



**Tuesday, 18 December 1951, at 10.30 a.m**

**Palais de Chaillot, Paris**

**CONTENTS**

	<i>Page</i>
Economic development of under-developed countries : report of the Economic and Social Council (chapter III) (A/1884 and A/1924) ( <i>continued</i> )	
(a) Financing of economic development of under-developed countries (A/C.2/L.79/Rev.1) ( <i>concluded</i> ) .....	149
(d) General aspects of economic development (A/C.2/L.81 and Corr.1, A/C.2/L.84, A/C.2/L.94, A/C.2/L.95, A/C.2/L.111 and A/C.2/L.114) ..	149

*Chairman* : Prince WAN WAITHAYAKON (Thailand).

**Economic development of under-developed countries : report of the Economic and Social Council (chapter III) (A/1884<sup>1</sup> and A/1924) (*continued*)**

**(a) Financing of economic development of under-developed countries (A/C.2/L.79/Rev.1) (*concluded*)**

[Item 26]\*

**REVISED DRAFT RESOLUTION SUBMITTED BY ECUADOR (A/C.2/L.79/Rev.1) (*concluded*)**

1. The CHAIRMAN put to the vote the Ecuadorean revised draft resolution (A/C.2/L.79/Rev.1).

2. Mr. BOURGET (Canada) asked that the vote should be taken paragraph by paragraph.

3. The CHAIRMAN put to the vote the various paragraphs of the draft resolution.

*Paragraph 1 was adopted by 38 votes to none, with no abstentions.*

*Paragraph 2 was adopted by 35 votes to none, with 5 abstentions.*

*Paragraph 3 was adopted by 35 votes to 5, with 5 abstentions.*

*Paragraph 4 was adopted by 35 votes to 5, with no abstentions.*

*Paragraph 5 was adopted by 36 votes to none, with 5 abstentions.*

*Paragraph 6 was adopted by 36 votes to none, with 5 abstentions.*

4. The CHAIRMAN put to the vote the draft resolution as a whole.

*The draft resolution as a whole was adopted by 37 votes to none, with 5 abstentions.*

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

<sup>1</sup> See Official Records of the General Assembly, Sixth Session, Supplement No. 3.

**(d) General aspects of economic development (A/C.2/L.81 and Corr. 1, A/C.2/L.84, A/C.2/L.94, A/C.2/L.95, A/C.2/L.111 and A/C.2/L.114)**

[Item 26]\*

5. Mr. SANTA CRUZ (Chile) recalled that his delegation had withdrawn its original draft resolution (A/C.2/L.78) after examining the amendments submitted by the French delegation. The new joint Chilean and French draft resolution (A/C.2/L.111) was a fusion of the original Chilean proposal with the French amendments (A/C.2/102). It kept the principal purpose of the Chilean proposal, but no longer contained the concrete solutions which that delegation had had in mind.

6. His delegation had wished to propose concrete measures in order that under-developed countries might collaborate with industrialized countries in a joint effort to expand world economy, so that every individual might enjoy genuine political freedom as well as economic independence.

7. The attitude taken during the general debate by countries obliged to increase their efforts to ensure their own security as well as collective security had shown that those countries were not yet prepared to take concrete, urgent and large-scale measures to stimulate economic development. Thus, the purpose of the joint draft resolution and of the draft resolution that had just been adopted was to prepare the ground for action when the political situation improved.

8. The economic debates that had taken place in organs of the United Nations, and especially at the United Nations Conference on the Conservation and Utilization of Resources, had served to popularize the fundamental concept that under-developed countries have vast natural resources which had not yet been exploited and that mankind had at its disposal the necessary technical knowledge to utilize those resources. The Economic and Social Council, wishing to make use of the conclusions of that Conference, had requested the Secretary-

General, in resolution 345 (XII), to initiate a programme designed to promote the systematic survey and inventory of natural resources and, in particular, had envisaged the possibility of convening international conferences for the exchange of information pertinent to particular types of resources or particular resource problems common to a group of countries.

9. The Chilean and French joint draft resolution followed the directives proposed by the Council in resolution 345 (XII) and was based on the studies carried out by the Secretariat in pursuance of that resolution.

10. Economic development might be stimulated decisively and rapidly either by the contribution of international capital in the form of subsidies or long-term loans, or by increased sale on the world market of products exported by under-developed countries, profits from such exports being used to finance their economic development. Those two methods should be used simultaneously. The economic stability of industrialized countries was indissolubly connected with the economic development of under-developed countries and the maintenance of world economic stability depended largely on that factor. Only the expansion of world economic activity would raise the standard of living of the 1,500 million people who inhabited the under-developed countries without endangering the standard of living of the populations of the industrialized countries of Europe and North America. Economic development was the most important single factor of the expansion of world economic activity, since such expansion called for increased production of raw materials.

11. That economic expansion must include the industrialization of under-developed countries and the increased economic activity of the industrialized countries. The industrialization of under-developed countries should give rise, and in fact, had already given rise, to an increased consumption in those countries themselves of raw materials which had previously been used mainly for export. The rate of that increase would be even more rapid in those countries than in the industrialized countries, and the latter would have to take that fact into account in planning their policies of full employment. In order to prevent economic development from resulting in a shortage of raw materials, which would greatly harm the industrialized countries, the latter countries and under-developed countries must adopt collective measures which would make it possible to promote economic development without creating a shortage of raw materials. That problem was of vital importance to the stability of world economy.

12. The original Chilean draft resolution was based on the recommendation in paragraph 11 of Economic and Social Council resolution 294 (XI) that under-developed countries give greater attention to the formulation of integrated programmes of development; it recalled the task of avoiding inflation confronting those countries in carrying out their programmes of rapid economic development and suggested the convening of working parties consisting of representatives of governments interested in considering the desirability of negotiating economic agreements on those questions. The proposal would not have involved the establishment of any new international organization. As an example of a situation in which the establishment of a working party might have been useful, he quoted a passage from the study prepared by the Secretariat on world resources

in iron ore, when it was shown that the export of ore from certain under-developed countries which had extensive deposits of iron ore but lacked coal would have facilitated the import of the coke necessary for steel production. Steel production would thus have been stimulated both in the under-developed countries concerned and in the industrialized countries which would have received the ore.

13. He thought that in cases of that nature working parties composed of representatives of some countries wishing to obtain raw materials and others needing equipment or skilled labour would have been the more useful in that under-developed countries were refusing to increase their production of raw materials to the detriment of their industrialization or the diversification of their economy, since an increased production of raw materials under those conditions would increase their economic dependence on the industrialized countries. The latter, who were calling for increased quantities of raw materials, should make an effort to assist the under-developed countries to become industrialized and to modernize their agriculture. The working parties would have been excellent instruments for the negotiation of bilateral or multilateral agreements, as a result of which an equitable solution of the problem could have been reached.

14. During the general debate, the representatives of France had praised (155th meeting) the Chilean draft resolution (A/C.2/L.78). The French delegation had, however, deleted from its proposed amendments (A/C.2/L.102) the proposal to convene working parties. While he thought that it might have been useful to suggest possible machinery to solve problems of that nature, he (Mr. Santa Cruz) had accepted the French amendments because he realized that it would be wrong not to allow the Economic and Social Council a wide freedom of choice in the methods to be adopted. He had obtained from the French delegation permission to insert in the joint draft resolution a reference to the regional economic commissions, which might play an important part in that connexion.

15. If the industrialized countries, which so greatly needed raw materials, had attached to the matter all the importance it deserved, the first Chilean draft might have been retained, but no such interest had been shown. His delegation had thus had to resign itself to accepting the slower methods proposed by the French delegation.

16. In conclusion he noted, in connexion with paragraph 11 of the joint draft resolution, that the deficit in the western European balance of payments was obviously a phenomenon caused by permanent factors. A solution to that problem could be found only through economic development, which alone could create the new purchasing power capable of absorbing exports from western Europe. He hoped that the joint draft resolution would be adopted, and that the Economic and Social Council would give consideration to the convening of the working parties to which he had referred.

17. Mr. BORIS (France) noted that the representative of Chile had expressed the French delegation's views in his statement, and he therefore had no need to speak on the joint draft resolution. He reserved the right to speak later in the debate. He was happy to have been associated with the representative of Chile in preparing the joint draft resolution and he stressed the

powerful solidarity existing between the under-developed and the industrialized countries, together with the need for both to combine in a common effort.

18. The CHAIRMAN asked the representative of the Ukrainian Soviet Socialist Republic if he wished to withdraw the amendments which he had proposed to the original Chilean draft resolution.

19. Mr. STADNIK (Ukrainian Soviet Socialist Republic) said that he intended to propose amendments to the joint draft resolution put forward by Chile and France.

20. Mr. BLUSZTAJN (Poland) said that the meaning of his delegation's draft resolution (A/C.2/L.81) was expressed in clear terms. He had already during the general debate given the reasons (152nd meeting) which had prompted its submission and would now confine himself briefly to outlining his delegation's position.

21. His delegation had always held the view that the economic development of the under-developed countries depended first and foremost on the mobilization and most efficient use of their resources. Up to the present, those resources, which were very considerable, had been exploited by the colonial and imperialist Powers which had sought to secure for themselves cheap raw materials and markets for their industrial production. Many examples showed that colonial exploitation still prevailed in most under-developed countries.

22. Several representatives from those countries had declared that their economic policy aimed first and foremost at transforming their economies by putting them on an independent instead of a colonial basis. To achieve such independence the under-developed countries should be able to sell their products and buy the goods they needed without being hampered by any kind of restrictions. That could best be done through the conclusion of long-term agreements providing for the exchange of raw materials for machinery and equipment.

23. In conclusion, he stressed the harmful effects on the under-developed countries of the armaments race started by the United States and the countries of the Atlantic bloc; it had led to inflationary pressures and to a shortage of the equipment goods which the under-developed countries needed. The situation called for energetic measures such as were provided for in the Polish draft resolution.

24. Mr. VARGAS GOMEZ (Cuba) stated that the chief aim of his delegation's draft resolution (A/C.2/L.84) was to request the Economic and Social Council to submit to the General Assembly, at its seventh session, a concrete proposal for measures which should be adopted in the under-developed countries for dealing with aspects of economic development not hitherto studied by the United Nations. It was well known that economic development was an exceedingly complex process. But up to the present time all United Nations organs had concentrated their attention almost entirely on financing, technical assistance and land reform.

25. Other aspects of the problem should also be studied, among them the acceleration of industrialization. That aspect had already been mentioned in the Economic and Social Council but no concrete recommendation applicable to all the countries concerned had been put forward.

26. Without wishing to submit any concrete proposal, he would mention several measures, the application of

which might be envisaged: the establishing of new industries might be encouraged by temporary exemptions from taxes or customs dues on imported raw materials; credit facilities might be granted for industrial development, etc. In that connexion it was necessary to study the commercial policy of industrial countries, which was of the utmost importance in view of the interdependence of the economies of the developed and the under-developed countries. In certain cases the policy of industrial countries had hampered the under-developed countries in their attempts at industrialization. Attention should be devoted to those problems which not only affected the under-developed countries but also world economic stability.

27. His proposal for a study of the internal reform of systems of social legislation was of interest not only to the ILO, as some representatives had said. Social legislation had an economic as well as a social facet. Economic development should be reflected in the rise in the standard of living of the masses, whose increased purchasing power would ensure world economic stability. The industrialization and diversification of the economy of under-developed countries should also result in better distribution of national wealth. Obstacles to economic development often arose from social factors, as had sometimes been the case in Cuba.

28. The representative of Cuba stressed the importance of the mechanization of agriculture as well as industry. He withdrew the note at the end of his draft resolution, in view of the fact that the studies called for in the draft itself would already amount to a very considerable volume of work for the Economic and Social Council.

29. Mr. CHAUVET (Haiti) introduced his draft resolution on methods for increasing world productivity (A/C.2/L.95) and said that the recommendations adopted by the FAO at its Sixth General Conference contained the general outline of the draft resolution which he had submitted a few weeks earlier. He hoped that that coincidence would help to convince the members of the Committee of the timeliness of his proposal. He emphasized that the conclusion of the FAO report regarding the under-nourishment of a large sector of the world population and the possibilities of increased output offered by existing resources should serve as an incentive to the achievement of higher productivity.

30. Under a competitive system, consumers could play an important part in increasing productivity by exerting strong pressure on producers through marketing techniques. Relations between the producer and the consumer should be based on a competitive spirit, the aim being the best service at the lowest cost. That was the key to economic progress. In under-developed countries, however, consumers were isolated and found it difficult to take combined action to improve productivity.

31. The United Nations, its economic missions and the representatives of the specialized agencies in all countries could make a significant contribution to the solution of that aspect of the problem by making the necessary information available to consumers and producers alike. In addition, the United Nations could use the funds at its disposal to organize a consumers' credit system and thus expand domestic and foreign markets throughout the world with a view to increasing productivity.

32. Moreover, more direct measures could be taken affecting production and the organization of production. A policy of increased productivity was inseparable from

a policy of full employment. Economic expansion which was poorly co-ordinated might lead to over-production and resulting unemployment. That danger, of which workers were only too well aware, often discouraged them in their attempts to step up productivity. In that connexion, the United Nations' foresight could prove most useful to world producers and thus remove that important obstacle to increased productivity.

33. In the essentially important branch of agriculture, co-ordination should be established between agricultural producers and industries most concerned with agricultural development in the elaboration of production programmes that were economically most viable.

34. The United Nations could help to do that work; its technical assistance services could undertake emergency studies and make them available to the heads of agricultural, industrial and commercial enterprises, thus averting loss of time and money and directing their efforts toward those sectors of the economy where there was real need.

35. Other direct measures were the collection and dissemination of information according to the most modern production methods, the use of modern machinery, etc. They might include the organization of film showings, exhibitions and demonstrations to enable producers and consumers to compare various methods and various products.

36. Lastly, every effort should be made to promote uniformity and standardization of goods and simplification of production techniques.

37. In conclusion, Mr. Chauvet said that his proposals could be described as having been built up on the FAO recommendations. The objectives sought by the Haitian delegation and the FAO would be achieved if the Economic and Social Council considered the establishment of specialized committees such as a committee on amortization and fiscal reform, a committee to establish liaison between agriculture and industry, a committee on consumption problems and a committee on producers' credit.

38. He would leave to the Economic and Social Council the task of devising methods of financing the proposed measures for increasing productivity.

39. Mr. ALLANA (Pakistan) made a rapid survey of the evolution of the world economic situation since 1948, which had reduced both the industrialized countries and the under-developed countries to equally difficult straits. The problems with which they were faced were so complex and so diverse that no country could solve them single-handed, but was forced to ask for international collaboration and co-operation.

40. That was why, after questions connected with technical assistance and the financing of economic development had been studied, attention had to be paid to the co-ordination of that development. The first point was to decide what the under-developed countries could and should ask of the industrialized countries, and how they in their turn could help by supplying raw materials for the more advanced economies. He estimated the financial requirements of the under-developed countries at about \$4,000 million a year in the agricultural field. Seventy per cent of that capital had to be invested in Asia. But, even allowing for the internal resources of the countries concerned, there

was a total deficit of \$15,000 million per year. It was obvious that capital investments of that order would enable the under-developed countries to increase their exports of raw materials required by the industrialized countries.

41. However, even with financial assistance from abroad, countries such as his, which were in the process of industrialization and were attempting rapidly to raise the standard of living of the population, could not fulfil their plans unless they received the capital equipment required for accelerating and expanding their industrial and agricultural production. To solve that problem, it was essential firstly, to organize the fair distribution of basic agricultural products at prices such as to guarantee agricultural producers a reasonable standard of living; and secondly, to promote a constant flow of capital equipment from the advanced countries to the under-developed ones.

42. The Pakistan delegation, which attached very special importance to that question, did not consider that the joint draft resolution of Chile and France took sufficient account of it.

43. Proceeding to study that joint draft resolution, Mr. Allana proposed several amendments, which were contained in document A/C.2/L.114.

44. Paragraph 4 of that joint draft resolution stated that the economic progress achieved since the establishment of the United Nations had not been sufficiently rapid. He proposed to substitute for the words "sufficiently rapid" the word "sufficient", which would describe the situation more accurately.

45. In paragraph 6, he did not think that there was any question of providing "an abundant flow of essential consumer goods" to under-developed countries. What was needed rather was a "balanced flow" and he proposed that the paragraph be amended accordingly.

46. In paragraph 8 of the joint draft resolution, he did not quite understand what were the "appropriate arrangements" mentioned in the text, and designed to facilitate the international movement of commodities. The under-developed countries, particularly those which exported agricultural products, would not accept any arrangement which resulted in controlling the distribution and prices of basic agricultural products without guaranteeing to those countries the possibility of acquiring the capital equipment they required on a *quid pro quo* basis. The Pakistan representative therefore proposed to replace that paragraph by the text contained in paragraph 4 of document A/C.2/L.114.

47. Lastly, regarding what he had just said about the rhythm of industrialization and the need for supplying under-developed countries with essential capital equipment, he proposed that two new paragraphs, as set out in paragraphs 3 and 5 of document A/C.2/L.114, should be inserted in the joint draft resolution.

48. Mr. BOURGET (Canada) remarked that the joint draft resolution of Chile and France recommended, in paragraph 9, that governments "increase their efforts... to facilitate the movement of the equipment, etc...". He would prefer to see the word "maintain" substituted for the word "increase", as the present substantial efforts of the industrialized countries to help the under-developed countries to develop their economies would thus be recognized.

49. ABDEL-RAZEK Bey (Egypt) agreed in principle with the sponsors of the joint draft resolution. However, he noted that it was not clearly specified in the draft who would be responsible for the exploitation of the resources of the under-developed countries. That gap was rightly filled in by the Pakistani amendment, which indicated that the problem was to help under-developed countries to exploit their own natural wealth themselves. He had preferred the wording in paragraph 8 of the original Chilean draft resolution (A/C.2/L.78) to that of paragraph 9 of the joint draft resolution. He would like the meaning of the words in paragraph 9 : "through agreements" to be made clear. One might in fact wonder whether those words would not lead to a repetition of the unsavoury history of concession agreements. Happily, the Pakistani amendment again indicated that the agreements in question must be commercial contracts for the exchange of raw materials against capital equipment. Nevertheless, the amendment omitted to state a basic principle, which the Economic and Social Council had recognized at its thirteenth session, namely the need for establishing an equitable relation between the prices of raw materials exported by under-developed countries and the prices of manufactured products imported by them. Accordingly, he proposed that the words "on the basis of an equitable relation between the prices of the various categories of products" should be added at the end of the third amendment proposed by the Pakistani representative.<sup>2</sup>

50. Lastly, the wording of paragraph 9 (ii) of the joint draft resolution implied that the natural resources of the under-developed countries always existed in quantities sufficient for both the domestic and foreign markets. That was not always so and he accordingly proposed that the last part of the sub-paragraph be amended to read : "*...under-developed countries and which are available in sufficient quantities to satisfy the needs of international trade*".

51. Mr. ZOLOTAS (Greece) expressed his support for the joint draft resolution. However, he found paragraph 9, which was intended to facilitate the movement of goods needed by the under-developed countries for their development somewhat one-sided, since it did not take sufficiently into account the difficulties often encountered by the movement of primary products in industrialized countries. There might be good grounds for inserting a third sub-paragraph in paragraph 9, reading as follows : "(iii) The regular movement of primary products to industrialized countries".

<sup>2</sup> This amendment already appears in document A/C.2/L.114.

52. Mr. SANTA CRUZ (Chile) wished to stress that the motives of the French and Chilean delegations were beyond question : they had wanted to draw up a recommendation that would be advantageous to both the under-developed and developed countries, whose interests were similar. The meaning of the phrase in paragraph 9 to which the Egyptian representative had taken exception had been absolutely clear in the original Chilean draft (paragraph 8). There had never been the slightest intention on the part of the French and Chilean representatives to encourage the maintenance or return of the concessions system. In the light of the amendments presented, both delegations would delete from the draft any phrase which might be ambiguous.

53. Mr. BORIS (France) fully shared the view of the Chilean representative. In co-sponsoring the Chilean draft resolution, the French delegation had wanted the developed and the under-developed countries to draw closer together, a wrong idea being often prevalent that their interests diverged. The text formulated was not ideal, but both delegations had hoped that it would lead to near unanimity in the Committee.

54. ABDEL-RAZEK Bey (Egypt) denied any desire on his part to ascribe bad motives to the French and Chilean representatives, stressing that the sole aim of his intervention had been to improve the text.

55. Mr. NARIELWALA (India) expressed his support of the joint draft resolution; he wished, however, that the meaning of the reference in paragraphs 8 and 9 to the movement of man-power was made clearer. No doubt it referred to technical and specially qualified personnel who might help in the development of the under-developed countries. Perhaps that could be specified.

56. Mr. GARCIA (Philippines) also supported the joint draft resolution, the text of which, moreover, would be substantially improved by the Pakistani amendment. However, he proposed a slight amendment to paragraph 4 of the Pakistani amendment, which would bring it nearer to the original text, by mentioning the idea of "essential" consumer goods contained in paragraph 6 of the draft.<sup>3</sup> Furthermore, he supported the request for clarification regarding the movement of man-power made by the Indian representative.

57. Mr. ALLANA (Pakistan) accepted the Egyptian amendment to paragraph 3 of his amendment and the modified wording for paragraph 4 suggested by the Philippine representative.

The meeting rose at 1 p.m.

<sup>3</sup> *Ibid.*