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Chairman : Prince WAN WAITHAYAKON (Thailand).

Economic development of under-developed countries : report of the Economic and Social Council (chapter III) (A/1884¹ and A/1924) : (a) Financing of economic development of under-developed countries; (b) Land reform; (c) Technical assistance for the economic development of under-developed countries (*continued*)

[Item 26]*

GENERAL DEBATE (*continued*)

1. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) said that the economic development of under-developed countries, was essentially a matter falling within the domestic competence of States and, consequently, that any decision on the most appropriate methods for achieving such development came within the sovereign field of action of peoples. The colonial Powers, headed by the United States of America, had used the economic development of States as a pretext for interfering in their domestic affairs. It was the duty of the United Nations to put an end to those colonial traditions and to adopt measures to exclude such interference.

2. During the current session attempts had been made to link technical assistance with the continuation of colonial traditions. The head of the Australian delegation, in a speech delivered at the 338th plenary meeting², had spoken of the alleged great value of the technical knowledge, equipment, etc., which the highly developed countries had brought to the more backward countries during the colonial era. If that were really

true, it was surprising that the United Nations was now being called upon to consider the economic development of those very countries as an urgent problem. Clearly the colonial system had resulted only in deprivation of national sovereignty, cultural degradation and want.

3. The United Nations must break loose from former colonial traditions and promote economic and national independence in the under-developed countries which until recently had been colonial or quasi-colonial territories. Some delegations were trying to continue the reality of colonial traditions under the cloak of technical assistance. Indeed, the economies of certain under-developed regions in Africa, Asia and Latin America still bore the marks of a colonial or semi-colonial economy not propitious to the fulfilment of national aspirations. The representative of Indonesia had pointed to the need for transforming a colonial economy into a national economy (149th meeting), thus stating the guiding principle which should govern economic development; on the other hand such programmes as the Colombo Plan and the United States technical assistance programme were based on the concept expressed by the Australian representative in the plenary session; neither were in keeping with the principles of the United Nations.

4. The "Point Four" Programme of the President of the United States proposed to grant assistance and advice on technical methods solely in order to facilitate the flow of United States capital to the recipient countries in accordance with the political aims of the United States. President Truman had stated that the promotion of technical knowledge and the export of capital continued American traditions; and Mr. Braden, former United States Ambassador to Argentina and Assistant Secretary of State, had described the Programme as a continuation of the United States business policy of the past half-century. American business traditions

* Indicates the item number on the General Assembly's agenda.

¹ See *Official Records of the General Assembly, Sixth Session, Supplement No. 3*.

² See *Official Records of the General Assembly, Sixth Session, Plenary Meetings, 338th meeting*.

constituted typical colonial expansion. Governmental machinery was now being brought into use to promote the export of United States capital in preparation for aggression and a new world war. Indeed, the report of the Advisory Committee on the "Point Four" Programme, under the chairmanship of Mr. Rockefeller, referred to economic development as part of mobilization for national defence.

5. The United States obtained 73 per cent of its strategic raw materials from the under-developed areas. Thus, commercial and economic ties with the under-developed countries were being exploited in order to militarize their economies. *The New-York Times*, in an article printed in August 1950, had also referred to the "Point Four" Programme as an integral part of defence policy, and such was the general view in all leading circles in the United States.

6. Furthermore, the granting of any assistance was conditioned by demands for concessions by the recipient countries, and was used as a pretext for subsequent interference in political, economic and military affairs. For example, the agreement for assistance to be given by the United States to Thailand in September 1950 had been supplemented by an agreement on military assistance. In most cases the granting of assistance implied an agreement with United States missions for the development of raw material resources, and in various cases intelligence information had been requested from the under-developed countries included. Such was the true nature of the "Point Four" Programme, which was based on the policy of making under-developed countries *de facto* colonies of the United States and was contrary to United Nations principles and contrary to the recommendations of General Assembly resolution 200 (III). Economic development must be based on the healthy principles of full sovereign responsibility and of increased national independence.

7. It was noteworthy that in some of the under-developed countries the only industries which had developed were those connected with oil and raw materials generally. *The Economic Survey of Asia and the Far East, 1950*³ prepared by the Economic Commission for Asia and the Far East, showed the extremely backward character of industry in that region. In 1949, for instance, the total installed capacity of hydro-electric power in Asia and the Far East was only 7,900,000 kilowatts, amounting to only 4 per cent of the existing potential and to less than 7 watts *per capita* of the population. In 1950, India had produced 1,461,000 tons of steel, an average of about 4 kg. *per capita*. Although Pakistan produced 80 per cent of world jute supplies, it did not possess a single processing enterprise. The colonial policy of the Western European Powers had maintained industries in a state of general backwardness which threatened national independence. National light and heavy industries particularly the metallurgical, chemical and electrical industries, must be developed and must various light industries to ensure the processing of raw materials, as those countries were rich in natural resources.

8. Yet although representatives of under-developed countries had stressed the primary importance of industrialization, the representatives of the colonial Powers were attempting by every means at their disposal to check that process. The United States Secretary of State, Mr. Acheson, in a statement to the Senate Foreign

Affairs Committee, had denied that America intended to build large factories and mines under the "Point Four" Programme. The true nature of United States policy, which aimed at retarding development was therefore apparent.

9. The USSR representative contrasted the genuine assistance extended by the Soviet Union to such countries as China, Poland and Bulgaria in the development of their national industries. The significant statement had been made during the Singapore trade talks in October 1951 that Soviet trade organizations were prepared to supply to countries in the Far East equipment and supplies of all types needed for their industrialization, as well as for their housing and agricultural development.

10. The over-all agricultural development of the recipient countries was an important problem in economic development. Monoculture was too often encouraged and in many aspects the countries were subordinated to the interests of the colonial Powers. Land distribution was inequitable: in Brazil, Venezuela and Cuba, for instance, most of the land belonged to foreign monopolies. The United Nations and its Food and Agriculture Organization had prepared a study on the defective system of land tenure and utilization, which constituted an obstacle to economic development and consequently prevented a rise in the standard of living. His delegation would support the draft resolution on land reform submitted by the Polish delegation (A/C.2/L.82). He wished, however, to emphasize that the execution of recommendations concerning such reform was a matter within the domestic jurisdiction of the countries concerned and that the General Assembly could in no circumstances present a proposal for the compulsory enforcement of a particular method for effecting land reform. As the Egyptian representative had said (148th meeting), though agreement could be reached on general principles, land reform must be carried out in keeping with national traditions.

11. He regretted that no Chinese representative was present at the General Assembly to report on the way in which land reform had been successfully carried out in China on a tremendous scale and in keeping with national cultural traditions. The measures taken in China had transformed the feudal system, whereby less than 10 per cent of the population had owned 70 to 80 per cent of the available land, into a system of land ownership by the peasants in accordance with the principle that the land should be owned by those who work it. Equitable principles of land tenure were vital to the development of productive forces, industrialization, and the improvement of agriculture and the living conditions of workers. According to published data, land reform in China had already been carried out in regions containing 310 million inhabitants, and there still remained a region of over 90 million inhabitants where it was expected that redistribution of land would be completed by the end of the following year. The repercussions of land reform in China on agricultural production were significant. The grain harvest had increased by 8 per cent as compared with the previous year; the cotton crop of the present year was 37 per cent higher than that of the previous year and 10 per cent higher than the peak year of 1936. Land reform in China would have its repercussions throughout Asia and the Far East, although national considerations would influence the way in which it was achieved.

³ United Nations Publications, Sales No. 1951.II.F.4.

12. Foreign assistance must be provided at the request of the under-developed countries themselves, and should in all cases be of subordinate importance to domestic efforts. However, the mastery of foreign capital had previously been the distinguishing feature of the colonial and quasi-colonial territories, and had inevitably brought political repercussions and poverty to the backward areas. A study of the profits derived from investments in under-developed countries would clearly prove that domestic resources were being exploited and the profits exported to the investing countries.

13. As evidence of the magnitude of such profits, the United States had received from its foreign investments during the period 1945-1950 a total profit of \$7,000 million, and every year's profit had exceeded the annual assistance called for. As an instance of the high percentage of profit accruing to foreign monopolies, out of a total annual revenue of 560 million rupees on a tea plantation in Assam, 43 per cent represented a net profit for the British companies.

14. He believed, therefore, that the recommendations contained in the report of the Economic, Employment and Development Commission (E/2006)⁴ incorrectly advised under-developed countries to attract foreign capital, and particularly United States capital, as a basis for economic development. Since a significant part of the profits were exported to the countries originally providing the capital, such measures would merely serve to extend exploitation by foreign monopolies. The main factor should be constituted by domestic resources, and foreign capital should play only a subordinate role. Considerable possibilities existed for the formation of domestic capital, and for that purpose domestic resources must be utilized in the best way; for instance, by importing equipment instead of luxury goods and by concentrating on basic production.

15. The colonial Powers were obviously seeking to establish certain theories in order to perpetuate their mastery over the under-developed countries. For example, in its White Paper of 1950 the United Kingdom Government had stated that the injection of foreign capital was the only means of breaking the vicious circle constituted by the interplay of economic development and lack of normal savings. A breakdown of the expenditure of the funds of the Colombo Plan showed, however, that the traditional character of foreign investments in colonial territories had been maintained, so that the territories could be retained as appendices providing raw materials and agricultural resources for the metropolitan States in return for an insignificant outlay. No improvement in the national economies of those territories or rise in their standards of living could be achieved, since the goals of the Plan were foreign to the true purposes of economic development.

16. It should be borne in mind that the United States and the United Kingdom had a greater interest in exporting capital than had the under-developed countries in importing such funds. Figures showed what vastly higher profits were available for American private capital in foreign territories than in the United States itself, mainly owing to the fact that man-power was cheaper in the under-developed countries. For instance, annual profits on oil were normally 11 per cent in the United States whereas they amounted to 33 per cent abroad.

General Motors' profits in the United States were 25 per cent and abroad 80 per cent. Mr. Acheson had said 30 March 1950, that economic development of under-developed countries would not only open new sources of much-needed raw materials but would also provide new markets.

17. The under-developed countries should not resort to the blackmail practised against them in the guise of technical assistance. The United States and United Kingdom representatives, when presenting the data of technical assistance rendered, had omitted to mention the profits received. In that connexion he drew attention to a statement in *The New York Times* to the effect that the greater part of the \$2,000 million set aside for the Philippines for the period 1946-1950, had gone towards financing the United States army programme in the Philippines and to salaries for Philippine citizens working for the United States army.

18. *Per capita* income in Asia and the Far East, as *Economic Survey of Asia and the Far East, 1950* shows, had fallen considerably as compared with pre-war. The drop in production in the basic industry in various countries of the area was also significant.

19. The tendency towards militarization of the economies of the under-developed countries was apparent. The United States, through its Raw Materials Committee, was dictating raw material prices. Furthermore, a study of the 1950-1951 statistics of exports and imports clearly reflected the same orientation of the various economies, which could but lead to further impoverishment. The under-developed countries ought to protect their interests and resources by such measures as tariff and protection of their capital. Foreign monopoly insistence on equal treatment was tantamount to economic surrender of the less-developed country. Establishment of controls over foreign capital would promote national development.

20. The debate had once more shown that the United States and the other colonial Powers were attempting to retain control of their *de facto* colonies in order to enrich their monopolies and make a new world, if possible. On the other hand, support had been given to steps for the promotion of industry and agriculture in the under-developed countries in their own national interest. The United Nations should take measures to extend such assistance as would consolidate the economic and political independence of those countries.

21. His delegation would support the draft resolution submitted by the Polish delegation (A/C.2/L.81).

22. Mr. YU (China) thought that it was essential to tackle the question of economic development with vision and courage. Vision and courage had been displayed by Queen Isabella and Christopher Columbus, and that had led to the discovery of America. He regretted the absence from the United Nations of Spain and Italy, homes of those two noble figures, and hoped that they would soon be admitted to the Organization.

23. The world contained enough land for everyone and scientific advancement would always make it possible to solve the problem of over-population. Assistance to under-developed countries was based on the truth that, if economic stability were to be achieved, countries must eventually reach the same level of economic development. Governments which were in a position to help others must be careful not to adopt a patronizing attitude.

⁴ See *Official Records of the Economic and Social Council, Thirteenth Session, Supplement No. 2.*

24. The most difficult aspect of the question of financing was that of external financing. The Group of Experts appointed by the Secretary-General under Council resolution 290 (XI) had proposed the establishment of an international development authority to make grants-in-aid to under-developed countries. It would be interesting to see the Secretary-General's suggestions on the subject, but it did not appear that the time was ripe for the establishment of such an authority. So long as international tension continued, it would not be possible to obtain the resources necessary for its successful functioning. Moreover, developed countries had assumed the responsibility of giving aid to the under-developed countries on a bilateral basis.

25. The under-developed countries must so organize their financial institutions as to channel foreign capital into constructive enterprises and take steps to attract foreign capital by removing such obstacles as the risk of expropriation and double taxation.

26. Under-developed countries generally lacked the means necessary to finance non-self-liquidating projects in such fields as transport, power, public health and education, and most of the developed countries were unfortunately currently engaged in extensive armament programmes, which prevented them from giving the assistance they would desire. It was to be hoped that it would be possible to work out plans, perhaps through the establishment of priorities, which would enable the needs of the under-developed countries in capital goods to be met.

27. His delegation hoped that Members of the United Nations would continue to contribute generously to the Expanded Programme of Technical Assistance; it would support the Council's proposal for the establishment of a special reserve fund to ensure the completion of projects which extended beyond the end of the first financial period. At the same time, the Committee should facilitate the establishment on a continuing basis of technical assistance in public administration, so as to bring it into line with technical assistance in economic development and advisory social welfare services.

28. Referring to the question of land reform which was closely related to economic development, he pointed out that Japanese aggression shortly after the unification of China had retarded the progress of land reform. Had such a reform been carried out, it might have been possible to avert the current communist domination of China's mainland and the hostilities in Korea.

29. His Government's ideal of land reform was based on the teachings of Dr. Sun Yat-Sen, the founder of the Chinese Republic. In 1926, the Central Committee of the Kuomintang had adopted certain political principles, one of which related to land reform. On 29 April 1936, the National Government of China had promulgated the Land Law based on the principle adopted by the Kuomintang and had subsequently implemented that principle by various measures. On 7 June 1951, the well-known Land Rent Reduction Law based on the same principle had been adopted.

30. When the Chinese Government, in 1945, had resumed possession of Taiwan, the situation with regard to land tenure and the position of the tenant farmer was deplorable. The Government had accordingly found it necessary to enforce land reform measures speedily in order to promote stability and economic prosperity.

31. Mr. YU outlined the main provisions of the 37.5 per cent Land Rent Reduction Law. That law provided that the farmer who had rented land from a landlord could repay the landlord with 37.5 per cent of the cultural produce after the crop had been harvested. The 37.5 per cent ratio was arrived at by having 25 per cent allocated to the farmer and the rest of the 75 per cent equally divided between the landlord and the farmer. By adding 25 per cent and 37.5 per cent, the percentage for the farmer was 62.5 per cent. The law resulted in increases in the farmer's standard of living and in agricultural production. Moreover, the land was now more willing to sell his land to the farmer; there was less tendency to speculate in land; and number of disputes between landlords and tenant farmers had decreased. Moreover, distribution of public land by sale had been carried on concurrently with reform measures. His Government preferred to distribute the land thus rather than to remain the land since its ultimate aim was to make each farmer owner.

32. A new law on the distribution of public land had been promulgated by his Government on 30 May 1951 and had resulted in an increase in the number of land-owning farmers and in improvement in cultivation technique.

33. Some representatives had referred to the social progress achieved on the mainland of China under communist domination, but, in point of fact, farmers under the communist régime were compelled to make unreasonable contributions to the State that it became impossible for them to earn a subsistence wage, many had thus been compelled to join the army. The communist régime was also attempting to liquidate the landlord class completely, and so had imposed in China a class struggle entirely alien to Chinese traditions.

34. Attempts were being made to use the land reform programme for propaganda purposes. The so-called land reform currently being carried out on the mainland, involving, as it did, violent methods and the less persecution of certain classes, required serious consideration by the United Nations. His country had been a victim of aggression. According to the Chinese communist régime's official records, over a million a half Chinese had been executed in little over a year, but according to eye-witnesses, the number of executions since the mainland had been under the communist régime was ten times that figure. Murder on such a scale should command the immediate attention of the United Nations.

35. Mr. ABELIN (France) was glad to note that various delegations had continued to explore every possible method of promoting economic development. His delegation's opposition to one of those methods, the creation of an international fund for financial assistance, was due exclusively to France's current economic and financial difficulties. He welcomed the United States representative's statement (147th meeting) about the efforts of the United States in the field of bilateral economic assistance and shared that representative's belief that, if the burden of re-armament could be lightened, new energy and resources would be available for extensive reconstruction and development projects.

36. The draft resolution submitted by the Ecuadorian (A/C.2/L.79) and Chilean (A/C.2/L.78) delegations contained constructive and imaginative suggestions. The Chilean draft resolution seemed to be of particular value, since it was based on a careful analysis of contemporary phenomena.

37. As indicated in the documents published by the International Monetary Fund, the credit balances of hard currency in the under-developed countries had increased, between June 1950 and June 1951, as much as five times in certain cases. Those countries found it extremely difficult to use the balances to acquire the capital goods necessary for their development plans and the consumer goods which would help to offset inflationary trends. Energetic action should be taken to ensure that the balances were used to help in equipping the under-developed countries and in partly solving the balance of payments difficulties experienced by most European countries.

38. France was at the moment in a situation where it had to choose between reconstruction, domestic investment, the equipping of its overseas territories, greater defence efforts and increased domestic consumption; it could no longer undertake all those tasks at once. Mr. Mayer, the French Minister of Finance, had stressed that France must not only reduce its imports but also draw on its most precious resources, such as its steel production, in order to conserve and increase its hard currency reserves.

39. France's desire to assist in the development of under-developed countries was indisputable. Since 1946, indeed, France had invested about \$2,000 million in Africa, a sum equal to what it had received under the Marshall Plan. In 1951, France had invested \$700 million in Africa. In the territories of North Africa, 1950 *per capita* investment had been \$ 21, four-fifths of which had been financed by France. France had afforded that assistance even though it was less industrially developed than other great Powers and although its *per capita* income was still relatively modest.

40. In 1947, France had exported only 7,000 million francs of goods to Latin America; in 1951 those exports had exceeded 100,000 million francs. The exports had included equipment for electric power stations, railways, bridges, harbour installations, steel mills, telecommunications, a milk pasteurization plant, a sugar refinery, a fertiliser plant, buses and cargo ships. Unfortunately France was one of the countries particularly affected by the increase in prices and shortages of raw materials; it was nevertheless ready to co-operate to a great extent in economic reconstruction and development provided that some of the obstacles impeding the expansion of its economy were removed.

41. In the matter of technical assistance, there was a need to draw up, in each recipient country, a comprehensive programme specifying priorities, so that the various services could be effectively co-ordinated. Technical assistance should fit into a general plan of economic development, one of the most important items of which was land reform.

42. There was no standard type of land reform applicable to every country. In some cases working the land in family units was the best solution; but in other countries the population was so dense that redistribution of land would only increase the proportion of small holdings and reduce productivity. In the latter case industrialization was the only solution. The French representative on the Economic and Social Council had recently emphasized the usefulness of co-operation in agriculture. That formula, by its extreme flexibility, might make it possible to reconcile seemingly contradictory wishes and needs.

43. Europe's current difficulties were related to the under-developed countries' needs for capital goods and suggested solutions such as those sought in the Chilean draft resolution (A/C.2/L.78). He would await the detailed discussion of the Chilean draft before stating his views on the most suitable procedure to be adopted, but he was in agreement with its substance. The possibility of concluding long-term economic agreements, which would not interfere with the work under way at the Washington Conference on Raw Materials, suggested by the Chilean delegation, also deserved careful study.

44. It was not his intention to limit the scope of the Chilean draft resolution by linking it so closely to problems which, it was hoped, would be merely temporary. But it was nevertheless true that dollar balances existed which the under-developed countries found difficulty in using for their economic development. It was possible that, if all the under-developed countries were assured a continuous flow of dollars, Western Europe would find a satisfactory solution to its balance of payments problem in supplying those countries with capital and consumer goods.

45. It might eventually have to be recognized that the relationship between the immediate interests of certain under-developed countries and those of certain Western European countries was a more or less permanent phenomenon. He was stressing the relationship between the two problems not only to explain why it was important for France to oppose the establishment of an international fund for financial assistance at the moment, but also to show a pattern in international trade which might solve the problems confronting under-developed countries and Western Europe at the same time. The solution, which was, in short, to ensure the under-developed countries a constant supply of dollars which they would use partly to buy capital and consumer goods in Europe, was both old and new. It was old because it meant re-introducing the former system whereby Europe obtained from the under-developed countries a considerable proportion of the dollars which it required to balance its imports from the United States. It was new, first because such a triangular pattern of trade could not continue to be what it had been in the past; the desire of the under-developed countries for development and industrialization must be taken into account, and secondly because it was no longer possible to ensure the under-developed countries a supply of dollars by the virtually automatic process which had operated in the past, since too many obstacles impeded the flow of goods and capital between the United States and the under-developed countries. There was, in particular, great reluctance to export private capital. Again, the dominant position held by the United States in the world economy made it necessary to adopt new measures.

46. It was necessary to consider the problem of economic development of under-developed countries as part of the more general concept of an organized world economy. The problem was urgent; the economies of many countries were too unstable. On the basis of "Point Four" Programme of President Truman, it was possible to overcome certain of the current difficulties and to prepare a permanent balance between the under-developed countries and the more industrialized countries.

47. The CHAIRMAN announced that there were no further speakers to take part in the general debate, but that representatives who wished to reply to statements

would be given the floor at the next meeting. The time-limit for the submission of draft resolutions was twenty-four hours after the end of the general debate.

48. Mr. SANTA CRUZ (Chile) suggested that the time-limit for submitting draft resolutions on general economic development should be prolonged.

49. The CHAIRMAN proposed that draft resolutions on technical assistance should be submitted by 6 p.m. on Friday, 30 November, and draft resolutions on the other aspects of item 26 by noon on Tuesday, 4 December.

It was so agreed.

50. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) asked in what order the various draft resolutions would be considered.

51. The CHAIRMAN suggested that the Committee should take up the draft resolutions in the following order of subjects : technical assistance, the financing of economic development, general aspects of economic development, and land reform.

It was so agreed.

The meeting rose at 6.15 p.m.