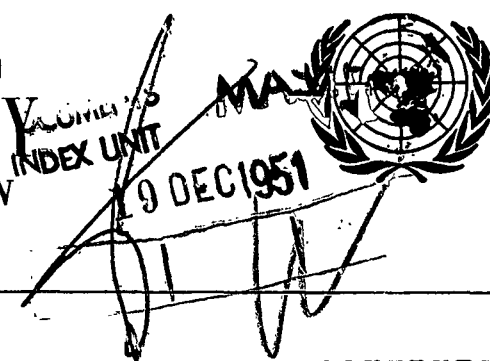


Monday, 26 November 1951, at 10.30 a.m.

Palais de Chaillot, Paris



CONTENTS

	Page
Economic development of under-developed countries : report of the Economic and Social Council (chapter III) (A/1884 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 (<i>continued</i>).....	47

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. The CHAIRMAN announced that draft resolutions and amendments should be submitted not later than twenty-four hours after the closure of the general debate.

2. Lord WAKEHURST (United Kingdom) said he had listened with sustained attention to the discussion of a matter which was one of the most important before the Assembly. He had been particularly impressed by the picture of the situation drawn by the representative of Chile (147th meeting). He was glad to note that it was proposed to approach the problem of development from a practical point of view. He himself had had some experience in that matter, having witnessed the beginnings of industrialization in the Soviet Union, where foreign engineers had provided technical assistance.

3. He thought it was a mistake to regard the world as being divided into two camps, composed respectively of the developed and the under-developed countries. Moreover, the under-developed countries should believe that the developed countries were favourably disposed towards them. Although his country's policy of development could never have been regarded as a policy of exploitation, the methods employed in that

direction had themselves progressed. The world was moving towards a stage of co-operation among inter-dependant nations. But private capital could still play a useful part in economic development, provided that saving was not discouraged and that the confidence of savers was restored. So far as government action to promote development was concerned, the United Kingdom had played a prominent part, and he cited figures to show the extent of his country's financial effort, particularly under the Colombo Plan. In one way or another, the total help given by the United Kingdom since the war to outside territories amounted, actually and potentially, to some 1,800 million pounds.

4. The magnitude of the effort showed that the United Kingdom was conscious of the need for promoting economic development, to which it had made a substantial contribution during the period of the reconstruction of its economy and to which it was still contributing, though constrained to build up its means of defence. Owing to its considerable sacrifices in the past, the United Kingdom could not enter into fresh commitments in support of a fund for financing economic development. Since the resources required for such a fund could hardly be assembled at the present time, it was not advisable to set one up.

5. The main difficulty which seemed likely in the immediate future to hamper economic development was less the inadequacy of financial resources than the shortage of capital goods, the production of which would suffer through re-armament. On the other hand, it was broadly correct to say that the rise in the prices of raw materials had increased the financial resources which the producer countries had at their disposal for development purposes. So long as a shortage of capital and capital goods persisted on either side, it would seem advisable to concentrate economic development on activities which involved a more intensive use of man-power. Production could be stepped up considerably with better methods and techniques, particularly in agriculture. For that purpose, land reform could be most useful.

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

* Indicates the item number on the General Assembly agenda.

6. Unless a system of land tenure providing more guarantees and greater security were established, and unless the living conditions of the peasants were improved, the peasants could hardly be expected to co-operate in the execution of agricultural development plans.

7. Distinct progress could be made in economic development without having to call on more capital than was available at the moment. The United Nations Expanded Programme of Technical Assistance was doing valuable work in that direction. The fact that his country could not contribute more to development programmes the object of which was to narrow the gap between the standard of living in industrial and that in under-developed countries did not mean that it questioned the importance of such programmes or wished to evade its responsibilities. It simply could not accept any further commitments.

8. In conclusion, he said his country was not re-arming to achieve any particular purpose by means of war, but to preserve peace. If those efforts met with success, development work on a large scale might be undertaken earlier than could be hoped for at the present time.

9. Mr. KATZ-SUCHY (Poland) noted that on the question of economic development the General Assembly could draw on a rich store of material consisting of studies made by the Secretariat, the specialized agencies and the regional and technical commissions. Those studies had elucidated all aspects of the problem.

10. Those studies showed that more than half the world's population was suffering from dire want; that its *per capita* income was only ten or even five per cent of that of the population in the industrialized countries; that the economic development of the under-developed countries was hampered by an outmoded social structure; and that ties with imperialist countries had made it impossible to establish domestic industries in those countries.

11. He was not sure that the proper conclusions had been drawn from those facts or how far United Nations action had produced useful results and served the cause of the economic development of the under-developed countries.

12. An examination of the current situation in the under-developed countries revealed that no significant progress had been made in recent years. In Asia, food production suffered from antiquated agricultural methods and excessive parcelling-out of the land and was below the pre-war level; as regards industrial production, the only countries in that area which had made progress in 1950 were the People's Republic of China and Japan; but then Japan's production served the military interests of the United States. In the Middle East progress had only been made in the production of crude oil, and in Africa the colonial Powers had concentrated their efforts on developing the production of strategic raw materials. In Latin America the rate of development had become distinctly slower—except in the case of certain raw materials purchased by the United States for strategic stock-piling—a fact illustrated by the trend of the employment and industrial production indices.

13. That state of affairs proved that radical measures had to be adopted before the circumstances of the

under-developed countries could improve. The present state of those countries was due to the fact that, for many years past, they had been under the economic and political domination of foreign States which had organized their economies as a kind of annexe to their own and had influenced them to produce agricultural products and raw materials cheaply, those commodities being exchangeable only for the finished products of the industrial countries at unfavourable rates. Thus, the Far East had supplied the industrial countries with jute, tin and rubber, the Middle East had supplied oil and Latin America non-ferrous metals, etc. The entire economy of those countries rested on the export of a small number of primary commodities to the industrial countries. The volume and value of those exports, which naturally accounted for most of the national income of the under-developed countries, fluctuated markedly according to the course of events in the industrial countries. Hence the economy of the under-developed countries was suffering from great instability, which could not be remedied without profoundly changing the economic structure. Since, moreover, the production of raw materials was to a large extent controlled by foreign capital, even an increase of production and of exports might very well not add to the national income or improve the condition of the population. Indeed, it might have the result merely of swelling the profits remitted to the foreign capitalists.

14. He mentioned the example of United States investments in Latin America as evidence to show foreign capital, even if it helped to raise production, did not necessarily enhance the well-being of the population. Foreign capitalists did not invest their money for philanthropic reasons, but with the object of realising higher profits than they would make on the home market. Accordingly they invested their capital in undertakings offering the best prospects of quick profits, which were usually undertakings that were least advantageous for the under-developed countries themselves.

15. His delegation had always maintained that economic development should rest first and foremost on the mobilization and better utilization of national resources. The most important of those resources was the human element—the creative effort of the population. However, in order to rouse the creative energy of the under-developed countries, it was necessary to remove the shackles of social institutions which perpetuated privilege and so to liberate the popular social forces from the oppression to which they were subjected.

16. In that connexion, the first measure required was a far-reaching land reform with the object of distributing the large estates among landless, small and medium-sized farmers, to liquidate the debts with which they were burdened, and to introduce into leases guarantees of security for those who cultivated the land. For that purpose large-scale assistance should be furnished to new agricultural undertakings in the form of fertilizers, seed, insecticides, implements, etc. It was equally necessary to give agricultural workers, tenants and small and medium-sized farmers the opportunity of themselves actively participating in land reform.

17. Admittedly, resolution 370 (XIII) on land reform adopted by the Economic and Social Council represented a certain advance, but it was now necessary to

supplement that initial action by energetic practical measures, such as those described in the draft resolution submitted to the Committee by his own delegation (A/C.2/L.82).

18. Furthermore, only industrialization could permit the full utilization of existing human and natural resources. The first aim of the under-developed countries should therefore be to mobilize all available capital so that they could produce or import essential capital goods. For that purpose they would have to redistribute the national income, for as at present distributed it was not likely to favour productive investment. The mass of consumers did not possess a sufficiently high purchasing power to promote the establishment of new industries, and the capital held by the wealthy classes was diverted from development projects into hoarding, real estate speculation and imports or luxury goods. The need was, therefore, as the Sub-Committee on Economic Development had stated in its report on the work of its third session², to eliminate the inequalities in the distribution of incomes, to reduce unnecessary imports and instead to develop the home market. In addition, the authorities would have to regulate the utilization of resources, strictly control foreign transactions, adopt a suitable monetary and credit policy, control prices, wages and profits, and above all free themselves from foreign political and economic domination.

19. He proceeded to analyse the accomplishments of the United Nations in the field of economic development. At most the results obtained were modest. Ever since its establishment the International Bank for Reconstruction and Development had made itself an obedient tool of the United States Government, which it had assisted in the realization of its selfish designs. The Polish delegation thought that no useful purpose would be served by establishing yet another financial agency or a special international fund, unless every precaution were taken to avoid a repetition of the International Bank's policy. The resolution submitted to the General Assembly by the Economic and Social Council did not correspond either to the requirements or to the interests of the under-developed countries. The resolution bore the objectionable imprint of the Proposals of the International Chamber of Commerce; it in no way interpreted the ideal of the United Nations. There was nothing in the resolutions on economic development adopted in the past by various United Nations bodies to show that the United Nations had really respected the principle of the vital priority of industrialization as the most important factor in the economic development of the under-developed countries. There was nothing to show that the United Nations had recognized the undeniable right of countries to protect their industries against competition from more highly industrialized countries. The Polish delegation felt the United Nations ought to adopt a different attitude.

20. The economic backwardness of the under-developed countries was both structural and accidental in origin. Firstly, there was an inherent contradiction between the condition of their forces of production and the system of exploitation, a flagrant disproportion between the scale of their resources and that of their production. Secondly, the transformation of the United States economy into a war-economy and the stock-

piling of strategic raw materials were unlikely to stimulate such branches of production as assisted basic industrial development; on the contrary, they accentuated the primitive character of the economy of the under-developed countries and aggravated their condition of dependence. Speculative purchases of strategic raw materials for war industries had led to inflationary pressure in the under-developed countries connected with the rise in the prices of those commodities, a rise which brought more profit to the big foreign companies than to the exporting countries themselves. Arms production, moreover, had led to a shortage of the capital goods necessary for putting economic development plans into effect. For those reasons the Polish delegation considered that the supply of capital goods and machine tools to the under-developed countries and sales of raw materials exported by them ought to be regulated by long-term trade agreements; it had drafted an appropriate resolution (A/C.2/L.81) which it was submitting to the Second Committee.

21. He proceeded to answer some of the United States representative's statements; he claimed that the United States financiers were primarily interested in making substantial profits and not in serving the interests of the under-developed countries. Similarly, the United States Government, under the pretext of organizing the defence of the free world, was only pursuing its policy of expansion and imperialist exploitation and was not interested in the industrialization and diversification of the under-developed countries' economies or the modernization of their agriculture.

22. On the other hand, and contrary to the United States representative's claim, the aid given by the Soviet Union to the Peoples' Democracies, and among them to Poland, was absolutely disinterested. To see how effective it was, one only needed to think that in the next four years it would enable Poland to increase its steel production by twice as much as the aggregate iron and steel production of all Latin American countries.

23. The armaments race begun by the United States of America and its allies was one of the most serious obstacles to the economic development of the under-developed countries, and the United Nations should, and could, exert itself to bring it to an end and to see that the world's resources were increasingly used for peaceful forms of production so as to satisfy both the growing needs of the industrialized countries and those of the under-developed countries. Economic development must be viewed under its political and social aspects also; compromise solutions or half-measures were not enough. Every type of colonial and imperialist exploitation must be ended and the under-developed countries left in entire freedom to dispose of their own resources as they wished, placing the interests of their own peoples first and foremost.

24. Mr. KHOMAN (Thailand) stated that economic development was one of the most serious problems with which all governments, particularly those of the under-developed countries, were faced. For the under-developed countries, most of which had remained agricultural countries using obsolete methods and equipment, the seriousness of the question had been accentuated by the fact that their productivity, far below that of the industrialized countries even in the past, was tending to sink still lower as a result of soil-exhaustion. The Government of Thailand was per-

² Document E/CN.1/65.

fectly well aware of the immensity of the task which faced it in that respect, and fully realized, too, that progress would depend mainly on its own efforts.

25. The resolve it had shown had not failed to yield certain definite results. The increase in rice production, for example, which Thailand had managed to achieve since the end of the Second World War, was such that rice exports had quickly reached and had since even exceeded the pre-1939 level. Thailand was for the moment the main rice-exporting country in South-East Asia. Moreover, it appreciated the literally vital importance of rice to millions of human beings and had made a great effort to keep the price of rice at a stable level, despite the rise in the prices of other foodstuffs. It would continue to follow that policy so long as its economic development programme did not suffer as a result. Thailand's exports of rubber were also higher than before the war.

26. Those achievements, however, must not be allowed to obscure the fact that the country's requirements in terms of industrialization, roads, irrigation, etc., were vast. Such work was far beyond the resources of the government, already sorely strained by the sacrifices it had made to stabilize the price of rice and by its contribution to the United Nations' effort in Korea. The Government had therefore to concentrate on a few indispensable projects, and it had given highest priority to the irrigation projects, which would enable Thailand to increase its rice exports by about 30 per cent in four or five years. It was receiving help from the International Bank for Reconstruction and Development and from the United States Economic Co-operation Administration in carrying out those plans.

27. Fortunately, as problems of economic development had grown more and more acute and reached the point when the various countries, and particularly the under-developed ones had no longer been able to tackle them on their own, the idea that it was in the industrialized countries' own interest to assist the under-developed countries had been developing and winning general assent. In that connexion he quoted the statements of the President of the International Bank for Reconstruction and Development, reproduced in paragraph 444 of the Economic and Social Council's Report. Naturally it was only slowly that the new idea of international responsibility for the development of under-developed countries had been put into practice; that it had been, could be seen from the inception of the programmes of technical and economic assistance, the Colombo Plan and above all the programmes of assistance from the United States, whose generosity had opened a new era in the history of international relations.

28. Contrary to certain fears expressed in the Committee, he did not think such assistance in any way infringed the sovereignty or independence of the recipient countries. Surely, no government would exchange its independence for economic improvements.

29. Scarcely had the idea of international solidarity in the matter of economic development been conceived, when world events had led some people to think it was necessary to go further and establish an international authority to assist the under-developed countries in carrying out their basic programmes. That point of

view had been ably argued by many members of the Committee and deserved most careful study. Since, however, its realization would require the almost universal support of the governments concerned, thorough studies and lengthy negotiations would be necessary. Until the results of those negotiations became known, it was necessary quickly to adopt certain practical measures for dealing with immediate difficulties.

30. In the first place, the prices of basic goods were tending to follow a direction opposite to that of the prices of manufactured products, which were constantly rising. Although at the end of 1950 and early in 1951 primary products had brought good prices, there had lately been a substantial decrease and the disparity was again evident. That consideration might have dangerous consequences for the economy of the under-developed countries and should be checked.

31. In the second place, as the representative of Indonesia had already shown (149th meeting), if the balance of payments of the under-developed countries was favourable, the principal reason was that they could not find any suppliers from whom to buy all the capital goods they needed. Since the International Bank had established a service for assisting governments to which it had granted loans in procuring the capital goods needed for their development programmes, perhaps it could place that service at the disposal of the governments of the under-developed countries even, if it had not granted them loans; failing some such arrangement, perhaps it could delegate the function to other existing international agencies. The United States representative had mentioned that his Government was endeavouring to assist the under-developed countries in obtaining a fair share of United States industrial production. He (Mr. Khoman) was convinced that if other industrial countries did likewise, the problem would be easier to solve.

32. Moreover, in his opinion the International Bank was the proper body to be approached when financing difficulties were encountered. The Bank's Articles of Agreement clearly made it the competent authority in the matter. It would therefore be enough to liberalize the Bank's lending policy and extend its services to under-developed countries not members of the Bank. Indeed, if necessary, it would be easier to revise some of the Bank's Articles of Agreement than to establish new international agencies.

33. Lastly, since the economy of most of the under-developed countries was predominantly agricultural, secure foundations ought to be provided for the proposed measures of economic development. The Thailand delegation had therefore associated itself with those of Brazil, Pakistan and the United States in submitting a draft resolution on land reform (A/C.2/L.76 and Add. 1), which, if adopted, would certainly be very useful to many countries as well as to Thailand, where, however, the agrarian problem was in no way acute since most of the farmers owned the land they cultivated.

34. The CHAIRMAN read the list of speakers and asked them to speak as soon as possible so that the general discussion could be concluded.

The meeting rose at 12.40 p.m.