



CONTENTS

Agenda item 5:	<i>Page</i>
Economic development of under-developed countries:	
(a) Industrialization;	
(b) Land reform;	
(c) Sources of energy . . . . .	7

*President*: Mr. Daniel COSÍO VILLEGAS (Mexico).

*Present*:

Representatives of the following States: Afghanistan, Bulgaria, Chile, China, Costa Rica, Finland, France, Mexico, Netherlands, New Zealand, Pakistan, Poland, Spain, Sudan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela.

Observers for the following Member States: Belgium, Brazil, Canada, Cuba, Czechoslovakia, Hungary, Israel, Italy, Japan, Philippines, Romania, Yugoslavia.

The observer for the following non-member State: Federal Republic of Germany.

Representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Bank for Reconstruction and Development.

The representative of the International Atomic Energy Agency.

AGENDA ITEM 5

**Economic development of under-developed countries (E/3203, E/3208, E/3212 and Corr.1 and Add.1, E/3213 and Add.1 and 2, E/3218 and Corr.1, E/3219):**

- (a) Industrialization;
- (b) Land reform;
- (c) Sources of energy

1. Mr. GARCÍA REYNOSO (Mexico) said that the responsibility of the United Nations to promote social progress and better standards of life in larger freedom had been increased as a result of the slower rate of growth of developing economies in the two previous years. The needs of the less developed countries and the problems confronting them should therefore be considered by the Economic and Social Council as a matter of urgency, particularly in view of the rapid rate of

growth of the world population, mostly in the less developed areas. The economic and social problems of the under-developed countries, aggravated by the widening gap between their rate of income and that of the developed countries, were thus becoming more acute. Economic growth was more essential than ever, for the under-developed countries were no longer prepared to accept the economic and social *status quo*. There was an insistent demand for independence, emancipation from foreign domination and a rapid raising of levels of living.

2. The Mexican delegation believed that something could be done to narrow the widening gap in levels of living and to satisfy the economic and social aspirations of the less developed countries. In Latin America, for instance, the rate of economic development had greatly increased during the past twenty years, facilitated by ample, diversified natural resources and an advantageous ratio of land to population. New countries had now emerged in areas even less developed than Latin America and with a far more difficult population problem; they, too, wished to improve their economic position. The appearance, as a result of their efforts, of new sources of primary products, combined with the protectionist measures of the industrial countries, had been responsible for the severity of the recent economic recession in the world. It had become apparent that the industrial centres could not absorb all the primary goods produced in the rest of the world. It was therefore essential for the less developed countries to diversify their economies and industrialize, in order to create domestic markets for the goods they produced. Mexico had decided upon that course at the turn of the present century, and had since carried out a programme of industrialization in which the State had played an essential role, the Government offering incentives to which Mexican industrialists had reacted most favourably.

3. Despite the progress achieved, Mexico had not solved all its problems and was particularly vulnerable to external economic fluctuations. Moreover, its industrial development was still limited to certain areas, vast portions of the country remaining under-developed. It was therefore fully alive to the problems of the other less developed countries in the world, particularly those in Africa and Asia which had recently achieved their independence. It was equally aware of the need for the economic integration of Latin America, and hoped that a regional market would be created with the assistance of the proposed inter-American development bank.

4. Mexico appreciated the importance of the work undertaken by the Secretariat in the field of economic

development and industrialization. It felt, however, that United Nations activities were seriously hampered by lack of funds and the scarcity of experts, and that in the circumstances the Secretariat had embarked upon too broad and diffuse a programme of work, which might have the effect of retarding achievements and discouraging the countries which badly needed technical assistance. The problem could be solved by a new approach to economic development and industrialization activities in which attention would be focused on projects likely to yield practical results; the work of the regional economic commissions provided a precedent for that approach. It would be useful, too, before the United Nations experts embarked on any new long-range activities, to have first-hand information concerning the experience of various countries in the field of economic development and industrialization; the Department of Economic and Social Affairs could serve as a clearing house for that type of information. In addition, a world-wide survey of current national and international economic development and industrialization projects could usefully be undertaken, in the light of which the Secretariat's programme of work might again be reviewed in order to eliminate any duplication of effort. Lastly, the activities of the various Secretariat departments should be co-ordinated so as to make it possible for the United Nations Information Centres to disseminate all the economic and technological information which emanated from the United Nations.

5. Mr. PHILLIPS (United States of America) expressed the gratitude of his delegation to the Government of the host country for its hospitality and for the contributions which it had consistently made to the work of the Council. The United States considered itself fortunate to have Mexico as a neighbour, and to be able to demonstrate to the world how their common border could serve as a gateway for the peaceful inter-change of persons, culture and goods essential to their mutual welfare. It had been impressed by the rapid rate of economic growth in Mexico during the post-war period and, more particularly, by the fact that the transformation achieved had not involved the sacrifice of human freedoms: the complete restriction of individual freedoms inevitably slowed down economic progress in the long run.

6. As noted in the report of the Advisory Committee on the Work Programme on Industrialization (E/3213), industrialization was the key element of the successful economic development of the less developed countries. It was therefore encouraging to note that in 1958 one-third of the total expenditure of the United Nations devoted to technical assistance had been applied in the field of industry.

7. The United States had been the first to institute programmes of substantial assistance to promote the economic development of other countries. In the past year it had been active in initiating new programmes and in collaborating with other countries in the implementation of schemes already under way.

8. With regard to multilateral assistance, the United

States had proposed that the capital of the International Bank for Reconstruction and Development and the quotas of the International Monetary Fund should be substantially increased. It had entered into exploratory talks with other Governments concerning the establishment of an international development association affiliated with the Bank for the purpose of making loans to less developed countries on more flexible terms than the Bank was authorized to do. The United States had also sponsored the establishment of the United Nations Special Fund, which, even with its limited resources, should contribute effectively to the financing of development. Finally, the United States was pursuing negotiations with the Latin American countries which were expected to culminate in the establishment of an inter-American development bank.

9. The newest of the bilateral programmes initiated by the United States was the Development Loan Fund. In its first year of operations it had made total loan commitments amounting to \$684 million, thus virtually exhausting the total funds appropriated, with the result that a supplemental appropriation of \$225 million had been requested for the current fiscal year. Approximately one-third of the total commitments had been for projects in the field of industry.

10. The United States had continued its technical co-operation activities through the International Co-operation Administration, whose range of activities in the field of industry extended from simple technical operations to intensive engineering survey and design services in the construction of major capital facilities.

11. His Government approved, in general, of the types of projects proposed by the Advisory Committee and endorsed the considerations contained in paragraphs 16 and 17 of its report (E/3213). It feared, however, that the large number of projects suggested would exceed the capacity of the Secretariat. It would be more practical for the Council to agree on a work programme consisting only of projects with the highest priority, which could be undertaken within the immediate future. A progress report from the Secretariat on those selected projects could then be submitted to the Council at its twenty-ninth session.

12. With regard to the servicing of field operations in industry, the United States favoured a strengthening of co-ordination between United Nations technical assistance programmes and the work of the regional economic commissions. The Bureau of Economic Affairs could usefully provide substantive assistance at the programming stage.

13. The United States strongly supported the proposal (E/3213/Add.1, sect. IV) of the United States member of the Advisory Committee that the Secretariat should serve as a clearing house for research data so that Member countries might plan industrial expansion after careful consideration of the prospects line by line. In that connexion, it attached great importance to the feasibility reports to be undertaken by the Special Fund. The Bureau of Economic Affairs could supplement that activity by building up a file of data on comparative

costs and market-potential appraisals based on the studies prepared in all parts of the world.

14. United Nations technical assistance and advisory services could also be helpful in planning the expansion of existing small-scale industry. The United States supported the Advisory Committee's proposals on that subject. Much could be achieved by the establishment of industrial zones to assist small-scale industry; the numerous advantages offered by that system had been amply demonstrated by experience in the International Co-operation Administration.

15. Although the United States considered that the work programme which it proposed would provide maximum benefit to the less developed countries, it was prepared to consider sympathetically any other projects which would effectively contribute to their industrialization.

16. Since industrialization depended primarily on the supply of energy within a given country, the energy requirements of under-developed countries had been increasing at a phenomenal rate. It was essential to keep pace with that rapid growth, and the United States was prepared to assist those countries to increase their energy production, which in turn would help to raise levels of living. Not only conventional forms of energy, but also so-called non-conventional forms should be considered where economic and other conditions were favourable. The use of some of those forms, for example, nuclear energy, presented special problems, requiring the closest possible study before decisions could be reached on their possibility. An inter-governmental symposium of technical experts and power economists on solar energy, for example, would be useful. On the other hand, the United States doubted the feasibility of holding a world-wide conference in the immediate future on all non-conventional forms of energy other than nuclear energy.

17. Relative cost and price studies of the different sources of energy should be undertaken on a practical basis and should be closely co-ordinated. While no useful comparisons of costs of developing energy sources in various countries could be made, it might be worth while to carry out such pilot studies in individual countries and eventually to make comparisons of country studies. Special care should be taken to avoid any overlapping in the research activities of the different organizations which had varying degrees of competence in dealing with such energy studies. Indeed, all cost and price studies of energy derived from atomic fuel should be carried out by the International Atomic Energy Agency (IAEA) and not by the United Nations. A clear-cut delimitation of competence would obviate such confusion as that created by the proposal of the secretariat of the Economic Commission for Europe (ECE), without authorization from the Council or from the ECE itself, to engage in studies which not only infringed on the area of competence of the IAEA, but were global in nature. He formally requested the Secretary-General to submit to the Council at its twenty-eighth session a note explaining the allocation of responsibilities regarding those studies to Headquarters, the regional commissions and the IAEA.

18. A good system of land tenure was an essential factor in promoting economic development, including industrialization. The right to long-term occupancy of land had to be recognized if the cultivator was to have any incentive to work, to plan his production and to save. Moreover, where individual land holdings were too small or taxes and government regulations were too burdensome, individual initiative was crushed and there was little chance of introducing scientific agricultural practices which would improve production. That in turn retarded industrialization, which depended largely upon labour released from farming and upon capital formation made possible by agricultural growth. For the best utilization of land, there should be more widespread ownership of farm land, development and settlement of new land, improved security of tenure for tenant operators, more liberal agricultural credit facilities, and efforts to develop holdings of economic size.

19. His delegation agreed with the general outline of the prospectus for a report on developments in land reform (E/3208, part II) to be submitted to the Council in 1962. In particular, it agreed that the emphasis should be shifted from a report on many broad aspects of the question to one on a number of specific aspects. The Council should review the prospectus again in 1960 in the light of suggestions which might be put forward by the Secretary-General or the agencies.

20. Through a step-by-step approach to the problems which directly affected the basic needs of peoples, the Council was striving to foster the economic well-being of the newly developing countries. He pledged the continuing support of the United States for that undertaking.

21. Mr. ENCKELL (Finland) said that he would confine his remarks mainly to the problem of industrialization. He hoped that the valuable work done by the Secretariat, and particularly by the Bureau of Economic Affairs, would be continued and that the United Nations would still be able to avail itself of the services of the experts comprising the Advisory Committee. His delegation was pleased to note that all concerned appeared to recognize the paramount importance of the task confronting them, for the problems to be solved affected not only those countries whose economic development the United Nations was making special efforts to promote but also those which had already benefited extensively from the exploitation of their resources. In its report the Advisory Committee stressed the importance of promoting the rapid industrialization of under-developed countries and the need to ensure that the results of the work programme were such that the Governments concerned could use them to meet their practical needs (E/3213, para. 16). In so doing, it defined the *raison d'être* of all the studies to be undertaken on that topic.

22. It would be incorrect to state that the under-developed countries in studying the experiences of the more advanced countries should necessarily follow their examples. On the contrary, they would do well to study those experiences with a view to avoiding the repetition of earlier mistakes. He recalled in that connexion that a member of the Committee had referred to the

enormously wasteful approach to development assistance, and had recommended a sort of clearing house to provide a secure foundation for general industrial development planning. His delegation felt that it was especially important in promoting the economic development of under-developed countries, where so much depended on the sound and efficient use of all available resources, to avoid waste of any kind.

23. With regard to the question of the relative value of macro-economic and micro-economic studies as dealt with by the Committee in its report (E/3213, paras 32-34 and 51-53), he observed that, in the opinion of his delegation, concentration on general planning and factors pertaining essentially to macro-economics would be desirable only if the task were a purely scientific one and involved exclusively the problem of exploiting the resources of the world as a whole in the most efficient and rational way. The core of the problem faced by the United Nations was, however, to be found elsewhere. As the organization's main task was to improve the lot of human beings everywhere, it should concentrate on obtaining results that would permit the most rapid elimination of the distressing imbalance in levels of living now prevailing in different parts of the world. If it was true, as it appeared to be, that the development of the more advanced nations was even more rapid than that of countries still in the initial stages of industrialization, the main problem was to find ways of bridging that widening gap. For example, it was important that the peoples of the countries concerned should become aware of the progress being achieved, for that would strengthen their conviction that their efforts were worth while and that they were daily drawing closer to their goal. For those reasons his delegation thought that it would not be advisable to neglect the micro-economic approach. The peoples of the countries concerned placed great confidence in the ability and efforts of the United Nations. If it was to merit that confidence, the United Nations should do its utmost to help promote immediate practical aims and thus avoid giving rise to legitimate impatience. That objective might be served, as the Committee had rightly stressed, by a study of measures to stimulate the development of small-scale industrial enterprises, the results of which, if less conspicuous than those of more ambitious projects, could in a comparatively short time prove of great value. The establishment of such small-scale enterprises should not be a transitory measure. Among the obvious advantages of such enterprises were the modest nature of their capital requirements, their adaptability to changing conditions, and the possibility of balancing their geographical distribution, which might in many cases lessen the impact of problems arising from excessive internal migration and rapid urban concentration.

24. His delegation noted with satisfaction the emphasis the Committee placed on the importance of a more adequate briefing of the experts to be sent to under-developed countries, a measure which might well have a decisive bearing on the success of their work and result in a saving of time and money. It also endorsed the Committee's observation on the close connexion between the provision of expert advice and the fellowship pro-

grammes of the countries concerned. His own country had greatly benefited from the exchange of technical knowledge with many other countries, on a voluntary basis and with the co-operation of private industry, and had been carrying out a programme of scientific and technical co-operation which had produced highly satisfactory results for all concerned.

25. In conclusion, he would like to stress the importance of the pooling of knowledge and experience as a means by which the United Nations could help peoples everywhere to achieve the more satisfying conditions of life which constituted the goal of industrialization.

26. Mr. METALL (International Labour Organisation), speaking at the invitation of the PRESIDENT, said that in the view of the ILO the report of the Advisory Committee offered valuable guidance for future work. Inherent in the process of industrialization were the social problems of transforming the ways of life characteristic of a pre-industrial society. Among the most important of those problems were the provision of training for personnel at all levels, and assistance to small-scale undertakings in adapting themselves to changing market conditions and in taking advantage of new methods of production and organization. The ILO had well-established programmes of action along both those lines, and was glad to note the suggestions in the report that such projects should be carried out in co-operation with other international organizations.

27. The ILO, which realized that, as the Committee stated, the scarcity of managerial skills prevailing in most under-developed countries was one of the major obstacles to industrial development, was devoting a considerable and increasing part of its activities to productivity improvement, which was in substance the management training element in its programme of training personnel at all levels. The ILO activities relating to the promotion of sound management techniques, general management training, supervisory training and industrial and labour/management relations included, on the one hand, the collection and publication of information, research, the formulation of policy recommendations by meetings of experts and representatives of Governments, employers and workers, and the publication of studies and practical manuals; and, on the other hand, the provision of technical assistance, the dispatch of expert missions to under-developed countries, aid in the establishment of productivity centres and other training institutions, the award of fellowships and so forth. Those various activities formed a carefully integrated programme in which research, policy recommendations and the preparation of training material provided the basis for technical assistance, while the experience gained in technical assistance contributed in turn to the improvement of policy recommendations and of training manuals and the briefing of experts.

28. He went on to name the countries to which ILO supervisory training missions and missions concerned with management and productivity improvement had been or were being sent under the Expanded Programme of Technical Assistance. Productivity departments or centres had been established or developed in a number

of countries with the assistance of the ILO missions. The missions had devoted much time to the teaching and demonstration of management techniques at shop-floor level and the training of specialized personnel to operate them, with short appreciation courses for top management, supervisors and workers' representatives to enable them to understand what the specialists were doing. It had been found necessary, however, to increase the emphasis on training for the higher levels of management, inasmuch as the training of technicians and the middle ranks of management in productivity-improvement techniques could not produce adequate results unless the initial application and the subsequent maintenance of improved techniques in particular undertakings had the support of top management. The ILO experts had found that top management often showed little interest in methods of production or questions of training, human relations and organization. Among the fundamental problems encountered in the transformation of a pre-industrial into an industrial community were those of helping top management to appreciate the inter-relationship between different aspects of the operation of an undertaking, to accept responsibility for all aspects, to take policy decisions on the basis of the fullest possible information and to ensure that such decisions were implemented effectively.

29. The ILO technical assistance missions had found that if sustained increases in productivity were to be achieved it was necessary to devote attention to those basic problems of management training and development. Work in that direction had been started in 1953 in Israel, and by the middle of 1955 sixteen general management courses had been given, while in that same year a one-month management development seminar had been organized by the ILO mission for the Israel Institute of Productivity, followed at regular intervals by similar two-week seminars in which ILO experts had participated. In other countries the training offered by ILO missions in the techniques of efficient production had been accompanied by more general management training, with special emphasis on the development of attitudes and principles bearing on relations between management and labour.

30. The concern of the ILO for the well-being of the numerous workers employed, often under very unsatisfactory conditions, in small-scale industrial undertakings in countries which were in the process of industrialization, and the difficulty of separating social from economic problems in that sector, had led the ILO

to adopt a broad approach in providing assistance. In carrying out their assignments ILO experts had been concerned not only with questions of management and vocational training but also with those of organization and administration, and, in several countries in co-operation with experts from the United Nations and the Food and Agriculture Organization of the United Nations, with the development of raw material resources, production, financing and marketing. As the ILO was preparing a manual on the management of small factories and on measures that could be taken by Governments and through joint action by small producers to increase the efficiency of small undertakings, it was particularly interested in the Committee's proposed project for research in the special problems of small-scale industry. In particular, it felt that the emphasis placed on the study of the organization and operation of Government schemes of financial assistance to small industries and the integration of small- and large-scale enterprises through sub-contracting arrangements would complement ILO efforts to promote the improvement of managerial and labour performance and productivity in the small-scale undertakings that could be expected to constitute an important element in the industrialization of many countries. The same was true of the proposed project for the study of industrial zones or estates.

31. In tackling the problems described, the ILO training missions had the advantage of long-established and close contacts with employers and workers, and of the confidence engendered by the fact that they operated in accordance with policies which representatives of employers and workers had helped to formulate. The facilities of the ILO would continue to be at the disposal of countries, particularly those less advanced industrially, which were seeking international assistance to improve managerial and labour performance. They would likewise be available to the Special Fund in connexion with requests for the financing of projects designed to contribute, through training, to economic development. In pursuance of the International Labour Conference resolution on management development adopted in June 1958, and in accordance with proposals submitted to the Governing Body by the Director-General in November 1958, steps had been taken to intensify ILO activities along those lines as a major part of its contribution toward a co-ordinated international programme to further the process of industrialization in the underdeveloped countries.

The meeting rose at 5 p.m.