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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

THE ECONOMY OF ARGENTINA

August 30, 1957

Department of Operations
Western Hemisphere

CURRENCY EQUIVALENT

Currency Unit	=	Peso (symbol m \$n)
Par Value	US \$1 =	18 Pesos
Free Rate (floating)	around US \$1 =	40 Pesos

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BASIC DATA

Area 1,079,965 square miles
(78% arable and pastoral)

Population 18,919,000 (1955)
Rate: 1.9% yearly

GNP (at constant 1950 prices) in 1955
Pesos 69 billion
Per Capita: Pesos 3,659 (about US\$400)

<u>Trade</u> (\$ million)	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>
Exports	1,169	678	1,099	1,027	928	943
Imports	<u>1,477</u>	<u>1,181</u>	<u>795</u>	<u>979</u>	<u>1,172</u>	<u>1,128</u>
	- 308	- 503	+ 304	+ 48	- 244	- 185

Budget Expenditures (million pesos)

Ordinary and capital expenditures (excluding debt amortization)	14,925	17,355	20,017	21,941	24,648	n.a.
Deficit	5,641	6,072	8,500	9,451	12,500	
Net Sale of Bonds	3,456	4,722	7,678	7,599	7,563	

Money Supply (million pesos) 26,742 30,429 37,720 43,869 51,624 60,272

Cost of Living (1946=100) 289 401 417 432 486 551

Internal Public Debt (million pesos)

(End of year) 21,428 26,092 33,734 41,307 51,469

External Public Debt

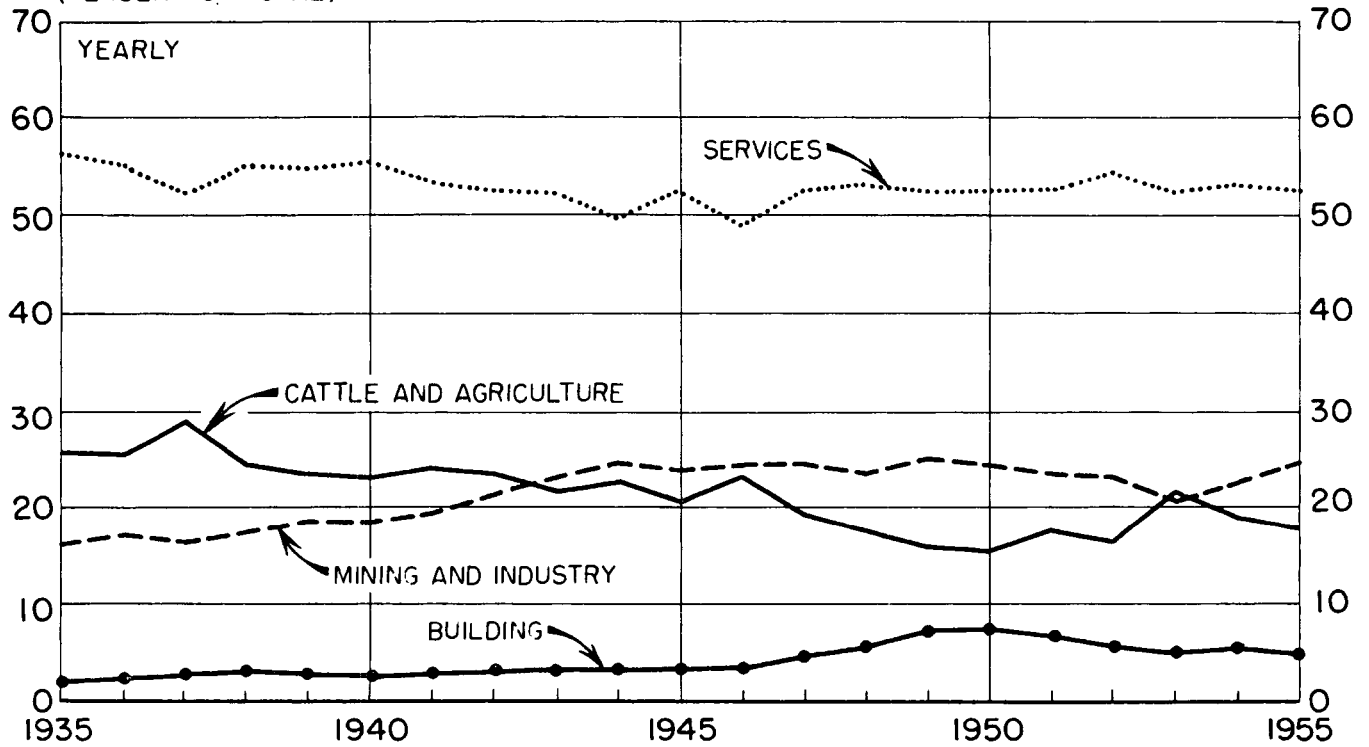
Million US\$ equivalent 164 147 136 147 185 686 ^{1/}

^{1/} Includes funding of commercial debts to Western European countries and Japan.

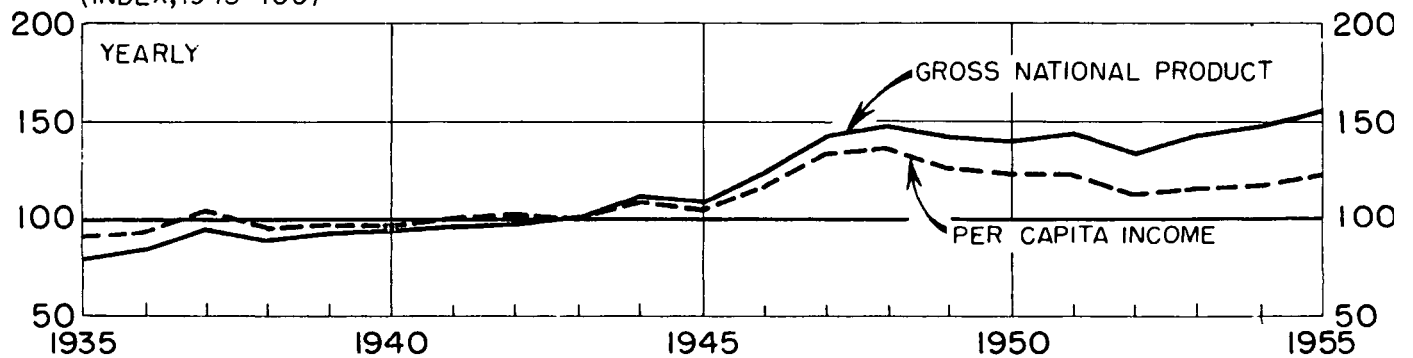


ARGENTINA

MAIN SECTORS OF THE ECONOMY (AT FACTOR PRICES)
(PERCENT OF TOTAL)



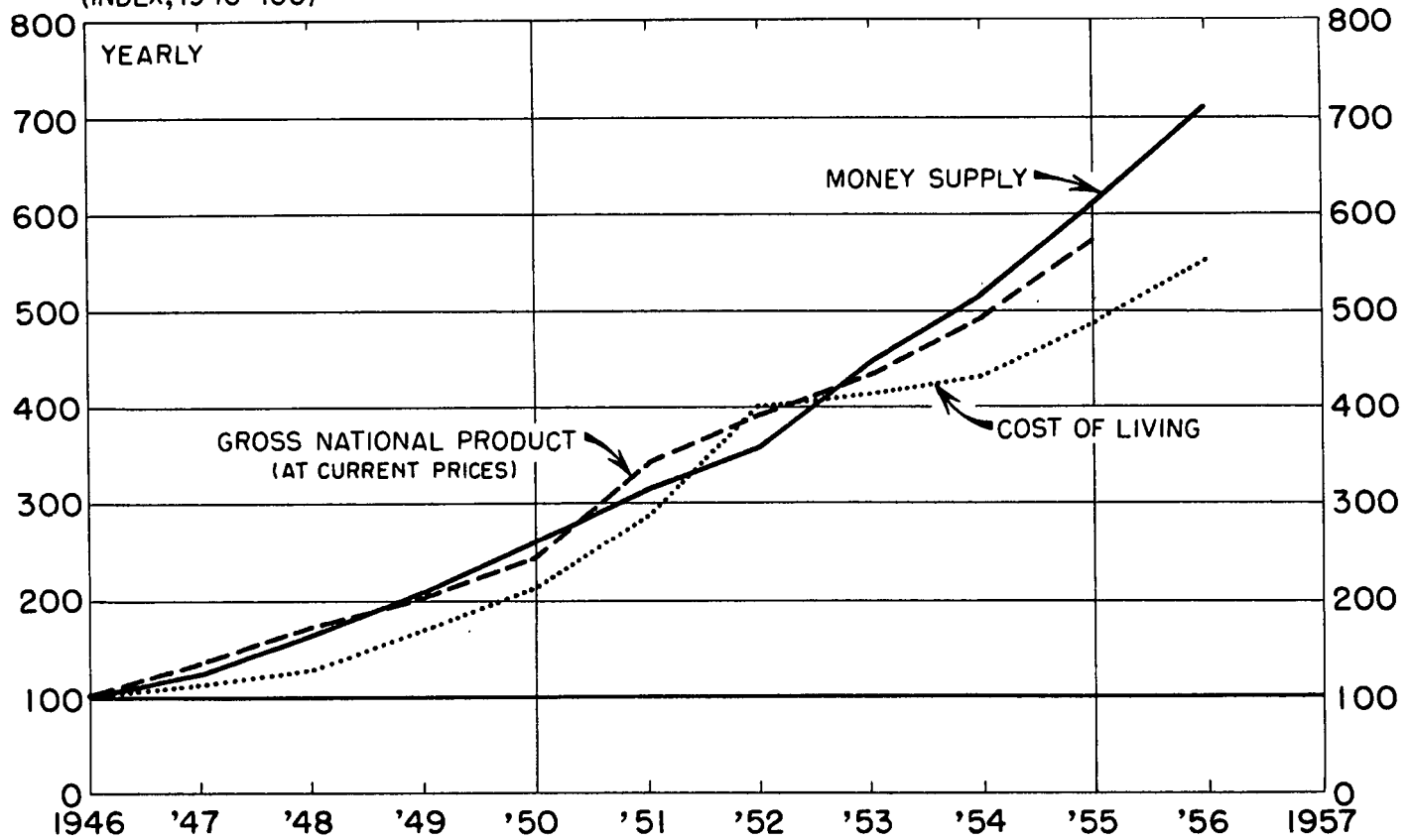
GROSS NATIONAL PRODUCT AND PER CAPITA INCOME (AT CONSTANT 1950 PRICES)
(INDEX, 1943 = 100)



ARGENTINA

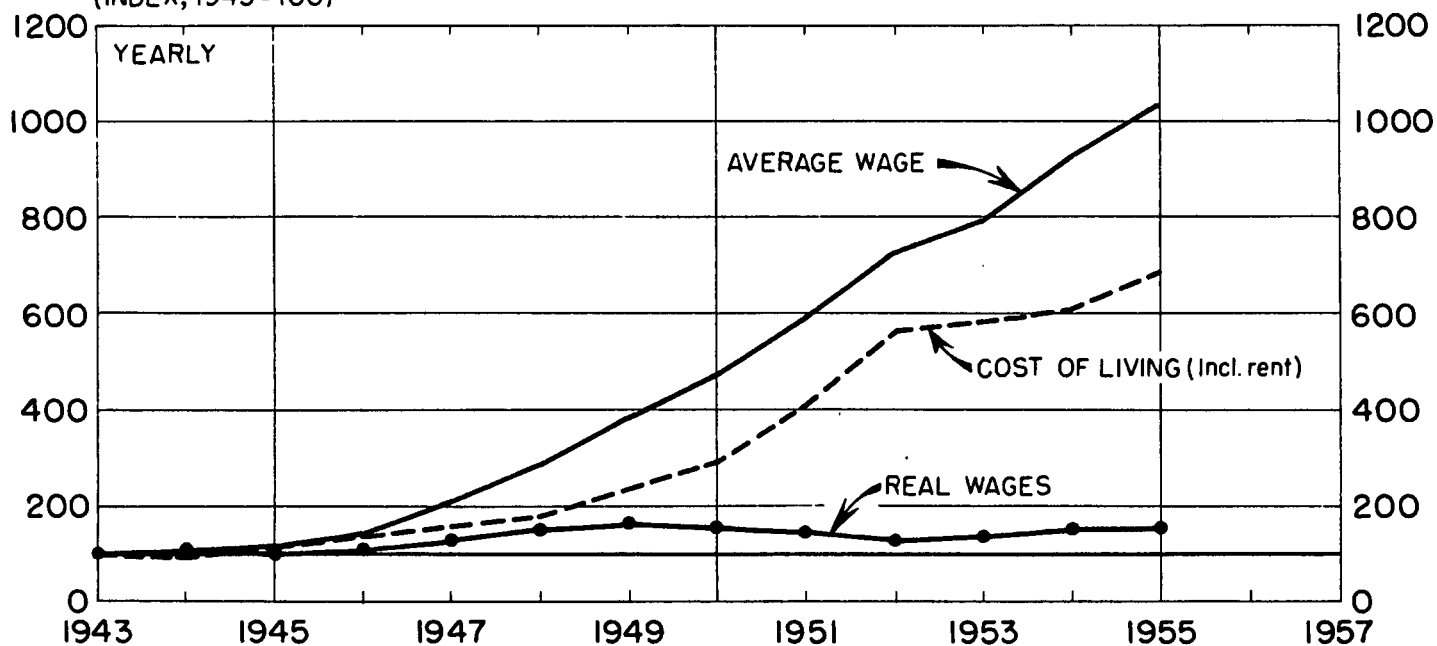
MONETARY EXPANSION AND THE ECONOMY

(INDEX, 1946=100)



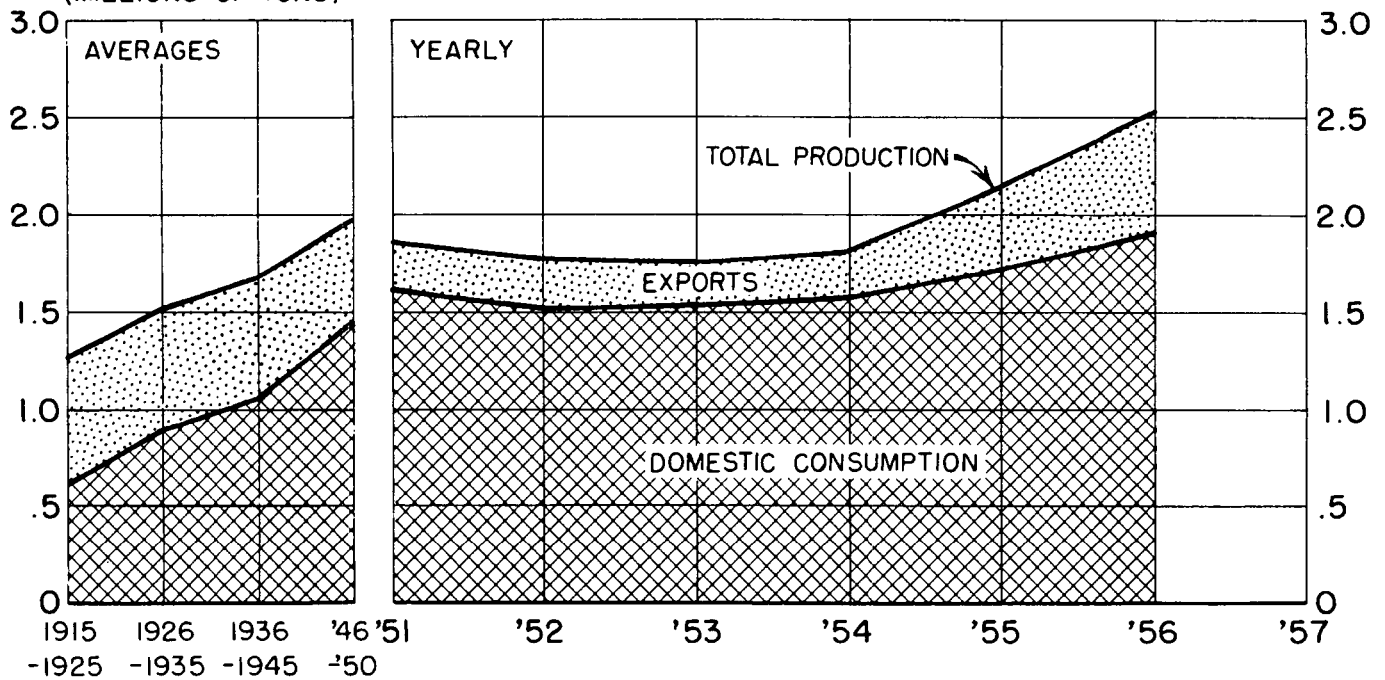
COST OF LIVING AND WAGES

(INDEX, 1943=100)

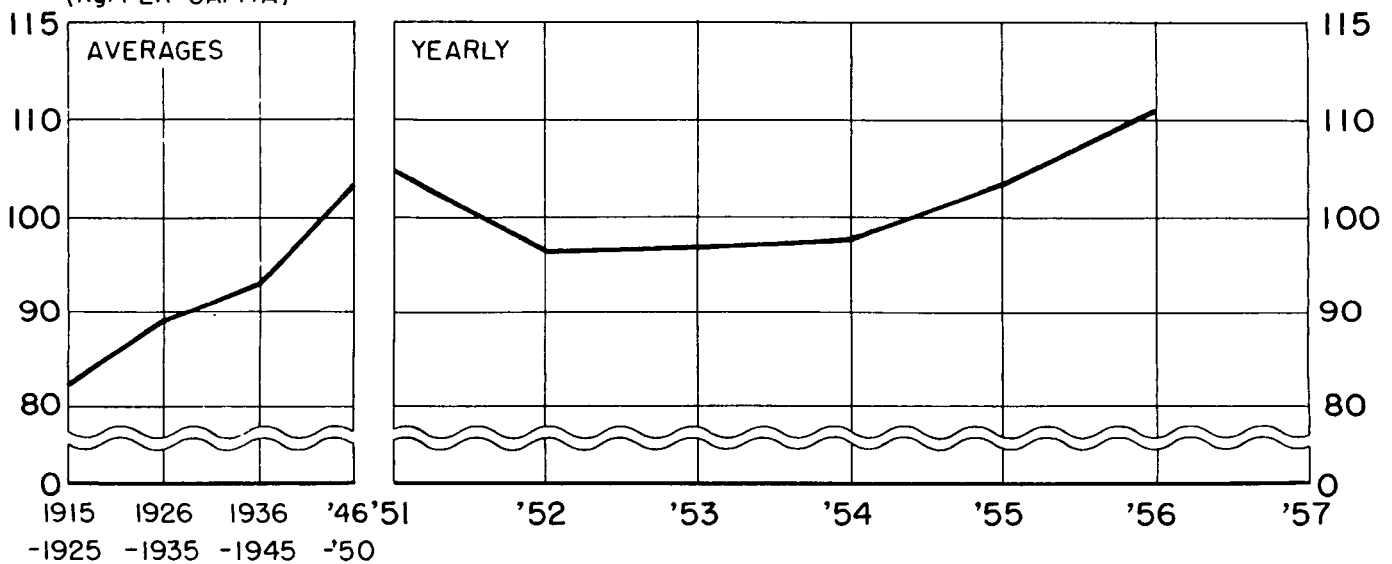


ARGENTINA

MEAT*: PRODUCTION, CONSUMPTION, AND EXPORTS
(MILLIONS OF TONS)



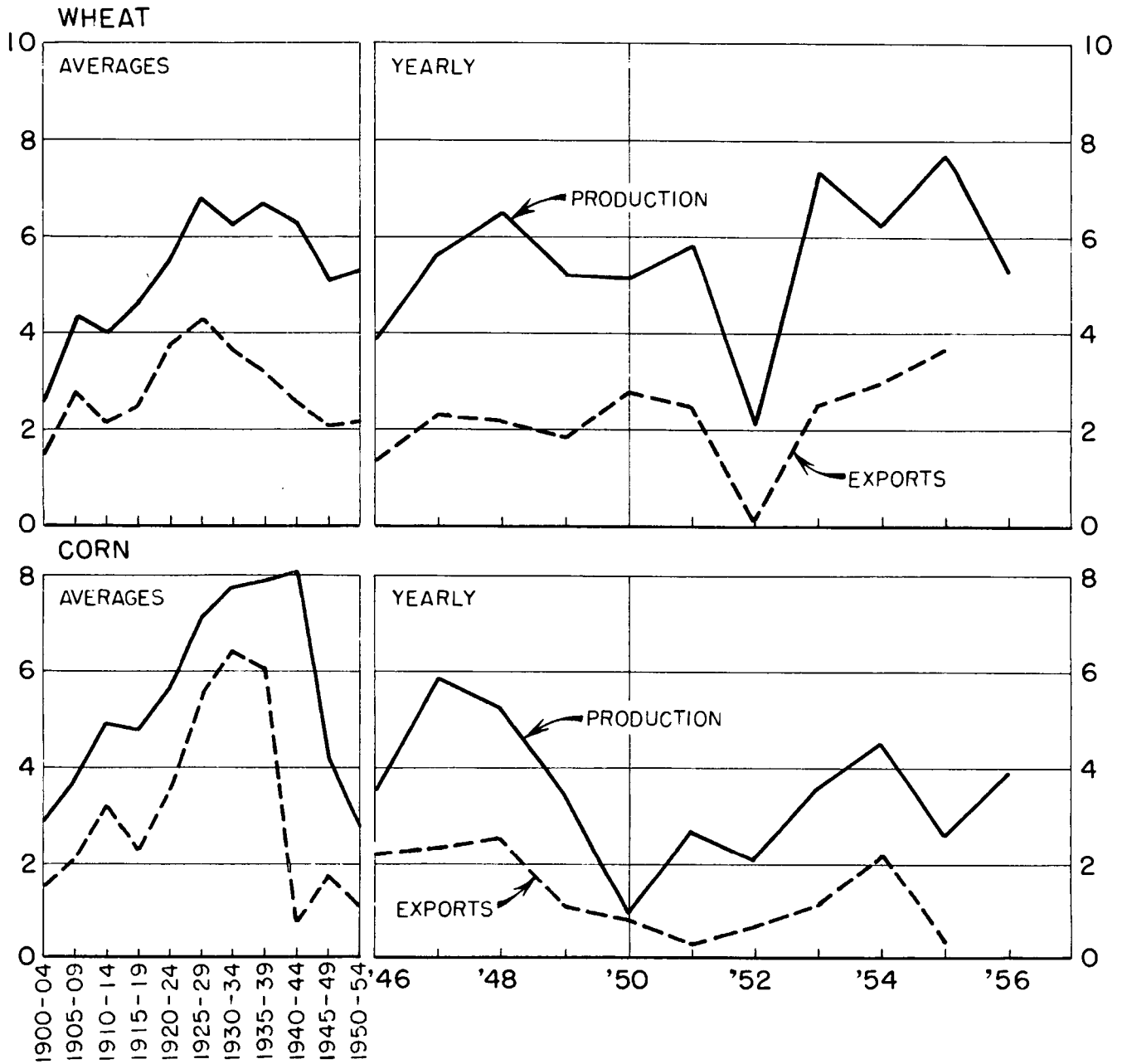
INDIVIDUAL CONSUMPTION OF MEAT *
(Kg. PER CAPITA)



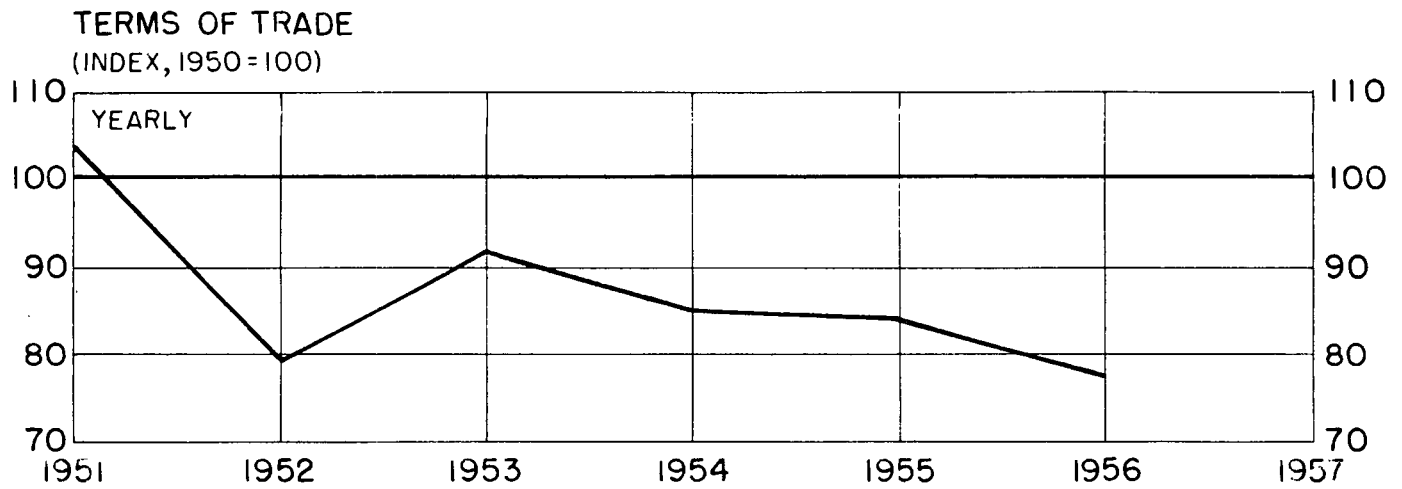
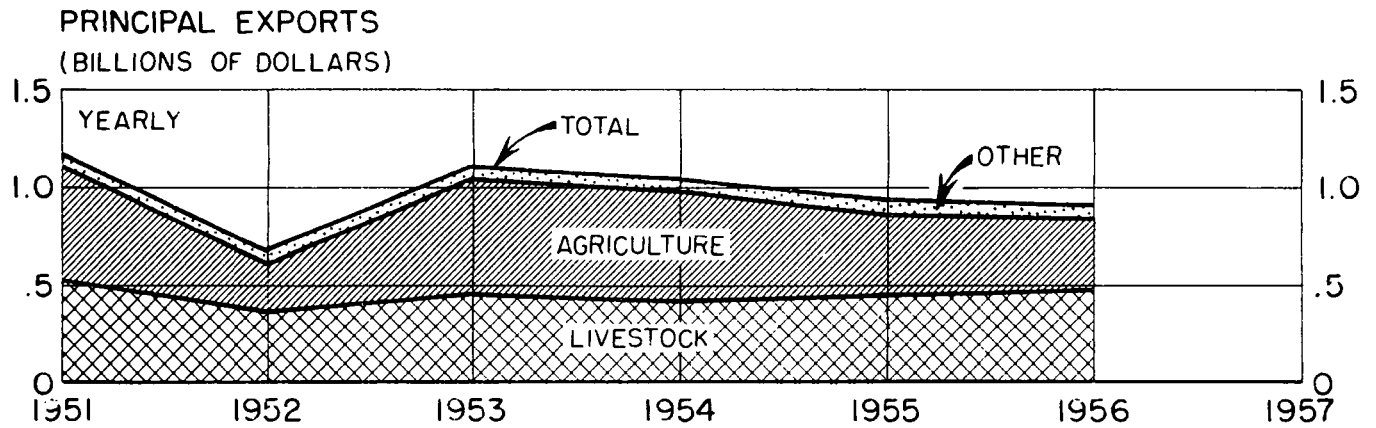
* Beef, lamb, and pork

ARGENTINA

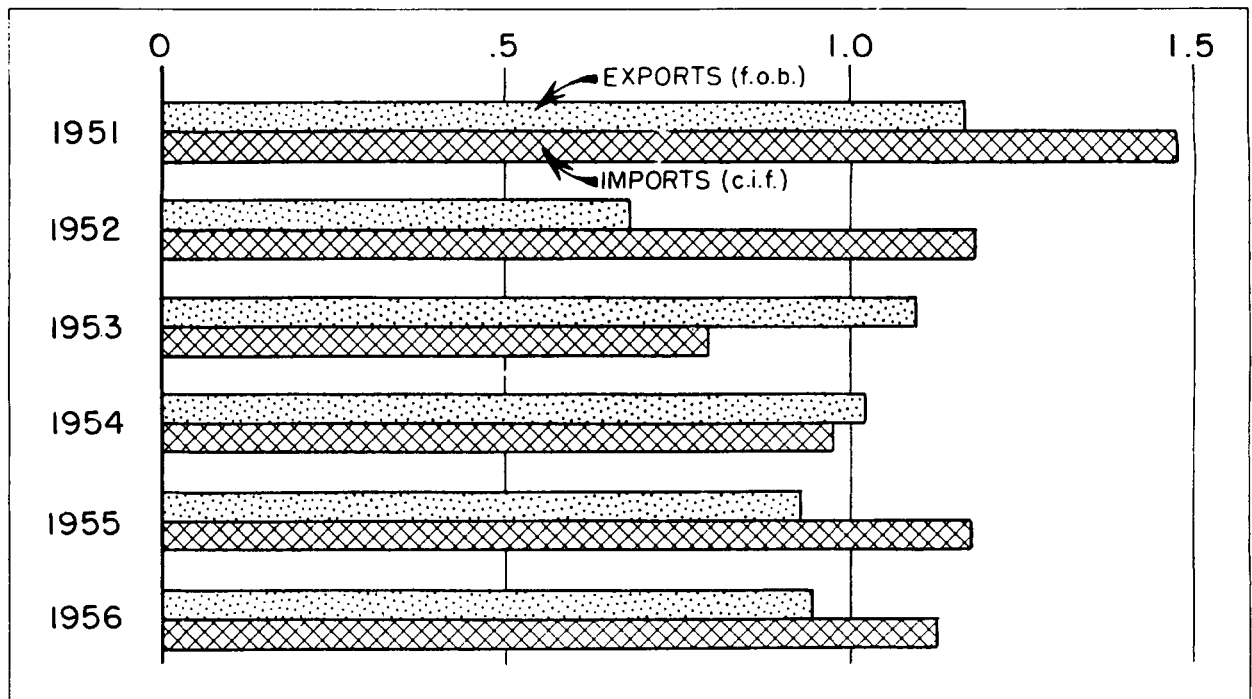
PRODUCTION AND EXPORTS OF WHEAT AND CORN (MILLIONS OF METRIC TONS)



ARGENTINA

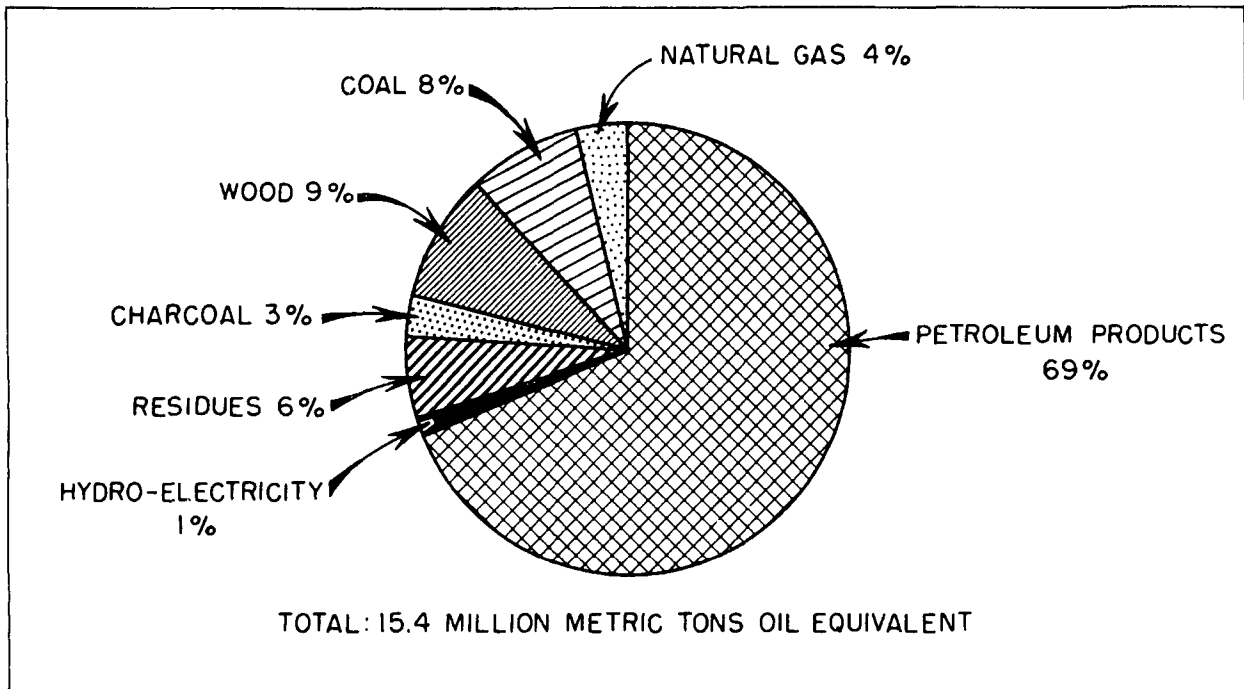


BALANCE OF TRADE
(BILLIONS OF DOLLARS)



ARGENTINA

ENERGY CONSUMPTION PATTERN, 1955 (PERCENT OF TOTAL)



SUMMARY AND CONCLUSIONS

Geography

1. The Argentine Republic, with an area of over 1 million square miles and a population of 19 million people, is second in size among the countries of South America. Extending through almost 34 degrees of latitude, the country possesses a wide range of climatic conditions which are also affected by great varieties of altitude. Thanks to the country's diversified climate, agricultural production is varied and flexible.

2. While the mighty Plata system drains the northern part of the country and some smaller rivers cross the arid south, there are no navigable rivers in the main pampa region, the principal area of agricultural production in the center of the country. To remedy this deficiency, a great system of railroads, the fifth largest in the world, was built to tie the inland centers of production to ocean harbors.

Government

3. General Juan D. Peron, President since 1946, was overthrown on September 19, 1955. Power is now in the hands of the Provisional Government headed by General Pedro Eugenio Aramburu, whose prime objective is the restoration in Argentina of constitutional and democratic government. A constituent assembly was elected in July 1957 to approve a new constitution by November of this year. The Provisional Government has pledged that a democratically-elected president would take over by May 1958.

Structure of Production

4. The main natural resource is the rich soil of the pampa. The principal exports are grains, cereals and linseed, beef, mutton, pork, hides and wool. In addition, the Republic is self-sufficient in sugar and cotton and has a rising production of fruits, tea and tobacco. During and since the second World War, exceptional impetus was given to domestic manufacturing whose contribution to GNP is higher today than that of livestock and crop agriculture combined. Although her mineral resources are still largely unexplored, Argentina possesses known but undeveloped resources in petroleum and natural gas. There also exist possibilities for developing hydroelectric power but mostly at great distances from the present industrial centers.

5. On assuming power, the Provisional Government inherited a country in economic decline. Consumption was high at the expense of capital investment. This excessive consumption was made possible by incurring substantial foreign debts, principally on bilateral accounts, by decapitalizing the transportation system as well as the productive sectors of agriculture and industry.

Recent Economic Measures

6. The Provisional Government has taken several measures to begin remedying the economic situation. By devaluing the peso, it created considerably higher domestic prices for exports. Market forces were re-established when

most of the consumer subsidies and price controls were abolished, and trading in futures on the Grain Exchanges was re-instituted. Since one of the major obstacles to economic growth is currently the inefficiency of transport facilities, particularly railroads, the greater part of a recent \$100 million Export-Import Bank loan is being used for the purchase of railroad equipment, particularly locomotives. Some additional equipment has also been acquired on suppliers' credits, but more will be needed to restore the efficiency of the railroad system.

7. Little has yet been done in the industrial sector. The integrated steel mill of San Nicolas, expected to increase domestic production to about one-half of consumption, will not be in production until 1960. The production of electric energy is lagging far behind requirements and the output of petroleum covers less than 40% of a continuously rising demand, in both cases partly because of unresolved policy questions regarding public versus private operations. The lack of adequate energy compels most of the industries in the Buenos Aires area to interrupt production for several hours on frequent occasions.

External Debt

8. The present external debt amounts to almost \$700 million. Annual service on this debt is estimated to be \$57 million equivalent in 1957, increasing to a maximum of \$84 million by 1960. Thereafter, it will rapidly decline to \$13 million by 1970. If it is assumed that annual exports will be around \$1,100 million by 1960, the peak service of \$84 million would represent 7-1/2% of export earnings, these latter being estimated on rather conservative bases. Service on existing external debt would thereafter decline, while export earnings should continue to increase.

Prospects

9. In the Government's view, economic recovery demands a substantial increase of production. This will need considerable industrial re-equipment, as well as an expansion of basic services such as transportation, electricity and petroleum. This in turn depends on the ability to finance imported equipment.

10. The prospects both for short-term economic recovery and the future growth of the economy thus depend upon the rate at which foreign exchange receipts can be increased. Because the immediate prospects for an increase of agricultural exports are limited by domestic conditions and the absorption capacity of overseas markets, the rate of growth of output during the next few years will greatly depend on the size and terms of the foreign credits and private capital inflow the country can attract. However, a substantial inflow of foreign long-term capital can only be expected if the Government's economic and fiscal policy is conducive to balanced growth. At the same time, it is important that any borrowing be undertaken on reasonable terms, otherwise service obligations arising from ill-judged borrowing would bear heavily on the future balance of payments.

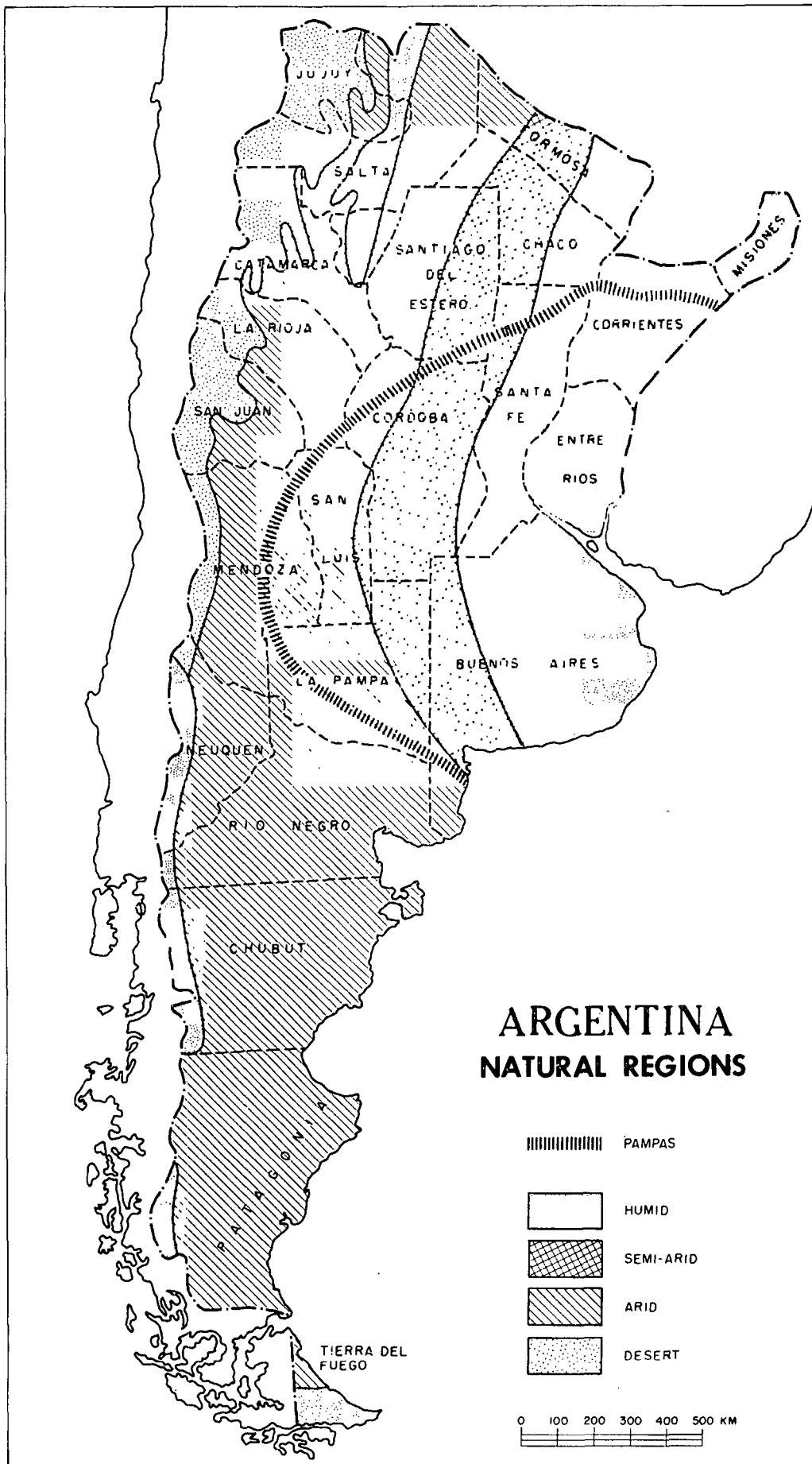
11. The financial problem thus presents two aspects: while the immediate increase of output depends on whether the country can obtain appropriate credits, the amount of prudent foreign borrowing depends partly on the long-term outlook of exports. A healthy manufacturing industry able to compete in export markets would undoubtedly improve the foreign exchange position of Argentina; however, this is a long-term proposition, and in the foreseeable future Argentina will necessarily rely upon exports of her traditional agricultural products. Assuming the return of monetary stability, the long-run prospects for these exports are for steady, but not rapid, growth.

12. A serious inflation would undermine Argentina's economic prospects. Recognizing this, the Provisional Government has taken some preventive measures, consisting mainly of an attempted restraint upon the growth of bank credit and Government expenditures, and the freezing of wages up to March 1958. However, the social and political situation may force the Government to relax these policies, particularly on the wage front. This would be all the more dangerous because a continuing inflation would not only distort the domestic cost-price structure and the relationship between external and internal prices, but it would almost certainly also be accompanied by a re-emergence of controls and subsidies.

I. THE SETTING

Geography

1. The Argentine Republic is second in area and population of the countries of South America. Its mainland area (including Tierra del Fuego) is 1,079,965 square miles. Located in the south of the South American continent, Argentina has the shape of a triangle, with its base on the Tropic of Capricorn and its apex at 55 degrees south; it thus shares with Chile the distinction of possessing the most southerly mainland territory of any country in the world. On the west, the Andes Range (Cordilleras) forms the boundary with Chile (2,980 miles). To the east, the Atlantic Ocean and the Plata estuary form a 1,615-mile coastline. The Uruguay River continues the eastern boundary for 745 miles, separating Argentina from Uruguay and Brazil. To the north, the Pilcomayo, Paraguay and Parana rivers separate the country from Bolivia and Paraguay (994 miles).
2. Wide contrasts characterize the landscape. In the northeast is the Chaco Plain (150,000 square miles), largely covered with subtropical scrub forest, while the so-called Mesopotamia, between the Parana and Uruguay rivers, is a fertile subtropical belt of some 74,000 square miles, producing mainly citrus fruits. The entire western part of the country and most of the northwestern is mainly desert where wine, sugar and fruits are produced in irrigated valleys. In the south are mountain lakes, tourist resorts, sheep ranches and oil fields, and finally, below latitude 46, the bleak Sub-Antarctic area where the Andean Range breaks up into rocky bays and isles, and constitutes the southern end of the American continent.
3. The heart of all this is the flat, treeless, grassy, extremely fertile pampa; within the approximate limits of a 400-mile radius from Buenos Aires, the pampa covers about 250,000 square miles. Here the chief cereal crops are grown and cattle and sheep are bred and fattened.
4. Extending through almost 34 degrees of latitude, the country possesses a wide range of climate which is also affected by varieties of altitudes. The highlands of the northwest are cold although some sheltered valleys are warm, the northeast is hot, humid and rainy, Patagonia is cold, dry and windy. The pampas have mild winters, hot summers and rain falls mostly in the summer.
5. The mountains belong to four systems. The Andean, by far the most important (highest peak Aconcagua 23,380 feet, several other peaks above 20,000 feet), the central system (Sierra de Cordoba), the southern system in the south of Buenos Aires province and the Misiones Range forming part of the Brazilian system.
6. The three great rivers that form the Plata system--the Paraguay, Parana and Uruguay--with their tributaries, drain the northern part of Argentina. The rivers of the mighty system have a total length of 2,330 miles and are navigable throughout 1,997 miles. The Rio de la Plata is an ample but generally shallow estuary, about 100 miles long and 23 miles



wide, the confluence of the Parana and Uruguay rivers. The central part of the pampa is almost entirely without running streams; its southern margin is crossed by the Colorado and Negro rivers, both navigable and both being used for irrigation purposes.

7. Except Bahia Blanca, there are few natural harbors in Argentina. The greatest port of Argentina, Buenos Aires, as well as the port of La Plata, are artificial harbors, expensive to construct and maintain. Ocean-going vessels penetrate several Argentine rivers; the port of Rosario, 260 miles inland from Buenos Aires, is the second port of the Republic. The Port of Santa Fe, 360 miles inland, is also accessible to overseas steamers.

Population

8. The population has increased from 0.3 million in 1800 to 1.2 million in 1850, 5.6 in 1900, 17.2 in 1950, and at the end of 1956, it was estimated at 19 million people. The average rate of annual growth in recent years (1935-55) was 1.9%.

9. The population is almost exclusively of European origin, with predominance of descendants of Italian and Spanish immigrants. There are now only about 400,000 Indians in the country, about 2% of the population, living in sparsely-settled areas in the highlands and in Patagonia. About two-thirds of the population live in the area between Buenos Aires and Santa Fe which comprises only one-fifth of the total territory. The urban population of Greater Buenos Aires, about 5 million, is over 25% of the total. The population lives predominantly in cities (about 40% in towns of more than 100,000), and the tendency towards urbanization continues to increase.

History

10. From the very beginning, in the early sixteenth century, Argentine history was already shaped by two opposing political forces. While Buenos Aires, thanks to its strategic location, soon began to be the center of overseas trade, the people of the interior were linked to the older Spanish settlements of the Pacific Coast. Buenos Aires was in fact founded by settlers coming downstream from Asuncion, Paraguay. As it was evidently cheaper to import via the Atlantic Ocean than over the towering mountains of the Andes, the business of Buenos Aires increased from year to year and accentuated the relative poverty of the interior. In political terms, the rivalry between the Federal capital and the provinces took the form of a conflict between the Unitarios and the Federales. Originally, the Unitarios were predominantly townsmen who wished to have a strong centralized government in Buenos Aires, while the Federales were more for decentralization.

11. The Constitution of 1853, although very liberal in the enumeration of basic freedoms, gives more concessions to the Unitarios than to the Federales. It allows extensive powers to the President of the Republic, and the presidents of Argentina have often made use of them. General Juan D. Peron, who dominated Argentine political life from 1944 until his overthrow on September 19, 1955, went so far as to abolish the 1853 Constitution altogether and to promulgate a new one in 1949.

12. The present Provisional Government of General Pedro Eugenio Aramburu revoked the Peron constitution and restored that of 1853. It considers itself a caretaker government. A constituent assembly was elected in July 1957 to approve a new constitution by November of this year. It will decide whether the Constitution of 1853 should be transformed, possibly along more Federalist lines. The Provisional Government has pledged that a democratically-elected president would take over by May 1, 1958.

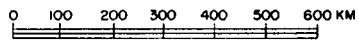
II. THE ECONOMY

General Characteristics

13. Until 1948, Gross National Product, at constant prices, showed an increase of 4.9% yearly. In the period 1948-55, however, GNP increased by only 0.8% per annum and, due to demographic reasons, per capita GNP even declined by 10.3% in 7 years, i.e., an average of 1.5% per annum. (Per capita income represented 3,659 Argentine pesos in 1955, corresponding to about US\$4.00 per annum.)
14. Argentina's main natural resource is the rich soil of the Pampa. It covers, in a depth often exceeding 10 feet, an area of 60 million hectares. Properly utilized, it should be able to meet demands upon it for generations to come.
15. Argentina has great and mostly untapped resources in petroleum and natural gas. There also exist possibilities to develop hydroelectric power, but mostly at a great distance from the present industrial centers, particularly Buenos Aires. Minerals are still largely unexplored, except for relatively small quantities of coal, iron ore, and some nonferrous minerals, mostly in the Andes mountains.
16. The main export crops are wheat, corn, oats, barley, rye, sunflower seed and linseed. In addition, Argentina is self-sufficient in sugar and cotton and has a growing production of fruits, tea and tobacco. The main livestock products are beef, lamb and pork. Due to Peron's price policy, but also to severe droughts and new developments on the world market, the production of cereals declined from a total of 16 million tons to 13 million tons in the last 20 years. Most of the loss occurred in corn. In that same period, the production of meat increased from 1.5 million to 2 million tons yearly. However, as the annual domestic consumption of meat increased from 93 to over 110 kilograms per capita and population grew, the export surpluses of meat remained below their average level during 1936-45.
17. The Argentine economy is essentially dependent on the products of agriculture and stock breeding which, in addition to providing food in satisfactory quantities to the growing population, pay for practically all the imports of the country. However, the scarcity of overseas industrial products during the war years gave an exceptional impetus to domestic industry. In the post-war years, industrial expansion was also accompanied by a shift of manpower from agriculture and by a general rise in wages leading to an increased money demand for manufactured goods. As a result of the rapid and often "forced" industrialization process, the relative importance of agriculture and livestock declined in the 20-year period 1935-55 from 25.0 to 18% of GNP; in that same period, the manufacturing industry alone increased its share from 14.8 to 23.6%. Adding to this last figure utilities and construction, the share of industry would amount to 39% of the total. The rise of domestic industry made it possible to modify somewhat the structure of imports; by 1955 the share of finished consumer goods diminished to 5% while more than one-half



ARGENTINA PRODUCTION



of total imports was in the form of raw materials and semi-finished goods. However, that achievement had been obtained at the cost of great losses on the field of agrarian production and a great reduction in the country's foreign exchange reserves.

Gross Domestic Product by Major Economic Sectors
(percentage of contribution by gross aggregate value)

	<u>1935</u>	<u>1945</u>	<u>1955</u>
Agriculture	15.3	9.2	9.6
Livestock	10.5	10.9	8.3
Fisheries	0.1	0.1	0.1
Mining	1.2	1.4	1.0
Industry	14.8	22.5	23.6
Building	2.0	3.5	5.0
Trade	13.4	15.3	14.9
Transport and Communications	10.3	8.7	10.4
Other Public Services	2.2	1.4	1.1
Income from Housing, Banking and Insurance	13.0	11.4	7.5
Personal Services	9.0	8.1	8.2
Government Services	8.2	7.5	10.3
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source: Producto e Ingreso de la Rep. Arg. p. 114

18. An increase of agricultural output and a greater retention by the countryside of its own population increase is expected from the price incentives now accorded to the agricultural and livestock sector.

19. In the last 20 years, the number of industrial plants increased from 40,600 to 252,500 (more than 180,000 in the province of Buenos Aires) and the number of industrial workers from 500,000 to 3,100,000. Due to the importance of agrarian production, the meat and dairy processing industries are among the most developed in the country. Industries with non-agrarian raw materials have been under heavy protection consisting mainly of import and exchange restrictions; they produce practically all consumer goods absorbed domestically, some of them, however, assembling imported components. Several of these industries are foreign-controlled, particularly in the field of chemistry, pharmaceutical production and the output of cars and tractors. A number of industrial establishments were confiscated from their German owners toward the end of World War II and worked under the denomination "DINIE", as a system of Government enterprises. Their return to the original German owners is now being worked out.

20. In the post-war years, the production of energy, basic raw materials and heavy industry has attracted increased official interest. The production of electric energy is lagging far behind needs, and the yearly output of petroleum, although it had surpassed the 4-million-ton mark in 1956, covers

less than 40% of a continuously rising demand. Some promising results were obtained in the production and transport of natural gas. Finally, the existing steel mills produce only 200,000 tons yearly; a \$60 million loan was granted by the Export-Import Bank for the integrated steel mill of San Nicolas, being built near the city of Rosario; the mill is expected to increase total domestic ingot production to nearly 850,000 tons, about 50% of total consumption.

21. Mining only represents 1% of GNP. There are lead, zinc, copper and tin mines around the city of Jujuy, manganese, sulphur and wolfram near San Luis, iron ore at Bahia Blanca and coal near Rio Gallegos in southern Patagonia.

22. In the first 5 years of the Peron regime, the proportionate share of net national income received by labor increased while that of management (entrepreneurs, professional workers and investors) declined in almost equal proportions; labor increased from 41.5% to about 49%, and the entrepreneurs declined from 55.3 to 44%. Thereafter these proportions remained practically unchanged.

Foreign Trade

23. The value of Argentina's exports in current prices declined from a prewar level of US\$1.5 billion to less than \$1 billion in 1955-56; the decline would be even greater if calculated in dollars of constant value. In volume terms, cereal exports declined from an annual average of 11 million tons in 1930-34 to 5 million tons in 1950-54. The terms of trade, which were favorable to Argentina during the immediate post-war years, when demand for agricultural produce was high, took a sharp turn for the worse at the beginning of the 50's. Partly for this reason, but also because the Government (IAPI) bought agrarian export products at less than world prices, thereby discouraging production, cereal exports never recovered the high level which prevailed before the second World War. In the years 1951-56, the aggregate trade deficit was almost US\$900 million.

24. The pattern of exports showed the following changes since the first World War:

<u>Share of</u>	<u>Average</u> <u>1920-39</u> (%)	<u>Average</u> <u>1946-55</u> (%)	<u>1955</u>	<u>1956</u>
Livestock	37	47	57	57
Agriculture	59	45	34	38

While roughly one-half of Argentine earnings of foreign exchange before the second World War were derived from grain exports, including linseed, the ratio of agricultural exports has fallen to a little over one-third of the total because of poor crops, falling prices of grain in relation to other commodities and shrinking corn and linseed exports. The increase in the production of meat was offset by the considerable increase in domestic consumption.

Meat exports during 1951-54 were only a little over a third of their 1936-45 level, and, despite a big recovery in 1955 and 1956, were in 1956 still below the 1936-45 level. Other important livestock exports are hides, wool and dairy products.

25. Shortage of foreign exchange has greatly restricted imports in recent years, while at the same time, there have also been significant changes in the import pattern. Imports of fuel, chemicals, iron and steel products and raw materials for industry have all increased. Imports of consumer goods, particularly textiles, have fallen off because local manufactures have replaced them. The policy of the Government to industrialize was intended to reduce the country's dependence on imports; however, owing to ever-increasing demands for the import of raw materials, fuel, equipment and spare parts, it made Argentina more dependent on foreign trade than before. In recent years, machinery and vehicles have become the most important import group, iron and steel being second and fuel third. Next in order are foodstuffs, textile, raw materials, timber and chemicals. Fuels, raw materials and capital goods now account for about 80% of total imports.

26. Under Peron, Argentina's foreign trade policy was based upon bilateralism: bilateral agreements were concluded with all major trading partners except the United States. These took various forms. There were so-called agreements of economic union with Chile, Bolivia, Paraguay and Ecuador. The agreements with Western European countries were mostly confined to regulating the payments for exports and imports while trade with Communist countries was made through large-scale barter operations transacted by State trading organizations on each side. In most of these agreements, nontransferable currency units were used as currency of account. The objective of the system was to preserve the gold and dollar reserves. Unfortunately, it had the adverse effect of contributing to the distortion of the trade pattern and price system, for it obliged Argentina to buy only from countries buying Argentine exports. Therefore, although Argentina often sold her own products at high prices, her imports were made at similarly high or often higher prices and Argentina deprived herself of the advantages of international competition. The Provisional Government is seeking to restore international competition by negotiating multilateral trade and payments agreements (details of the agreements are contained in a subsequent chapter).

27. About one-half of Argentina's foreign trade is conducted with Europe. The United Kingdom is the main market, particularly for chilled meat, and the sterling area Argentina's main supplier. Trade with the Western Hemisphere is less than with Europe; about one-half of it is with the United States and Canada, the other half mainly with Argentina's neighbors and Venezuela. Normally, surpluses tend to develop in Argentine trade with Europe, and deficits with the Western Hemisphere.

Financial Structure

28. In the period 1947-55, there was a great increase in the activities of the Government. The social insurance system was extended to cover the entire working population, and Government intervened in economic life in all

forms, through commercial and industrial operations as well as payment of subsidies. As a consequence of these new governmental economic activities, as well as of domestic inflation, the size of the budget increased considerably; in current prices current and capital expenditures rose from 3.7 billion pesos in 1947 to 24.6 billion in 1955, an increase of about sixfold. In real terms, using the somewhat fragile cost of living index, Government expenditures may have increased by about 30%. In addition, during the Peron regime, certain important Government operations which incurred deficits, like those of the State trading organizations and the transport agencies, were omitted from the budget.

29. The growth in expenditures was due to an increase in consumption rather than to additional capital formation. Under Peron, the number of Government employees increased by about 80%. The growth in current transfer payments, for social insurance benefits and subsidies to agricultural and livestock production and marketing, served predominantly to raise consumer demand. The bulk of subsidies was paid through the Argentine Trade Promotion Institute, commonly called IAPI, Peron's most important instrument of economic intervention. With the exception of wool, IAPI exercised a trade monopoly in the entire field of agricultural marketing; it acted as an importer of machinery and industrial raw materials; the purchase of the British-owned railroads was entrusted to it; and finally, IAPI executed the barter agreements between Argentina and other countries. As a consequence of the deterioration of the terms of trade, and the overvaluation of the peso, IAPI, instead of making profits, was soon forced to begin to subsidize the domestic producer as well as the importer. The deficit of IAPI was financed partly from the budget and partly with banking credits. When the Provisional Government decided to liquidate the organization, its debts to the banking system amounted to 20.5 billion pesos.

30. The revenues of the Government consist of direct and indirect taxes. Income tax is the major source of revenue, while there is also a graduated excess profits tax and a capital gains tax. There are numerous indirect taxes, like the sales tax, but the majority are allocated in advance for specific purposes of the provinces and municipalities. The Provincial Governments as well as the Municipality of Buenos Aires also receive a share of the direct taxes levied by the Federal Government. Although they remained considerably smaller than expenditures, the revenues of the Federal Government showed some increase during the last 10 years.

31. The most important source of non-tax funds for the Government sector was and is the social insurance contributions of participants and employers. Owing to the broadening of coverage and increases in contribution rates, total contributions to the social insurance institutions rose, at 1950 prices, from 1.3 billion pesos in 1945 to 4.2 billion pesos in 1955. The combined employer and employee contributions are equivalent to 25% of wages and salaries throughout industry and trade; in agriculture they represent 12%. As the benefit payments are lagging, for the time being, far behind receipts from contributions, the margin is being invested in government bonds and the proceeds are being used by the Government for budgetary and other purposes. The social security institutions are able to purchase government bonds because they are not investing into mortgage bonds which are now almost

wholly financed by the Central Bank (cf. subsequent chapters on Banking and Inflation). The social insurance institutions have become the most important purchasers of government bonds which in total increased from 10.8 billion pesos in 1946 to 51.5 billion at the end of 1955.

32. In spite of these forced borrowings, the expenditures of the Government sector exceeded, in the period 1947-55, the total of receipts by about 13 billion pesos. There is not enough information available to explain how this residual deficit of the public sector was financed. It is clear, however, that the major part of the deficit must have been covered by borrowing from the banking system.

33. Budgetary data for 1956 are not yet available. However, some conclusions can be drawn from the changes appearing in the origins of money supply (Table 12). According to these data, Government borrowing from banks for fiscal necessities remained unchanged in 1956 at the level of 13 billion pesos. The debt of IAPI declined by 500 million. The increase in Government bank debt due to subsidies was reduced from 4 billion pesos in 1955 to a little over 2 billion in 1956. Thus, the total amount of Government bank debt increased in 1956 from 34 to 36 billion pesos. However, at the same time Government deposits, which absorb money supply, increased from 10.8 billion in 1955 to 15.8 billion in 1956.

Investment

34. According to official national income estimates, investment appears to have been running at a high level in recent years. From 1947 to 1952 gross investment (including inventories) was consistently about 20% of GNP; in 1955 it was 19.9% of GNP, or 18.5% excluding inventories. This apparently high rate of investment is somewhat paradoxical in view of the deterioration of income per head which occurred during the same years. The principal explanation is the small proportion of investment flowing into directly productive purposes; public and private construction represented 59% of total gross investment in 1955, while net investment in capital equipment was 28% of gross investment or 5% of GNP in the same year. It is also noticeable that between 1946 and 1953 there was a significant fall in the amount of gross investment devoted to maintenance which reached a low of around 8% in those years compared with around 13% prewar and a similar 13% in 1953 through 1955.

35. Private capital was originally accumulated mainly by a relatively few landholding families. Although most of them still hold their estancias, they do not seem able to regain the economic and political position they enjoyed before Peron. Important new concentrations of capital have developed in industries such as textiles, food processing, chemicals and metals, while labor developed new political power.

36. The Government is engaged in a broad range of industrial activities. Among the most important Government enterprises is the Iron and Steel Company of Argentina (SOMISA). At present, SOMISA is the sole importer of ingots and other steel products. It is using its import profits to finance the costs of building an integrated steel mill in San Nicolas. With an initial capacity

of 600,000 ingot tons per year, the mill will cost about US\$100 million (of which \$60 million is being borrowed from Eximbank) and about US\$40 million equivalent in EPU currencies. The mill is expected to be ready by 1960. In the first stage, it will use iron ore from Brazil, Peru, and Chile and coke from the United States. In a later period, the Government hopes to use Argentine iron ore from the Sierra Grande near Bahia Blanca and coal from Rio Gallegos. Twenty per cent of its ownership is private, and part or all of the rest may be sold to private capital at a later stage.

37. Most of the petroleum industry is controlled by the National Petroleum Board (YPF). The National Administration of State Industries (DINIE) administers formerly German-owned industrial concerns, sequestered during the war and producing a wide variety of products, including pharmaceuticals, electrical equipment and metal goods. In addition, the Peron Government tried to enter many fields with its own corporations. Among others, the Army began to produce metal products for civilian use, the Air Force motor vehicles, the Ministry of Commerce was also a meat packer, and the Ministry of Agriculture a dealer in cereals. Most of these enterprises are now in liquidation.

38. Foreign investments developed in the following way in Argentina:

TOTAL FOREIGN PRIVATE INVESTMENT
Direct and Portfolio
(millions of dollars)

<u>Year</u>	<u>Great Britain</u>	<u>United States</u>	<u>Others</u>	<u>Total</u>
1900	900	--	200 (e)	1,100
1930	2,026	654	981	3,661
1945	1,414	565	672 (e)	2,651
1955	324	466	747	1,537

(e) Estimated.

Source: M. Kybal. Working paper for ECLA.

39. British capital has been associated, in some measure and at some time, with almost every sector of Argentina's economy, the preponderant share being in the railways, banking and insurance, livestock and chemical industries. The abrupt decline of British investments began in 1946, chiefly as the result of Argentina's acquisition of the railways. In 1955, Britain's share in Argentine investments represented only the equivalent of \$324 million.

40. Activities of United States firms began to take importance shortly after the turn of the century when the first American-owned packing house was organized. At present, American interests own meat-packing plants, oil concessions and refineries, and plants to manufacture or assemble motor cars, farm equipment, and a wide range of consumer goods. A few branch operations were established, particularly in the field of pharmaceuticals, but the most important investments are in the form of joint arrangements with established local concerns.

Foreign Debt

41. External borrowing by Argentina started in 1824 when £1 million was raised in London by the province of Buenos Aires. After having been in default from 1828 to 1857 the obligations under this issue were taken over by the National Government in 1880, in which year total foreign debt service was 60% of exports. Apart from an interruption in service payments during the 1890's the National Government has always met all payments on its external debts. However, most issues of the political subdivisions fell into default in 1932 and 1933. The service on the external bonds of the province of Buenos Aires, which accounted for the bulk of the foreign bonds of the political subdivisions, was resumed in 1935 under a debt refunding and conversion agreement with representatives of foreign bondholders. Similar arrangements were made in subsequent years regarding the foreign bonds of other political subdivisions. As a result of redemptions all external public indebtedness, except for two small issues in sterling, had been retired by 1947.

42. External borrowing was resumed when in 1950 the Export-Import Bank established a line of credit of \$125 million in favor of a consortium of Argentine banks to liquidate commercial accounts owing to U.S. exporters. About \$97 million of this credit was utilized. In 1955 the Export-Import Bank granted another loan for \$60 million to be used for equipment in the San Nicolas steel mill. A third loan granted in 1956 for \$100 million is being used mainly for the purchase of locomotives, with some road-building and port equipment. In addition to this long-term debt, suppliers' credits were obtained in Europe and the United States. Arrears on commercial account and overdue swing balances--other elements of the new debt--are to be funded on a 10-year basis under agreements being concluded between Argentina and the members of the Paris Club and Japan. The Government is also faced with an undetermined amount of claims of foreign companies for properties which have been expropriated.

43. Altogether the present national debt (including debt guaranteed by the Central Bank) amounts to almost \$700 million equivalent. This includes commercial arrears and other indebtedness to members of the Paris Club countries and Japan where, as mentioned above, consolidation on a 10-year term is being negotiated. Assuming that consolidation takes place according to present plans, annual service of total external debt would be \$57 million equivalent in 1957, increasing to a maximum of \$84 million by 1960. Thereafter it would begin to decline to \$62.5 million in 1965 and \$13 million in 1970. At the 1960 peak \$32 million, or 38% of total service, would be payable in dollars.

44. The estimated peak (1960) service of \$84 million represents about 9% of 1956 exports. The 1956 exports were, however, low even compared with the level of the previous 5 years. It is reasonable to expect that by 1960 export will have increased significantly, particularly if weaknesses in Argentina's productive apparatus have been effectively attacked by then and a reasonable level of economic stability has been attained.

Banking

45. The Central Bank of Argentina is a banker's bank. Commercial banking is done partly by Government-owned banks, partly by Argentine or foreign-owned private banks. The Central Bank was nationalized in 1946. In that same year, the Government "guaranteed" all deposits with the official and private commercial banks. According to the new system, the banks kept their deposit resources at the disposal of the Central Bank, and with minor exceptions, could lend only funds re-obtained from the Central Bank in the form of "re-discounts". In this way, the Central Bank was free to direct the credits to the banks of its choice. Because of this "nationalization" of the banking system, the Central Bank, or indirectly the Government, had unlimited powers over the entire field of credit policies.

46. On the other hand, the powers of the Central Bank to restrict credit were weakened when it was decided that mortgage bonds, formerly privately placed by the National Mortgage Bank, would be wholly taken up by the Central Bank. Thereafter, mortgage loans were no longer covered by domestic savings, but were financed by straight Central Bank issues. The total amount of outstanding mortgage loans increased from 1.9 billion in 1946 to 25 billion pesos in 1956.

47. Although some bank credit was extended to the public sector, the Government's direct share in the total monetary expansion was considerably less important than credit to the private sector.

BANK CREDIT OUTSTANDING
(billions pesos at year end)

	<u>1946</u>	<u>1951</u>	<u>1956</u>
Private	4.0	18.4	42.3
Mortgage	1.9	7.9	25.3
Government	5.9	16.3	36.0
Total	<u>11.8</u>	<u>42.6</u>	<u>103.6</u>

One of the main public borrowers (see Table 10) was the Argentine Trade Promotion Institute (IAPI). The amount of subsidies, mainly to agriculture and, until 1955, the operational deficits of the nationalized transport system, also were met by borrowing from the banks. At present, the transportation deficit is included in the national budget. Finally, a small percentage of long-term public bonds also figures in the portfolio of the Central Bank.

48. As a result of the above-mentioned private and public lendings, money supply increased in 10 years (1946-56) from 8.4 billion to 60 billion pesos.

49. The Central Bank, in addition to directing credit policy, also manages the exchange system. Under Peron, there were two official rates of 5 and 7.50 to the dollar, and an "official free rate" (controlled by the Central Bank) of 14 pesos. These rates were often "mixed"; in consequence, commercial life was in complete uncertainty about which effective rate would be applied in the

future for given exports and imports. As the inflation pushed up internal prices, the official rates became unreal and import pressure stronger. Selective import control was implemented by import licensing and, with few exceptions, outward transfers of a financial nature, such as profits, etc., were not allowed.

Labor Relations

50. About five million employed persons are organized in trade unions, affiliated to the General Confederation of Labor (CGT) which, during the Peron regime, cooperated with the Government in a policy of keeping trade unions under close control. Strikes were reduced to a minimum. By 1952, the real income of the industrial worker fell below the level of 1947; in consequence, Peron allowed wage increases. The cost of living rose sharply and, by 1955, real wages declined again; the increase of the wage bill had not been accompanied by any increase in production or productivity.

51. However, it would be somewhat over-simplified to attribute the entire responsibility for all this to labor; the misdirection and waste of available capital, the lack of export earnings, power shortages, inadequate raw material and capital goods supply, as well as poor transportation, also contributed to the existing difficulties.

III. CURRENT POSITION

General

52. On assuming power, the Provisional Government extended an invitation to Raul Prebisch, Executive Secretary of ECLA, to examine the economic situation. Mr. Prebisch submitted his first report on the Economic State of the Nation in October 1955. In several subsequent reports, he presented more detailed analyses. His findings can be summarized as follows:

The country is in a state of economic stagnation, evidenced by the fact that over a period of 10 years per capita product had increased by only 3-1/2%. Consumption was high at the expense of capital investment. This excessive consumption was made possible only by incurring substantial foreign debts and decapitalizing the transportation system, as well as the productive sectors of agriculture and industry. Argentina possesses a large potential for future growth, but there are three important obstacles to achieving this. The country lacks capacity to import necessary raw materials, fuel, and capital goods; secondly, the shortage of electric power is becoming chronic because the Government neither installed the necessary capacity itself nor created the conditions necessary for private enterprise to do so; and thirdly, the transportation system, especially the railroads, had fallen into serious disrepair and is incurring large operating deficits. Not only had industrialization been excessive, but it had been misdirected. There had been a failure to adopt either import-substituting industries ~~or those~~ basic industries which would provide an infrastructure for Argentina's consumer goods industries. In addition to the increasing shortage of electric power, which has served as a brake on industrialization, the development of petroleum resources has been neglected, so that petroleum imports, more than 60% of domestic consumption, were a heavy charge on the balance of payments.

53. The immediate recommendations of the Prebisch reports may be reduced to the following points: (1) restore incentives to the agricultural producers - (2) rebuild the economic infra-structure of Argentine industry - (3) ease the strain on the balance of payments - (4) check inflation.

54. The Provisional Government accepted these recommendations, and they serve today as a blueprint for Argentina's rehabilitation.

Agriculture

55. The decline of agriculture during Peron may be ascribed to manifold reasons. The drive to industrialize and the rise in agricultural labor costs resulted in a decrease in agricultural labor on the farm. Prices paid by IAPI failed to keep pace with rising farm costs, so that farmers had little incentive to produce. Agricultural machinery has become scarce;

Argentina possesses only 50,000 tractors, most of them more than 10 years old, and agriculture could usefully employ at least another 50,000 tractors apart from replacements. Agricultural development has also suffered from the deterioration of the transport system and the inadequacy of storage facilities. The marketing of the principal agricultural and pastoral products was the responsibility of the Government which periodically fixed the prices to be paid to farmers and stock raisers. As a consequence, bureaucracy took the place of the market which no longer reflected the conditions of supply and demand. Finally, the conservatism of large landlords and difficulties of making the small farmer more productive also militated against a rapid increase in production.

56. The Provisional Government took several measures to remedy the situation. By establishing a new official exchange rate of 18 to the dollar, it created considerably higher domestic prices for export farm products (details of the currency reform are outlined below). IAPI is now under liquidation. The new National Grain and Meat Boards became autonomous entities with the main purpose of giving technical advice to the producers. The subsidies on food were abolished (with the exception of bread of the most common type and meat in Buenos Aires), while trading in futures has again been authorized on the grain exchanges of Buenos Aires and Rosario. Finally, some improvement was obtained in land tenure: under Peron, the tenant could not be evicted and the rent he paid was frozen, but now a new decree enables the landowner either to recover his land or sell it to his tenant at a realistic price.

57. Argentine conditions of climate and soil permit great elasticity in the production of a wide range of livestock and arable products, with quick response to changes in demand and price incentives. This flexibility constitutes an element of strength in meeting changes in the world demand for Argentine exports.

58. Experts believe that Argentine agriculture would obtain optimum results if land were rotated more between pasture and crops; arable crops would rejuvenate and clean the pasture land while pasture would restore fertility for crops. To attain this end, it is necessary to have competitive prices for farm output as well as equipment and supplies, better farmer education and perhaps, in addition, a system of penalties for land mismanagement.

Power

59. The average consumption of electric energy in 1954 was 309 kwh per head for the entire country. In the Greater Buenos Aires area, the figure is much higher, 800 kwh per head. Due to the fact that potential hydroelectric sites are at a great distance from Buenos Aires, which would be practically the only market for large plants, hydro power, on the basis of kwh generated in 1954, was only 5.2% of total production in Argentina, a very low figure compared to the average of 63.5% for Latin America. As imports supply more than 60% of oil consumption, and over 90% of coal consumption, thermal electricity is costly in terms of foreign exchange.

60. The recently created Direccion Nacional de Energia, responsible to the Ministry of Commerce and Industry, is the Government authority responsible for the coordination of planning in the generation of electric energy. In 1954, the total energy generated amounted to 6,442 million kwh; of this, almost 80% was produced by several privately-owned companies, 14% was captive power, the remaining 6% was government and cooperatives. In Argentina, power production has grown by less than 6% per annum between 1946 and 1955, as against an average annual rate of growth of about 9% in Brazil or Chile. The supply of energy does not yet represent a serious problem in the provinces, but in the Greater Buenos Aires area, a conglomeration of over 5 million people and by far the most important center of industrial production, the lack of electric energy has become an important obstacle to growth. While several relatively small power stations are being built in the interior, the only important new generating plant is the Government-owned thermal station at San Nicolas, on the Parana River, with a total capacity of 300,000 kw. Much Argentine industry, including the new iron and steel plant, will be concentrated in the area of San Nicolas. High tension lines now carry some power produced at San Nicolas to Rosario (Santa Fe province) and when extended to Buenos Aires, will add about 180,000 kw to the power supply of the capital.

61. Unfortunately, San Nicolas is far from sufficient for Buenos Aires. It is estimated that an additional 300,000 to 400,000 kw would be needed immediately for public utility services to return to normal. This should be followed by annual increases of 100,000 kw for the first few years. The Government has called for the survey and construction of a thermal plant on Dock Sur, Buenos Aires, expected to produce 600,000 kw. Although the completion of this work would certainly ease some of the difficulties in the area, the major problems still remain.

62. There are basically two elements in Argentina's power problem. The first element is institutional and turns on the issue of government versus private power: within the government sector itself there is also the internal issue of federal versus provincial production and control. The second element is the inadequacy of rates which destroys any remaining incentives to expand private capacity and makes the increase of government capacity a heavy fiscal burden.

Petroleum

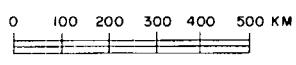
63. The proven oil reserves of Argentina are placed at 350 million tons. There are oil and gas fields in Comodoro Rivadavia (province of Chubut), Mendoza, Neuquen, Salta and at the southern tip of the country (Tierra del Fuego). On the basis of concessions granted in 1916, Standard Oil of New Jersey and the Royal Dutch Shell group hold small fields in the provinces of Chubut and Salta. However, some years later the granting of concessions to private companies became the exclusive privilege of the National Petroleum Board (YPF), which did not in fact grant any; its own participation now actually represents 84.2% of total extraction. The private companies have been restricted for more than 30 years to fields which are almost exhausted, and their production is decreasing.



ARGENTINA

OILFIELDS and PIPELINES

- OIL REFINERIES ■
- EXISTING GAS LINES —————
- PROJECTED GAS LINE - - - - -
- EXISTING OIL LINE = = = = =
- PROJECTED OIL LINES - - - - -
- OIL AREAS ●



64. Of the 16 existing refineries, 6 are operated by YPF, the most important being in La Plata with an annual capacity of 5 million tons. The others belong to private companies, in particular the ESSO and Shell groups. Total refinery capacity is 11 million tons annually. Imported crude oil is mostly processed by the private companies. Total petroleum consumption in 1956 amounted to 12.4 million tons of which over 60% was imported. Total fuel imports cost US\$250 million, or about 25% of export proceeds. In the period 1948-56, petroleum imports nearly doubled, whereas domestic output increased by only 30%. It is estimated that the normal development of industrial activities, as well as the urgent need to modernize railroad equipment, thermo-electric plants, etc., will result in a rise in consumption of petroleum products from 12 to 16 million tons by 1960.

65. The importance of closing the fuel gap is generally recognized as one of the country's most pressing problems. According to YPF, the known oil fields are sufficient to double production in 3 to 4 years, if the problem of oil transportation can be solved. At present, Argentina has only 152 kilometers of oil pipeline, just completed from the Bolivian frontier to Pichinal; from there, limited quantities of crude oil will be transported by rail and waterway to the refinery in San Lorenzo. There is also a system of gas pipelines connecting Comodoro and Plaza Huincul with Buenos Aires. Petroleum from Comodoro Rivadavia can be transported only by sea and that of Mendoza by rail but at present only a few tank wagons can be used daily on the line. The worst situation is in the Campo Duran fields of the north; although their discovery dates back to 1951, productive wells are still capped for lack of transportation.

66. YPF is therefore planning the following projects: (1) an oil pipeline from Campo Duran and Madrejones to the refinery at San Lorenzo, 1,500 kilometers, capacity 9,200 cubic meters per day - (2) a gas pipeline from Campo Duran and Madrejones to Buenos Aires, 1,700 kilometers, capacity 7 million cubic meters per day - (3) an oil pipeline from Lujan de Cuyo (Mendoza) to Buenos Aires and La Plata, 800 kilometers, capacity 6,300 cubic meters per day - (4) a plant to treat gas coming from the Campo Duran and Madrejones fields, capacity 10 million cubic meters per day.

67. In April 1957, YPF opened bids for these works presented by more than 30 firms of the Western World. A syndicate, called International Contractors and Suppliers Association (ICSA), comprising groups of Belgian, French, Italian and United States firms, offered to complete not only all the works mentioned in the calls for bids but also the enlarging of the refineries in Lujan de Cuyo and La Plata. The offer of ICSA amounts, in foreign exchange expenditures, to US\$190 million equivalent, payable partly in dollars, partly in EPU currencies; in addition, Argentine pesos would be needed up to the equivalent of US\$80 million.

68. According to newspaper reports, the Provisional Government has authorized YPF early in August to reject the bids submitted by ICSA and enter into direct negotiations with a group called TIPSA, made up of North American Utility and Construction International Company, Fish Engineering Corporation, Fish Northwest Constructors and ~~Tipsa~~, an Argentine company.

Construction plans call for 1,015 miles of a 24-inch gas pipeline from Campo Duran to Buenos Aires, a 12-inch oil line from Campo Duran to San Lorenzo and field installations at the oil fields. A fourth project, consisting of an oil line from Mendoza to San Lorenzo, has been shelved. The reports suggest that the conditions of the project are still under discussion.

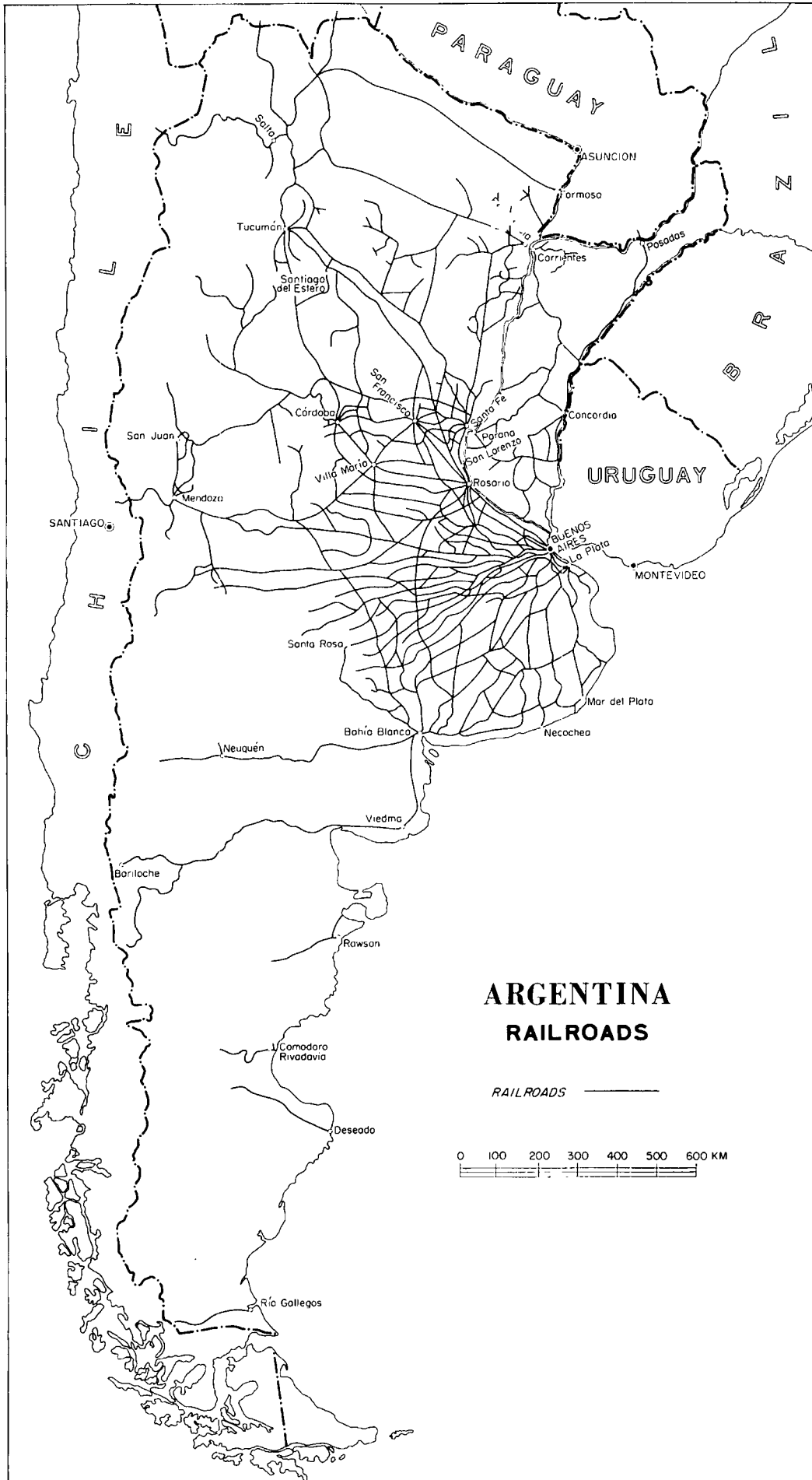
69. YPF also called for tenders (June 1957) to drill 40 wells in Tierra del Fuego. The wells already drilled by YPF evidenced a field there, which has two advantages over those of Salta; it is only 2,000 meters deep instead of over 4,000, and its distance from the coast is only about 20 kilometers.

70. YPF expects that the new pipeline system would enable a doubling of domestic production (at present about 5 million tons) by 1960. However, in the opinion of some experts, even such a spectacular increase would not solve the problem. According to private estimates, the yearly consumption of oil, with its use de facto restricted as it is today, may reach 16 or 17 million tons by 1960. In other words, even if Argentina's 1956 production doubled by 1960, the gap between production and restricted consumption would remain about the same, and Argentina would continue to spend about the same on imports of petroleum as she does today. Moreover, some Argentine experts argue that YPF does not have the financial means to obtain these results, and in addition to helping YPF in every respect, the Government should also allow private capital, even foreign, to explore and exploit new concessions.

Transportation

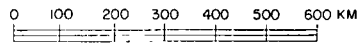
71. As previously stated, to solve the problem of her economic disequilibrium, Argentina will have to produce more. However, it would be vain to produce more in the interior as long as the products cannot be transported. Thus the present inefficiency of transportation is a serious obstacle. Out of 240,000 kms of highways, only about 25% could be considered all-weather roads. Because of neglected maintenance during the Peron regime, as well as the use of recently purchased trucks which are too heavy for most of the highways in Argentina, practically the entire highway net is now in a poor condition. This is all the more disturbing because the lack of road maintenance increases the costs of truck transportation considerably.

72. At present, the railroads are under the direction of the Empresa Ferrocarriles del Estado Argentino, an autonomous Government institution. The EFEA manages a system of some 44,000 kms of which about two-thirds were purchased in 1947-48 from their British and French owners. The personnel of the railroads was increased from 147,000 in 1946 to 213,000 in 1956, mostly for political reasons.



ARGENTINA RAILROADS

RAILROADS ———



73. Because of inadequate track maintenance and the bad state of the rolling stock, particularly locomotives, the railroads now are simply unable to meet the demands upon them. Hence, several million tons of goods are either directed toward high-cost truck transport or are waiting at freight sidings all over the country. The number of passengers increased from 282 million in 1946 to 594 million in 1956, while no increase worth mentioning occurred in passenger coaches.

74. In October 1956, the Export-Import Bank granted a \$100 million credit to Argentina. According to present plans, most of this amount will be used for purchases of locomotives, other railroad equipment and materials. The railroads have also bought some additional diesel locomotives and spare parts on private credit terms (3 to 8 years) in the United States, Canada and EPU countries. In consequence, the situation is being eased somewhat, but is still far from remedied.

75. Due to antiquated material, superfluous employees and inadequate tariffs, the railroad system estimated a deficit of 3.4 billion pesos for 1957. The deficit may in fact be smaller, as a result of recent tariff increases between 20 and 40% for passengers and freight.

Industry

76. As mentioned previously (paragraph 17), industry is now contributing more to Gross National Product than the agricultural sector. Industrial development was particularly marked during the second World War and the Peron regime when industrial growth was deliberately fostered. In fact, Peron's policies, at least during his early years of power, favored urban activities at the expense of agricultural output, in part because Peron was politically opposed to the "rural oligarchy", and in part in an attempt to achieve an illusory "economic independence". As a result there emerged an imbalance between agriculture and industry, which is now to be remedied, not by industrial decline, but by the increase of agricultural production.

77. It is not at present possible to measure by world standards the competitive position of Argentine industry; due to exchange shortages, full competition from imports has not been permitted. It is clear, however, that at present industrial costs are unduly high due to a complex of causes. In the first place, the main industrial region of Greater Buenos Aires has frequent electric power cuts, resulting in a forced under-utilization of industrial capacity there. Secondly, much industrial equipment is today in bad repair and some of it probably obsolete, due to industry's inability to obtain imported replacement parts and new machinery. Thirdly, there has not in recent years been free access to new industrial techniques being adopted elsewhere; and finally, Argentine industry is only now developing the basic services which underlie more mature industrial complexes.

78. Fortunately, all these factors can in time be modified. Able entrepreneurs exist in Argentina as well as workers who readily acquire industrial skills. Given reasonable financial stability leading to a favorable atmosphere for private investment and enterprise, and the development of a domestic capital market, facilitating finance of industrial enterprise, Argentine manufacturing output should be able to grow on a sound basis.

The Balance of Payments

79. The new official rate of exchange is 18 pesos to the U.S. dollar, while the free market rate oscillates around 40. The proceeds of Argentina's agricultural exports have to be surrendered to the Central Bank at the official rate and serve for the payment of essential imports. Financial transactions on account of invisibles, including dividends and some capital movements, can be made without restrictions through the free market. These transactions represent roughly one-third of total free market volume while the rest are derived from trade in the following way: the proceeds of industrial and certain agricultural exports (like fruits and wine) can be sold on the free market while the equivalent of some capital goods, spare parts and certain less essentials have to be settled in free exchange. To avoid exaggerated oscillations of the free rate, the Government tries to reduce the demand for free dollars by using monetary weapons as well as quantitative import restrictions. Thus, as can be seen in more detail in the Annex, the Argentine exchange system is actually a complicated multiple rate structure, with effective rates ranging everywhere from 13.5 to 60 pesos, or in the case of automobiles, to as much as 200 pesos for the dollar. The Government does not deny that the exchange system is complicated and that the multiplicity of rates is undesirable, but believes that multiple rates should for the present continue to be used to slow down increases in the domestic prices of export products, to restrain import demand and to stimulate certain exports. Its ultimate objective is a unified rate.

80. One of the most formidable legacies of Peron is the scarcity of foreign exchange. In 1946, the foreign exchange reserves of the Argentine Central Bank amounted to the equivalent of US\$1,686 million. In that year, the Government took the decision that the foreign debt be liquidated and the foreign-held utilities, particularly the railways, be nationalized. The transaction cost \$959 million, an amount far in excess of Argentina's economic possibilities at the time. In the years following the nationalizations, the balance of trade of Argentina became on the whole unfavorable; in the period 1951-56, the over-all deficit amounted to almost \$900 million. These measures of repatriating and nationalizing thus had fateful consequences for the Argentine economy. The subsequent scarcity of foreign exchange compelled severe import restrictions. The ensuing scarcity of raw materials and finished goods contributed to the creation of a black market and, in consequence, to a continuing distortion of domestic prices. As there was no foreign exchange available for the transfer of profits, foreign capital refused to enter the country. Finally, the scarcity of foreign exchange forced the Government to use suppliers' credits and credits under

bilateral accounts whose total amount reached about \$500 million at the end of 1955. In this way, after having spent over US\$950 million in 1946-48, "to make her economy independent", Argentina, in reality, only shifted from a long-term to a short and medium-term debtor position.

81. The shortage of foreign exchange reserves became particularly threatening in the course of the last two years. According to data contained in the first report of Raul Prebisch to the Provisional Government, the foreign exchange reserves of Argentina declined from US\$1,686 million in April 1946 to \$450 million in October 1955. The Provisional Government took energetic measures to eliminate the balance of payments deficit. In foreign trade, it tried to increase exports and discourage nonessential imports. However, severe droughts reduced the quantity of exportable goods, especially corn, in 1956. As far as imports are concerned, their contraction beyond a certain limit may have unfavorable consequences on the level of domestic production.

82. In the Government's view, only foreign credits can help in such a situation. Until May 1957 the import of capital goods was allowed only to foreign investors, as part of their capital investment in Argentina. A recent decree allowed the Argentine industrialists also to import machinery against payment through the free market on credits to be extended by the foreign supplier. Minimum credit terms are set at 4 years from the non-dollar area and 8 years from the United States.

83. The greater part of Argentine trade is with Europe. While, as mentioned above, foreign trade under Peron was on the basis of bilateral treaties, the so-called Paris Club Agreements, signed in July 1956, provisionally introduced a system of multilateral trade and payments with the United Kingdom and a number of Western European countries. Simultaneously, the commercial debts with those countries, which in September 1955 amounted to about \$450 million equivalent, would be consolidated and funded with 10 annual payments at an average rate of interest of 3-1/2%. The agreements on consolidation are not definitive until accepted by all participating countries, and negotiations with Western Germany were completed only in mid-June 1957. Japan has also agreed to a 10-year consolidation of its trade debts amounting to \$69 million under conditions similar to those contained in the Paris Club Agreements with payments in transferable sterling. When these negotiations are completed, total consolidated commercial debt will approximate \$520 million equivalent. (cf. Table 1.)

84. While there are good prospects that in coming years European trade will be favorable to Argentina, a trade deficit is likely with the United States. This is mainly due to the fact that while Argentina continues to need U.S. equipment and dollar oil, the agrarian exports of the two countries supplement instead of complement each other. Argentina's trade with the Communist bloc is relatively small, except for some exports of wool and hides and some imports of rolling stock and machinery. Finally, a tendency toward multilateralism in trade and payments may also be mentioned within the South American Continent itself. However, this is still in the stage of theoretical discussions; at present, Argentine relations with her neighbors are based upon bilateral agreements covering about 20% of her exports and imports.

85. Argentina is also using official credit lines in addition to private suppliers' credits. The first Eximbank loan for \$96 million was granted in 1949 to fund private commercial arrears in dollars. A second credit of \$60 million will be used for equipment in the San Nicolas steel mill. A third loan of \$100 million is being used mainly for the purchase of railway equipment, with some road building and river equipment. Finally, in April 1957, the International Monetary Fund granted a \$75 million drawing to the Argentine Government.

86. The authorities hope that important amounts of foreign private capital will seek investment in Argentina. During the 10 years under Peron only about \$12 million had been invested in the Argentine, while about \$20 million have come to the country in the 18 months of the new regime. Most of this latter amount will be used for new investments to be made by the pharmaceutical and automobile industry, as well as some assembly plants. Profits accumulated after October 1955 can be transferred through the free market, and so foreign investments are no longer hampered by foreign exchange restrictions. Nevertheless, a substantial increase in foreign investments is not likely to take place as long as there persists the threat of inflation and uncertainty in wage costs conditions. Moreover, capital inflow may well be hampered by doubts regarding the policy the Government intends to follow on the participation of private capital in electric utilities and the exploration for petroleum.

Inflation

87. Most of the present financial problems of Argentina have their roots in the Peron era. Peron wanted to carry out a great industrial development program within a short period of time. New sources of income had to be created to meet the substantial expenditures of the Government. At the beginning, IAPI derived large financial resources from the spread between the low prices it was paying to domestic agrarian producers and the high prices it was receiving on the world market. When this spread became negative, IAPI, that is the Government, was forced to pay high subsidies to agriculture, while losses were also incurred on the import side due to the overvaluation of the foreign exchange rate of the peso. As a consequence of these transactions, the bank debt of IAPI rose to 20.5 billion pesos by the end of 1955.

88. Part of the growing Government deficits was financed from the sale of bonds to the pension funds, and in a smaller extent to the banks. The internal public bonded debt increased from 10.7 billion pesos in 1946 to 51.5 billion by the end of 1955. The rest of the deficits was financed with straight bank credit.

89. The Government tried to solve the housing shortage by requiring the Central Bank to grant credits for the construction of houses; such Central Bank loans, which stood at zero when Peron was elected President, represented 25 billion pesos at the end of 1956.

90. Inflation boosted the cost-of-living index from 100 in 1946 to 211 by 1950, and 550 in 1956. Rising prices gave a continuous stimulus to labor to demand higher wages, and wage increases were granted without regard to productivity; nevertheless, real wages declined by over 9% in the period 1948-55.

91. The increase in costs resulted in strong pressures on the banking system for additional credits, not only to the Government but also to private business and individuals. Total credit granted by the banking system, public and private together, was boosted from 6 billion pesos in 1946 to 93 billion at the end of 1956. In that same period, money supply increased from 8.4 billion to 60.2 billion pesos.

92. In short, the economy of Peron fell into the grips of the well-known spiral created by the pressure of a population which tries to consume more than it produces.

93. The Provisional Government took several measures to slow down the pace of inflation. A number of costly food subsidies were abolished. State trading is being reduced and the direct ministerial operation of several state enterprises has been discontinued. While rents continue to be controlled, at least for the time being, the new rules introduced by the Provisional Government also give some protection to the landlord. The recent increases in railroad tariffs give hope that the deficit of the railroads (estimated to reach 3.4 billion pesos in 1957) can be reduced. Finally, an encouraging step was taken in March 1957 when, after having increased wages by 10% in 1955 and by 40 to 75% at the beginning of 1957, the Provisional Government decided to freeze the wage level for a minimum of 1 year.

94. Opinion in Argentina is divided on what should be done next. Some are of the opinion that very severe austerity would be the answer. The recent measures creating somewhat tighter money market conditions (cf. Annex) can be ascribed to this school of austerity. However, the majority of the Government, and also of public opinion, does not back such a policy wholeheartedly. The main argument used is that any contraction, instead of curbing the inflation, may simply lead to a depression; Peron had built up a complete inflationary apparatus to serve his purposes; its replacement without any transition would probably cause economic and political chain reactions which might prove fateful for the country. Therefore, continues the argument, some controls will also have to be used in the future and the fiscal deficit cannot be eliminated immediately. On balance it appears that the Provisional Government will adopt measures to slow down the rate of inflation, but it is not likely to stop it completely.

IV. PROSPECTS

Shorter-term Outlook

95. The overriding objective of the Provisional Government is the restoration of constitutional and democratic government. Rightly or wrongly-- probably rightly--President Aramburu and his supporters believe that this is their primary task and that history will judge their achievements in the light of success in accomplishing it.

96. It follows that economic matters are, at times, given only secondary attention by the Provisional Government. They have acted, and probably will continue to act, on matters which are economically or politically urgent and inescapable, or which are unlikely to arouse social or political controversy and opposition. It can be expected that the Provisional Government will attempt to postpone or avoid decisions which are outside these two categories, such as a clear decision on the role of private capital in the exploitation of petroleum. They have not so far regarded themselves as having a mandate to resolve such controversial issues.

97. As outlined earlier in this report, the economic program of the Provisional Government consists essentially of increasing production, both to expand exports and replace imports, re-equipping and expanding basic services, such as transportation and electricity, and attempting to maintain financial stability. They believe that it will not be possible quickly to achieve the desired rehabilitation and expansion of capital equipment from current exchange earnings alone, and are accordingly seeking external credits for this purpose; for example, the importation of industrial machinery against current payments is, with some exceptions, prohibited, whereas import licenses are granted for such imports against suppliers' credits. They hope that exports can be expanded sufficiently to permit the import of adequate supplies of fuels and raw materials and still leave an adequate margin for service on the credits now being sought.

98. This program would be seriously impeded by severe domestic inflation. Not only would inflation distort the domestic cost-price structure and the relationship between external and internal prices, but it would almost certainly also be accompanied by a re-emergence of controls and subsidies. It is therefore of the greatest importance that reasonable financial stability be maintained. This, however, is not easy in the present circumstances. The rehabilitation of the Argentine economy itself involves heavy pressure on available resources, requiring skilled and firm monetary management. This, the monetary authorities are technically and professionally capable of achieving. The dangers reside rather in the political aspects of such policies. The urban workers, now largely organized in powerful trade unions, had under Peron become accustomed to regular and massive wage increases and are likely to become restive if there is no visible improvement in their economic status, even though that improvement be nominal rather than real.

99. If the Aramburu administration is unable to satisfy the aspirations of labor without resort to wage increases which run ahead of productivity, a wage-cost inflation will follow. This in turn will lead to balance of

payments difficulties, both by hampering exports and by padding import demand. If the balance of payments deteriorates in this manner, the possibility of obtaining external credits would probably also diminish. It follows, therefore, that the tightening of credit policies and maintenance of restraint upon wage increases would be essential.

100. This is clearly recognized by the Aramburu administration which is opposing, as strenuously as politically possible, demands for wage increases, subsidies and credit expansion. Last March, Aramburu announced a one-year wage freeze. However, in the social and political situation now prevailing, a strict maintenance of this line will require great political courage.

101. It is unlikely that inflation can be completely avoided under present circumstances, particularly as long as the pressure for wage increases is so strong and a certain lack of consistency continues to characterize the Government's fiscal and economic policy. Measures to restore economic freedom are often closely followed by other actions which re-establish some subsidies, price controls or new exchange rates. The consequence is, of course, uncertainty in private economic planning and a continued tendency toward rising costs.

102. Short-run prospects depend essentially on the speed with which production can be increased; there are no longer "surplus" exchange holdings to draw upon, and a reduction of consumption levels (e.g., to obtain higher export surpluses) could be politically explosive because the Argentine people are not accustomed to the acceptance of austerity, even for limited periods. There is little doubt that both urban and rural production could be expanded fairly rapidly, say, within 3 to 5 years. Production increase depends upon adequate incentives to the agricultural producer, and upon a considerable degree of re-equipment in industry and transport as well as upon an increasing availability of petroleum products and electric power. Except in agriculture these requirements add up to the need for a large importation of capital goods and equipment. The fact is that Argentina's agricultural and manufacturing output is being hampered by bottle-necks which are known and which can be removed, provided the importation and installation of necessary capital equipment can be financed. It follows that the prospects both for short-term economic recovery and the future development of Argentina depend upon the growth of export earnings and upon the type and volume of external credits that can be attracted.

103. As far as export market prospects are concerned, it can be said that the position of all major cereal exports is overshadowed by the existence of U.S. surpluses of the same commodities, while at the same time the development of Western European agriculture has made that region relatively less dependent on imported feed for livestock than before World War II. Argentina's livestock industry provides four main export commodities, namely, frozen beef, chilled beef, canned beef and wool. To each of these, different circumstances apply. The main outlets for frozen beef are now Western Europe and the United Kingdom, while that for chilled beef (higher-grade product, much more closely akin to fresh beef in consumption centers) is the United Kingdom. Argentine canned beef is exported on a world-wide basis, including the United States,

and it appears that Argentina could export without difficulty appreciably larger quantities if she can produce them. Wool exports are also world-wide, and prospects for that commodity appear good.

104. Over the short-term, the problem is not so much whether the markets will be able to absorb Argentina's exports, because during the next 3 to 5 years Argentina is not likely to produce and transport to her ports any considerably increased export surplus of meat and cereals and there should be no difficulty in marketing available supplies.

105. It is, however, clear that over the same short-term, say, 3 to 5 years, Argentine export earnings are not likely to be sufficient to enable her to finance with her own resources a rapid re-equipment of transport facilities and urban industry, and at the same time expand electric power, construct oil and gas pipelines and maintain "normal" imports of capital equipment. Yet it is upon this re-equipment and expansion that both the rate of immediate recovery and the longer-run growth of Argentina's output depend. Moreover, if nothing is done in the critical sector of petroleum, future oil imports are likely to grow at a pace which could dominate the balance of payments.

106. Thus, the short-run perspective can be summed up by saying that without foreign credits the growth of output for both domestic consumption and exports and, in the case of petroleum, import replacement, will be slowed. Foreign capital will only be obtained if the Government succeeds in creating a reasonable level of economic stability. It is important that borrowing be at sound terms, otherwise service obligations arising from ill-judged borrowing would bear heavily on the future balance of payments.

Longer-run Prospects

107. It is necessary, even in considering short-term prospects, to take into account the longer-run situation in which Argentina may find herself. If this be done, the outlook becomes more encouraging. The climate and the soil of the pampa endow Argentina with considerable natural advantages in both crop and livestock agriculture. With a growing world population it is hard to conceive that the peoples of the world could afford to dispense with the foods and materials (e.g., wool, leathers) that Argentina is technically capable of producing efficiently. The Argentine farmer has often proven that he is able to change production from one commodity to another, or in the case of meat, from one quality to another, in response to market demands. While the mineral possibilities are still largely unexplored, experts agree that petroleum shows great promise. Up to the present, the newly discovered fields have scarcely been tapped; if petroleum resources can be fully exploited, an important part of potential balance of payments deficit would disappear.

108. The Argentine is well endowed with human talents. Argentine and foreign industrialists are generally of the opinion that the workers are intelligent and industrious. This factor offers the possibility that, given conditions of financial stability leading to the development of a domestic capital market and a favorable atmosphere for investment and enterprise, as well as adequate supplies of fuels and energy, Argentina may be able slowly

to develop exports of manufactures. Over the long-run, the paucity of raw materials and domestic energy sources need not by themselves inhibit this development; Western Europe is now deficient in both.

109. In the meantime, however, Argentina will necessarily rely upon exports of agricultural products, and such exports will remain important to her for a very long time. It seems reasonable to assume that the present overhang of surpluses in many of her important cereal exports will tend to disappear. Long-run prospects for cereals in European markets would then depend partly on the growth of European population and income and partly on political factors guiding European Governments on the degree of protection they afford their own domestic agriculture. The possible fears regarding dependence on overseas sources of food supply are relevant here. At the same time, however, it is very possible that growing population and income elsewhere in the world, particularly in areas now underdeveloped and overpopulated, would create new world demand for Argentine exports.

110. Much of the same long-run considerations apply to meat. As regards chilled meat, the United Kingdom is not likely to welcome imports from Argentina in a volume which would displace supplies from either domestic or Dominion meat producers, but will probably permit Argentina to retain her share of a growing British market. This suggests a steadily and persistently growing volume of Argentine exports of chilled meats to the United Kingdom, in step with increase of British consumption, i.e., about 2% per annum. Similar long-run prospects appear likely for frozen beef which now goes principally to Western European countries. The growth in canned meat may be somewhat more rapid since this product can enter new markets in, for example, Africa and the East, without the necessity of specialized transport and skilled distribution. Similarly, the prospects for wool are for steady growth of world demand despite the increasing use of synthetic textiles, and Argentina is reasonably well placed to increase her wool production without encroaching upon other rural output.

111. Thus, given conditions of economic and financial stability, the long-run prospects for traditional exports is for steady, but not rapid growth. There are also possibilities for export of products now relatively minor, such as wines, fruits, and later perhaps processed dairy products such as powdered milk. There may ultimately prove to be a potential for fruit exports to Northern Hemisphere countries since the Argentine season differs from that of the Northern Hemisphere. As their standard of living improves, areas which are now underdeveloped may show an increasing demand for protective foods such as milk powder, as well as meat.

112. It thus appears that there is a "place in the world" for Argentina's agricultural exports despite the fact that they are in the main supplementary rather than complementary to the present high-income areas of the world. The possibilities of growth, however, depend upon Argentina producing things which the consumer would like to buy at a price which he can afford, since she does not produce essentials which cannot be obtained elsewhere. This means that Argentina's economic future depends upon her being an efficient low-cost producer. For this, nature has amply endowed her; the rest is in the hands of her Government and people.

BANKING AND CURRENCY REFORMS

1. A Government decree of 1956 granted technical and administrative autonomy to the Central Bank. The reorganization of the Central Bank is expected to be the start for a general overhaul of the banking system, providing especially for the return to the commercial banks of their "nationalized" deposits.
2. The Central Bank is the administrative authority for monetary and foreign exchange policy. The peso was substantially devalued in October 1955. The former official rates of 5 to 7.50 were replaced by a new "single" rate of 18 pesos to the dollar and a free market was introduced. The free rate of the dollar oscillates around 40 pesos.
3. The so-called single rate is not really a unitary rate. The most essential imports, including fuel and raw materials, are imported at the official rate. Less essential items and some capital goods (e.g., electric generating plants) are admitted at the free market rate. The free market also serves for the transfer of business profits, and some capital movements, provided they originated after June 1955. Finally, certain specified goods, e.g., spare parts for machinery and automobiles, may be imported at the free market rate plus a surcharge established by the Ministry of Finance. The lowest surcharge is, at present, 20 pesos per dollar on c.i.f. value; the graduated surcharge on cars amounts to several times the factory unit value. According to the legislation, the proceeds of these surcharges will be paid to the newly established Fund for the Recovery of the National Economy. The resources of this Fund will be devoted to the technical development of agriculture and the payment of temporary subsidies to mitigate the incidence of increased costs of living.
4. Importers using the free exchange market (except for certain industrial machinery and electric generators) are also required, before initiating customs clearance, to make prior peso deposits ranging between 20% and 100% of the value of the merchandise. These deposits remain blocked for at least 90 days, with subsequent release permissible only upon presentation of a customs clearance certificate. The banks are prohibited from granting credit to meet the prior deposit or to pay the surcharges on certain imports. As a result of these measures, purchases of foreign exchange, chiefly by truck and automobile importers, have been substantially curtailed.
5. All staple commodities are exported at the official rate of exchange, but in order to prevent excessive profits following the devaluation, the Central Bank may retain up to 25% of the peso proceeds; wool, for instance, is subject to a retention of 25%. Other commodities, like fruit, wine and manufactured products, can be exported at the free market rate. In order to ensure the surrender of exchange proceeds, the Central Bank fixes unit prices ("aforos") which set the amount to be surrendered at the official rate. If the exporter can obtain a higher price abroad, he is entitled to convert the excess at the free exchange rate.
6. In this way, by fixing the amount of the "aforo", the Central Bank practically fixes a separate exchange rate for each export. The "aforo" is also being used in the case of imports; if the importer buys at a higher price than the "aforo", he will have to cover the difference on the free market.

Table 1

EXTERNAL PUBLIC DEBT OUTSTANDING DECEMBER 31, 1956 WITH
MAJOR REPORTED ADDITIONS THROUGH MAY 1, 1957

National and Central Bank Guaranteed Debt and Debt of Political Subdivisions

SUMMARY

(amounts in thousands of U.S. dollar equivalents)

Item	Amount	%
TOTAL DEBT OUTSTANDING DECEMBER 31, 1956	<u>686,482</u>	<u>100.00</u>
Disbursed and still outstanding	495,582	72.19
Undisbursed	190,900	27.81
U.S. DOLLARS	<u>284,270</u>	<u>41.41</u>
Privately-placed debt	53,616	7.81
Disbursed and still outstanding	22,716	3.31
Undisbursed	30,900	4.50
Loans from Export-Import Bank	230,654	33.60
Disbursed and still outstanding	70,654	10.29
Undisbursed	160,000	23.31
POUNDS STERLING	<u>69,447</u>	<u>10.12</u>
Publicly-issued bonds	4,447	0.65
Japanese Government loan	65,000	9.47
ARREARS IN VARIOUS CURRENCIES (to be funded)	<u>327,500</u>	<u>47.71</u>
FRENCH FRANCS (Privately-placed debt)	<u>5,265</u>	<u>0.76</u>
MAJOR REPORTED ADDITIONS JANUARY 1 - MAY 1, 1957	<u>11,316</u>	<u>100.00</u>
U.S. DOLLARS (Privately-placed debt)	<u>446</u>	<u>3.94</u>
POUNDS STERLING (Privately-placed debt)	<u>9,800</u>	<u>86.60</u>
BELGIAN FRANCS (Privately-placed debt)	<u>1,070</u>	<u>9.46</u>

NOTES: 1) This table was compiled before definitive details on the consolidation of European arrears were available.

2) Does not include \$75 million drawing on IMF.

Source: IBRD - Economic Staff

Table 2

INTEREST AND AMORTIZATION PAYMENTS ON EXTERNAL PUBLIC DEBT: ESTIMATED ACTUAL PAYMENTS 1946-56 AND ESTIMATED CONTRACTUAL PAYMENTS 1957-71 ON DEBT OUTSTANDING DECEMBER 31, 1956 WITH MAJOR REPORTED ADDITIONS THROUGH MAY 1, 1957

National and Central Bank Guaranteed Debt and Debt of Political Subdivisions
(in thousands of U.S. dollar equivalents)

Year	Debt outstanding January 1	Total Payments during year			Service payments by currency						
		Amortization	Interest	Total	U.S. dollars	Pounds sterling	Various currencies	Belgian france	French france	Swiss france	Argentine pesos
1946	310,348	140,363	12,348	152,711	141,598	7,179	--	--	295	3,612	27
1947	169,873	120,069	6,556	126,625	50,597	61,497	--	--	--	14,504	27
1948	49,804	7,653	1,642	9,295	1,590	7,678	--	--	--	--	27
1949	42,151	4,379	1,410	5,789	26	5,736	--	--	--	--	27
1950	55,499	13,739	1,736	15,475	4,650	10,254	--	552	--	--	19
1951	172,767	13,382	6,786	20,168	8,368	4,791	--	546	--	6,445	18
1952	164,344	10,011	4,565	14,576	9,335	4,695	--	528	--	--	18
1953	146,664	10,739	4,819	15,558	10,781	4,248	--	511	--	--	18
1954	135,923	18,562	4,474	23,036	21,332	1,174	--	493	--	--	37
1955	147,200	22,439	4,834	27,273	18,474	314	5,000	--	--	3,077	408
1956	184,761	149,543	3,405	152,948	19,190	4,680	128,900	--	--	--	178
<u>PROJECTED</u>											
1957	686,482	52,724	20,023	72,747	21,787	10,991	39,379	--	585	--	5
1958	643,558	56,557	23,775	80,332	28,350	11,417	39,379	--	1,181	--	5
1959	587,001	59,546	22,230	81,776	30,074	11,189	39,379	--	1,129	--	5
1960	527,455	63,849	20,204	84,053	32,628	10,963	39,379	--	1,078	--	5
1961	463,606	65,926	18,029	83,955	35,424	8,121	39,379	--	1,026	--	5
1962	397,680	65,998	15,672	81,670	33,417	7,894	39,379	--	975	--	5
1963	331,682	65,027	13,341	78,368	31,325	7,659	39,379	--	--	--	5
1964	266,655	55,074	11,119	66,193	19,377	7,432	39,379	--	--	--	5
1965	211,581	53,345	9,124	62,469	15,881	7,204	39,379	--	--	--	5
1966	158,236	53,621	7,158	60,779	14,418	6,977	39,379	--	--	--	5
1967	104,615	9,077	5,148	14,225	13,971	249	--	--	--	--	5
1968	95,538	9,086	4,696	13,782	13,528	249	--	--	--	--	5
1969	86,452	9,094	4,244	13,338	13,084	249	--	--	--	--	5
1970	77,358	9,102	3,791	12,893	12,639	249	--	--	--	--	5
1971	68,256	9,109	3,338	12,447	12,193	249	--	--	--	--	5

Table 3

MAIN SECTORS OF THE ECONOMY
(percent of G.N.P. at factor prices)

Year	Cattle and Agriculture	Mining and Industry	Building	Services	Total
1935	25.9	16.0	2.0	56.1	100
1936	25.8	16.9	2.2	55.1	100
1937	28.6	16.2	2.6	52.6	100
1938	24.2	17.4	3.1	55.3	100
1939	23.4	18.5	2.9	55.2	100
1940	23.2	18.3	2.7	55.8	100
1941	24.0	19.5	2.8	53.7	100
1942	23.4	21.2	2.9	52.5	100
1943	21.8	22.9	3.0	52.3	100
1944	22.4	24.5	3.3	49.8	100
1945	20.2	23.9	3.5	52.4	100
1946	23.2	24.1	3.8	48.9	100
1947	19.1	24.3	4.3	52.3	100
1948	17.5	23.6	5.9	53.0	100
1949	15.9	24.9	7.1	52.1	100
1950	15.7	24.4	7.3	52.6	100
1951	17.5	23.6	6.3	52.6	100
1952	16.6	23.4	5.8	54.2	100
1953	21.8	20.8	5.0	52.4	100
1954	18.8	22.7	5.5	53.0	100
1955	18.0	24.6	5.0	52.4	100

Source: Producto e Ingreso de la Republica Argentina, 1955.

Table 4
GNP, CONSUMPTION AND INVESTMENT
 (million pesos)

Year	GNP	Consumption		Investment	
		At Current Prices	% of GNP	At Current Prices	% of GNP
1935	8,797	7,806	88.7	949	10.8
1936	9,361	8,145	87.0	1,063	11.3
1937	10,868	9,188	84.6	1,264	11.6
1938	10,604	9,195	86.7	1,943	18.3
1939	11,083	9,753	88.0	1,455	13.1
1940	11,556	10,268	88.9	1,491	12.9
1941	12,444	10,493	84.3	1,908	15.3
1942	14,037	11,976	85.3	1,798	12.8
1943	14,903	11,820	79.3	1,928	12.9
1944	16,950	13,918	82.1	1,902	11.2
1945	18,893	15,286	80.9	2,332	12.4
1946	25,638	19,692	76.8	4,237	16.5
1947	35,622	26,306	73.9	8,452	23.7
1948	43,755	31,527	72.1	11,961	27.3
1949	52,532	41,698	79.4	11,409	21.7
1950	62,249	48,282	77.6	13,584	21.8
1951	87,512	69,224	79.1	21,032	24.0
1952	100,203	81,218	81.1	22,353	22.3
1953	111,923	92,221	82.4	17,965	16.1
1954	126,675	101,190	80.4	23,864	19.0
1955	145,777	116,675	80.0	28,978	19.9

Note: Net investments abroad were omitted; therefore details do not add to GNP.

Source: Producto e Ingreso de la Republica Argentina, 1955.

Table 5

INVESTMENTS IN DETAIL ^{1/}
(million pesos: current prices)

	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
Machines and												
Motors: New	160	207	395	1,099	1,985	1,536	1,657	2,475	2,179	2,007	1,796	2,672
Repair	37	43	48	64	68	90	118	172	189	196	206	301
Vehicles: New	37	47	235	1,044	763	368	333	1,173	907	857	633	1,483
Repair	283	315	376	496	639	893	1,082	1,602	2,296	2,638	2,648	3,181
Others (Tools, Fittings, Rail- road repairs, etc.)	261	361	605	1,188	1,459	1,406	1,619	2,587	2,509	2,410	2,492	3,319
Sub-Total	778	973	1,659	3,891	4,914	4,293	4,809	8,009	8,080	8,108	7,775	10,956
Construction	1,389	1,610	2,194	3,051	5,410	7,647	9,452	11,289	12,094	11,608	14,250	16,022
Total	2,167	2,583	3,853	6,942	10,324	11,940	14,261	19,298	20,174	19,716	22,025	26,978

^{1/} excluding inventories.

Source: Ministry of Finance, Argentina

Table 6

GROSS NATIONAL PRODUCT
(million pesos: constant 1950 prices)

Year	GNP	Percentage Increase over Preceding Year	Per Capita	Percentage Increase over Preceding Year
1935	35,170		2,718	
1936	36,899	+ 4.9	2,806	+ 3.2
1937	41,841	+ 13.4	3,129	+ 11.5
1938	39,408	- 5.8	2,896	- 7.5
1939	40,268	+ 2.2	2,909	+ 0.4
1940	41,292	+ 2.5	2,938	+ 1.0
1941	43,255	+ 7.4	3,028	+ 3.1
1942	44,177	+ 2.1	3,043	+ 0.5
1943	44,497	+ 0.7	3,015	- 0.9
1944	49,532	+ 11.3	3,302	+ 9.5
1945	48,028	- 3.0	3,147	- 4.7
1946	54,106	+ 12.7	3,486	+ 10.8
1947	62,654	+ 15.8	3,969	+ 13.9
1948	65,890	+ 5.2	4,093	+ 3.1
1949	62,757	- 4.8	3,799	- 7.2
1950	62,249	- 0.8	3,670	- 3.4
1951	64,046	+ 2.9	3,676	+ 0.2
1952	59,715	- 6.8	3,344	- 9.0
1953	62,971	+ 5.5	3,455	+ 3.3
1954	65,914	+ 4.7	3,551	+ 2.8
1955	69,223	+ 5.0	3,659	+ 3.0
<hr/>				
Total Percent				
1935 - 1955.....		+ 96.8	+ 34.6
Average Percent				
Per Year.....		+ 4.6	+ 1.6

Source: Producto e Ingreso de la Republica de Argentina, 1955.

Table 7

PARTICIPATION OF LABOR AND CAPITAL IN NET NATIONAL INCOME
(per cent)

Year	Wages	Social Security Contributions of Worker	Employers' Contribution to Social Security	Total Share of Labor (a)	Net Income of Capital (b)	Net Transfers Abroad (c)	Total Share of Capital b + c = d	Total a + d
1935	44.7	0.9	1.0	46.6	47.1	6.3	53.4	100.0
1936	44.8	1.0	1.0	46.8	47.5	5.7	53.2	100.0
1937	42.5	0.9	0.9	44.3	50.7	5.0	55.7	100.0
1938	44.6	0.9	1.0	46.5	48.8	4.7	53.5	100.0
1939	44.3	0.9	1.0	46.2	48.5	5.3	53.8	100.0
1940	43.9	1.0	1.0	45.9	50.0	4.1	54.1	100.0
1941	43.3	0.9	0.9	45.1	50.7	4.2	54.9	100.0
1942	41.3	0.8	0.8	42.9	52.7	4.4	57.1	100.0
1943	42.1	0.9	0.9	43.9	52.8	3.3	56.1	100.0
1944	42.8	0.9	0.9	44.6	51.7	3.7	55.4	100.0
1945	42.3	1.7	1.7	45.7	51.7	2.6	54.3	100.0
1946	41.5	1.5	1.7	44.7	53.0	2.3	55.3	100.0
1947	40.4	2.1	2.5	45.0	54.0	1.0	55.0	100.0
1948	44.0	2.6	2.9	49.5	50.4	0.1	50.5	100.0
1949	49.2	2.9	3.3	55.4	44.5	0.1	44.6	100.0
1950	49.3	2.8	3.9	56.0	43.9	0.1	44.0	100.0
1951	46.6	2.4	3.1	52.1	47.5	0.4	47.9	100.0
1952	49.6	2.9	3.9	56.4	43.5	0.1	43.6	100.0
1953	47.7	3.1	4.5	55.3	44.6	0.1	44.7	100.0
1954	49.2	3.4	4.8	57.4	42.5	0.1	42.6	100.0

Source: Ministry of Finance, Argentina

Table 8

FISCAL DATA
(million pesos)

	1947	1948	1949	1950	1951	1952	1953	1954	1955
a. Current Revenues	3,522.3	5,188.2	5,159.1	6,095.7	9,464.8	11,492.3	11,780.5	12,782.3	12,550.7
b. Current and Transfer Expenditures ^{1/}	<u>2,994.9</u>	<u>4,020.0</u>	<u>5,100.0</u>	<u>6,148.5</u>	<u>9,334.6</u>	<u>11,547.5</u>	<u>12,442.3</u>	<u>14,033.4</u>	<u>19,614.7</u>
c. Current Surplus or Deficit	527.4	1,468.2	59.1	- 62.8	130.2	- 55.2	- 661.8	-1,251.1	-7,064.0
d. Capital Expenditures	<u>1,223.3</u>	<u>3,096.4</u>	<u>3,166.2</u>	<u>3,338.8</u>	<u>4,799.4</u>	<u>4,502.6</u>	<u>6,197.4</u>	<u>6,203.8</u>	<u>5,032.8</u>
e. Deficit	695.9	1,628.2	3,107.1	3,401.6	4,669.2	4,557.8	6,859.2	7,454.9	12,096.8
f. Amortization	78.3	109.2	104.7	127.2	180.4	209.9	263.9	292.6	403.5
g. Deficit of Transport Agencies	<u>--</u>	<u>42.6</u>	<u>190.3</u>	<u>207.0</u>	<u>791.3</u>	<u>1,304.8</u>	<u>1,376.9</u>	<u>1,703.8</u>	<u>--</u> ^{2/}
h. Total e, f, g	774.2	1,780.0	3,402.1	3,735.8	5,640.9	6,072.5	8,500.0	9,451.3	12,500.3
i. Sale of Bonds (net)	1,090.0	1,609.2	2,343.2	3,003.8	3,456.2	4,722.4	7,675.7	7,599.0	7,563.0

^{1/} excluding amortization.

^{2/} Since 1955 the deficit of the transport agencies is comprised in the budget.

Source: Ministry of Finance, Argentina: Mensajes del Poder Ejecutivo.

Table 9

PARTICIPATION IN TAX REVENUES OF THE NATIONAL AND PROVINCIAL GOVERNMENTS
(million pesos)

	1947	1948	1949	1950	1951	1952	1953	1954	1955
Total	2,198	2,574	2,949	3,869	6,044	7,032	6,901	7,965	8,928
National Government	1,732	2,000	2,138	2,712	4,218	4,792	4,518	5,305	5,546
Provinces and Federal Capital	466	574	811	1,157	1,826	2,240	2,383	2,660	3,382

Source: Mensajes del Poder Ejecutivo, 1947-55 and Eugenio Blanco, former Minister of Finance of Argentina: La Política Presupuestaria, 1956, pp. 30-31.

Table 10

TOTAL PUBLIC DEBT OUTSTANDING: 1946-55
(million pesos)

EXTERNAL BONDED DEBT		INTERNAL DEBT					
		CONSOLIDATED				FLOATING	
End of		Credito Argen- tino In- terno ^{1/}	Bonds with Social Secur- ity	Other	Total Consol- idated	Total Internal Public Debt	
1946	109.1	5,580.3	1,813.5	447.5	7,841.3	2,879.9	10,721.2
1947	97.4	5,501.8	2,925.0	516.2	8,943.0	2,498.2	11,441.2
1948	63.7	5,463.8	4,688.5	433.6	10,585.9	2,290.4	12,896.3
1949	51.5	5,530.6	6,982.8	427.9	12,941.3	2,201.7	15,143.0
1950	38.5	5,459.9	10,075.4	422.8	15,958.1	2,099.4	18,057.5
1951	25.8	5,369.1	13,640.2	417.8	19,427.0	2,001.2	21,428.2
1952	12.1	5,273.3	18,476.6	413.2	24,163.1	1,929.1	26,092.2
1953	-	7,237.5	24,203.7	409.7	31,850.9	1,882.9	33,733.8
1954	-	8,726.8	30,316.5	406.6	39,449.9	1,856.7	41,306.6
1955	-	10,207.7	36,422.1	383.1	47,012.9	4,455.8	51,468.7 ^{2/}

^{1/} Mostly in the portfolio of the Central Bank.

^{2/} Total Debt of National Government..... 51,468.7
 Additional Debt (as of December 31, 1955):
 a) Provinces and the Municipality of Buenos Aires..... 8,367.5
 b) Debt of IAPI with the banking system..... 20,482.2
 Grand Total..... 80,318.4

Source: Ministry of Finance.
 Eugenio Blanco, former Minister of Finance:
 Realidad Economica Argentina, 1956.

Table 11

GNP AND PUBLIC DEBT
(million pesos)

<u>Year</u>	<u>GNP</u>	<u>Public Debt</u> ^{1/}
1946	25,638	10,830
1947	35,622	11,538
1948	43,755	12,940
1949	52,532	15,194
1950	62,249	18,096
1951	87,512	21,454
1952	100,203	26,104
1953	111,923	33,733
1954	126,675	41,306
1955	145,777	51,468

Indices, Base 1946 = 100

1946	100.0	100.0
1947	138.9	106.5
1948	170.7	119.5
1949	204.9	140.3
1950	242.8	167.1
1951	341.3	198.1
1952	390.8	241.0
1953	436.6	311.5
1954	494.1	381.4
1955	568.6	475.2

^{1/} Internal debt plus external bonded debt: cf. Table 11.

Source: Tables on GNP and Public Debt, Argentina.

Table 12

ORIGINS OF MONEY SUPPLY
(million pesos)

	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956
I. Internal factors											
1. Private Credit (Commercial and Mortgage)	5,966.9	8,580.3	11,959.0	14,717.1	19,364.2	26,293.5	33,115.6	38,148.4	46,166.8	54,876.4	67,572.4
2. Loans to Government:											
a) Fiscal Necessities ^{1/}	4,924.9	5,706.6	6,510.2	7,574.9	8,522.6	9,088.9	9,469.8	10,559.6	11,704.4	13,472.1	13,648.1
b) Subsidies	281.0	--	437.6	1,157.8	406.2	560.3	1,471.2	4,608.2	8,267.0	12,464.2	14,727.4
c) Other (including part of IAPI)	<u>678.5</u>	<u>2,881.9</u>	<u>5,074.4</u>	<u>6,115.5</u>	<u>6,391.6</u>	<u>6,697.4</u>	<u>6,554.9</u>	<u>7,642.4</u>	<u>8,220.7</u>	<u>8,231.4</u>	<u>7,652.2</u>
Total Government	5,884.4	8,588.5	11,982.2	14,848.2	15,320.4	16,346.6	17,495.9	22,810.2	28,192.1	34,167.7	36,027.7
II. External Factors ^{2/}	6,093.8	4,908.6	4,284.3	3,837.2	5,189.0	4,646.4	2,614.4	4,871.1	5,153.0	6,704.9	12,630.1
III. Total (I and II)	17,945.1	22,077.4	28,225.5	33,402.5	39,873.6	47,286.5	53,225.9	65,829.7	79,511.9	95,749.0	116,230.2
IV. Minus											
1. Items of Deferred Liquidity (Savings Accounts, etc.)	8,136.8	9,160.2	11,888.1	13,298.0	15,126.0	16,941.7	19,006.4	22,840.2	27,639.6	33,277.4	40,194.8
2. Government Deposits	<u>1,347.3</u>	<u>2,675.8</u>	<u>2,570.8</u>	<u>2,530.3</u>	<u>2,701.0</u>	<u>3,602.7</u>	<u>3,790.8</u>	<u>5,269.9</u>	<u>8,002.9</u>	<u>10,847.2</u>	<u>15,813.9</u>
Total	9,484.1	11,836.0	14,458.9	15,828.3	17,827.0	20,544.4	22,797.2	28,110.1	35,642.5	44,124.6	56,008.7
V. Money Supply	8,461.0	10,241.4	13,766.6	17,574.2	22,046.6	26,742.1	30,428.7	37,719.6	43,869.4	51,624.4	60,221.5

^{1/} including bonds sold to banks

^{2/} change in peso value of foreign exchange held by banks

Source: Central Bank of Argentina

Table 13

MONETARY EXPANSION
(million pesos)

Year	Money Supply	GNP (at current prices)	Cost of Living Index ^{1/} (1943 = 100)
1946	8,461.0	25,638	140.5
1947	10,241.4	35,622	159.5
1948	13,766.6	43,755	180.9
1949	17,574.2	52,532	236.5
1950	22,046.6	62,249	296.9
1951	26,742.1	87,512	405.8
1952	30,428.7	100,203	562.9
1953	37,719.6	111,923	585.3
1954	43,869.4	126,675	607.5
1955	51,624.4	145,777	682.3
1956	60,221.5	n.a.	773.8

Indices: 1946 = 100

1946	100	100	100.0
1947	121	139	113.5
1948	163	171	128.4
1949	208	205	168.3
1950	261	243	211.3
1951	316	341	288.8
1952	360	391	400.6
1953	446	437	416.6
1954	518	494	432.4
1955	610	569	485.6
1956	712	n.a.	550.7

^{1/} including rent

Sources: Central Bank of Argentina
Producto e Ingreso, 1955 and Indices del Costo de Vida,
March 1957

Table 14

LOANS AND DEPOSITS
(million pesos)

Year	Banking System		Central Bank Portfolio
	Loans	Deposits	
May 31 - 1946	5,956.8	9,481.8	5,728.9
End of - 1946	7,369.1	11,229.3	9,539.6
" " - 1947	12,561.4	12,802.8	15,479.7
" " - 1948	19,435.5	16,728.4	21,641.1
" " - 1949	24,609.7	19,820.7	28,060.7
" " - 1950	29,579.0	22,501.9	33,030.0
" " - 1951	36,954.0	25,584.3	42,313.1
" " - 1952	44,599.7	27,708.5	49,072.7
" " - 1953	53,069.3	35,187.0	57,844.6
" " - 1954	65,370.8	42,039.9	69,533.0
" " - 1955	78,213.8	48,858.8	85,167.5
" " - 1956	92,603.6	63,744.4	104,844.6

Source: Central Bank of Argentina

Table 15

FREE MARKET RATES: U.S. DOLLAR

	1955	1956	1957
January ^{1/}	27.53	39.53	37.98
February	28.11	42.61	37.32
March	28.15	40.77	39.38
April	29.02	39.49	n.a.
May	31.57	37.24	
June	32.85	33.81	
July	30.76	31.93	
August	31.19	30.65	
September	30.13	31.49	
October	27.84	31.73	
November ^{2/}	32.61	34.18	
December	35.89	35.86	

^{1/} Until October 1955 cross of Argentine Peso and U.S. Dollar on the Montevideo market.

^{2/} The Peso was devalued at the end of October 1955, the official rate being changed from 5 and 7.50 to 18 to the dollar.

Source: Central Bank.

Table 16

BALANCE OF TRADE AND TERMS OF TRADE
(million dollars)

<u>Year</u>	<u>Exports FOB</u>	<u>Imports CIF</u>	<u>Balance</u>	<u>Terms of Trade (1950 = 100)</u>
1951	1,169	1,477	- 308	103.4
1952	678	1,181	- 503	79.9
1953	1,099	795	* 304	91.4
1954	1,027	979	* 48	85.0
1955	928	1,172	- 244	84.1
1956	944	1,128	- 184	77.7
		<u>Total</u>	<u>- 887</u>	

Source: Ministry of Finance and Direccion
Nacional de Estadistica, Argentina.

Table 17

FOREIGN TRADE
(Indices: 1950 = 100)

Year	Terms of Trade	Volume of Exports	Volume of Imports
1935	67.7	139.6	102.5
1936	83.4	127.8	105.7
1937	93.6	146.9	143.1
1938	76.5	104.3	135.9
1939	73.5	127.5	111.8
1940	68.8	104.4	97.1
1941	71.0	105.8	74.7
1942	64.5	97.3	62.3
1943	66.4	107.0	42.6
1944	61.7	106.3	43.7
1945	86.5	106.1	44.4
1946	96.0	123.0	81.5
1947	101.3	115.5	162.5
1948	117.6	97.3	165.4
1949	101.0	72.5	116.8
1950	100.0	100.0	100.0
1951	103.4	78.6	114.2
1952	79.9	51.0	82.3
1953	91.4	88.9	70.5
1954	85.0	94.9	88.6
1955	84.1	85.6	99.8

Source: Economic Bulletin for Latin America,
Vol. I, No. 1, p. 30 and Producto e
Ingreso de la Republica Argentina,
1955, pp. 153-5.

Table 18

REGIONAL TRADE BALANCES FOR SELECTED YEARS
(million dollars)

Year	Western Hemisphere			Europe <u>1/</u>			Asia <u>1/</u>			Overall Balance of Trade
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	
1938	92.7	147.9	- 55.2	355.9	313.3	+ 42.6	5.5	26.6	- 21.1	- 29.8
1948	338.1	935.0	- 596.9	1,198.8	619.2	+ 579.6	70.4	17.7	+ 52.7	+ 36.3
1955	324.5	461.1	- 136.6	543.0	502.8	+ 40.2	23.9	164.4	- 140.5	- 244.0
1956	238.8	525.9	- 287.1	606.6	432.2	+ 174.4	41.7	134.4	- 92.7	- 184.0

1/ excluding Soviet Russia

Source: Direction of International Trade and Direccion Nacional de Estadistica

Table 19

MAIN EXPORTS
(million dollars)

Year	Livestock						Agriculture						
	Meat	Hides	Wool	Dairy and other	Total	Per Cent	Cereals and Flaxseed	Vegetable Oils	Fruits and other	Total	Per Cent	Other Exports	Total Exports
1951	175	110	176	67	528	45.2	322	190	64	576	49.3	65	1,169
1952	132	82	119	38	371	54.7	122	80	49	251	37.0	56	678
1953	150	73	181	57	461	41.9	405	95	76	576	52.4	62	1,099
1954	165	62	121	59	407	39.6	445	84	47	576	56.1	44	1,027
1955	215	55	124	58	452	48.7	343	45	33	421	45.4	55	928
1956	242	63	119	62	486	53.3	291	56	27	374	41.0	52	944

Source: Direccion General de Estadistica, Argentina

Table 20

MAIN IMPORTS
(million dollars)

Year	Fuel and Petroleum	Iron and other Metals and Manufactures	Machinery	Textiles	Chemicals	Timber	Other	Total Imports
1951	220	316	218	137	115	128	343	1,477
1952	248	203	175	106	58	95	296	1,181
1953	194	103	185	68	50	53	142	795
1954	181	203	172	63	89	90	181	979
1955	203	264	215	48	91	139	212	1,172
1956	251	225	261	26	78	82	200	1,128

Source: Direccion General de Estadistica, Argentina

Table 21

MEAT: PRODUCTION, CONSUMPTION, EXPORTS
(Beef, Lamb, Pork)
(yearly or yearly averages)

Year	Total Production (1000 tons)	Domestic Consumption (1000 tons)	Individual Consumption (kg per cap.)	Exports (1000 tons)
1915-1925	1,255	616	82.1	639
1926-1935	1,509	900	89.3	609
1936-1945	1,675	1,052	93.0	623
1946-1950	1,983	1,451	103.2	532
1951	1,879	1,623	104.6	256
1952	1,788	1,513	96.4	275
1953	1,766	1,535	96.7	231
1954	1,815	1,583	97.6	232
1955	2,147	1,732	103.3	415
1956	2,515	1,900	110.6	615

Source: National Meat Board, Argentina.

Table 22

PRODUCTION AND EXPORTS OF PRINCIPAL AGRICULTURAL PRODUCTS
(yearly or yearly averages in thousands of metric tons)

Year	Wheat		Flax		Corn		Oats		Barley		Rye	
	Production	Exports	Production	Exports	Production	Exports	Production	Exports	Production	Exports	Production	Exports
1900-04	2,538	1,493	526	475	2,858	1,518	37	17	15	3	1/	1/
1905-09	4,302	2,789	869	780	3,661	2,036	254	215	26	9	1	1/
1910-14	4,003	2,118	790	679	4,869	3,194	788	604	36	18	14	9
1915-19	4,558	2,405	684	602	4,776	2,250	753	509	52	40	10	2
1920-24	5,485	3,724	1,278	1,150	5,680	3,505	709	459	139	76	55	42
1925-29	6,770	4,233	1,839	1,618	7,076	5,521	922	456	321	201	148	115
1930-34	6,214	3,603	1,738	1,569	7,744	6,397	956	550	504	323	194	117
1935-39	6,634	3,209	1,702	1,503	7,892	6,072	748	339	503	278	254	133
1940-44	6,279	2,498	1,464	531	8,064	678	659	92	571	147	292	43
1945-49	5,061	2,010	824	34	4,201	1,747	827	154	799	478	362	180
1950-54	5,325	2,151	509	73	2,709	1,002	794	288	712	315	586	333
1946	3,907	1,387	964	38	3,574	2,200	797	333	836	656	293	156
1947	5,615	2,284	1,034	—	5,815	2,366	685	68	1,171	612	552	247
1948	6,500	2,174	901	1/	5,200	2,534	824	89	804	661	471	151
1949	5,200	1,847	433	—	3,450	1,063	733	196	613	196	305	199
1950	5,144	2,767	676	139	836	794	540	390	395	92	277	171
1951	5,796	2,455	559	181	2,670	298	733	112	763	155	631	203
1952	2,100	62	313	26	2,040	652	438	39	336	105	81	117
1953	7,386	2,527	584	10	3,550	1,083	1,269	219	1,175	557	1,335	343
1954	6,200	2,943	410	11	4,450	2,185	991	680	894	662	607	830
1955	7,690	3,617	405	—	2,546	362	890	92	1,112	519	844	328
1956	5,250	—	231	—	3,870	—	723	—	951	—	654	—

1/ less than 500 metric tons

Sources: 1) Revista de la Bolsa de Cereales, Numero Estadistico 1956
2) Argentina: Estadisticas Agricolas Basicas (working paper ECLA)

Table 23

FOREIGN DIRECT INVESTMENT
(million dollars and per cent of total)

	1909		1953	
	US\$	%	US\$	%
Government Bonds	667	30.7	8	0.5
Railroads	776	35.6	-	-
Public Services	166	7.6	391	26.3
Industries	28	1.3	470	31.7
Trade	193	8.9	217	14.6
Banks	-	-	128	8.8
Others, (incl. Insurance)	347	15.9	273	18.1
Total	2,177	100.0	1,487	100.0

Source: M. Kybal: Inversiones Extranjeras en la Argentina. (Working paper for ECLA.)

Table 24

COST OF REPATRIATION OF FOREIGN DEBT AND THE
NATIONALIZATION OF FOREIGN FIRMS, 1946-1948
(million U.S. dollar equivalent)

	1946	1947	1948	Total
<u>Repatriation of Foreign Debt</u>				
Dollars	121.5	49.1	-	170.6
Pounds Sterling	-	48.2	-	48.2
Other Currencies	10.1	2.1	-	12.2
Sub-Total	131.6	99.4	-	231.0
<u>Nationalization of Firms</u> (incl. Railroads)				
Dollars	98.6	-	-	98.6
Pounds Sterling	-	-	613.1	613.1
Other Currencies	-	12.8	3.5	16.3
Sub-Total	98.6	12.8	616.6	728.0
Total	230.2	112.2	616.6	959.0

Source: M. Kybal: Inversiones Extranjeras en la Argentina. (Working paper for ECLA.)

Table 25 (continued)

BALANCE OF PAYMENTS, 1951-55
(million U.S. dollars)

	1951		1952		1953		1954		1955	
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
Official and Banking										
Institutions	344.8	--	175.4	--	--	355.9	--	--	197.3	--
15. Long-term liabilities	76.3	--	--	8.6	--	2.5	--	9.7	--	13.7
Official loans received	92.0	--	4.5	--	--	--	--	--	--	--
Official repayments	--	7.4	--	3.4	--	2.9	--	9.6	--	9.6
Other	--	8.3	--	9.7	0.4	--	--	0.1	--	4.1
16. Short-term liabilities	97.1	--	84.3	--	--	175.0	25.3	--	89.1	--
17. Long-term assets	--	--	--	--	--	--	--	--	--	--
18. Short-term assets	227.9	--	119.6	--	--	93.5	--	15.6	121.9	--
Payments agreements	145.8	--	50.4	--	--	93.0	14.6	--	104.2	--
Other	82.1	--	69.2	--	--	0.5	--	30.2	17.7	--
19. Monetary gold	--	56.5	--	19.9	--	84.9	--	--	--	--
Net errors and omissions	--	130.1	241.0	--	8.5	--	--	95.6	10.8	--

1/ Exports mainly f.o.b.; imports mainly c.i.f.

Source: I.M.F. Balance of Payments Yearbook, Volume 7.

Table 26

FUEL OUTPUT AND IMPORTS
(thousand tons)

Year	Domestic Output				Imports		Total Consumption of Petroleum
	Petroleum	Natural Gas (Crude Oil Equivalent)	Coal	Charcoal	Petroleum	Coal	
1948	3,132	n.a.	n.a.	n.a.	4,759	n.a.	7,891
1949	3,118	518	11	2,973	4,313	1,006	7,431
1950	3,157	580	16	2,847	5,253	1,085	8,410
1951	3,255	638	24	2,763	5,720	2,225	8,975
1952	3,280	690	67	2,953	6,277	1,784	9,567
1953	3,454	716	49	2,854	6,145	1,129	9,599
1954	4,241	758	64	2,860	6,154	1,551	10,395
1955	4,315	n.a.	n.a.	n.a.	7,098	1,274	11,413
1956	4,192	n.a.	n.a.	n.a.	8,234	1,814	12,426

Source: Dirección General de Estadística and Private Industry, Argentina

Table 27

ESTIMATED PRODUCTION AND CONSUMPTION OF PETROLEUM
(thousand tons)

Year	Production			Consumption			
	Y.P.F.	Private Companies	Total	Probable <u>1/</u>		Potential <u>2/</u>	
				Total	Deficit	Total	Deficit
1958	6,900	710	7,610	15,400	7,790	16,960	9,350
1959	8,900	680	9,580	16,300	6,720	19,600	10,020
1960	8,900	630	9,530	17,300	7,770	22,400	12,870
1961	10,000	610	10,610	18,300	7,690	23,700	13,090
1962	11,100	600	11,700	19,400	7,700	25,100	13,400

1/ with de facto restrictions

2/ without any restrictions

Source: Data obtained from private industry

Table 28

PETROLEUM: ESTIMATED FUTURE CONSUMPTION AND REFINERIES' CAPACITY
(thousand tons)

<u>Year</u>	<u>Total Consumption</u>	<u>Refineries Capacity</u>
1957	13,700	12,406
1958	15,000	n.a.
1959	16,100	n.a.
1960	17,300 ^{1/}	16,000
1961	18,300	16,000
1962	19,800	16,000
1963	21,100	16,000
1964	22,500	16,000
1965	24,000	16,000

1/ According to present plans, domestic production would reach a level of 10 to 12 million tons by 1960.

Source: Data obtained from Private Industry in Argentina.

Table 29

ELECTRIC POWER
(by source, in million kwh)

Year	Thermal	Hydro	Captive	Total
1938	2,227	101	440	2,768
1946	3,045	165	635	3,845
1954	5,202	340	900	6,442

Source: Ministry of Industry, Argentina.

Table 30

INDUSTRIAL PRODUCTION
(indices: 1943 = 100)

Year	M a n u f a c t u r i n g			Gas and Electricity	Mining	General Average
	Total	Durable Goods	Non-Durable Goods			
1944	113.4	120.9	110.2	106.6	100.1	112.2
1945	114.2	120.5	111.5	103.5	92.1	112.2
1946	128.8	141.7	123.3	113.7	80.8	125.3
1947	148.4	187.1	131.7	124.6	88.3	143.5
1948	150.3	179.6	137.5	135.8	88.2	146.2
1949	144.4	162.3	136.6	140.6	85.3	141.4
1950	148.4	165.9	140.7	151.5	86.8	146.0
1951	152.1	177.2	141.0	159.6	91.5	150.1
1952	140.9	165.9	129.9	158.3	95.9	140.6
1953	138.0	160.0	128.2	166.6	103.1	139.2
1954	149.9	176.7	138.1	180.1	108.5	150.9
1955	163.5	202.7	146.3	192.4	113.9	164.0
1956	161.3	182.8	151.7	205.5	115.4	163.5

Source: Direccion General de Estadistica, Argentina.

Table 31

INDUSTRIAL EMPLOYMENT AND WAGES

Year	Total Wages Paid (a)	Employment (b)	Average Wage (c = a:b)	Cost of Living (incl. rent) (d)	Real Wages (e = c:d)
1943	100.0	100.0	100.0	100.0	100.0
1944	119.3	108.9	109.6	99.7	109.9
1945	137.8	115.1	119.7	119.4	100.3
1946	180.4	123.7	145.8	140.5	103.8
1947	269.1	130.3	206.5	159.5	129.5
1948	371.2	131.7	281.9	180.4	156.3
1949	500.1	130.0	383.5	236.5	162.2
1950	595.5	128.2	464.5	296.9	156.4
1951	758.5	128.9	588.4	405.8	145.0
1952	900.2	124.5	723.1	562.9	128.5
1953	929.2	117.4	791.5	585.3	135.2
1954	1,094.4	118.5	923.5	607.5	152.0
1955	1,276.1	123.1	1,036.6	682.3	151.9

Source: Direccion General de Estadistica, Argentina.

Table 32

RAILROAD OPERATIONS

Year	FREIGHT			PASSENGERS		
	Tons Transported (in thousands)	Average Distance Transported (km)	Ratio of Cost to Revenue	Number of Persons (in thousands)	Average Distance Transported (km)	Ratio of Cost to Revenue
1946	35,408	431	0.83	282,094	27.3	1.41
1947	34,251	426	1.10	313,763	28.2	1.76
1948	34,248	440	1.38	350,666	29.4	1.96
1949	31,690	483	1.18	470,174	29.0	2.19
1950	32,849	491	1.17	490,987	26.9	1.96
1951	32,966	498	1.33	524,837	26.6	2.03
1952	29,677	514	1.02	531,264	25.3	2.08
1953	30,540	492	1.02	541,053	25.2	2.13
1954	31,042	490	1.04	572,197	25.8	2.25
1955	29,167	527	1.05	578,636	25.4	2.11
1956	28,464 ^{1/}	510	1.31	593,744	25.4	2.56

^{1/} The sharp decline is due to the low capacity of the railroad; several million tons of goods are either directed toward truck transport or waiting at freight sidings.

Source: Ministry of Transport, Argentina.