

Chile:

Janice Kotash, arts 3, and Peter Sharpe, law 3, were U of A's delegates to the World University Service Seminar held in Chile.

The delegates are chosen on the basis of academic performance, maturity and leadership. Besides these basic requirements, the students also had to have a working knowledge of Spanish.

This year, the seminar will be held in Turkey. Applications are taken by Janice Kostash.

By PETER SHARPE

Chile would seem, on a superficial observation, to be a country where a high standard of living could be obtained for the majority of the population and where the social injustices which mar other underdeveloped countries could be avoided.

The country has rich mineral deposits of copper, nitrates, iron petroleum and coal.

The central Chilean valley is one of the most fertile agricultural regions of the world.

In the South, there are vast stands of timber and the waters off the long Chilean coastline are teeming with fish.

The Chilean population is almost entirely of European descent so the many racial conflicts which characterize other Latin American nations have been avoided.

Democracy is well established in Chile, with constitutional changes of government distinguishing this country from many other underdeveloped nations.

The judiciary has a reputation for impartiality and incorruptibility while the national police force and army are both widely respected for their honesty and their refusal to engage in Chilean politics.

The economic potential to which these factors contribute seems to have remained largely unexploited because of the failure of the government to provide the appropriate social and institutional environment for its effective realization.

There has undoubtedly been some absolute progress in the past one hundred years but in comparison to the advances of Western Europe and North America this progress is slight.

More importantly, there has been no appreciable betterment of the lot of the great majority of the population.

Successive Chilean governments have been preoccupied with problems of immediate emergency such as inflation and the balance of payments.

These problems are not inherent in the Chilean economy, but rather are brought about by the pursuance of particular short-term policies.

They remain because of the lack of effective institutions to resolve them.

Such an institution is either the free market of the capitalist state or a government planned economy in the socialist state.

Chilean governments have

use in relation to general economic objectives or indeed a lack of such objectives.

Chilean governments have been notably successful in promoting certain particular objectives which are necessary for general economic progress.

The most outstanding instrument of progress in this area has been the Corporacion de Fomento de la Produccion (CORFO) which has develop-

climate favourable to the expansion of the economy, Chile has been much less successful.

In areas of education and agriculture much improvement is required.

Although Chile has a high level of literacy for Latin American nations, illiteracy in the rural regions is still well over 50 per cent.

As well, only five per cent of the university students come from the lower classes, 70 per cent of the population.

These factors tend to discourage social mobility and retard the development of the vigorous managerial and administrative class which economic growth requires.

Also, there is a difficulty of entry into positions of leadership, which has been fostered by foreign ownership and monopolies encouraged by exchange and foreign trade policies.

Control of agricultural production by a small percentage of the landholders has resulted in stagnation in this vital area (seven per cent of the agricultural landholders own 75 per cent of the agricultural land).

The efficient mechanized farmer generally cannot acquire more land because the large landholders, although inefficient, have sufficient land and cheap labour to continue operating at a profit.

Production remains constant and it is necessary to import large quantities of food to feed the rapidly growing population, thus further taxing the foreign exchange of the country.

Another factor inhibiting the economic growth of Chile has been the size of the available market.

In the initial stages of industrialization, the political boundaries of Latin America are of little consequence.

However, when the development of industries requiring a high capital investment is undertaken, the markets available in the individual countries become insufficient.

The broadening of trade between the countries of Latin America is of major importance to the economic growth of Chile.

It has been a member of the Latin American Free Trade Association since its inception in 1960.

As well as enlarging Chile's potential markets, economic integration is significant be-

cause it can provide the incentive for Chile to take the necessary steps to raise the standard and volume of its production and it would permit sound, well-regulated competition in the Latin American zone for Chile.

LAFTA is only a multi-lateral trade agreement between several Latin American nations and it should not be considered as a form of economic integration similar to the European Economic Community or the Central American Common Market.

The treaty establishing the free trade area does little more than institutionalize multi-laterally existing trade relations.

There is a complete lack of any supra-national planning organ to direct the course of economic development within the region. Between 1960 and 1962 trade between the LAFTA countries showed an increase of less than three per cent.

The Christian Democrat government of president Eduardo Frei, in power for less than a year, has shown a willingness to attack most of the problems outlined above.

While it is still too early to assess the effectiveness of their measures, there is good reason to expect substantial improvement in the Chilean economy.

The state planning office is now making some progress in giving order and direction to the economic growth of Chile.

The government intends to slow inflation gradually while providing compensatory adjustments in wages and prices.

Reformed taxation laws and a new levy on personal property have been introduced to supplement the country's revenue.

President Frei has introduced a dramatic program to give his country more influence in the vital copper mining industry.

The "Chileanization" of copper calls for the government to acquire an equity in all new companies formed to exploit the mineral.

Such a measure is intended to give the nation more control of the exploitation, production and marketing of copper in the future.

In addition, measures have been introduced to increase production in the existing mines.



shown little enthusiasm for the former, yet because of various political pressures neither has the latter course been adopted.

In its stead, until recently, there were a myriad of prohibitive regulations governing imports, credit, exchange, etc., which were in some measure intended to replace direct taxation.

These regulations were ineffective because of a lack of machinery to evaluate their

ed industries in areas where private enterprise was hesitant to enter because of the large initial investment required and the long range uncertainty of profit.

CORFO has made important contributions to the economy of Chile through its development of a steel and metallurgical industry, hydroelectric installations and promotion of wider exploitation of the riches of the sea.

In promoting a general