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Chairman : Prince WAN WAITHAYAKON (Thailand).

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

[Item 26]*

GENERAL DEBATE (*continued*)

1. Mr. BOTHA (Union of South Africa) stated that as the Committee was now fully acquainted with the various factors relating to the problem of economic development of the under-developed countries, he would content himself with putting forward his Government's views.

2. At its fifth session the General Assembly had emphasized the principle that the main responsibility for the economic development of a country devolved upon the country itself. That was a basic principle which should never be forgotten; it not only affected the mobilization of domestic capital, but it also made the countries concerned responsible for creating conditions favourable to investment of foreign capital. As the Union of South Africa was itself in some ways an under-developed country, it might be of interest to the Committee to know what principles were guiding his Government's work for economic development.

3. South African savings were important when judged on the basis of the criteria laid down by the Group of Experts on economic development. The primary problem therefore was how to use South African capital to the best advantage, while taking precautions to

avoid upsetting the country's balance of payments and maintaining its scanty hard currency resources. Moreover, supplementary capital had to be obtained from abroad for investment purposes. For that reason, the South African Government did not place any restrictions on the repatriation of investments or the payment of dividends or profits in the currency in which the original investment was made. In order to avoid dissipation of hard currency, the Government controlled the creation of new industries facilitating in particular the establishment of industries which had to make use above all of local raw and other materials, or which were likely to improve the country's balance of payments position. The South African Government favoured free enterprise and only interfered in cases of failure of private industrial undertakings, when the public interest so dictated. It encouraged scientific progress in industry by subsidizing the Council for Scientific and Industrial Research. Thanks to another official body, the Industrial Development Corporation, it facilitated the financing of private undertakings which were particularly concerned with the exploitation of the less-developed resources or areas of the country.

4. He had been greatly interested by the Greek representative's remarks at the 147th meeting on what he had called "auto-development". Those suggestions could be extremely useful to the under-developed countries.

5. In the matter of foreign capital, he did not share the apprehensions entertained in some quarters with regard to the recommendation in Economic and Social Council resolution 368 (XIII), paragraph 6 (b). The guarantees suggested under that recommendation did not involve the risk of interference in the internal affairs of borrower countries. The South African Government had already negotiated a number of agreements along the lines of the recommendation. It did not consider it expedient, however, to lay too great an emphasis on formal guarantees of the kind which unforeseen circumstances might make it difficult to

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

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

respect. The South African delegation felt more stress should be laid on the need for integrity and conservative financial policy in borrowing countries.

6. With regard to international financing, he expressed satisfaction with the way in which the International Bank for Reconstruction and Development had conducted its operations. It was natural, and even fortunate, that the Bank should exercise such prudence in using the capital at his disposal. Care should therefore be taken not to lay too much stress on a radical change in that attitude lest the Bank's credit and its capacity to borrow, and thus also to lend, be impaired.

7. The South African Government would give careful attention to the studies to be carried out by the International Bank, the specialized agencies and the Secretary-General on the problem of financing non-self-liquidating enterprises in the under-developed countries. In that connexion, however, account must be taken of the restricted possibilities of the developed countries, especially during the present period of rearmament, and, in addition there must be thorough study of the possibility of using existing bodies in international financing before setting up others. In view of the difficulties in the way of increasing the flow of outside assistance, under-developed countries should make every effort to ensure that the meagre supply of capital was not dissipated as a result of excessive population growth or investment in non-essential enterprises.

8. Mr. NORMAN (Liberia) stated that, as a result of the devastation of the last world war, the western world had an increasing need of raw materials for its industries. Even the United States was not self-sufficient in certain raw materials. Such needs should encourage the industrialized countries to accelerate the economic development of the under-developed countries in a position to supply them with the products required. It was necessary to bear in mind the importance also of financing enterprises which were not of a directly self-liquidating character, such as road construction, health services and education. Increased development of the local resources was always accompanied by a rise in the standard of living; that had been the case in Liberia, for example.

9. Foreign capital, especially American capital, had been of material assistance to the Government of Liberia in developing the country. Thus, the United States had built the modern harbour of Monrovia and the Export-Import Bank had made extended credits for the continuation of road construction and other public works in Liberia. Thanks largely to UNESCO, which was implementing the Government's programme of sending students abroad, yearly under scholarship arrangements, Liberia was sending many students abroad, and the national health service had received substantial assistance from an American health mission. Again, the United Nations Information Centre recently opened in Monrovia was rapidly acquainting the peoples of West Africa with the aims and activities of the United Nations. The Liberian Government contemplated subsidizing the Centre during the next year. The Liberian Government wished to express its sincerest thanks to the United Nations and the United States Government for the services they had rendered.

10. It should not be forgotten that in spite of such progress, the majority of the world's peoples were still living in conditions of the most abject misery, and that

that situation was fraught with danger to the peace of the world. For over a century the colonial Powers had exploited Africa without making any serious effort to raise the intellectual level of its inhabitants. On the contrary, they had encouraged the African tribes to continue to practise their old customs and to use dialects hardly fitted for intellectual development. The new development programme undertaken under the auspices of the United Nations had raised new hopes among those peoples, and it was imperative not to disappoint them.

11. Mr. DIAZ DULANTO (Peru) stated that the peace which the United Nations had to defend must not only be a peace maintaining the *status quo*, keeping countries in the situation in which a long series of victories or defeats, privileges or renunciations had placed them, but it should be a peace guaranteeing the right to live and prosper. It was precisely for that reason that the United Nations collective aid programme was so important.

12. During the previous few years international tension had upset world economy and caused the large countries to concentrate the aid they might have given to the under-developed countries on the countries which were in a position to reinforce their economic or strategical situation. It was nevertheless essential that the other small countries should also receive aid. The experts of the United Nations and the specialized agencies were acquainted with both the resources and the needs of the small countries. It was now necessary to organize the distribution of international aid between the continents and the various countries. So far the distribution had been far from equitable, as was shown by the case of Latin America, where some countries had received over \$100 million and others very little or nothing.

13. With a view to solving the problem, he proposed that capital from the big countries intended for investment in the under-developed countries should be administered by the International Bank and the Export-Import Bank, which might set up branches in the various countries. The branches could start their operations with the funds allocated to the countries concerned, and other private, domestic or foreign investments could then be added. The system would make it possible to solve the problems encountered in each country on the spot and so avoid the interminable and often fruitless investigations which applications for loans involved.

14. Mr. KHANDAN (Iraq) stated that the task of raising the standard of living of the under-developed countries was urgent if the collapse of the world economic system and consequent disaster were to be avoided. It behoved the developed countries, in the accomplishment of that task, definitely to abandon colonial exploitation of the wealth of the under-developed countries, which did not take into consideration the welfare of the natives. The natives, on the other hand, should modernize their institutions and introduce agrarian and social reforms. In the Non-Self-Governing Territories the Administering Powers should primarily aim at creating a spirit of freedom, and encourage the youth of the territories to apply themselves to promoting their material well-being.

15. Great efforts had been made to develop Iraq since the country had become independent. Iraq was endeavouring to train a nucleus of men capable of directing

the country's activities by sending an increasing number of young men to study abroad. A Development Board, composed of qualified experts with one British and one American adviser, had been set up to study and carry out development programmes, using to that end the country's oil revenues which had been placed entirely at its disposal. Although hardly a year had elapsed since its inception, the Board could count the execution of a vast irrigation project to its credit.

16. The Iraqi Parliament had approved land legislation of fundamental importance. One law provided that large landowners should be prevented from increasing their holding, while under another areas made arable by recent irrigation schemes were split up into lots not exceeding 100 acres per cultivator. During the very first year of exploitation of the land under that scheme, the average income of the cultivators had been ten times greater than before. The Iraqi Government was very conscious of its obligations on the score of international economic co-operation.

17. The Israel representative had endeavoured at the 151st meeting to give the impression that his country was the only one in the Middle East that could show concrete progress. He had omitted to mention, however, that his country had been artificially created as a result of a rare instance of agreement between two great Powers of the West and East, and existed only thanks to financial assistance from abroad. The Arab countries, on the other hand, aided solely by their own resources were struggling against poverty, exploitation and imperialism. The essential condition for economic collaboration between countries in the same area was affinity and mutual confidence, and that was a condition which could not exist between the Arab countries and Israel.

18. Mr. AREAN (Argentina) said that his purpose in taking part in the general debate was to emphasize the importance his delegation attached to economic problems. Solution of those problems could not only improve the living conditions of mankind, but also help to maintain peace.

19. Although there appeared to be general agreement on the aims—encouragement of economic development, financing and technical assistance for purposes of development—there seemed to be some difficulty in reaching an agreement on the means to be used. Yet the poverty of a great part of mankind should spur on the search for remedies for a situation which seemed particularly unacceptable at a time when technical progress made possible the increase in production necessary to guarantee a minimum standard of living for all.

20. The vital necessity of economic development must not be lost to sight, particularly at a time when rearmament plans were threatening to delay the execution of the under-developed countries' programmes, and when there were grounds for fearing that the raising of the standard of living of the peoples of the world might become a secondary objective.

21. Economic development was closely linked with the ability of the under-developed countries to obtain the capital goods needed for the development of their agricultural production and to pursue an industrialization essential to the harmonious development and greater stability of their economy. Shortage of some primary commodities had already led to the establish-

ment of international agencies to encourage increased production, to adopt measures of economy in the use of those primary commodities, and make plans for their distribution. There was a great need for widening membership of the agencies and also to adopt similar measures to guarantee supplies of equipment to the under-developed countries. In point of fact, the result of the creation of distributive machinery and the other measures taken by the industrialized countries had been to fix the prices of the principal raw materials and agricultural products in international trade. As the determination of those prices had thus been freed from the law of supply and demand, international co-operation was required in order to establish equitable exchange relations between the industrialized and the under-developed countries. Such relations should permit the under-developed countries to accumulate a greater volume of savings, thus reducing their need for external financial assistance for development.

22. So far, too small a proportion of world savings had been devoted to the economic development of the under-developed countries. Domestic savings in most of the under-developed countries were very small, and although successful steps had been taken to stimulate them—particularly in Argentina—it was still necessary in many cases to appeal for foreign capital. United Nations activity should be directed towards making possible an equitable distribution of the available world resources.

23. In his own country, thanks to the action of the President, General Peron, there had been considerable economic development and the standard of living of the people had risen appreciably; wages were higher while the cost of living was the lowest in the world. The Argentine economy had been reconstructed on the principle that capital must be the servant of the economy. The country's economic independence had been assured by nationalization of the public services and by the act that the State was marketing the chief agricultural products. Action for economic development had been supplemented in the social field by the social welfare organization directed by Mrs Peron.

24. In so far as land reform was concerned, the Argentine Government had always believed that ownership of the land should be vested in those who cultivated it, as was clear from several of President Peron's statements. Thus, lands of a total area of several hundred thousand hectares had been distributed among the farmers. Moreover, a law of 29 September 1950 provided for the leasing and transfer of state land to farmers. In addition, the state protected agriculture by fixing the selling price of the products of the next harvest, even before sowing. Lastly, the National Bank of Argentina had quite recently been authorized to grant loans free of interest to all farmers whose harvests had suffered owing to weather conditions.

25. The Argentine Government fully approved of the United Nations Expanded Programme of Technical Assistance, to which it had given its adherence. He was glad to note the importance which several speakers at the current session had attached to the principle of social justice, which was one of the Argentine Government's guiding principles.

26. Mr. REBELLA (Uruguay) said that the studies and reports before the Committee showed that the importance of the question of economic development was at

present better understood, and gave grounds for hope that it would be possible in the near future to achieve greater progress still.

27. The Uruguayan Government recognized that economic development depended above all on the individual efforts of the country concerned, and was making every effort to create the conditions necessary for the development of its own economy, but it was ready to co-operate with the United Nations in preparing plans for international action.

28. The aspects of the problem of development were many and various. It was first necessary, in connexion with the financing of economic development, to distinguish between two categories of countries: on the one hand, countries in course of development, such as Uruguay, where the national income was sufficient to allow the accumulation of a certain amount of savings and which, therefore, needed only additional foreign capital which the International Bank for Reconstruction and Development could supply; and, on the other hand, the least developed countries, where the standard of living was so low that the formation of domestic savings was impossible. The development of the latter countries required additional aid in the form of interest-free loans or subsidies.

29. In his country, foreign capital was treated on terms of absolute equality with domestic capital, and foreign capital was safeguarded against expropriation except where necessary in the public interest, in which case fair compensation was payable in advance. He took exception to the statement made by the representative of Czechoslovakia (153rd meeting), who had described the treaty between Uruguay and the United States as a classic example of an agreement by which the United States obtained domination over a weaker country.

30. He would not pass judgment on United States policy, nor enter into a discussion concerning the terms of the treaty; but he could not tolerate the charge that his country was submitting to foreign economic domination. Uruguay had always shown a spirit of independence. It had recently nationalized the railways and other public services financed by foreign capital. Moreover, electric power and certain types of insurance were state monopolies, and the sub-soil was state-owned. No concessions were granted to any foreign enterprises in Uruguay.

31. He described the important part played in his country's economy by the *Banco Central de la Republica*, which had the sole right of note issue and was also a credit institution making loans at low rates of interest to small farmers and artisans, thus encouraging the development of production. It also controlled foreign exchange.

32. Despite the prominent part played by public bodies in economic affairs, there was abundant scope in Uruguay for private initiative and free enterprise, both foreign and domestic.

33. Uruguay took a great interest in the studies to be carried out on land reform, in which its own experience might be valuable. He acknowledged the importance of technical assistance and said that his Government had recently appointed an inter-ministerial commission to co-ordinate technical assistance plans and projects. Uruguay had participated in the United Nations Conference on Technical Assistance

and had suggested items for inclusion in the programme then drawn up.

34. Mr. BAL (Pakistan), speaking as the representative of an under-developed country, said he would like to describe his country's efforts and its difficulties.

35. In the first place, Pakistan's abundant raw materials, including jute and cotton, could not be processed on the spot, or only to a very small extent; Pakistan was thus obliged to spend large sums on importing the consumer goods it needed, particularly textiles. Secondly, in the four years of Pakistan's existence, the refugee problem and floods had absorbed a large proportion of funds which otherwise could have been spent on economic development.

36. The Government of Pakistan considered that it would be disastrous to industrialize the country without a carefully prepared plan, since the interdependence of the various sectors of the economy necessitated a comprehensive programme. Under Pakistan's official six-year development plan, the total amount to be spent—2,600 million rupees—was to be distributed as follows: 829 millions for agriculture, which would have the lion's share inasmuch as 80 per cent of the population earned its living by farming; 530 millions for transport and communications; 470 millions for electric power; 490 millions for industry and mines, and 290 millions for social projects (housing, water supply, public health, education and technical training). Appropriations for social projects would subsequently be increased as the national income rose.

37. In industry, the Government had concentrated upon the production of essential goods, especially cotton textiles. Under the plan it was proposed to establish twenty-four cotton mills, which would not only allow consumption to be doubled but would also save 120 million rupees a year on imports. By 1953, three jute mills would be in operation, the first to be established in the country, although it produced 80 per cent of the world's jute; furthermore a paper factory employing bamboo from the Eastern Provinces as raw material would be set up.

38. Pakistan had not embarked on a more ambitious plan because the Government preferred to confine itself to what was feasible. It had also had to allow for two factors: firstly, the rapid increase of purchasing power and the growing scarcity of consumer goods, which had resulted in a certain amount of inflation; secondly the shortage of technical staff. It did not aspire to self-sufficiency, which was neither desirable nor possible in a world characterized by international economic interdependence.

39. His country's domestic financial resources should enable it to meet the total expenditure—estimated at 1,400 million rupees—planned to be made in national currency. The Pakistan Government was doing its utmost to encourage the participation of private capital, especially by granting substantial tax relief to new undertakings. Pakistan would need external aid for the remaining 1,200 million rupees. It had already received some contributions from countries parties to the Colombo Plan and it hoped to receive 50 million rupees from Australia, Canada and New-Zealand for the first year in which the Plan operated. That assistance, however, was far from being sufficient and the Pakistan Government intended to apply for a loan from the International Bank.

40. With regard to technical assistance, the Government of Pakistan was grateful for the help it had received both from the Council for Technical Co-operation set up under the Colombo Plan and from the United Nations and the specialized agencies. It also hoped to benefit from President Truman's "Point Four" programme. It was sending officials and technical workers abroad for intensive training and was developing training programmes in Pakistan.

41. He hoped that the armaments race and stockpiling would not prevent Pakistan from receiving capital goods and essential raw materials from its principal sources of supply. In view of the increase in demand on the world market, the Pakistan Government had decided to establish a priority programme under the six-year plan, with particular reference to the installation of power stations, the production and purchase of telecommunications material, the acquisition of

sea-going ships and building of dockyards, and the establishment of basic industries, especially jute and cotton mills, steel works, cement factories and oil works. He appealed to the countries friendly to Pakistan to help his Government, which was devoting all its time and energy to building up the nation.

42. In conclusion, he said that his delegation, together with those of Brazil, Thailand and the United States, was submitting a draft resolution on the subject of land reform (A/C.2/L.76 and Add. 1). He reserved the right to speak again later when the Committee was considering that question.

43. Mr. SANTA CRUZ (Chile) proposed that when the general debate had ended, the Committee should first examine draft resolutions on technical assistance.

It was so decided.

The meeting rose at 12.35 p.m.