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Chairman: Mr. Janez STANOVNIK (Yugoslavia).

AGENDA ITEMS 12, 29 AND 74

- Report of the Economic and Social Council (chapters II (sections I, II and III A, except paragraphs 189-198), III, IV and VII (section I and paragraph 645)) (A/4415) (continued)
- Economic development of under-developed countries (continued):
- (a) International flow of private capital: report of the Secretary-General and recommendations thereon by the Economic and Social Council (A/4487, E/3325 and Corr.1-3);
 - (b) Question of the establishment of a United Nations capital development fund: report of the Secretary-General (A/4488, E/3393, E/3393/Add.1-4);
 - (c) Methods and techniques for carrying out a study of world economic development: report of the Secretary-General and comments thereon by the Economic and Social Council (A/4489, E/3379, E/3379/Add.1-6);
 - (d) Promotion of wider trade co-operation among States: report of the Secretary-General (A/4490, E/3389)

Land reform (A/4439) (continued)

GENERAL DISCUSSION (continued)

1. Mr. PANYARACHUN (Thailand) thought that some progress had been made towards increasing the effectiveness of the Economic and Social Council, but believed that the objective could only be achieved if proper steps were taken to make the Council an organ truly representative of the whole of the United Nations, to which seventeen new States had just been admitted. To do so it would be necessary to increase the number of seats of the Council and to make certain changes in its composition. Maintaining the present arrangement would weaken the effectiveness of the United Nations in the economic and social fields, at a time when the Organization ought to be showing the public that it had a positive approach in those matters and did not confine itself, as the superficial observer might tend to believe, to debating ideological questions and concerning itself with conflicts of interest. The United Nations must also prove that it was prepared to give the Asian and African countries the place to which they were entitled. It was to be hoped that the Organization would give the question the attention it deserved and that political considerations would not influence the debates on the composition of the Council.

2. His delegation welcomed the progress that had been made by the regional economic commissions and in particular ECAFE which had done particularly good work on the investigations of the Lower Mekong Basin and the proposed network of Asian Highways. The Commission's programmes of study and research and the seminars and conferences which it arranged in various fields were extremely useful to the developing countries in the region. His delegation was also pleased with the activities of the Expanded Programme of Technical Assistance and the operations of the Special Fund, which would certainly be called upon, in years to come, to play an increasingly significant role in the economic development of the under-developed countries.

3. Nevertheless, despite the efforts made by the Governments of those countries, with the assistance of national bodies and international agencies, the gap between the standard of living of the advanced countries and that of the under-developed countries was growing, and the future seemed anxious and uncertain to those countries whose export income was derived almost entirely from the export of a few primary commodities.

4. It was true that Thailand's economic and financial position had remained sound during the first six months of 1960. The country's gold and foreign exchange holdings had increased from \$350 million in 1959 to approximately \$362 million in May 1960. The value of the baht had remained stable and the wholesale price index had gone down as compared with 1958, as

had the cost of living. In the first half of 1960, exports had risen by about 20 per cent and imports by 14 per cent, the latter increase being due chiefly to increased purchases of capital goods needed for the country's development. Despite those favourable conditions, the recurring problem of commodity price fluctuations still threatened the economy of Thailand, as it did those of other countries basically dependent on the export of food commodities.

5. His delegation believed that the disposal of food surpluses could, as experience had confirmed, have disastrous effects on the normal pattern of production and international trade, if the disposal operations were not carried out in a manner compatible with the FAO principles and guide lines and other similar principles laid down in various resolutions. He would therefore urge Governments which adopted protectionist measures liable to give rise to agricultural surpluses to modify their policy in that respect. As the Danish Minister for Foreign Affairs had told the General Assembly (875th plenary meeting), the international community must help the new States to help themselves. Assistance could be given only by helping them to diversify their production structure and enabling them to sell their products on the world market at reasonable and stable prices.

6. The matter was of particular importance to Thailand, which needed to be able to count on a steady income from exports in order to be able to carry out its first six-year plan of economic and social development. The plan, which covered the period 1961-1966, envisaged a 25 per cent rise in national income. Special emphasis was placed on diversification of the economy, the encouragement of private industry, the fuller utilization of natural resources and the achievement of equilibrium in foreign trade. The plan envisaged an increase in budget expenditure, from 1,600 million bahts in 1961 to 3,100 million bahts in 1966. Transport and communications would have priority in the expenditure of public funds (about 35 per cent), followed by the agricultural sector (30 per cent). Social development and industrial development ranked third and fourth respectively. Obviously, Thailand would be unable to put the plan into effect without considerable technical and financial assistance from outside.

7. Scarcity of capital and limited technical know-how were the two factors which most impeded the development of the less developed countries, and explained why they had not as yet been able to make any substantial progress, despite the assistance which they had received from several advanced countries, the United Nations, the specialized agencies and IBRD. As the Indian representative had pointed out, the funds available for technical assistance and financial assistance bore little relation to the needs and the absorptive capacity of the under-developed countries. It was also to be feared that the funds available to the International Development Association, which was to grant loans on less rigid terms than the existing institutions, would be insufficient to enable the under-developed countries to carry out some of their more ambitious programmes. While the under-developed countries had a duty to make the best possible use of the funds made available to them, the advanced countries must find means of increasing the financial assistance offered to the under-developed countries. The increased number of developing countries and the continual growth of their population, which would rise from 2,000 million in 1960

to 2,400 million in 1970, aggravated the problem still further. His delegation for these reasons supported the creation of a United Nations capital development fund, the establishment of which was, as the representative of Pakistan had said, imperative, and in the long run, inevitable.

8. Since the volume of financial assistance could not be expected to attain the desired level in the near future, it was all the more necessary to ensure the maximum co-ordination of the various assistance programmes. The United Nations should maintain the closest possible relationship with the various international financing agencies and should do its best to ensure that the various programmes and projects were complementary and did not duplicate one another.

9. In addition, as his country's Minister of Foreign Affairs had pointed out in the General Assembly (874th plenary meeting), in the present era of ideological conflicts, economic aid was being used more for political than for purely economic purposes, and the under-developed countries should understand that it was in their own interests not to allow themselves to be involved in political entanglements. In this domain, the United Nations might render significant services and might help ultimately in relieving political tension.

10. Mr. GEH (Federation of Malaya) said that many primary producing countries had benefited to a certain extent, during the last eighteen months, from the expanded trade of the industrial countries. Nevertheless, during the same period, the terms of trade of the under-developed countries had deteriorated. If that trend continued, the gap between levels of living in the advanced and the under-developed countries would increase still further, making the industrial countries richer and richer and the developing countries poorer and poorer. The slowdown in economic activity which was already making itself felt in a number of industrialized countries could not fail, whatever its proportions, to have an adverse effect on the economies of the less developed countries and to interfere with the execution of their development plans. The problem of the stabilization of commodity prices was for that reason of special concern to the primary producing countries.

11. His delegation was gratified that the Commission on International Commodity Trade was becoming an increasingly important forum in which member countries could engage in a useful exchange of views. The joint meeting of the Commission and the FAO Committee on Commodity Problems would certainly permit further progress in the study of commodity trade problems. The relationship between commodity problems and world economic stability should be emphasized, as should the importance of commodity agreements between producing and consuming countries. In that connexion he was glad to say that the International Tin Agreement had proved effective in achieving a measure of stability in the price of tin. His delegation was happy that a new agreement had been negotiated under the auspices of the United Nations and hoped that the United States as one of the major consumers of tin, would agree to participate in it. Having regard to the difficulty of establishing an international price stabilization scheme for rubber, it was gratifying that the International Rubber Study Group at its recent meeting at Kuala Lumpur had recognized the im-

portance to both producers and consumers of greater stability in the prices of natural rubber.

12. The main hope of primary producing countries lay, however, in the diversification of production. Although some progress had been made in that direction, the problems of the under-developed countries remained, aggravated by the continuing shortage of capital and by population growth which tended to wipe out the gains so far achieved in production. Consequently many less developed countries felt that the only solution was for the Government to enter into the private sector of industrial development, a field reserved in most industrialized countries for private enterprise.

13. In the Federation of Malaya it was felt that the most economic use of scarce capital was for the Government to provide public funds for the public sector only, leaving the financing of industrial development to private enterprise. The concentration of government resources on the public sector produced the effect of increasing the supply of capital available for other sectors. The Government had also tried to create a climate conducive to the flow of private capital into industry and had enacted legislation under which every industry or product designated as pioneer was eligible for tax exemption up to a maximum period of five years. Any firm in the pioneer category, whether wholly owned by foreign capital or not, could enjoy the benefits of the legislation. In addition, double taxation agreements had been concluded with a number of countries. There was no restriction on the repatriation of capital or remittance of profits abroad by foreign firms. The Government held only one-sixth of the equity of the country's industrial development bank in order to ensure the exclusion of political influence from the bank's administration and decisions.

14. As a result of those measures the flow of private capital, both domestic and foreign, into industry had exceeded expectations. Those remarks did not imply that private international capital was flowing into his country in really adequate measure. The population was growing at the rate of about 3.3 per cent a year and 60 per cent of the population were under twenty-one years of age, which meant that a substantially increased investment in industry and agriculture would be needed if the second five-year development plan was to succeed in providing employment opportunities and essential public and social services for the growing population. Fortunately, the rate of domestic savings had shown a rise, which would enable the Government to embark on its second five-year plan without depleting its reserve or excessive foreign borrowing, thus maintaining the public debt within prudent limits.

15. His Government was not seeking to make the Federation of Malaya a capitalist stronghold. The objective was rather to turn the country into a property-owning democracy by making land available to the landless. In the urban areas it was hoped that industrialization would provide employment opportunities for a population which was increasing twice as fast as in the rural areas. The plan might be described as a two-pronged attack on the problem of economic development.

16. If the experiment was successful, his country should within the foreseeable future be able to prove that parliamentary democracy could combine with a system of private enterprise, even in an under-developed country, to achieve economic and social

progress. In so doing his country might help to give a new meaning to the term "private enterprise", which was still too often synonymous with colonial exploitation in the minds of the peoples of under-developed countries.

17. Mr. HAKIM (Lebanon) said that the annual debate on the economic development of under-developed countries enabled the Committee to undertake a comprehensive review of the problem of economic development and the international and national efforts made towards its solution and thus kept the attention of the international community focused on what was, taking the long view, the greatest problem facing the modern world.

18. Although the subject under discussion was the economic development of under-developed countries, the question was really that of world economic development. It was impossible to consider the development of under-developed economies independently of the development of both the capitalist and the socialist developed economies. Questions of international trade, international capital movements and multilateral and bilateral economic aid could only be dealt with in the context of a developing world economy, involving as they did the changing relationships between the three groups of economies, those of the under-developed countries, of the developed capitalist countries and of the developed socialist countries. All those countries were in the process of developing, although some were developing faster than others. As a result of the progress of science and communications, the development of one part of the world conditioned and was conditioned by the development of other parts. The different national economies were being drawn into an interrelated world economy in which progress must be balanced. A combined advance must be made on all fronts in order to win the battle against poverty. The course of development of the under-developed countries, in which two-thirds of humanity lived, had profound effects on the development of the industrial countries, whether capitalist or socialist. The development of the world economy was thus determined by two basic factors, the increasing economic interdependence of all nations and the growing inequality between the developed and the under-developed countries. The first of those factors operated in favour of international economic co-operation and a balanced economic expansion of all countries, while the second contained the seeds of economic instability. He proposed to consider both factors with particular reference to their effects on the development of under-developed countries.

19. Economic interdependence was reflected in the currents of world trade, in capital movements and in the field of economic growth. No nation could claim self-sufficiency. The industrial countries needed raw materials from the less developed countries, and profited from the sale of the industrial products the latter needed. The under-developed countries needed the capital goods and technical services which the developed nations possessed in abundance. Trade among nations was therefore essential; a reduction of trade would mean a waste of resources, whereas expanding trade would make possible the most efficient utilization of the human and material resources of all countries. Those remarks applied to the socialist countries also, and the USSR representative had said that his country favoured the expansion of international

trade, without discrimination and on the basis of mutual advantage. The socialist countries had increased their trade, both between themselves and with the capitalist countries.

20. As a result of the rapid economic growth of the socialist countries and the liberation of the countries of Asia and Africa, the patterns of international trade were changing. Trade between the industrial and the under-developed countries had hitherto been mainly an exchange of raw materials for manufactured goods. Colonial and semi-colonial countries had served the interests of the industrial countries in two ways: by furnishing cheap raw materials and by providing a market for consumer goods. The under-developed countries were now being forced to industrialize, thus themselves using a part of their own primary products and supplying their domestic markets with their own consumer goods. On the other hand, some industrial countries were producing surpluses of primary products, which were competing with the products of the under-developed countries. The position of countries exporting primary products was becoming more vulnerable at the same time as they were gaining increasing political and economic independence.

21. Those difficulties were not of a temporary nature. During the past decade, in spite of the remarkable growth of industrial production in Western Europe and North America and the consequent increase in demand for raw materials, the terms of trade had moved against the primary producing countries by as much as 20 per cent. The foreign trade position of the under-developed countries was still weak, but political independence from colonial rule made it possible for them to overcome that weakness by industrializing their economies and adopting defensive measures against further deterioration in their terms of trade. In that connexion, the establishment of the Organization of Petroleum Exporting Countries, reported to the Committee by the representative of Iraq, was highly significant. The rapid growth of the socialist economies was also a factor of increasing importance in the new patterns of international trade. The socialist countries were expanding their foreign trade, especially with the under-developed countries. Faced with the instability of markets in the capitalist countries, the under-developed countries were finding markets through barter arrangements with the socialist countries. They would continue to increase their trade, not only with the socialist countries, but also with other under-developed countries which were becoming industrialized.

22. International economic interdependence was also reflected in the field of capital movements. In the colonialist era, private capital had moved to the colonial territories for investment directly or indirectly leading to the production of raw materials and foodstuffs needed by the industrial countries. That pattern persisted, particularly in the case of petroleum. The investments were highly profitable and the return on them created a flow in the opposite direction more than balancing the movement of capital into the under-developed countries. Nevertheless, the dominant capital movement after the war had been from the United States to Western Europe. The movement of public capital to the under-developed countries was also assuming greater importance. In that field too, the rapid economic growth of the socialist countries was enabling them to play a greater part in the supply of

capital for the industrialization of the under-developed countries.

23. The interdependence of the different countries was reflected also in their economic growth. Thus, in the eighteenth and nineteenth centuries the exploitation of colonial resources had contributed importantly to the economic growth of Western Europe. North America had in turn profited from European skills and capital. In North America, earnings had been reinvested locally, but that was far from having been the case in the countries of Asia, Africa and Latin America. After the war, it had been the United States which had contributed skills and capital to assist in the reconstruction of the European economy. At the same time European demand for that country's goods, particularly capital goods, had stimulated the economic growth of the United States during the past fifteen years. In the United States it was generally agreed that the rate of growth of the gross national product, which was estimated at 3 per cent or less as compared with over 6 per cent for the USSR and the other socialist countries, should be increased. But there was controversy as to the best means of achieving that goal and of preventing the frequent recessions from which the United States economy suffered. In fact, the rate of growth of its industrial production had recently slowed down, and the steel industry was operating at slightly more than half capacity.

24. The economic growth achieved by the United States since the war had been remarkable. It had made possible the attainment of a high level of consumption and had contributed substantially to the reconstruction of Europe and, though in much smaller measure, to the development of the other continents. How then was this recent slow-down to be explained? Had consumer demand been satiated? Was there overproduction in the capital goods sector? The United States representative had presented a draft resolution to the Committee (649th meeting) for the provision of surplus food to needy peoples as part of FAO's Freedom from Hunger Campaign (A/C.2/L.459). That was a praiseworthy proposal and, with appropriate amendments, had been unanimously approved by the General Assembly (908th plenary meeting). But it would still be more praiseworthy to supply the tractors and farm machinery the under-developed countries needed to increase their food production and eliminate the threat of hunger.

25. Just as it was wrong that some countries should accumulate food surpluses while there was widespread hunger in other countries, it was also wrong that the steel industry and the farm machinery industry should have surplus capacity, while the under-developed countries were in dire need of machinery to increase their food production. It was to the interest of the developed countries to keep their industries operating at full capacity. The maintenance of a high rate of economic growth required not only a high level of consumption, but a growing demand for capital goods. The frequent occurrence of recessions could be explained by the appearance of overproduction in the capital goods industry at a time when the satisfaction of the effective demand by consumers limited the demand for capital goods by the consumer goods industry. What was needed was the provision of an expanding market for capital goods, so as to enable the industries producing them to maintain a high rate of growth and thus generate an expanding demand for consumer goods. If the under-developed countries

received the necessary aid, they could provide a growing market for capital goods, for their needs in that direction were immense and their absorptive capacity could be enormously increased. If they were given the necessary tools, they would attend to their own development and at the same time would contribute to the economic growth of the industrial countries. If a line of credit was opened for the under-developed countries for their purchase of machinery and equipment under development programmes, the demand for capital goods thus generated would maintain a high level of industrial activity throughout the world for decades. The socialist countries, as well as the capitalist countries, would benefit.

26. The second basic factor governing the development of the world economy was the growing inequality of wealth between the developed and the under-developed countries. That was an alarming problem, for unless the under-developed countries were capable of providing an adequate level of living for their people, the peace and stability of the world would be seriously endangered. As the United Kingdom representative had said, the gap dividing richer from poorer must be rapidly reduced, and that implied massive aid. However, while the assistance being given to the under-developed countries through the United Nations and through other channels should not be underestimated, it was woefully inadequate. It was insufficient to enable the less-developed countries to reduce appreciably the mass poverty with which they were plagued. What was really important was the abolition of poverty, even if inequalities of wealth between different countries remained. The Managing Director of the Special Fund, Mr. Hoffman, estimated that the average per caput income of 100 under-developed countries had risen from \$90 in 1950 to \$100 in 1960. Considering the efforts made by those countries and the substantial bilateral and multilateral aid given to them, the progress was disappointingly small. The Managing Director further estimated that if foreign capital investment in the under-developed countries could be raised from the present level of \$4,000 million annually to \$7,000 million, the average per caput income would rise by about 2 per cent annually during the coming decade, i.e. from \$100 in 1960 to \$125 in 1970. Modest as that goal was, it would be difficult to attain with present methods. In that connexion, his delegation wholeheartedly supported the Indian representative's plea for the establishment of a United Nations capital development fund (661st meeting). However, even at the rate mentioned by Mr. Hoffman, the under-developed countries would hardly be in a position to eradicate poverty before the end of the century. At best, the annual per caput income would not reach \$200 before 1990, which would represent a doubling in thirty years. By that time the gap between the industrial and the under-developed countries would have grown even wider. It was unlikely, however, that in the present revolutionary age the hungry peoples of the world would be prepared to wait that long. They would struggle with all the means at their disposal, and during the coming decade profound political and economic changes would set the course of development of the under-developed world for many years to come.

27. These less advanced countries had to achieve their own salvation, with or without the help of the industrial nations. They had a right to expect sufficient assistance, but they asked above all else that

they be helped to help themselves. That required a co-operative effort on an unprecedented scale, which could be only organized through the United Nations. If that effort was not forthcoming, the situation of the less developed nations would become unbearable and they would be forced to undertake the development of their economies by radical means, which would demand very tight controls and the restriction of individual freedom. But the first concern of hungry people was not freedom of speech or assembly. The conquest of poverty was a historical necessity; the question was no longer whether the under-developed countries would conquer poverty but how they would conquer it, and what economic and social system they would choose for that purpose. Unless the international community could rise to the challenge, mankind would soon enter on a revolutionary period with constant danger of political, economic and social explosions inside the under-developed countries as well as economic and political conflicts between them and the developed countries. World economic development would come about either by co-operation or by conflict, and the choice could not be long delayed. The United Nations must make that choice before it was too late and must organize the necessary co-operative effort in the interests of progress, prosperity and peace for all mankind.

28. Mr. PAYNE (United States of America), exercising his right of reply, said that the United States had, to date, exported more tractors to the under-developed countries and generally furnished more assistance to their agriculture than any other nation. His country wholeheartedly supported the FAO Freedom from Hunger Campaign, which was aimed at helping food-deficient countries to increase their food production. That support was affirmed in operative paragraph 1 of the draft resolution submitted by the United States and five other delegations on the provision of food surpluses to food-deficient peoples. The United States delegation was gratified that the General Assembly had adopted that draft resolution unanimously.

29. Mr. ENCINAS (Peru) observed that the Secretary-General had said that despite the present political tensions, economic co-operation—or at least deliberations—were continuing in the United Nations, from which it could be inferred that the world situation was not irreparable. The Secretary-General had also said that he considered economic development one of the principal concerns of the various bodies dealing with economic matters. His delegation shared that view and believed that the economic development of both the advanced and the under-developed countries was one of the major problems of the century. The objective must be to find ways and means of creating an increasingly prosperous economy for all members of the world community. The interdependence of the economic development of both groups of countries could not be overemphasized. It might reasonably be said that the future of the world would depend in large measure on the economic relations established between the developed and the under-developed areas.

30. The development of the under-developed countries involved both theoretical and practical problems. Unfortunately, no economic theory on which development could be based had as yet been devised. Before the generalizations essential to any theory could be made, the various concepts had to be studied in the light of experience. For that purpose there was an urgent need for studies of development, both in the limited and in

the broader sense of the term, including studies of aspects that were directly linked with economic development and also of such related fields as culture, sociology and population. It was therefore gratifying that the Economic and Social Council had decided in resolution 777 (XXX) to prepare long-term economic projections because of the importance of long-term planning in the economically under-developed countries.

31. Such planning obviously required preparatory work, in particular quantitative studies of the various factors a knowledge of which was indispensable. For instance, in order to determine the per caput income target to be attained over a certain period, it was necessary to calculate the critical minimum effort required with regard to each of the relevant factors, in particular population growth and the rate of saving. As the surveys were progressively extended their objectives would become broader. Such surveys were the more necessary because in the under-developed countries there was insufficient knowledge of the various factors, with the result that decisions and the execution of programmes lacked flexibility. Such studies, which were of a technical nature, would enable the under-developed countries to save labour, time and capital in carrying out their programmes.

32. Study of economic development revealed a series of vicious circles, which the various theories were designed to eliminate. A better knowledge of the role of the various factors made it easier to take strategic decisions of a practical character without losing sight of the final goal of economic development. Strategic decisions were decisions relating both to the economic infrastructure and to investment in the social field which set in motion a productive chain reaction.

33. It had often been said that increased capital formation was essential in order to raise the level of production in an under-developed country. But an under-developed country in which real incomes were very low could not readily reduce them still further in order to achieve that purpose. That vicious circle would probably be eliminated by strategic decisions. In fact, certain investments in the social field could raise the income level by stimulating other investments of an economic character. If that was to be achieved, it was essential that economic investments, like social investments, should be the subject of strategic decisions. It was important that investment policy should be adapted to the conditions of under-development. In Latin America, for instance, under-development was characterized by a lack of integration and balance. It would therefore be difficult to apply a system of rigid decisions when one of the most urgent needs was to achieve balance and integration. The application of identical decisions to unequal elements would perpetuate the relative imbalance it was hoped to eliminate. In view of the limited resources available to the under-developed countries for initiating the development process, it would be wiser to confine initial action to certain critical sectors or zones than to tackle all aspects of under-development on a broad front. In practice, action by critical sector or zone was not incompatible with the "big push" theory.

34. It might be thought that the foregoing arguments were inconsistent with what was referred to as the balanced development of the under-developed countries. In fact, accelerated economic development could never be completely balanced, since balanced develop-

ment presupposed resources which the under-developed countries did not possess. There could naturally be no question of fiscal, monetary or social imbalance. Those remarks applied solely to the relationship between the various decisions designed to accelerate economic development. Although eclectic or strategic development might involve certain elements of discontinuity and imbalance, it was intended to create the conditions of equilibrium and continuity characteristic of an advanced society.

35. Although it was true that the financial resources of the under-developed countries had been inadequate, it must be recognized that the failure of the capital invested to produce the expected results might have been partly due to the absence of a flexible investment policy. A theory of economic development of the under-developed countries should include the following aspects: strategic decisions, flexibility in the application of those decisions, elements of functional discontinuity, determination of the kinds of efforts to be made, and consideration of such structural factors as population, technology, natural resources and the inflow of foreign capital.

36. With regard to the practical aspect of the problem, it should be noted that the success of any development plan depended on the effort each country was prepared to make. That effort should focus on two points: agricultural development and industrialization. It was important that land reform should be carried out with due regard to industrial development programmes. Land reform involved the planning of land use as well as the reorganization of land tenure systems in order to increase productivity.

37. Industrialization should not be carried out in application of an ideology but in the light of conditions in the country concerned. It included a considerable transfer of manpower from agriculture to industry and the transition from an economy of primary production to an economy including secondary and tertiary activities. In the technical and cultural fields, it should not be forgotten that industrialization would create new occupations and new norms of life which would take their place within the framework of general development.

38. He was gratified that his country had been elected a member of the recently established Committee for Industrial Development. He was convinced that the Committee could play an effective part in the activities of the United Nations and hoped that it would begin its work in the near future.

39. A number of steps should be taken to ensure international co-operation. Protectionism and the customs restrictions imposed by certain industrialized countries, which had unfavourable repercussions on the economies of the under-developed countries, should be eliminated. Machinery for the stabilization of commodity prices should be established. The new credit facilities made available by industrialized countries or international bodies should take into account current market conditions, in order to avoid creating competition which would dislocate existing markets and damage established products. Agreements should be concluded to eliminate double taxation and similar practices which slowed the flow of private capital to the under-developed countries. Measures should be taken at the international level to ensure that technical progress led to the better utilization of primary commodities.

Provision should be made for broad co-operation between the regional trade associations, and the flow of foreign public, private or semi-public capital should be maintained and intensified. The last point was particularly important in view of the contraction in recent years of the flow of capital to Latin America, despite the fiscal and monetary measures adopted by many countries in the region to create a favourable climate for foreign capital investment. The capital exporting countries for their part should do everything possible to create a climate that would encourage an increased and stable flow of capital.

40. His delegation considered it necessary to establish a United Nations capital development fund. It noted with satisfaction the work undertaken by the Special Fund and the establishment of the Inter-American Development Bank, as well as the proposed establishment of an inter-American social development fund. The last project implied a changed approach to the problems of under-development and was of great importance to the economy of Latin America. The fund was to operate within the framework of the Inter-American Development Bank's programme, under which social investments could be made in conjunction with economic investments. It was to be hoped that not

only an increase in consumption would result but also an increase in production and savings.

41. In conclusion, he expressed some fears with regard to the immediate future of the Latin American countries. The favourable situation enjoyed by the advanced societies emphasized the poverty of the under-developed countries. In those circumstances, those who disregarded what had been called the "revolution of rising expectations" were helping to create what could be the "expectations of revolution". For his part, he believed that accelerated development of the under-developed countries was possible without violence. Those who associated development with violent practices seemed to hold an outmoded conception of violence. In the modern world no one knew where violence might lead, and nuclear weapons meant total destruction. In the economic field, violence meant abandoning the path of reason, outside of which no justice was possible. In those circumstances, it was urgent to ensure international co-operation to achieve accelerated economic development, so as to attain the goals of the Charter and meet the wishes of the contemporary world.

The meeting rose at 12.50 p.m.