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(d) Technical assistance for the economic development of under-developed countries	

Chairman: Mr. Jiří NOSEK (Czechoslovakia).

Economic development of under-developed countries (A/2172, chapter III, and A/2192) (*continued*):

- (a) **Financing of economic development of under-developed countries: report of the Economic and Social Council (A/C.2/L.154);**
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- (c) **Land reform: report of the Secretary-General (A/2194);**
- (d) **Technical assistance for the economic development of under-developed countries**

[Item 25]*

GENERAL DEBATE (*continued*)

1. Mr. HALIQ (Saudi Arabia) pointed out that delegations which had taken part in the exhaustive debates on economic development of under-developed countries in the Second Committee and the Economic and Social Council might hesitate to speak again, for fear of repeating what had already been said so many times. The idea that the maintenance of peace also raised economic problems was generally admitted by the United Nations, which furthermore acknowledged that the development of the under-developed countries was the key to the problem. It was also undeniable that such development could be effected only by infinitely complex international action, the success of which depended on so many different factors that con-

stant vigilance was essential. All members should therefore contribute their ideas on the matter, and that was why he wished to take part in the general debate.

2. Nearly all the debates which had taken place recently on the question had been based on the principle that the purpose of international action should be to raise *per capita* income in the under-developed countries, principally by stimulating foreign investments. In that connexion, the members of the Second Committee and of the Economic and Social Council tended to consider that it was now incumbent on governments to make their peoples understand that the changes in social structure required by any improvement of their financial situation were onerous and that, owing to the scarcity of the necessary capital, they would not enjoy the advantages of such improvement for a long time to come. He doubted whether current political and economic controversies were liable to assist governments in that task.

3. It was important not only to accelerate the movement of private investment towards under-developed countries, as had been generally recognized, but to lay increasing stress on freeing the decisions of international organizations from any political pressure, so that those organizations might base their decisions on economic criteria alone. In that connexion, it would be useful for the international financial institutions, such as the International Bank and the proposed special fund, to be able to draw up the principles governing international investments.

4. In stressing the necessity for concrete action, he pointed out that the Economic and Social Council and

* Indicates the item number on the agenda of the General Assembly.

the Second Committee had hitherto tended to be too satisfied with resolutions and to concentrate on words rather than deeds. Good resolutions certainly had the advantage of defining the aims to be achieved and of promoting progress, but the Council and the Second Committee would do well to give more attention to the concealed problems underlying the crucial points. Thus, it was stated that investments were necessary and resolutions were adopted to encourage the flow of private capital to the under-developed countries, but it was forgotten that it was the economically advanced areas which attracted private capital, as the example of Canada showed. The Saudi Arabian delegation considered that the Committee would certainly benefit by a study of the factors underlying what might be called the "coquettishness" of foreign private investment.

5. Saudi Arabia was an example of the advantages which sincere collaboration between a people and its government and foreign capital might bring. Under its barren sands lay the treasure of oil—from 10 to 15 per cent of all the oil in the world. The Government concession granted to foreign capital for the development of the oil fields of Saudi Arabia had revolutionized the economic structure of the country. Since 1933, more than 526 million dollars had been invested; 23,000 persons, 78.5 per cent of whom were Arabs, were engaged in that undertaking, the profits of which, before tax, were shared equally between the investor and Saudi Arabia. The production of oil, the development of other natural resources and the consequent industrial development had enabled the Government to increase its budget tenfold and to devote large sums to education, public health, public transport and agriculture. New undertakings had sprung up in a country which had previously derived its income mainly from the transit of Moslem pilgrims. Among them were electric power stations, factories for processing petroleum derivatives, asphalt works and ice plants. Imports of food, clothing and equipment had risen considerably. Whole towns had been built in accordance with carefully drawn up plans and the communities which occupied them would undoubtedly be among the most advanced in that part of the world. The progress arising from the oil industry had extended to all branches of the economy and the Government was sparing no effort to encourage the development of undertakings which were not connected with oil. Gold and iron deposits had been discovered and the country's prosperity was constantly increasing.

6. It should also be recalled that his country owed much to the technical assistance given by the United Nations and its specialized agencies, especially FAO and WHO.

7. With regard to the necessity of increasing productivity in under-developed countries, a distinction should be drawn between the capacity to produce and the capacity to sell, which were often confused. The countries which needed investment for development had a perpetual shortage of hard currency. Their economic situation was such that their *per capita* income and output did not enable them to achieve an adequate rate of savings and, consequently, to invest enough capital to ensure increased productivity. That state of affairs led them to seek foreign capital and involved them in a vicious circle which was caused by their very efforts to increase their productivity.

8. Such considerations also applied to land reform. Unlike countries in the temperate zone, the Middle Eastern countries, which comprised vast tracts of desert, depended to a great extent on artificial irrigation for agricultural development. Irrigated cultivation required more capital and more labour, but was also more productive. It was therefore lack of water, and not of arable land, that affected most of the Middle Eastern countries. In that connexion, *Final Report of the United Nations Economic Survey Mission for the Middle East*,¹ chapter I, contained some proposals, which, if translated into action, would certainly lead to a fuller development of the resources of the Middle East.

9. As to the necessity of emerging from the vicious circle in which greater output called for investments while insufficient output hindered the investments required, he stressed that the resources of the Middle East could not be developed unless a considerable flow of capital was ensured. A group of experts appointed by the United Nations had estimated that the Middle Eastern countries needed 1,300 million dollars a year to raise the national *per capita* income by 2 per cent. According to their calculations, national savings and oil royalties would account for 540 million dollars; the balance would have to come from abroad.²

10. Although the increase of productivity was costly, the results already achieved were encouraging. An example was the experiment undertaken at Al-Kharaj, in Eastern Saudi Arabia, where a barren area of several thousand acres had been turned into an extremely fertile region by use of the most modern methods. Nevertheless, it was not solely by improving agricultural methods that food production could be developed; great hopes lay in the discovery and use of new and unused resources. For example, all the Middle Eastern countries had long coastlines, which were undoubtedly a source of wealth. It was therefore obvious that their future did not depend solely on settlement of the land problem. It was essential to approach problems resolutely from a new angle, while of course taking into account the important sociological and cultural factors on which the success of any industrialization programme depended.

11. Everyone agreed that the world would never again return to the methods of the nineteenth century, which had consisted in ignoring precarious economic situations until they became uncontrollable. It was generally considered that the community of nations had now opted for collective action based on the idea that economic evils affected the community as a whole and that everyone benefited by any measures taken to remedy them. Nevertheless, the debates in the Economic and Social Council and the Second Committee had shown that many delegations tended to consider collective action for the economic development of under-developed countries exclusively from the political point of view. That was a serious danger. It was becoming increasingly obvious that countries could not really serve their national interests without collaborating with other countries in economic matters. In order to be convinced of that fact, it was enough to draw a parallel between the efforts of the under-developed countries to obtain foreign capital, grants and technical assistance

¹ United Nations Publication, Sales No.: 1949. II. B. 5.

² *Measures for the Economic Development of Under-developed Countries*—United Nations Publication, Sales No.: 1951. II. B. 2.

and the efforts of the industrial countries to obtain raw materials, invest their capital and develop free trade. Both the economically advanced countries and those which were less advanced understood that the financing of the development of under-developed countries could be considerably accelerated by directing private capital in the desired direction. The debates of the Second Committee in the preceding year and those of the Economic and Social Council at its fourteenth session clearly showed that it was inadvisable from the economic, political and moral points of view to allow the permanent institution among nations, whether more or less developed, of the relations of benefactor to beneficiary, whatever the difference in wealth between them. It was generally understood that a system of commercial agreements and an economic co-operation conceived not as a charitable undertaking, but as a transaction profitable to both parties, should be substituted for the existing state of affairs, for grants and for unilateral gifts.

12. In that spirit, the Saudi Arabian delegation would support the Chilean draft resolution (A/C.2/L.154), which dealt with the establishment of a special fund. It was convinced that by following that course, the Committee and the Economic and Social Council could do really useful work. In order to achieve concrete results and to foster the maximum good-will, the fund should be regarded as an institution to which states would be bound by contractual obligations.

13. Many delegations, especially those of the under-developed countries, had stated that an international fund was an essential aspect of assistance to under-developed countries because it would enable them to obtain long-term, low-interest loans. They had maintained that there was no reason to think that international financing conceived and applied by an international body, would not be as beneficial as unplanned and random investment. The Saudi Arabian delegation hoped, however, that in drawing up the detailed plan which was to be submitted to the General Assembly, the Economic and Social Council would pay special attention to the complex nature of international investment. One of the Saudi Arabian delegation's fears in that connexion was that the effective operation of the fund might be hampered by the bureaucratic routine which so often paralysed international bodies by its characteristic rigidity, inertia, undue attention to detail and excessive expense. It also feared that it might be impossible for an international financial agency to analyse the huge volume of information which it would receive in such a manner as to enable its officials to take the right decision at the right time. The International Bank and the International Monetary Fund suffered from some of those weaknesses. In order to remedy that situation, it should be possible to draw up a general code for international investments which would be internationally acceptable and practicable. In the absence of such a code, international organizations were guided by logical general rules which enabled them to pursue their objectives with more or less satisfactory results. The international community would have to show great tolerance if the endeavour were to succeed.

14. As an instrument of international economic co-operation, the United Nations had hitherto confined itself to stimulating exchanges of views among its Mem-

bers and to collecting and analysing data. The Organization could encroach upon the economic autonomy of States only to the extent to which those States themselves voluntarily sacrificed part of their autonomy. The proposed new institution for facilitating foreign investments therefore would extend the responsibility of the United Nations and constitute a kind of challenge. In order to meet that challenge, the United Nations must be able to rely on the wholehearted co-operation, understanding and tolerance of all its Members.

15. Mrs. LINDSTROM (Sweden) pointed out that after having been dealt with by the Economic and Social Council at its last session, the question of the financing of the economic development of under-developed countries by an international finance corporation or by a special fund was still being studied. It was perhaps not advisable during the current waiting period to run the danger of deviating the course of study by long debates in the Second Committee.

16. Her delegation had not been among those which at the sixth session of the General Assembly had voted for the establishment of the special fund for grants-in-aid and long-term loans at low-interest rates. It had then been of the opinion that it would be better to liberalize the rules governing technical assistance and the lending policies of the International Bank. Since then, however, the General Assembly, and later the Economic and Social Council, had decided on a special fund, and she wished to state, in that connexion, that the Swedish Government was in no way opposed to the principle that the more favoured countries, such as Sweden itself, should increase their financial and technical assistance to the under-developed countries. The economic future of all countries in the world was an indivisible whole and it was essential to remove from the relations between the highly industrialized countries and the under-developed countries anything which might give rise to a sort of class struggle on the international plane, a struggle which would indicate a situation dangerous to international peace and unity. The Swedish Government had accordingly not hesitated to quadruple its contribution to the technical assistance programme.

17. Having made that declaration of principle on behalf of her Government, she wished to indicate how, in the opinion of her delegation, the countries which were to receive financial or technical assistance could justify an increase in the assistance provided by the industrialized countries. In that connexion, a recent leading article in *The New York Times* had claimed that the problem was not so much economic as political; the article had referred to events in Iran and certain Latin-American countries to show that lack of protection against expropriation of foreign investments had created doubts in the minds of American financiers which it would be difficult to overcome. Such doubts were not peculiar to American capitalists. The capital-importing countries must therefore endeavour to create an atmosphere of confidence and do everything possible to encourage private capital investment. Among the questions requiring such action was that of double taxation, which was at present being studied by the United Nations Secretariat.

18. It must also be pointed out that the unequal distribution of income and fortunes in certain under-

developed countries was not calculated to inspire confidence in the nationals of the industrialized countries. It would be to the advantage of the governments of the under-developed countries to demonstrate, by adopting a system of progressive taxation, for example, that they were endeavouring to eliminate glaring inequalities. They would thus prove that technical assistance improved the lot of the neediest sections of the population.

19. If the under-developed countries failed to create such an atmosphere of confidence it would be difficult to derive all the expected benefits from the special fund and the Committee which was studying the proposal for the establishment of the special fund ought to take that circumstance into account. The desired result might be achieved by liberalizing the rules governing the grant of financial and technical assistance with a view to increasing the supply of equipment for pilot plants and demonstration projects. In that way, financial assistance could be co-ordinated with technical assistance and the United Nations technical assistance programme could be organized on the same basis as the United States "Point Four" programme.

20. Another aspect of the technical assistance programme on which she wished to comment was the recruitment of experts, probably the most important single factor in the successful development of the programme. Her delegation did not believe that the Technical Assistance Board was using the most efficient and rational methods in the selection of experts. There seemed to be insistence on the age and practical experience of candidates which tended to exclude young though competent technicians and public servants. It also appeared that social affairs experts were not recruited on the same basis as technical or administrative experts; for example, instead of governments being consulted, social affairs experts were recruited on the basis of personal interviews. That did not seem to be a very practical way of recruitment. Without pretending in any way that that was an inefficient method of recruitment, she wished to say that, in the social field, not a single expert had been recruited from Sweden, although Sweden, next to the United States, the United Kingdom and France, was the country receiving the greatest number of fellowship holders studying social welfare.

21. As regards the United Nations fellowship programme, it might perhaps be desirable to supplement the study syllabuses by on-the-job training in industrial enterprises. That method would have the advantage of helping to finance the training of the fellowship holders selected by the United Nations, and would enable the trainees to obtain a salary to cover the cost of their subsistence.

22. Financial and technical assistance to the under-developed countries was the most positive way in which the United Nations could achieve its aims. The Swedish Government was accordingly prepared to give all the support its resources permitted to the implementation of the technical assistance programme.

23. Mr. VANER (Turkey) wished to reply to the allegations of the Czechoslovak representative at the previous meeting that 6 million persons in Turkey were wholly or almost wholly unemployed and owned no land, that the Turkish Government was making no

effort to bring about land reform despite the fact that farmers represented 80 per cent of the population and that only from 10 to 12 million hectares of the approximately 21 million hectares of arable land was under cultivation. The Turkish Minister of Agriculture had also been alleged to have stated that land reform could not be carried out for thirty or forty years; and that Turkish peasants were supposedly prevented by the police from freely farming their land.

24. Such tendentious statements made it clear that the Czechoslovak representative was seeking to minimize the Turkish Government's efforts in the economic and social fields; they were inspired by malice.

25. Even before the Second World War, the Turkish Government had made a thorough study of the question of land reform and had subsequently passed Act No. 4753, which provided for the grant of land to landless farmers and to farmers whose holdings were too small to be profitable. It also provided for State financial and technical assistance to the farmers who had thus become landowners. Lastly, it provided legal guarantees to confirm those farmers in the possession of their land and equipment.

26. Contrary to what had occurred in Czechoslovakia or in Eastern Germany, the land distributed under the Act had not been acquired by confiscation. It was state-owned land or land bought by the Government from landowners whose holdings amounted to more than 1,235 acres. The beneficiaries of land reform must pay back in twenty-five years the value of the land received. Equipment loans were also granted for twenty-five years and the working-capital loans for a period of from three to five years.

27. The Land Reform Act was being put into effect according to a carefully prepared plan. In areas where it was not yet in effect, state lands were made available to farmers at very low rents. Between 1947 and the end of 1951, 7,413,000 acres had been distributed among 51,447 families; in that way, more than 50,000 new farms had been established. It should be recalled that in the same period some 160,000 Turkish refugees expelled from Bulgaria had been settled in Turkey. The Government had given them 626,000 hectares of land, farming equipment, livestock and working capital. That action had been made possible by the arrangements the Government had made and by the welcome the whole Turkish population had given the refugees.

28. The Turkish Government had succeeded in carrying out the land reform despite the difficulties created by the world political situation and, above all, despite attempts by certain neighbours of Turkey to weaken the country's economic and social structure.

29. The statement by the Turkish Minister of Agriculture to which the Czechoslovak representative had referred showed that the Turkish Government was determined to carry through the agrarian, economic and social reforms it had undertaken. The reforms were the fruit of a continuous process of evolution and not, as in Czechoslovakia, the result of harsh measures imposed by the authorities. It was possible that the final goal would not be achieved very quickly and that the process of evolution would continue for thirty or forty years, but the Turkish people had no intention of saving time at the expense of its fundamental liberties.

30. The Czechoslovak representative had claimed that 6 million persons were unemployed in Turkey. That was a tendentious interpretation of the facts; he had himself stated with justification that in Turkey farmers constituted 80 per cent of the population. It was, however, a well-known fact that the work of farm labourers was subject to seasonal variations.

31. In his statement on the utilization of arable land in Turkey, the Czechoslovak representative did not appear to have taken the distribution of land into account. In 1949, the total area of Turkey had been 76,711,900 hectares,³ not including lakes and marshes. The area of cultivated land had been 8,998,419 hectares and that of fallow land 4,425,719 hectares. Meadows and grazing land had covered an area of 38,613,266 hectares, vineyards and vegetable-gardens 1,847,930 hectares, woods and forests 10,358,168 hectares and unproductive land 12,468,398 hectares.

32. Application of the Land Reform Act, improvement of farming methods, development of the agricultural credit system and the use of better seed had made it possible to increase the area of land under cultivation, as compared with 1949, by 3 per cent in 1950 and by 8 per cent in 1951. Similarly, the index of agri-

cultural production, which had declined in 1949 and 1950 because of drought, had risen in 1951 by 52 per cent as compared with the 1948 figure. Lastly, there had been a substantial improvement in the grain crop yield. Those successes had brought about a change in the structure of Turkish exports: grains and cotton were at present first and second respectively on the list of exports.

33. The progress in agricultural production was largely due to the mechanization of agriculture carried out by means of technical assistance from the United States; whereas Turkey had had 262 tractors in 1946, it now had more than 30,000. While he did not wish to dwell at length on the police incident to which the Czechoslovak representative had referred on the basis of a Press report, he would take the opportunity to point out that the Turkish Press enjoyed complete freedom and that the Government exercised no control over it. It freely expressed the views of the parties in power and the criticisms of the opposition parties.

34. The CHAIRMAN announced that he would propose to the Committee the closure of the list of speakers in the general debate on the first item of the Committee's agenda on Friday, 31 October 1952.

The meeting rose at 4.20 p.m.

³ 1 hectare = 2,471 acres.