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Chairman: Mr. Mohammad MIR KHAN (Pakistan).

AGENDA ITEM 27

Economic development of under-developed countries (A/3154, A/3192) (continued):

(c) Industrialization of under-developed countries

1. Mr. ARDALAN (Iran) said that industrialization was not an easy task. The first requirements were capital and abundant skilled labour, and while the under-developed countries had taken steps to train more skilled workers the progress made was still far from satisfactory.

2. A point of particular importance was the effective use of the surplus labour force which offered real opportunities for the expansion of capital formation and of output, especially when mobilized through community development projects. Due attention should therefore be given to social factors. In particular, substantial investment was required to raise the levels of health, education and skill of the population to standards commensurate with higher productivity. At the same time it should not be forgotten that social policies might clash with strictly economic objectives: health and education programmes could, for instance, reduce resources available for directly productive investments. On the other hand, large-scale industrial development might involve a continuous waste of resources in producing goods that could be obtained at less real cost.

3. The predominance of the agricultural sector in under-developed economies also raised special problems. Significant economic progress would of course be impossible without increased productivity in agriculture. Larger agricultural output could, by increasing the demand for industrial products in rural areas, also serve to promote the expansion of industry. As the Secretary-General and the New Zealand representative had rightly pointed out, industrial and agricultural development should go forward hand in hand. Industrialization in the under-developed countries should begin on a small scale, priority being given to social and economic infrastructural investment.

4. His delegation favoured the establishment of an international organization to deal with the industrialization of under-developed countries, and hoped that such an organization would receive unanimous support.

5. Mr. BAHADUR (Nepal) said that, as 95 per cent of Nepal's population was engaged in farming, rural development played a large part in government planning. The aim was not only to increase agricultural production but also to meet the urgent human needs of rural communities.

6. In the agricultural sector generally, farm families derived a precarious living from crop and livestock production, often of inferior quality, on small holdings. As the population continued to expand food shortages became increasingly acute. Economic development depended primarily on agricultural improvements such as the production and distribution of better seeds, the introduction of more efficient farm equipment, the development of higher quality breeding-stock and the fuller utilization of the agricultural extension services. Attention was also being given to irrigation as a means of increasing farm output, but the development of an active irrigation programme had been hampered by lack of transport facilities, funds and trained personnel.

7. A serious problem for farmers was agricultural marketing. Illiteracy, lack of transport and communication facilities, absence of storage equipment and lack of experience in co-operative organization tended to leave them in a weak bargaining position for the sale of their cash crops.

8. In a country like Nepal, where land records had not been properly kept, a cadastral survey was of paramount importance. The Government's survey programme would take about eight years to complete and within the period of Nepal's five year plan a little less than half the country would be surveyed. The project would not pay its way, but would increase Government revenue from the land. The importance of agrarian reform was recognized, and consideration would be given to the appointment of a high-level land reform commission.

9. Co-operative societies were recognized in Nepal as one of the most effective means of rectifying social injustices and of guaranteeing the workers a fair return for their labours. Measures were being taken to foster co-operatives in connexion with the village development programme. A healthy and efficient co-operative movement would progressively abolish excessive rural indebtedness, contribute significantly to the raising of living standards, and develop among its members versatility, capacity for organization, self-reliance, self-respect and ability to conduct their own affairs in an honest and democratic way.

10. Forest resources offered the best means of accelerating national economic development. Potential domestic and export markets justified prompt measures for their integrated utilization. Improved processing of forest products for both local and export markets would encourage the development of a wide range of secondary industries.

11. Extremes of elevation and climate made communications very difficult in Nepal except for air transport. There was probably no country in the world in which the various regions were so inaccessible. In some localities conditions were favourable for raising valuable cash crops, while others possessed rich mineral deposits and mighty waterfalls suitable for the development of cheap hydroelectric power. However, lack of transport precluded the development of such natural resources for the common good. For the same reason administration in the outlying districts had become costly and the Government could not effectively play its part in promoting the people's welfare. Existing resources were thus inefficiently exploited and potential resources could not be developed. At present there were 310 miles of roads in Nepal; it was thought that a total of 4,000 miles would have to be built within the next decade or so if all the communities were to be effectively linked. Since aerial ropeways were particularly suitable for transport in the Himalayas, extensive surveys were being planned with a view to future development. Plans were also in hand for an extension of the existing eighty miles of railroad. Civil aviation was becoming increasingly important and there were at present five airfields in the country. Plans were under way to improve postal services and communications by radio and telephone.

12. Although Nepal's hydroelectric potential in physical terms was virtually unlimited, the total installed capacity amounted to only a few hundred kilowatts. The best sites for power dams were in remote areas accessible only by bridle paths. The initial outlay required for commercial projects was heavy by any standards, while the potential market for electricity was limited by the low purchasing power of the inhabitants. Nevertheless, small-scale projects were being undertaken to meet both immediate and long-term requirements.

13. It was not wholly surprising that Nepal's industrial experience, acquired only during the past twenty years, had been characterized by difficulties, ineptitudes, and numerous failures. Many existing industries, such as jute, textiles and sugar, were in a parlous state. The Government had now decided that transport, communications, hydroelectric power and large irrigation projects would be governmentally owned and operated. Forest products would be handled partly by State-owned corporations. Private and public undertakings would receive equal treatment. Subject to thorough studies and analysis before decisions were reached, priority would be given to cement, forest products, sugar, textiles, cigarettes, iron, coal and copper. For cottage industries, combined training and production centres would be established in different parts of the country at the rate of at least one a year, to develop and improve design, quality and skills. Small loans would be made to trainees to start their own operations on an individual or co-operative basis; they would be sold tools and machines on instalment terms, and helped to market their finished products. Foreign capital would be welcomed, especially in large industries. The conditions laid down for the participating of foreign capital in Nepal's development would safeguard the independence and integrity of the national economy and would give adequate assurance to investors that their legitimate interests, including a fair return from their investments, would be protected. A Royal Commission would probably be asked to recommend amend-

ments to the existing Company Act and to prepare suitable labour legislation.

14. There was historical evidence to show that in the past copper, iron and other minerals had been mined in Nepal. The decline of the mining industry had been due to transport problems and to the ruthless competition of the highly industrialized countries after the industrial revolution. The vast mountain chains of Nepal were believed to contain extensive mineral resources, which were being explored by experts of the United Nations Technical Assistance Administration, the Geological Survey of India and the United States Foreign Operations Mission. Deposits of limestone, copper, nickel, mica and coal had been found. In order to formulate its policy in regard to minerals and mining, the Bureau of Mines would avail itself of the expert advice available within the Government and obtainable from other competent organizations. Actual mining operations would be contingent on the successful outcome of field and laboratory investigations.

15. Nepal's difficult geographical position was a deterrent to its trade and relations with other nations. In addition, financial instability during the past several years had discouraged trade ventures. Trade relations with India, China and many other nations had unfortunately not been based on proper treaties of commerce and friendship. Formal agreements on mutually acceptable terms would greatly stimulate trade.

16. One of the principal functions of expanding trade was to increase a country's capacity to earn foreign exchange. Nepal needed to increase its foreign currency resources in order to purchase modern equipment and implements abroad, but its possibilities of expansion were limited. Another source of foreign currency was the tourist trade. Nepal was making earnest efforts to provide travel facilities and modern hotel accommodation and to renovate sites of major historical and cultural interest.

17. Repeated attempts to cultivate the rich Rapti valley had been thwarted by a deadly form of malaria. The eradication of malaria by the World Health Organization and the United States Foreign Operations Mission was the first major step towards the valley's development; the second was the building of roads and bridges. Vast stretches of land were being cultivated and co-operative societies, schools, health services and local industries were being established. The integration of governmental departments in connexion with the Rapti valley project was a new feature of Nepal's administration. The success of the project would encourage the smaller under-developed countries in their industrialization efforts.

18. Mr. BOIKO (Ukrainian Soviet Socialist Republic) said that, as was recognized in many United Nations documents, the under-developed countries could best overcome the imbalance in their economies by rapid industrialization and by increasing the productivity of labour. Such countries were naturally turning for help to those with recent experience of industrialization, among them the Soviet socialist countries. They were aware that economic self-sufficiency was essential to political independence and the raising of the living levels of their peoples. The Western countries had unfortunately tried to destroy the interest of the under-developed countries in the example set by the Soviet socialist countries by claiming that their achievements in the realm of economic development had been won at too high a price. At the same time the Western

countries were causing that price to rise by continuing the armaments race and restricting trade with the East. They also claimed that in the socialist countries too little attention was paid to consumer needs, and they pointed to the gap between growth in production and growth in consumption. They appeared to think that everything that was produced in a society should at once be consumed. It was a fact, however, that the rate of industrialization depended on the distribution of the national income as between capital accumulation and consumption.

19. If the under-developed countries were to industrialize at the desired rate they must devote a great part of their means, at the present stage, to the provision of the means of production, which would permit a greater production of consumer goods at a later date. It was therefore important for them to concentrate on heavy industry and in that respect the Soviet Union and the other Soviet socialist countries could offer useful advice. The capital investment policy of those countries was in fact directed towards satisfying the ever-increasing needs of the workers. He would likewise point out that in those countries investment was financed not by private capital seeking private profit but by the resources of the entire community in the interests of the community. The only considerations applied were the speed at which the funds invested could be repaid and the extent to which the object of investment could help meet the needs of society. Apart from those considerations, the sole criterion was the need to ensure a planned and proportional development of every aspect of the economy.

20. He would like to give some figures illustrating economic development in the Ukrainian SSR, since there were none to be found in the relevant United Nations documents. In the past five years the Ukrainian SSR had made good all the losses it had sustained through the Second World War and had indeed made further advances. In 1955, for instance, the output of pig-iron had been 16.6 million tons as compared with 9.2 million tons in 1950; the output of steel had been 16.9 million tons as compared with 8.4; of rolled ferrous metals 13.6 million tons as compared with 6.9; of iron ore 40 million tons as compared with 21; of coal 126 million tons as compared with 78 and the output of electricity had been 30,000 million kilowatts as compared with 14,700 million kilowatts in 1950. If those figures were compared with the figures for 1913, the long-term effects of industrialization in the Republic were apparent; the output of all those products had increased many times over during that period. In particular, the production of electricity had multiplied fifty-five times, and the output of the machine-building and metal-working industries ninety-six times. The machine-building industry in the Ukrainian SSR was now making the most modern equipment for all branches of the economy: heavy and light industry, food production, transport and agriculture. Consequently, during the period of the fifth five year plan the output of the light industries and food industries had also considerably increased. In 1955, for instance, the output of cotton goods had been 49.2 million metres, of woollen textiles 13.9 million metres and of silks 14.1 million metres. The output of hosiery, linen and knitted goods and leather footwear had more than doubled. Similarly, in the food industry the output of sugar had increased by 34 per cent; of bakery products by 40 per cent; of meat by 62 per cent; of dairy products by 180 per cent; of

animal fats by 90 per cent; of vegetable oils by 22 per cent, and of tinned food by 120 per cent.

21. During the entire period, State capital investment had amounted to more than 90,000 million roubles. Investment in agriculture alone had more than doubled since 1950; there had been a great increase in the area of irrigated land and in the area of sown land. The mechanization of agriculture had proceeded apace, in particular with respect to grains, sugar beet and potatoes. Mechanization, together with improved techniques and the wider use of fertilizers, had resulted in an increase in the productivity of labour and a growth of agricultural production. At the same time, the Ukraine had increased its stocks of cattle, sheep and pigs.

22. His country's industrialization policy had called for more engineers, technicians and other experts in all branches, and special measures had been taken for training them in the Republic's higher educational institutes, where there were now 180 students for every 10,000 inhabitants.

23. The living conditions of the inhabitants were constantly improving, as could be seen from the increase in the real wages of workers and employees and in the incomes of collective farms. The amount received by the population in 1955 in assistance and benefits of all kinds had been approximately 32 per cent greater than in 1950. The systematic surveys carried out by government bodies showed that purchases by town workers and by peasants and collective farm workers of textiles and leather footwear had increased by nearly 100 per cent—a sure indication of a rise in levels of living. The consumption of foodstuffs, including meat and fats, fish, dairy products, eggs and sugar, had also greatly increased. Other indications of the improved living conditions of the workers were larger pensions, a shorter working day and higher wages for certain categories of workers. Furthermore, during the period 1951-55 some 9 million square metres of living space had been built in the towns at the Government's expense and another 5.3 million square metres had been built by town-dwellers themselves with the help of State credits; a further 460,000 dwellings had been built in the villages. The number of hospitals, clinics and other medical institutions had notably increased and so had the number of medical staff. *Per capita* expenditure on public health in the Ukrainian SSR had been 130 roubles in 1956 as compared with one rouble in 1913.

24. The Ukrainian people, who were now enjoying the benefits resulting from his Government's industrialization policy, were firmly determined to pursue that policy still further. Thus it was intended, during the current five year period, again to increase the output of steel, iron and coal, which would in turn strengthen all branches of industry. More houses would be built and more electrical energy produced both from thermal and hydroelectric stations. At the same time, in some branches of the economy certain adjustments were being made to bring plans and targets more into line with existing resources. There was no intention, however, of slackening the pace of industrial construction; on the contrary, it was intended to speed up the rate of economic development through increased capital investment and the more rational use of resources. In that connexion it was to be noted that the Ukrainian SSR was not an isolated economic unit. There was a division of labour and a sharing of the results of labour between the various Republics of the Soviet Union. At the same time, the conditions were being created for the participation of the Ukrainian SSR in international

trade. The development of the economy of the Ukrainian SSR and the raising of the living standards of its people would be made possible by the persistent endeavours of the Ukrainian population and by the brotherly support and assistance of all the other peoples of the Soviet Union and the people's democracies.

25. In general he wished to stress, for the benefit of the under-developed countries, that the economic achievements of his country had been the result of a policy of industrialization. The question of the tempo of industrial development might perhaps have been included in the programme of studies on the industrialization of the under-developed countries (E/2895) presented by the Secretary-General to the twenty-second session of the Economic and Social Council. On the whole that programme was praiseworthy.

26. The Ukrainian SSR delegation supported the proposal for the establishment within the United Nations of a special organ to deal with the industrialization of the under-developed countries.

27. Mr. KAWASAKI (Japan) said that in most of the under-developed areas industrialization had hardly begun; in others, the level of development could only be described as primitive. As was pointed out in the Secretary-General's proposals for a programme of work on industrialization and productivity (E/2832), presented to the twenty-first session of the Economic and Social Council, the less developed countries were in dire need of advancement in various economic fields. Successful development and industrialization would be achieved only when such countries mobilized their own resources in a manner that would render outside assistance effective.

28. The less developed countries of the modern world, which could avail themselves of many sources of international aid such as the International Bank for Reconstruction and Development, the International Finance Corporation and the Technical Assistance Administration, were more fortunate than countries like Japan, which had been obliged to rely on their own resources for their industrialization. His delegation believed that the industrialization of the less developed countries would certainly be accelerated if they made greater and more practical use of the United Nations facilities offered. The more industrially advanced countries should take greater interest in the work of the United Nations organizations in assisting the under-developed countries and should endeavour, so far as practicable, to channel their assistance through those organizations. The existing organizations should be co-ordinated in order to avoid duplication, and in that connexion he paid a tribute to the Secretary-General's report contained in document E/2895 in which the matter of organizational arrangement was carefully presented.

29. If the under-developed countries over-emphasized the development of heavy industry to the detriment of agriculture and the consumer goods industry, their economies might be jeopardized. A policy of heavy industrialization might prove salutary for some countries, but it could bring inflation to others and might eventually lead to an unfavourable balance in their national economies. There were great possibilities for economic development in the less developed areas in the medium and small-scale industries which could utilize their abundant manpower and exploit their natural resources to the full.

30. Japan would make every effort to collaborate with the Secretariat, the regional economic commissions and

the specialized agencies, and would be pleased to supply any available and useful information.

31. Mr. LOUGH (New Zealand) said that in the general debate on economic development his delegation had expressed its concern that the emphasis placed on industrialization by countries seeking higher standards of living might cause them to neglect the opportunities which existed for raising living standards and for creating additional resources for industrial development by increasing agricultural production.

32. The Secretary-General's report to the twenty-second session of the Economic and Social Council suggested a number of interesting studies which could prove very useful to under-developed countries. Most of the projects appeared to overlap to some extent with the work of other organizations, particularly the specialized agencies. It was therefore gratifying that the Secretary-General had stressed the need for consultations with the appropriate specialized agencies in order to avoid duplication and to ensure co-operation in areas of common interest.

33. The proposed plan appeared to be based on the assumption that most of the work would be done through the Secretariat rather than by the specialized agencies. His delegation considered that it would be preferable for the Secretariat to concentrate mainly on the co-ordination of activities in the fields of industrialization and productivity, on the initiation of action by other bodies, and on the collation of its own studies and those made by the specialized agencies and governmental and private organizations. Some of the projects mentioned should be left to those specialized agencies which were closely concerned with the problems to which they were related: for example, the projects dealing with the financial and fiscal aspects of industrial development (E/2895, paras. 34 to 36) might most suitably be undertaken by the Bank. Similarly, projects relating to industrial management in under-developed countries might be more appropriately handled by the International Labour Organisation. The programme might be more effective if some projects were undertaken by the Economic Commission for Asia and the Far East and the Economic Commission for Latin America, particularly where the problems studied had strong regional characteristics.

34. Conditions varied considerably, not only between the various regions of the world, but, even more so, between the various under-developed countries. Consequently he had some doubts as to the practical value of projects which must necessarily be general in nature; it would be more realistic if the under-developed countries requested projects on specific industrialization problems. Such requests could be sifted by the Secretariat and allotted for action either individually or collectively to one or all of the specialized agencies; or, alternatively, arrangements could be made for inter-governmental or private assistance on a given project. He did not doubt that the documents which the Secretariat would produce in connexion with the programme outlined in the Secretary-General's report to the twenty-second session of the Council would constitute a valuable contribution to the studies on industrialization and productivity and that the conclusions reached, if applied, would promote industrial progress; but unless the studies were related to specific problems there was a danger that they might become too general and fail to receive the attention they might otherwise have commanded.

35. When considering future programmes of work in connexion with industrialization it would be very

useful if, on the conclusion of a study, an objective evaluation could be made of the use which was made of it in the country concerned. Unfortunately, many useful studies were filed away and had little influence on policies or on the solution of problems as they arose. It required a conscious effort to ensure that the results

of studies were read by the people best able to benefit from them. He hoped that those suggestions would be of some help in formulating future programmes and in co-ordinating the Secretariat studies with the work of the various specialized agencies.

The meeting rose at 12.40 p.m.