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Chairman: Mr. Jiří NOSEK (Czechoslovakia).

Economic development of under-developed countries (A/2172, chapter III, A/2192, A/C.2/L.155, A/C.2/L.190, A/C.2/L.191, A/C.2/L.192 and A/C.2/L.193) (*continued*)

[Item 25]*

1. Mr. BURR (Chile) recalled that his delegation had already submitted the draft resolution under document A/C.2/L.155, but wished to explain its scope and make a few additional comments.

2. He emphasized that economic development should be considered from an inter-regional or inter-continental angle—in other words, as related to the general interest of humanity and not to the interests of a specific region or country. It was dangerous to change the direction of economic development but advantageous, when circumstances allowed, to plan for long-term economic development. His delegation had stressed the tremendous advantages of a clear-sighted policy of economic inter-dependence, and had always supported the adoption of measures which would promote the establishment in a given region of markets sufficiently large to provide a basis for balanced and harmonious economic development. International organizations, specialized agencies and finance institutions should always apply their policies so as to co-ordinate the various measures for ensuring economic development.

3. A movement towards co-ordination had recently become apparent in the industrialized countries. After having, for a long period, drawn from specialization the classical advantages of division of labour, the industrialized countries of Western Europe had decided to take a first step towards European economic

integration by jointly exploiting the raw materials necessary for the manufacture of steel. The under-developed countries of Latin America had not followed the same trend. Industries of the same kind had been set up in all those countries; as a result, apart from the limited possibilities of its raw materials, Latin America could only become industrialized to the extent permitted by the level of exports and structure of imports of each country. Only international co-ordination of economic development programmes would make it possible to utilize the resources of each of the Latin-American States in a suitable way. That was shown in a study on Foreign Trade and Industry, prepared by the Economic Division of the Pan-American Union, some passages of which he quoted.

4. He recognized that the under-developed countries were justified in attempting to become industrialized; but he maintained that it was dangerous to undertake programmes of industrialization which were not mutually co-ordinated. Such co-ordination did not hinder but promoted economic development, since it tended to make efforts more effective. He was certainly not unaware of the difficulties of complete international co-ordination of economic development, because of the frequent divergencies between the interests of various countries; it would, however, be possible to co-ordinate first the activities of important industries, provided they were carefully chosen.

5. His delegation had already expressed the anxiety of the under-developed countries at certain actions which appeared contrary both to the principle of full employment and to that of the dignity of the individual, proclaimed by the United Nations Charter. The governments of under-developed countries were concerned to note that colonial economic expansion was often carried out to the detriment of the population's standard of living. Such exploitation was contrary

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

both to humanitarian moral principles and to the principles of economic interdependence enshrined in the Charter. It created a situation of unfair competition detrimental to countries which, in drawing up economic development programmes, took account of the need to give the working classes just remuneration and social benefits.

6. In order to remedy that state of affairs, stress should be placed on the co-ordination of economic development. Co-ordination would provide a remedy for excessive division of the market, competition between the various economic development programmes, and excessive exploitation of the standard of living of the population in certain countries. There was need to avoid the execution of some programmes to the detriment of others, and the favouring of some regions above others.

7. He emphasized that the regional economic commissions were in a very good position to bring about international co-ordination by objectively studying the individual needs of each country. They were thus able to address appropriate recommendations to the Economic and Social Council. The Council, which received the commissions' reports, was also well placed to participate in the work of co-ordination.

8. Those were the reasons for which his delegation had submitted the draft resolution in document A/C.2/L.155, which he read. He hoped that the draft resolution would not give rise to any controversy which would delay the Committee's work, and thanked the various delegations who had already supported it in the general debate.

9. Mr. LUBIN (United States of America), presenting his delegation's amendments (A/C.2/L.190), said they were merely drafting amendments intended to improve the English text of the Chilean draft resolution. It appeared that the Chilean delegation could accept the amendments, subject to a few changes.

10. At the request of the Chilean representative he would replace the words in his first amendment "should be carried out" by the words "can best be carried out".

11. He was moreover prepared, at the Chilean representative's request, to withdraw that part of his amendment which would replace the words "and co-operate in the efforts of the countries to that end as well as in the work of resolving" by the words "as well as in the consideration of". That part of the second amendment was therefore withdrawn.

12. Also at the Chilean representative's request, he agreed to omit from his third amendment the words "within the terms of reference of the commissions, as approved by the Economic and Social Council". To replace them he proposed to add, at the end of sub-paragraph (a) of the second operative paragraph of the draft resolution, after the words "the objectives mentioned in resolution 523 (VI), paragraph 1 (b)", the words "relevant policy decisions of the Economic and Social Council and the terms of reference of the commissions".

13. Sir Clifford NORTON (United Kingdom) said he was prepared to support the draft resolution submitted by the Chilean delegation (A/C.2/L.155).

14. He thought it desirable however to amend the text of sub-paragraph (a) of the second operative

paragraph where it would be better not to mention paragraph 1 (b) of resolution 523 (VI). As the Committee was aware, delegations frequently accepted resolutions as a whole, in a spirit of compromise. By singling out one particular passage in a resolution that compromise was destroyed. It was not therefore desirable to base oneself on the provisions of one specific paragraph. That was true of General Assembly resolution 523 (VI). Any attempt to isolate paragraph 1 (b) would distort its meaning. The words "mentioned in resolution 523 (VI), paragraph 1 (b)" in the Chilean draft resolution would therefore be better replaced by the words "mentioned in resolution 523 (VI)". He hoped the Chilean representative would have no objection to that amendment contained in document A/C.2/L.191.

15. He supported the amendments submitted by the United States delegation (A/C.2/L.190), and said that his delegation would vote for the draft resolution so amended.

16. Mr. BURR (Chile) accepted the amendments proposed by the United States representative.

17. In answer to the United Kingdom representative, he pointed out that in his opinion paragraph 1 (b) of resolution 523 (VI) should be mentioned because it was directly connected with the problem under consideration. He proposed a new wording for the end of sub-paragraph (a) of the second operative paragraph of his draft resolution: "... bearing in mind the objectives mentioned in resolution 523 (VI), in particular paragraph 1 (b)".

18. Mr. TOUS (Ecuador) expressed his great admiration for the work of the Economic Commission for Latin America, which had been particularly useful in Ecuador. He would support the Chilean delegation's draft resolution, and the amendments submitted by the United States delegation and accepted by the sponsor of the draft resolution.

19. His delegation was submitting amendments (A/C.2/L.192), intended to enlarge the scope of the Chilean draft resolution rather than, properly speaking, to amend it.

20. He pointed out that, among the activities of ECLA, mention should be made of the integrated studies it had initiated of the economic potentialities and development of various Latin-American countries. Those studies, which were an innovation undertaken on the instructions of Mr. Prebisch, the eminent Executive Secretary of ECLA, had proved extremely useful, and the under-developed countries of Latin America would benefit if they were extended. He quoted extracts from ECLA's fourth annual report¹ in which the Executive Secretary emphasized the value of the studies. He also referred to the work of ECLA in Ecuador. It would be helpful not to lose sight of that aspect of ECLA's activity, and he had therefore submitted an amendment in that sense.

21. For similar reasons the Ecuadorean delegation, in the next sub-paragraph of its amendment, had mentioned the meetings of experts on basic industries, such as the recent Bogotá meeting of the Expert Working Group on the Iron and Steel Industry in Latin

¹ See *Official Records of the Economic and Social Council, Fourteenth Session, Supplement No. 2.*

America. The importance of that aspect also of ECLA's work should be fully recognized. The meeting had been very instructive, and would have an unprecedented effect on Latin America's economic life because it had served to destroy the prejudices of those who did not believe in the possibility of creating an iron and steel industry in Latin America.

22. He referred to his delegation's proposal to add to the operative part of the Chilean draft resolution a new paragraph recommending that attention be paid by all the already-established economic commissions, singly and collectively, to promoting trade between the countries of their respective regions and those of the Middle and Near East. His delegation considered the non-existence of an economic commission for the Middle and Near East regrettable. In the absence of such a commission it would, however, be useful to make plans for the development of trade relations between the countries in that area and the other underdeveloped countries. Moreover, it was essential that ECLA should continue the studies it had initiated on the economic potentialities and development of the Latin-American countries. Those were his reasons for presenting the amendment, which flowed logically from the considerations expressed in sub-paragraph (a) of the second paragraph of the Chilean draft resolution.

23. Mr. DIAS CARNEIRO (Brazil) said that his delegation was in complete agreement with the spirit and the letter of the Chilean draft resolution (A/C.2/L.155) and would vote for it.

24. He made a few suggestions for the future work of the regional economic commissions. First, governments which were members of one regional economic commission should be encouraged to take part in the work of the others; to that end regional commissions should notify the governments of States members of other commissions whenever they intended to deal with a problem of interest to the economy of those States. That practice was bound to stimulate inter-regional trade, increase investment possibilities and encourage international movements of labour.

25. Secondly, the regional commissions should study the possibility of pooling the raw material and financial resources of the countries of their regions. By studying, in particular, whether countries of one region could exploit their oil and coal resources jointly and finance hydro-electric projects, agricultural programmes or irrigation plans jointly, the regional commissions would help to integrate the economies of those countries and surmount international barriers. The Bogotá meeting of the Expert Working Group on the Iron and Steel Industry in Latin America was a striking illustration of the results that could be expected from such studies.

26. Thirdly, responsibility for carrying out the multi-lateral technical assistance programme should be extended to the regional economic commissions. They could send their experts to government agencies in member countries, or receive at their headquarters officials of countries of the regions in which they operated. By such means it would be possible to overcome the difficulties due to the non-convertibility of foreign exchange sometimes encountered in carrying

out the technical assistance programme, and to extend the scope of the programme itself.

27. Lastly, he thought there should be a wider distribution of both the general and the specific studies made by each regional economic commission, by communication of the results to the other commissions and, through them, to the governments of the States members of those commissions. Some studies which had become out-of-date for some areas might be useful to others. It would certainly be advisable not to limit them to a regional distribution, and, if necessary, to reprint them.

28. He thought it might be valuable to communicate those suggestions to the secretariats of the regional economic commissions.

29. He drew the Committee's attention to the outstanding work the Economic Commission for Latin America had done under the direction of Mr. Prebisch, one of the most distinguished living economists, who by working out a general theory of economic development had done more to integrate the economic programmes of Latin America than had all the official meetings. Under his leadership ECLA had strengthened its co-operation with the specialized agencies. The Brazilian delegation was especially glad to note that the Co-ordination Committee set up to eliminate duplication of work between the Economic Commission for Latin America and the Inter-American Economic and Social Council had recently been able to state that the work of the two did not overlap at all; the threat to the very existence of ECLA was therefore averted, at least for the time being. The care with which the fifth session of ECLA had been organized was also due to Mr. Prebisch; the reason for the postponement of the Rio de Janeiro session until April 1953 was Mr. Prebisch's concern that it should be a success. The postponement should not be interpreted as an indication that annual meetings were unnecessary and that the sessions could well be held less frequently. The Brazilian delegation associated itself with the members of the Economic and Social Council in commending ECLA for the contribution it had made and was continuing to make to the economic development of Latin America by determining both the technical and the financial needs of the region, by continuing studies on the technique of programming, by contributing towards the formation of development policies, and by training economists in development problems. Brazil especially appreciated the achievements of Mr. Prebisch and of ECLA because it knew how difficult their work had been made by their lack of means and by the scepticism which certain government bodies in Latin America had shown at the outset towards United Nations agencies.

30. The Brazilian delegation did not support the first three amendments presented by the United States delegation (A/C.2/L.190). In its opinion they tended to confine the work of the economic commissions to the regions in which the commissions habitually operated and to the field expressly indicated in their terms of reference. The first United States amendment entirely ignored the global interpretation which could justifiably be given to Article 55 of the Charter, and created the impression that the commissions should abstain for the time being from world-wide co-opera-

tion. The Brazilian delegation, however, had already had occasion to state that in its opinion the regional economic commissions had not yet played the important part they ought to play in solving world economic problems. The second and third United States amendments also seemed to strengthen the tendency which the Brazilian delegation deeply deplored, to divide the work of regional commissions into separate compartments. Brazil would, however, vote in favour of the fourth United States amendment, which was a useful addition to the Chilean draft resolution.

31. He reserved the right to explain later his delegation's attitude to the United Kingdom amendment (A/C.2/L.191) and the Ecuadorean amendment (A/C.2/L.192).

32. Sir Clifford NORTON (United Kingdom) asked whether the Chilean representative would agree to change the last part of sub-paragraph (a) of the second operative paragraph of his draft resolution to read: "... bearing in mind the objectives mentioned in resolution 523 (VI), and particularly paragraph 1 (b)".

33. Mr. BURR (Chile) agreed willingly.

34. He could not, however, accept the amendments submitted by the Ecuadorean delegation (A/C.2/L.192), which went beyond the scope of the draft resolution. The first Ecuadorean amendment referred expressly to the work of the Economic Commission for Latin America, whereas the draft resolution dealt specifically with co-ordination between all the United Nations regional economic commissions. Sub-paragraph (a) of the second Ecuadorean amendment mentioned the Middle and Near East; but the reason why the Chilean draft resolution did not mention that region was precisely because there was no regional economic commission there. Sub-paragraph (b) of the second Ecuadorean amendment was implied in the Chilean draft resolution.

35. Mr. FACIO (Costa Rica) said that his delegation supported the Chilean draft resolution, particularly sub-paragraph (c) of the second operative paragraph, which paid tribute to ECLA.

36. He recalled that during the general discussion he had referred (202nd meeting) to the agreements on economic union concluded between the countries of Central America and had stressed the importance of ECLA's initiative in calling a conference to consider and co-ordinate the development programmes of those countries. An ECLA committee was at present carrying out the studies recommended by that Conference. The Costa Rican delegation therefore associated itself gratefully with the Chilean draft resolution. It had no difficulty in supporting the United States amendment (A/C.2/L.190) as amended orally by the United States representative with the assent of the Chilean representative.

37. Mr. BAUER-PAIZ (Guatemala) said that his delegation also would vote for the Chilean draft resolution.

38. To the other Latin-American representatives' praise of ECLA he added that of a second Central-American country which also felt very grateful for the part played by the regional commission in the

experiment of integrating economically the five Central-American Republics. Those countries, which were bound by geographical, historical, racial and cultural ties, had realized that their economic and social progress depended upon economic union. History showed that, when basically agricultural countries became industrialized, there arose a cut-throat competition which harmed the interests of all the parties. ECLA had taken the initiative of convening the Conference just mentioned by the Costa Rican representative in order to formulate a joint policy of economic development based on mutual co-operation and designed to bring about the progressive merger of the various economies, and to establish new enterprise or to develop existing activities according to an agreed order of priority. He outlined the types of activity on which efforts would first be concentrated, and stressed in particular the importance of the studies of the transport situation, of hydro-electric resources and of statistics, and recalled that the founding of a technological institute for Central America was projected. All those activities had led to the establishment of a Committee of the Ministers of Economy on Economic Co-operation in Central America, which had already drafted and adopted its rules of procedure. That Committee had recently invited the Republic of Panama, whose economic problems were similar to those of the five Central-American Republics, to participate in its work. He wished to recall those facts because they made it easier to understand the deep gratitude of the Latin-American countries, particularly the Central American Republics, to ECLA, and the eagerness with which those countries were voting for the Chilean draft resolution.

39. Mr. TOUS (Ecuador) was surprised that the Chilean representative considered that the amendments which the Ecuadorean delegation was submitting to the Chilean draft resolution went beyond the scope of the draft. ECLA's activities, which the first Ecuadorean amendment was intended to emphasize, were hardly less important than the activities connected with the economic integration of the Central American countries mentioned in sub-paragraph 5 (c) of the second operative paragraph of the draft resolution; it seemed that by disregarding them the importance of the part played by ECLA in Latin America was being to some extent under-valued.

40. He would not press for the retention of sub-paragraph (b) of the second Ecuadorean amendment, although its provisions followed logically from sub-paragraph (c) of the second operative paragraph and led to a practical conclusion. On the other hand, he considered sub-paragraph (a) of the second Ecuadorean amendment indispensable. Since, under sub-paragraph (a) of the second operative paragraph of the draft resolution the General Assembly would warmly commend the collaboration established among the existing regional commissions in promoting more trade between the countries of their respective regions, it would be discriminatory not to invite the regional commissions to promote trade between those areas and the countries of the Near and Middle East also.

41. Mr. BURR (Chile) said that, without under-estimating the importance of the problems raised in the Ecuadorean amendments, they did not fall within the scope of his draft resolution.

42. Mr. HALIQ (Saudi Arabia) announced his support of the Chilean draft resolution, and of the United Kingdom and United States amendments as accepted by the Chilean representative. He also supported the Ecuadorean amendments but suggested the substitution of the words "closer economic cooperation" for the word "trade" in sub-paragraph (a) of the new paragraph which the Ecuadorean representative wished to add at the end of the operative part.

43. Mr. HUEZO (El Salvador) recalled that, during the debate on the United Nations technical assistance programme, he had expressed his satisfaction at the technical assistance which the United Nations and the various agencies had extended to El Salvador (212th meeting). He now wished to pay a tribute to the experts and the Executive Secretary of the Economic Commission for Latin America, who were accomplishing very useful work. He would therefore vote for the Chilean draft resolution.

44. Mr. LUBIN (United States of America) recalled the provisions of the second Ecuadorean amendment and pointed out that the objectives of the amendment could be achieved if the words "not only among these countries but with countries of other regions" were added after the words "and declares that this collaboration should be furthered . . ." in sub-paragraph (a) of the second operative paragraph as amended by the United States.

45. Mr. TOUS (Ecuador) accepted the United States representative's proposal as in keeping with the spirit of the Ecuadorean amendment. In the circumstances his delegation would withdraw sub-paragraph (a) of the new paragraph which it had proposed. In deference to the fears expressed by the Chilean representative, he was also prepared to withdraw sub-paragraph (b) of that paragraph.

46. Mr. DE SEYNES (France) supported the Chilean draft resolution.

47. The draft had been tabled in connexion with the first item on the Committee's agenda: the economic development of under-developed countries. Because of the special circumstances which had characterized the current session, the item would probably be the only one which the Committee would have discussed at length. Since it would not be taking up other problems, and particularly since it would not be studying the activities of the Economic Commission for Europe, in which the French Government was specially interested, he feared that to a public out of touch with the Committee's discussions, the Chilean draft resolution as it stood might seem somewhat to disregard the part played by ECE.

48. The French delegation was proposing an amendment (A/C.2/L.193) in order to prevent any such impression being given.

49. Mr. BURR (Chile) accepted the French amendment.

50. Mr. JUNG (India) stated that his delegation wished to study both the French amendment and the effects which, in the view of the countries members of ESCAPE, the Ecuadorean amendment might have on the balance of the Chilean draft resolution. He therefore proposed that the vote on the Chilean draft

resolution and on the various amendments should be postponed until the following meeting.

The Indian proposal was adopted.

Economic development of under-developed countries: (b) Methods to increase world productivity: report of the Economic and Social Council (A/2172)

[Item 25 (b)]*

51. Mr. GINOSSAR (Israel) recalled that, during the general debate on item 25 of the General Assembly's agenda, the members of the Committee had been able to give their views on increased productivity. No delegation had submitted a draft resolution on the matter. Hence he doubted whether a discussion could lead to any useful result. If some speakers had already requested the floor, he proposed that the list of speakers should be closed.

52. The CHAIRMAN declared closed the list of speakers, on which the representatives of two countries, Belgium and the United States of America, appeared.

53. Mr. DE GROOTE (Belgium) stated that his delegation attached particular importance to increasing world productivity. Consideration of the question should make it possible to solve certain problems connected with the development of production in the under-developed countries.

54. If, by increasing productivity and by exercising continuous effort, an increase in production were achieved, the increase would be meaningless unless it met the needs of a wider market. Any increase in productivity could therefore be considered only in the context of an expanding economy and of a simultaneous increase in purchasing power. The effects of an increase in productivity must therefore be distributed in a way which would make an increase in purchasing power possible. The increase would not only contribute to economic development but would also give impetus to the various elements which combined to increase productivity.

55. He then drew attention to various obstacles to increased productivity. The main obstacle was psychological: the fear that increased productivity might lead to a drop in employment. Even if that fear were justified on a short-term view, in the long run it was completely baseless. The United Nations could play a useful part in stressing that such a fear was unfounded. By paying too much attention to it, progress might be impeded.

56. Increased productivity was of no value unless based on an improved economic structure. Productivity could not be considered in isolation; it was part of a larger problem, and administrative or fiscal action could certainly contribute to increasing productivity.

57. There was a general tendency to consider only the human aspect of productivity. That aspect was certainly of major importance, but the way in which production, equipment and methods were used must also not be overlooked. All studies on the maintenance and conservation of equipment helped to increase pro-

ductivity. So did improvement of production methods and of the co-ordination of scientific research. He hoped that scientific research work would be co-ordinated on a world-wide scale. To produce the best results the work should cover each of the various branches of industrial or agricultural activity.

58. Well-organized efforts to increase productivity, helped by the various United Nations bodies, would facilitate economic development, particularly in the under-developed countries, and would make it possible to satisfy the needs of all mankind in greater measure.

The meeting rose at 5.30 p.m.