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SPEECH DELIVERED BY HIS EXCELLENCY SR. ALBERTO BALTRA CORTES,
CHILEAN MINISTER OF ECONOMY AND COMMERCE, AT THE OPENING
MEETING OF THE ECONOMIC COMMISSION FOR LATIN AMERICA IN
SANTIAGO, CHILE, 7 JUNE 1948

GENTLEMEN:

In the spiritual atmosphere of America one perceives the influence of the economic ideal which was conceived by Bolivar in one of his flashes of intuition. This ideal, through the process of time, and notwithstanding the forests and the mountains, the rivers and deserts, which make physical boundaries, has forged a common understanding - common in seeking and founding a common destiny for the peoples who inhabit the vast, rich lands of America - lands which are so full of genuine opportunities.

And so it is that, in this first session of the Economic Commission for Latin America, created by the United Nations, we find here with us today the representatives of the various countries which make up this continent, as well as those of Great Britain, France and the Netherlands, gathered here to debate the problems which affect us and to seek their solution.

In the name of His Excellency the President of the Republic I offer greetings to the Chief Representatives and Heads of Delegations of the countries which are taking part in this ceremony, to the Delegates, to the representatives of the United Nations and of other international organizations. The Government of Chile welcomes you most cordially to this land of the Andes and of the Pacific. Despite its narrow territory, the Chileans welcome with the warmest affection

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those who visit their country, to combine their capacity and efforts to bring into harmony their goodwill and aspirations for the future of our America. This country of Chile, gentlemen, is your country.

The prestige and strength of the United Nations as a decisive means to maintain world peace and to create the conditions in which peace can exist is the constant pre-occupation of the Government of Chile. For this reason we express our satisfaction that the United Nations has taken the initiative in considering the economic problems of our America. Its work cannot interfere with the task which falls upon the Inter-American Economic and Social Council. The work of both organizations should be co-ordinated on a basis of fruitful co-operation.

To appraise properly the economic problems of Latin America, one must consider, if only superficially, the most characteristic features of its economic structure. From its economic structure arise the basic, substantive, and permanent difficulties which afflict it, and which create the negative factors of instability, dependency, and weakness from which it suffers.

We understand fully the risk of error which is involved in any attempt to generalize in this matter, since our countries have particular features which distinguish them. But it is only through this method, however, imperfect it may be, that we can outline the actual facts.

The Latin American peoples have a semi colonial economy. Their exports consist, almost entirely, of agricultural and mineral products; at the same time, the goods they purchase from foreign countries are, to a large extent manufactured goods, even though at the same time they buy semi-manufactured goods and foodstuffs. This means, first of all, that we export raw materials thereby waiving our rights to process them ourselves and thus blocking the road which leads to collective progress and welfare which are inevitably brought about through the process of industrialization.

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If we consider the analysis of our exports from Chile, we notice that they consist of but a few products, mainly copper and nitrates. These constitute the bulk of our foreign trade with other countries.

In other words, this means that our country depends on foreign countries for the supply of manufactured and other goods which are necessary and that sales to foreign countries are closely tied to the commercial possibilities of a few products. These products constitute the basis of our foreign trade and have a decisive influence on the credit side of our balance of payments.

Therefore, each country depends as a last resort on these few products to obtain its necessary supplies; when the volume of its sales or the level of its prices in the international markets drops stability gives way. Our economies are therefore extremely vulnerable to the contingencies and fluctuations of the world economic cycles. The semi-colonial character of the Latin American economy renders it, therefore, weak and unstable, subjecting its progress or retrogression to external elements which are beyond its control. In spite of our enormous natural resources, and of the abundance and wealth of our supplies of raw materials, prosperity or disaster for each Latin American country is balanced upon the demand on the price of a few products, the conditions of boom or of depression, even on adequate subsistence or hunger, calm or disorder.

The national utilization of our natural resources and of our raw materials appear to be an imperative condition for the progress of our peoples and the stability of their economies. Latin America, which enjoys agricultural, pastoral, and mineral activities must needs industrialize itself to carry out its development and give to the people who inhabit it better and higher standards of living,

More than one hundred years ago Alexander Humboldt, the great scientist, after acquiring a knowledge of our peoples, said that they were paupers seated on chairs of solid gold, thereby bringing out the contrast

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between our potential riches and our economy which was only then starting to develop.

Two wars and one depression have taught us that we cannot continue to be tied to a structure which suffocates our desires and which, from time to time, launches us into depressions with the loss of a substantial part of the progress made with so many efforts and sacrifices.

We need to industrialize and to diversify industrial production, both for home consumption and for foreign markets, as this would be the only way to avoid being periodically deprived of goods, products and commodities so indispensable to satisfy our normal requirements and to ensure the continuity of our economic development.

We also need to industrialize in order to attain higher living standards, to fulfill the aspiration of general well-being, so that everybody will widely enjoy the benefits offered by our civilization, and so that our peoples can lead a worthy life, free from fear and uneasiness.

Just as important as the industrialization of our natural resources in Latin America is to be able to improve and bring up to date the conditions in respect of agricultural activities. It is well known that approximately two-thirds of the inhabitants of this part of America are dedicated to agricultural activities. But only too clear, as a general phenomenon, are the technical backwardness, the primitive methods employed in rural activities, exerting a definite influence on yield, cost and prices. Industrial progress does not go hand in hand with a rudimentary agriculture, divorced from technical advancement and deaf to the advice of science. Latin American fields require equipment, fertilizers, irrigation projects as a complement to industrial development.

The last war and its readjustments have caused disruptions and created new problems which demand a quick solution. Among them we must emphasize the inflationary spiral facing every country and the lack of means of payment in foreign currencies, which threatens to paralyze the exchange of goods, to hinder seriously indispensable supplies and to

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block our industrialization plans, so necessary to our progress.

It does not appear necessary at this time to go into the analysis of the factors that have given rise to the phenomena to which I have just referred. But it must be admitted that the increase in the cost of living and markedly adverse conditions in the balance of trade, are alarming evils. The effects of these factors, in view of the economic interdependence that characterizes our epoch, are felt beyond the frontiers of the country experiencing them. They are felt by other nations with which commercial relations are maintained. No one any longer doubts that prosperity is indivisible and that it cannot be achieved without mutual integration of efforts and intentions. No one any longer doubts that only the homogeneous progress of all the nations is the one sound, real and enduring objective. International co-operation, lent generously and without reticence, is the only efficacious means whereby world-wide economy may re-establish itself, recover its normal rhythm and acquire strength in order to achieve improved levels of social prosperity and collective welfare.

Latin America requires such co-operation and it requires this co-operation urgently in order to develop its resources, industrialize its raw materials, intensify its agriculture and liberate itself from the afflictions and anxieties which obscure the horizon of its destiny. In these tense and agitated days there is no corner of the world that escapes the anxieties that torture and perturb the spirit of mankind. Nations hesitate at the prospect of the future. But here in our America there is no room for uncertainty, because in its fertile lands, rich soil, almost unexploited waters, extensive and diversified forests, formidable hydro-electric potentialities, and in the one hundred and fifty million capable, intelligent and enterprising inhabitants, its destiny is assured.

Nevertheless, in order to achieve its destiny, Latin America requires the co-operative assistance of alien capital, inasmuch as in our

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countries capitalization is in general, scarce and insufficient. In spite of the noble and extraordinary effort being exerted by the United States under the Marshall Plan, whose object is to rehabilitate European, we do not believe that, as a reflex consequence, it will prove to be of substantial assistance to all the countries of Latin America, inasmuch as the purchasing power which the Marshall Plan extends to Europe can only be utilized by those nations of America that have ample exportable surpluses. It will not benefit to any appreciable extent, those countries that are seeking credit and capital to expand their productive capacity or which have had to curtail their imports because of the lack of foreign currency. Hence, the Marshall Plan does not constitute a solution of our problems. However, if this Plan is only to take care of the reconstruction of Europe, then the International Bank should endeavour to promote the economy of those Latin American countries which have only slight industrial development. In particular, the International Bank should encourage - as expressed in its Articles - the means and sources of production in the nations placed in such circumstances, in order that the transition from a war economy to a peace economy be effected without setbacks. As pointed out by the President of the International Bank before the Economic Commission of the Bogota Conference, we believe that it is in the countries of Latin America that the Bank will have the greatest opportunity in the near future to lend its constructive aid in economic development. In this manner the Bank will fill the hopes which our nations cherished when discussing and subscribing to the convention that brought it into existence. It will thus have fulfilled the object of co-operating in our progress by facilitating the financial means that we require in order to begin to make use of the bulk of the natural resources contained in our territories. We also hope that the government agencies existing in the United States whose functions are similar to those of the International Bank will continue to participate in the financing of the industrialization plans by means of adequate and sufficient credit.

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However, as the loans of the International Bank and of the official agencies of the United States must be utilized in the acquisition of machinery, equipment and materials, it is necessary to have available the currency with which to establish the proposed industries or activities. From this point of view, the contribution of foreign capital available to assist our economies is also necessary. In this respect, we should offer foreign investors a treatment similar to that received by national capital and the assurance that their justly earned profits will be remitted to the country of origin. It will not suffice, however, to have laws to inspire the confidence that capital seeks. It is indispensable that the legislation be strengthened through government practices which, at all times, will respond to the promises made and which will effectively fulfil what the laws intend.

We believe that the suppression of double taxation so that current taxes would be applicable only in the country in which the income is derived, would be a great incentive to attract foreign capital to Latin America.

Latin America has both the physical and human factors to build a strong and stable economy on a solid basis. For this, Latin America only awaits the impetus of capital and the assistance of technology. It needs also to have faith in its destiny. The task which the United Nations has entrusted to the Economic Commission for Latin America is great, a task which begins today under the expectant and hopeful eyes of our people.



