UNITED NATIONS

GENERAL ASSEMBLY

Distr.
GENERAL

A/AC.35/SR.97
15 September 1954

ORIGINAL: ENGLISH

COMMITTEE ON INFORMATION FROM NON-SELF-GOVERNING TERRITORIES

Fifth Session

SUMMARY RECORD OF THE NINETY-SEVENTH MEETING

Held at Headquarters, New York,
on Monday, 30 August 1954, at 2.30 p.m.

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54-24153

PRESENT:

Chairman:	Mr. KHALIDY	(Iraq)
Members:	Mr. PETHERBRIDGE	Australia
	Mr. FRAZAO Mr. BATALHA LIMA	Brazil
	Mr. HLA AUNG	Burma
	Mr. YANG	China
	Mr. SVEISTRUP	Denmark
	Mr. APUNTE	Ecuador
	Mr. HURE Mr. MOURRUAU Mr. PRADA	France
	Mr. ARENALES	Guatemala
	Mr. SINGH	India
	Miss ROESAD	Indonesia
	Mr. AL-JAMALI	Iraq
	Mr. SPITS Mr. GRADER	Netherlands
	Mr. SCOTT	New Zealand
	Mr. GIDDEN Mr. LEYDEN	United Kingdom of Great Britain and Northern Ireland
	Mr. GERIG Mr. ROSS	United States of America
Representatives of specialized agencies:		
	Mr. MATTHEWS	International Labour Organisation
	Mr. VOGEL	Food and Agriculture Organization
	Mr. ARNALDO	United Nations Educational, Scientific and Cultural Organization
	Mrs. MEAGHER	World Health Organization
Secretariat:	Mr. HOO	Assistant Secretary-General
	Mr. BENSON	Secretary of the Committee

ECONOMIC CONDITIONS IN NON-SELF-GOVERNING TERRITORIES:

The rural economy, with particular reference to the conservation of natural resources, agricultural development, land distribution, agricultural co-operatives and credit institutions (A/AC.35/L.158 and Add.1, L.160, L.162, L.166 and Corr.1, L.169, L.172)

Fisheries (A/AC.35/L.163)

Industrial and mining development

Cost of living studies (A/AC.35/L.167)

Other questions (A/AC.35/L.174)

Mr. HLA AUNG (Burma) stressed that the purpose of the Committee was not to undertake economic studies but to express general views; those views must, in the best sense, be of a political character and should aim at the formulation of an economic policy which should be of assistance to the peoples of the Non-Self-Governing Territories in raising their standards of living.

Even allowing for the fact that much of the information for 1954 had arrived too late for inclusion in document A/AC.35/L.167, the information given in that document was inadequate, nor did such adequate information appear to be available to the Secretary-General. In paragraph 72 of the document the Secretariat was cautious in drawing any conclusion with regard to the progress in material living conditions of the peoples of the Non-Self-Governing Territories. In some instances, moreover, it appeared that the change which had taken place might be an extension of the monetary economy, in no way reflecting increased production or consumption. Paragraph 57, concerning the Belgian Congo, provided an example: there was no indication of the exact nature of the "durable household goods" referred to, or of the respective proportions of such goods made in the home and purchased at the shops. Again, it was not clear whether the food consumption figures given were based on production or on trade. He agreed with the Secretariat conclusion in paragraph 73 regarding the slight relevance of so-called cost-of-living figures to practical questions of the advancement or failure to advance of the peoples concerned. It might, however, be possible, in the absence of the Belgian delegation, to use the technique of analysis of a number of "components", as described in paragraph 76, to discover whether the Belgian Congo figures indicated a genuine improvement in living conditions or merely changes in the nature of the economy.

He hoped the Committee's programme of work for 1955 would include a further examination of the means by which the social advances of indigenous populations could be determined through modern computation of standards of living.

Mr. APUNTE (Ecuador) said that, of the two main lines of action open to Governments with respect to the proper utilization of land and its distribution between large estates and small units, as set forth in paragraph 4 of document A/AC.35/L.158, the utilization of new-sparsely-inhabited areas involved not only the establishment of rules for land acquisition, tenure and distribution but also overall planning to make the farming unit an effective means of raising the farmer's standard of living. It was essential that such planning should cover access to local or export markets, the improvement of sanitary conditions and the provision of administrative organs and services such as seed selection, hydraulic works, irrigation and soil conservation. In that connexion the conclusion concerning inadequate expenditure on agricultural services, set forth in document A/AC.35/L.166, paragraph 22, merited attention. The farmer invariably needed help in the initial stages, whether in the form of technical assistance, credit facilities or instruction. According to the Kenya Registrar of Co-operative Societies Annual Report, 1952, quoted in document A/AC.35/L.162, paragraph 27, security of land tenure was the basic factor in greater production, as a means of providing security for credit and as a prerequisite for a sustained demand for credit; but provision was needed for individual cases in which the new farm proprietor or tenant would require special credit facilities.

There were admittedly certain essential types of cultivation that could not be carried on economically except on large estates, but as much care was needed to avoid the formation of monopolies, which were harmful to development and might engulf small holdings, as to avoid uneconomic land distribution. The solutions proposed at the end of paragraph 3 of document A/AC.35/L.158, for the reconciliation of economic farm units with social stability where circumstances made estate ownership no longer desirable, were of interest in that connexion. His delegation fully concurred with the conclusions outlined in paragraph 112 of the same document.

The co-operative movement was a vital social and economic factor in the development of the Non-Self-Governing Territories. The difficulties faced in the development of agricultural credit and co-operative institutions, as described in document A/AC.35/L.162, were due partly to the persistence of subsistence economies and partly to special circumstances of social development. The conclusions set forth in that document with regard to the inadequacy of existing credit services for farmers (paragraph 41) and the need to relate agricultural credit to overall agricultural planning and development (paragraph 42) in the Caribbean Territories, and with regard to the significance of the co-operative movement as a means of providing training in a simple form of self-government (paragraph 96), were of particular interest. The co-operative movement would certainly grow as economic conditions in the Territories improved, because, in addition to solving the problems of credit during the transition from a subsistence to a monetary economy, it helped to reduce production and transport costs, to increase consumption and purchasing power and to raise standards of living in general.

The Special Study on Economic Conditions and Development in Non-Self-Governing Territories (ST/TRI/SER.A/6/Add.2) showed that industry, like agriculture, was geared rather to export than to home consumption; industrialization presented many problems but was indispensable to the progress of the Non-Self-Governing Territories and had advantages far outweighing the adverse influences on social structure and behaviour to which certain Administering Powers gave such importance.

A major problem of industrialization was the inexperience of local labour, which, unable to reduce production costs and thus produce goods at competitive prices, rendered overall planning for industrialization extremely difficult. Despite that and such other obstacles to the competition of a Non-Self-Governing Territory with an industrialized country as lack of technical skills, capital and assured markets, it was an anachronism that, for example, a cotton-growing Territory should import finished cotton goods to which high overhead charges were attached. It should be remembered that industrial growth in advanced countries had often owed its existence to artificial protection; the criterion of perfect competition could not be the sole consideration in planning industrial development in under-developed Territories. The best way to start might be to give preference

to industries which produced goods in general demand, and which could be carried on without major Government assistance. The existence in many Territories of fiscal and customs legislation as a means of developing local industry was accordingly a source of some concern.

The principle of establishing industry with a high labour factor in over-populated areas and highly mechanized industry in under-populated areas, in order to avoid an excessive labour flow away from agriculture, should be viewed with caution. Industry and agriculture must be balanced, but no industrialization programme should be based on keeping down wages and living standards and preventing the people from saving. Higher productivity, and not low labour costs, must be the criterion.

The Special Study rightly pointed out the need to increase the income and raise the standard of living of the agricultural population as a market for local industrial production. Furthermore, the cultural development of the population was indispensable to the creation of a demand for industrial products not previously supplied.

He had been glad to learn of the development by the Administering Powers of services, such as electricity and transport, which were essential to industrial progress, and he hoped that the advances in Uganda and Morocco of which the Committee had learned would continue. The Special Study, however, stated that the financial effort made by Administering Powers to create or expand industry in their Territories was in general of limited scope.

The Special Study drew two important conclusions with regard to mining: that mineral resources were a wasting asset and that most of the profit on investments in mining went to the metropolitan country or abroad, instead of being re-invested in the Territory concerned. Guarantees to overseas investors were legitimate and necessary but Governments must make every effort to stimulate re-investment within the Territory and the growth of local industries within the mining concerns.

Mr. LEYDEN (United Kingdom) wished to dispel the impression that he was complacent about industrial development in the British Territories. On the contrary, he was distressed concerning the difficulties to be surmounted and the slow progress in most areas. As he had indicated earlier by practical examples,

the United Kingdom was endeavouring to carry out a policy of diversification of industry and agriculture as a means to greater prosperity. Industrial development was only one aspect of diversification; it had to go hand in hand with steady improvement in quantity and quality of products for export and for local consumption. In tackling the problem, the United Kingdom, guided by the principles laid down in the Committee's 1951 report, had concentrated particularly on the processing of primary products. Its main problem - and the root of many of the problems it was encountering in Africa - was that of effecting the transfer of workers from a rural to an industrial rhythm of work and way of life. As the transition must necessarily be gradual, the acquisition of technical skills was a slow process. In that connexion, the Departments of Labour and Community Development were doing much to soften the impact of industrialization and to ensure the necessary social services.

Industry in Africa could be launched in three ways: by processing primary products for export; by manufacturing for an expanding home market; and by producing for export light manufactures based on imported raw materials.

Raw materials were therefore a first prerequisite. A brief review of the raw materials available in the British Territories in Africa revealed, however, that only Nigeria and Uganda had a varied range of such resources. The second requirement for industrialization was power. While there were hydro-electric schemes in operation in Northern Rhodesia, Uganda and Nigeria and others planned in Rhodesia, Nyasaland and the Gold Coast, most territories used thermal power, produced by fuel which had to be imported at high cost. Water was a third essential element for industrial development; it was not very plentiful in Africa and had to be piped for long distances. Its scarcity was likely to prevent large-scale industrial development over wide areas of Northern Nigeria, the north of the Gold Coast, much of Kenya and Northern Rhodesia. Another vital element in industrial development was labour and the technical skills it must develop. In that respect, both governments and commercial organizations were devoting much attention to improving labour conditions such as housing, and to instituting the high protein diet made necessary by the accelerated rhythm of industrial work. A notable achievement in better nutrition had been the establishment of canteens, already a permanent feature in Nyasaland, in many other territories. Technical and administrative skills were being taught in schools and colleges throughout Africa and many hundreds of students were

attending universities in Great Britain. A report to the shareholders of the United Africa Company, a commercial organization active in the British territories, indicated considerable expansion in training facilities for Africans to suit them for managerial posts in industry, the institution of apprenticeship schemes on technical levels and a marked increase in the number of African managers employed by the company - from 39 in 1939 to 160 in 1953 representing one-quarter of the management staff. Another report by a mission of United Kingdom industrialists to the British West Indies and British Guiana indicated that wages of workers in the territories were steadily improving. According to the report, plain time rates for unskilled labour were between 50 and 60 per cent of equivalent British rates and those for skilled workers were nearly as high as British rates and in some cases even higher.

Capital, another essential factor for industrial development, had been supplied for the British territories in Africa, mainly from abroad, and there was a continuing need for both public and private investment, often very difficult to induce. Although the success of investments in copper, tin and rubber could be pointed to as an attraction, investors were also aware of many failures, apart from the most notorious, the African groundnut scheme. The charge, often made, that private capitalists had made tremendous profits in the British territories had recently been refuted by the calculation that if they had invested their capital government securities, their profits would have amounted to the same. It had also been pointed out that it was precisely in those areas where capital investment had yielded the greatest profits that standards of living were at their highest and social services most adequate. Development of the British territories had also been assisted by the United States through ECA and MSA and money had been forthcoming from public loans floated on the London market.

Colonial governments had attempted to attract capital from outside sources by forming industrial development corporations, by industrial licensing and by tax concessions. The functions and methods of industrial development corporations - which had been established in Nigeria, the Gold Coast, Sierra Leone, Northern Rhodesia and Uganda - were not uniform. The purposes of the Uganda Development Corporation, which he had discussed in an earlier statement, were to facilitate industrial and economic development in the territory, to promote and assist in the

financing, management and establishment of new undertakings or schemes for the improvement and modernization of existing enterprises, and to conduct research into industrial and mineral potentialities. Those purposes were in line with the principles laid down by the Committee in its 1951 report. None of the other development corporations had so wide a scope as the one operating in Uganda. The Uganda Development Corporation belonged to the government and people of the territory.

Reviewing the varied activities of the Uganda Development Corporation, he places special emphasis on the large share of the people of the territory in those projects and on the beneficial effects they had on the standard of living. For example, the cement plant built by the Corporation had been supplemented by a plant producing asbestos cement roofing to provide the inhabitants with fire-proof housing. A textile factory was being constructed for the manufacture of cotton goods and the waste from a cotton mill would be used to produce cotton blankets, sheets and towels. The most notable of the agricultural projects were a sugar plantation, which would irrigate and bring into use large areas of unused land, and a tea and coffee estate which had just been bought by the Corporation. Several mining developments were planned, which in turn would give rise to copper and cobalt smelting plants, a phosphorus plant, a super-phosphate fertilizer plant and a small steel plant. The Uganda Government was concerned that mining developments should not be wasteful but should benefit the entire community.

The level of industrialization in the British territories in Africa was slowly rising, as would be seen from a review of processing and servicing industries, but it could not compare with the tremendous development of other British dependencies like Malaya and the West Indies. On the other hand, the picture was not disheartening if it was recalled that the incomes and value of exports from British Africa had multiplied on a colossal scale in the past fifty years. While there was still a long way to go in industrial development, the pace was being quickened. Uganda represented a pattern of development which, it was hoped, would be spread to all the territories in Africa.

Mr. PRADA (France), reverting to the subject of fisheries, said that virtually every type of fishing was carried on in the Territories administered by France. The Kerkennah Islands off the Tunisian coast were inhabited by 15,000 people engaged in primitive subsistence fishing. Agadir, in Morocco, carried on highly industrialized fishing which had strongly influenced the economy of the Territory. Fishing had contributed an average of 1,000 million francs a year to the revenue of Tunisia, and 3,000 million francs a year to that of Morocco, for the past five years. More important, it had greatly increased the revenue of relatively poor regions. The more significant part of the product of the fishery industry - that consumed locally - was not reflected in the statistics, which referred purely to commercial sales.

Fishery development, whether for sale or for local consumption, was of the greatest importance to the improvement of living standards, employment and nutrition among poor peoples. In some cases it was the people's only resource, in others one of several, and it was sometimes seasonal in character. It was a main feature of the Second Four-Year Plan of Economic and Social Development; a programme was in hand to provide adequate modern equipment while many day-to-day problems were being solved as they arose.

In the past few years research services in most French-administered Territories had been converted from mainly scientific organizations into practical agencies engaged in prospecting, experiment with fishing methods and demonstrations. Well-equipped vessels had been or would be supplied to the Institut des Pêches maritimes du Maroc, the Institut océanographique de Salambô, near Tunis, the Institut de Recherche Scientifique in Madagascar, and several Fishery Study Centres (Centres d'Etudes de Pêche) recently set up in French Equatorial Africa. Detailed programmes of capital development had been established covering the organization of fishing ports and the improvement of communications.

Fishing ports, while hardly a fiscal asset in comparison with trading ports, were an economic necessity. With regard to industrial fisheries, a new hauling-slip had been built at Agadir and a new graving-dock at Mahdia, the large Tunisian fishing-port, while the port of Conakry in French Guinea was being rebuilt with FIDES funds. So far as fishery for local consumption was concerned, 10,000,000 francs had been set aside as an initial allocation for the construction of a breakwater at Monastir, Tunisia, and the improvement of

fishing gear - installation of motors in fishing-boats and the like - was largely financed by France, through banks or credit funds. The main problem was that of security for loans; co-operatives were needed, but the populations of the African Territories did not favour their formation. An interesting arrangement had been made at Port Etienne in Mauritania, where fishermen were equipped by local provident societies.

The day-to-day problems of the local fishing industry were handled in most French-administered Territories by a Fisheries Service whose duties included the patrolling of fishery waters, the restocking of rivers and lakes, and the building and stocking of artificial tarns.

Regulation of the status of the crews of fishing vessels had been the subject of special efforts in the various Territories, laying down conditions of employment, providing security and preventing abuse. Training for sea fishermen was provided at Casablanca, Agadir and Safi and would shortly be available at Sousse.

The output of the fishery industry was increasing steadily. Much of it was consumed locally. Extension of the market presented both social and technical problems: in some areas, there was resistance to shipment of fish outside the locality in which the parties concerned held a traditional monopoly. A network of refrigeration plants was in process of establishment in the African Territories, and fish-processing and packing factories were rapidly springing up at the main fishing ports. The main problem, however, was that of training sea-fishermen to accept sea-fishing as their regular occupation and to stay out at sea for more than one or two days at a time.

Mr. AL-JAMALI (Iraq) said that in the view of his delegation any change or development in the Non-Self-Governing Territories should have as its final aim the achievement of self-determination. In the economic sphere, that meant that the Administering Powers should continue to be guided by the need to raise the standard of living and the per capita production of the indigenous inhabitants.

Document A/AC.35/L.167 indicated an increase in money income in the Non-Self-Governing Territories but did not give even an approximate idea of the increase in the per capita income of the indigenous inhabitants. It was to be

feared that the increase had been more inclined to benefit the foreign settlers. Table II showed that the expenditure of an average European family had been 13,356 Belgian Congo francs in 1952, while the <u>per capita</u> expenditure of the indigenous inhabitants seemed to have been rather more than 1,000 francs in 1951.

Table XIX showed that in Morocco the income of urban workers had increased proportionately more than that of rural workers. There had been a remarkable increase in the income of landowners; it would be interesting to know how many Moroccans were landowners. A striking point brought out by Table IX of document E/2557 was that while the <u>per capita</u> income in most parts of Tropical Africa varied from $6 to $15, the commercialized agricultural economy of the Gold Coast yielded a <u>per capita</u> income of $45.

As pointed out in document A/AC.35/L.167, however, conclusions based on cost-of-living figures might not be relevant to the advancement of the people and the Administering Members would do well to give careful consideration to the recommendations of the 1953 Committee of Experts on that subject.

The work of the marketing boards in marketing and stabilizing the prices of African products had been commendable, but there had been abuses and producers had received much less than the market value of their crops. It was to be hoped that the accumulated reserves, now kept liquid on the London security market, would be reinvested in development plans and that the abuses would be corrected.

In some Territories, such as Morocco and Tunisia, transport and other marketing facilities seemed inadequate. In other Territories the development of communications had encouraged the production not only of export commodities but also of crops for local consumption. Production for local consumption would also be promoted by the co-operative idea, and the Sub-Committee should consider the recommendations on page 68 of the United Nations report on "Rural Progress through Co-operatives" (1954-11-B.2).

With regard to industry and mining, it seemed that the productivity of labour in indigenous agriculture would have to be raised before labour could be released for industry with a view to achieving a more balanced and diversified economy.

The French representative had stated that in Morocco the State monopoly had been broken in favour of a co-operative. That statement had been welcomed by the Brazilian representative, but it should be remembered that by the 1906 Treaty

of Algeciras the resources of Morocco belonged to the Moroccan Government. In spite of that, the actual arrangement had been a tripartite division between the French and Moroccan Governments and private enterprise. The new movement towards a co-operative system was welcome in so far as it would benefit the indigenous inhabitants; it seemed probable, however, that most, if not all, the shares belonged to foreign settlers or to indigenous inhabitants who supported French policy. His delegation hoped that the French Government would look into the matter with a view to remedying the situation.

The Iraqi delegation earnestly appealed to the Administering Powers to deal with the unpleasant and dangerous situations in some Territories arising out of the colour bar and the suppression or discouragement of indigenous trade unions. It would also be glad if the Administering members would make available the studies and reports prepared by their regional offices, would encourage statistical surveys particularly designed to supply quantitative information on indigenous economies, and would provide information on development plans and the cost of living.

Mr. ARENALES (Guatemala) reiterated the general principles to which his delegation subscribed, namely, that economic conditions in the Non-Self-Governing Territories should be considered with due regard to the political implications of Chapter XI of the Charter, that the Secretariat should be given a set of principles to guide it in preparing information for the Committee, that the basis on which information was submitted by the Administering members should be reviewed and amended as necessary, and that the Committee should formulate the general objectives of economic development, having regard to the eventual political and economic independence of the Territories contemplated in Chapter XI.

The French representative had said that the Committee's work should not deal with political matters but should concentrate on economic facts and figures; further, that in many cases the Territories were more concerned about economic assistance from the metropolitan country than about independence. The Guatemalan delegation, however, considered that while economic facts and figures should form the basis of the Committee's judgment, that judgment should be made in the light of Chapter XI of the Charter. With regard to the second point, it was true that Chapter XI envisaged a gradual development to prepare the Territories for independence, but it did not contemplate that they should

remain in a state of indefinite or perpetual dependence. In signing the Charter the Administering Powers had in fact agreed to do all in their power to help the Territories to attain their independence.

Some delegations had pointed out that they preferred to refer to the population of a Non-Self-Governing Territory as a whole, but the non-administering members were unanimous in their special interest in the economic development of the indigenous inhabitants. The matter was of particular interest to Guatemala, where there was a situation resembling that of the Non-Self-Governing Territories, in that the indigenous inhabitants had little part in the economic development of the country but rather remained at a stage of economic development which had been described as feudal.

To speak separately of the indigenous inhabitants was not to discriminate against them; on the contrary, the intention was to ensure that they were placed on an equal footing with the other, usually much smaller, section of the population and that they did not constitute a burden on the economy of the Territory as a whole.

There was one specific Territory upon which he wished to comment: the Territory of Belize (British Honduras), in which Guatemala had a particular interest, since it regarded Belize as part of its own territory, and on which the Guatemalan Government had information additional to that submitted by the United Kingdom Government.

The 30 per cent devaluation of the British Honduras Dollar in 1949 had done much to increase the deficit in the balance of trade, for it had reduced export prices and had increased import prices by 43 per cent. From an average of $2 million in the years 1946 to 1948, the deficit had risen to over $7 million by 1952.

Such matters as the need for a 20,000 kW hydro-electric plant, sufficient agricultural credit, a deep-water harbour and some 200 miles of roads required more urgent attention than they were given in the first part of the development plan. The roads might well be built more cheaply than had been planned, with some sacrifice of quality.

Apart from what he had already said about the adverse balance of trade, there was a system of preferential tariffs which discriminated against non-sterling countries. There was also a system of trade and currency control designed to encourage the import of British goods even though their prices might be higher than goods of other countries.

Document A/AC.35/L.160 on soil conservation mentioned Jamaica, but not Belize; the Guatemala delegation would like to receive some information on the latter at an early opportunity.

Domestic production of maize and rice had fallen steadily from pre-war figures, yet at the same time imports of rice had also fallen. That fact was of social as well as economic significance.

Although about $400,000 per year was being spent on agriculture, the programme seemed to have failed, for a number of important commodities were still being imported. The failure might have been due mainly to land monopoly, lack of sufficient credit for the peasants or lack of guaranteed prices.

The agrarian problem in the Territory was indicated by the fact that of 5,600,000 acres all but 470,000 acres were owned by the Crown, two large corporations and some twenty large landowners.

In the development of agricultural production consideration should be given not only to production for local needs but also to diversification of crops. Efforts should be made to promote the cultivation of maize, and perhaps cotton and rice. Again, cattle production was not sufficient for local needs, yet devaluation had prevented imports.

The agricultural co-operatives, of which there were six in 1952, had suffered from a lack of credit and land and from the absence of a guaranteed market. As, however, the United Kingdom Government admitted that agricultural credit had been insufficient, it could be anticipated that the situation would be remedied in the future.

The Territory's main industry, timber, had suffered from the colonial Government's failure to demand the maximum prices obtainable. Industrial development in general was hampered by the lack of cheap electric power.

All mineral rights belonged to the Crown. Gold had been found to the South of the Territory and it was to be hoped that the possibilities of exploiting it would be duly studied. Oil rights had been granted to the Gulf Oil Company, the arrangement being that the colonial Government would receive 15 per cent of the revenues and the Company 85 per cent, convertible into United States dollars.

The population of 72,000 included at least 20,000 workers, of whom only 8,400 were employed in the various industries; yet despite the problem of unemployment the Government was apparently encouraging immigration from the West Indies.

The cost of living index had risen from 100 in 1939 to 270 in 1954, while wages had risen only 60 per cent over the same period.

In conclusion, he pointed out that his review of the situation in the Territory had not been exhaustive. His sole intention had been to draw attention to certain unhealthy symptoms, to combat which greater efforts would be needed in the future.

The meeting rose at 4.50 p.m.