cannot by itself provide universal respect for human rights. However, an expanding world economy and rising standards of living can do much to reduce international tensions, to foster political stability, and to create conditions in which the freedom and dignity of the individual can be safe guarded. Conversely, a stagnating or deteriorating world economy would be an obvious source of international tensions, of movements towards extremes -- either communism, or fascism -- with the consequent suppressions of human freedom.

Two world wars and one world depression have largely destroyed the traditional system of international trade and investment. The system which existed before 1914 -- based upon the gold standard, upon relatively free trade, and upon the flow of private investment from the centers of capital to underdeveloped areas, like the United States in the Nineteenth Century -- is hardly recognizable

The breakdown of the earlier system of international trade and investment has caused governments everywhere to recognize that the problems caused by present conditions cannot be met by the individual action of any single country. All governments have recognized that these new conditions required the concerted effort and cooperation of all countries. The United Nations and the specialized agencies, the Organization of American States, and other international organizations are being used as means to supplement traditional private initiative in promoting economic development throughout the world.

Latin America clearly shows the results of the breakdown of the earlier system and the need for devising new methods for fostering international investment and

The analysis in the Secretariat's "Economic Survey of Latin America, 1949" points out the economic interdependence of Latin America and the rest of the world. I wish to express the appreciation of our Delegation for this contribution of the Secretariat to our work, even though I am not in a position to endorse every thesis and argument in this document, portions of which are of a thought-provoking but highly theoretical character. Indeed, I rather doubt whether the many economists here present will agree with every one of the ideas set forth by the Secretariat.

It is evident to my Government that the main burden of economic development in any country must be carried by the people of that country. It is only through the efforts of the people and through application of their savings that the level of their economic development may be raised.

While international organizations can play, and are in fact playing, a constructive role in aiding the development of national economies, in the last analysis, the ultimate responsibility rests with the people themselves and their governments.

Private international investment, which played so spectacular a part in opening up the frontiers in the Nineteenth Century, continues to have its essential and basic role today. One of the great needs of our time is for an increase in the flow of private capital from the United States and from other countries where it is available. The studies which the Secretariat has prepared concerning the legal and economic status of foreign investments in certain Latin American countries are collections of data which should be of interest and use to governments and to individuals.

Although the existence of suitable legislation and administrative regulations affecting foreign investment is a prerequisite for its encouragement, even more important are the actual practices and procedures.

Our Assistant Secretary of State, Mr. Edward G. Miller, Jr., outlined in an address several months ago some of the basic principles by which a favourable climate for investment may be created and maintained. These principles may be summarized very briefly as follows:

(1) There should be an atmosphere of confidence and personal security for the managers and employees of a foreign enterprise;

(2) There should be confidence on the part of investors in the government of the country;

(3) The required confidence should be evidenced by the productive investment of local capital resources as well as of the foreign capital;

(4) There should be an absence of discrimination against foreign investors;

(5) There should be confidence on the part of the investor that there will be dollars available for the transfer of his earnings and

- (6) There should exist a fair and rational system of taxation; and
- (7) There should be technical competence and know-how to make the capital productive.

Another equally important principle is confidence on the part of the investor that there will be no expropriation of his investment without prompt, adequate, and effective compensation.

In addition to domestic investment and private direct foreign investment, capital has been made available for economic development through the International Bank for Reconstruction and Development and through the Export-Import Bank. Although the facilities of these two institutions are by no means unlimited, they appear to be adequate to finance the volume of soundly conceived projects not normally the subject of private international investment which have been presented.

One field in which there is a special need for well-considered and carefully prepared projects is that of migration and resettlement. The United States Government, because of its general interest in the peace and prosperity of Europe and because of its special responsibilities in Germany and Austria, is deeply concerned over the mounting pressure of population in the Continent. My Government is already engaged in doing what it can to assist emigration from Europe.

Through the Economic Cooperation Administration, the United States is granting financial aid to the International Labour Organisation to develop technical assistance in countries of emigration and immigration. The question of making surplus United States shipping available to Germany for the transport of emigrants is being explored. At the Foreign Ministers' meeting held in London last month, the representatives of France, the United Kingdom, and the United States agreed to establish a working party to study this urgent problem of migration.

The United States Government recognizes that there are many difficulties in developing large-scale migration to Latin America, and that these difficulties vary from country to country. It hopes, however, that the recommendations of the special International Labour Organisation conference of migration, which are now before this Commission, will be given the most careful consideration here. It hopes, in particular, that the member Governments will be able to prepare specific projects, of mutual benefit to both the sending and the receiving country, which might be considered by such agencies as the International Bank and the Export-Import Bank. Such projects should, of course, give special attention to the financial aspects of the problem and to the requirements of technical personnel and specialists.

A major purpose of the technical assistance program now being operated, and to be expanded, both by my Government and by international organizations is to aid countries which have not yet achieved their optimum economic development to prepare and execute well-considered and realistic projects for economic development. The United States Government, through its bilateral programs including the Institute of Inter-American Affairs, the United Nations and the specialized agencies, and other inter-governmental organizations are already far advanced in their preparations for an expanded program of technical assistance. My Government is confident that the United Nations Technical Assistance Conference, which is being convened at Lake Success today, will be successful; and it hopes that all members of the United Nations, including those represented at this table, will join wholeheartedly in this common endeavor.

/The United States Government

The United States Government is particularly concerned that the many different technical assistance programs be carried out as efficiently and economically as possible, and that there be a minimum of duplication of effort. It is for this reason that it desires to see the technical assistance work of the United Nations and the specialized agencies effectively coordinated by the Technical Assistance Board at Lake Success. It is for this reason that it welcomes, for example, the cooperation of this Commission and the Food and Agriculture Organization in one project of technical assistance in which both are concerned, namely, the Cooperative Unit on Agricultural Credit in the Central American Countries. It welcomes the initiative which the Secretariat of this Commission has taken to work out a practicable program in this field.

My colleagues and I in the United States Delegation look forward to exchanging views with you on these and other subjects in more detail during the work of our committees. It is our conviction that if these discussions contribute some constructive ideas and sound proposals for the promotion of economic development in Latin America, they will be well worth our concerted efforts.