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*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: Argentina, Belgium, Brazil, Canada, Colombia, Hungary, Japan, Norway, 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, World Health Organization.

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) (*continued*):

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

1. Mr. ZULOAGA (Venezuela) observed that many of the international problems threatening peace in the present era of incredible and potentially dangerous scientific achievements were the direct or indirect consequence of economic circumstances. Under the terms of the United Nations Charter the Economic and Social Council was entrusted with the dynamic role of promoting social progress, higher standards of living and

respect for and observance of human rights and fundamental freedoms. One of the problems it confronted as it strove to fulfil that role was the inequality of levels of living not only between classes within each nation but also between nations themselves, for the differences in the levels of industrial development of States were often a source of international conflicts. Ever since the process of industrialization had begun in the first half of the nineteenth century, technical advances and social progress had been concentrated in small areas, while the vast majority of human beings had continued to live in under-developed countries. Venezuela was in the latter category and as such was a country which welcomed any efforts towards the development of its natural resources, provided that they in no way infringed its right of self-determination or threatened its future economic progress. It shared the economic problems characteristic of the Latin American countries, with their heritage of colonial exploitation, among which were the limitation of their production to a single agricultural crop or mineral resource, dependence on foreign capital, subordination to the foreign markets which bought their raw materials and provided them with foreign exchange, and instability resulting from dependence on prices over which they had no control. Their most conspicuous common denominator, however, was their lack of industrial development. The same situation existed in a still more acute form in the countries which were only now emerging from colonialism, and it could be seen at its worst in those still struggling for emancipation. Yet it must be remembered that to alleviate hunger and poverty was not in itself enough, for the improvement of material living conditions must go hand in hand with respect for human dignity.

2. Land reform was regarded by Venezuela as one of its major tasks. There again, however, it was not simply a question of giving the peasants title to land but rather of helping them to change their whole way of living, so that they might better develop their own capabilities and play a larger part in the expansion of national production.

3. The exploitation of sources of energy was also a matter involving considerations of national sovereignty, for it must be compatible with an economic policy based on the concept of developing the country's natural resources without making concessions unworthy of the dignity of an independent State.

4. Summarizing Venezuela's economic policy, he said that his country had decided in favour of economic planning in the conviction that state control would ensure greater productivity than the discredited practices of opportunist and decadent liberalism.

5. Before concluding, he wished to remind the Council that in 1948 the Venezuelan delegation, together with those of Cuba and India, had proposed that the Secretariat should allocate from its budget a sum of not more than \$60,000 for the establishment of a section to provide technical advice to such under-developed countries as requested it. That proposal had been received with indifference by the more highly developed countries and the sum finally appropriated for the purpose had amounted to an inadequate \$8,000. His delegation was therefore happy to see that the same States which had shown so little interest in that initial proposal were now adopting a constructive attitude and collaborating in programmes designed to promote industrialization on such a large scale that some of the speakers who had preceded him had called them over-ambitious. Venezuela was one of the countries which required technical assistance for the development and diversification of its industry, and was accordingly grateful to the Advisory Committee on the Work Programme on Industrialization for its judicious recommendations (E/3213) concerning the future development of the Secretary-General's programme.

6. Mr. ARKADEV (Union of Soviet Socialist Republics) said that the industrialization of the under-developed countries was one of the most pressing problems confronting the modern world, for it was the pivot round which all aspects of their economic, social and cultural development revolved. Experience showed that countries which were industrially under-developed had a low national income and were not able by their own efforts to mechanize their agriculture, improve housing and transport or raise the level of living of their populations. Dependent as they were on the import of such items as metals, machinery and agricultural equipment, they had no foundation on which to build an independent existence. The countries which had been able to develop their own industry, on the other hand, were enabled by that circumstance to lay the technical foundation for the development of other branches of their economy and to make the maximum use of their natural and human resources.

7. The fact that industrialization was a prerequisite for all other forms of economic development in the under-developed countries had been recognized by such eminent leaders as the President of Mexico, the President of Argentina and the Prime Minister of India. There were, however, different approaches to the problem of industrialization, and even different concepts of what industrialization meant. One position was that the determining factor in the economic development of under-developed countries was the establishment of an adequate infrastructure, a term which in itself was interpreted more restrictively by some than by others. Then there were those who proposed that the industrialization of under-developed countries should be based on the establishment of small local industries. Still others held that the under-developed countries should aim at nothing more than a modest expansion of light industry to provide goods for local consumption.

8. It had been stated in United Nations documents that industrialization as a rule occurred in three stages,

namely: the processing of raw materials, the production of goods for domestic consumption and, finally, the production of heavy industrial equipment. The experience of many countries, however, had shown that approach to be unsound. Indeed, if the process of industrialization in certain countries had begun exclusively with the development of light industry or the exploitation of mineral resources, their development would have become immobilized at that stage. There was a widely prevalent theory that the industrial development of under-developed countries should be limited to the extraction of their mineral resources, excluding even the processing of those resources within the countries themselves. That, of course, was a theory upheld primarily by the powerful foreign monopolies, which were interested only in making quick profits.

9. At the eleventh, twelfth and thirteenth sessions of the General Assembly some speakers had insisted that the predominant role in financing the industrialization of the under-developed countries should be played by private capital rather than by Governments. The fact was, however, that many of the under-developed countries into which large amounts of private capital had been poured were not becoming industrialized to any significant extent and, in particular, were not producing capital goods, whereas the countries where wide-scale industrialization was taking place were those in which government intervention and planning played an important role. There was even a theory that industrialization was not an indispensable requirement of the under-developed countries, that there was accordingly no need to plan their industrial development and that they should concentrate on the production of foodstuffs. Yet it must be asked how the agriculture of those countries was to progress if they lacked the means of producing even the most basic types of agricultural machinery and were obliged to import them. Surely such a course would only perpetuate the vicious circle which had characterized the economies of the under-developed countries in the past.

10. At the previous meeting the representative of France had criticized what he had called the mistakes made by the USSR in developing its industry. In reply he wished only to state that if the USSR had been guided by the concept of industrialization suggested by the French representative it would probably have reached no higher a level of development than that to be found at present in French Equatorial Africa and other French territories. Surely the fact that the USSR had succeeded in establishing widely diversified industries, in mechanizing its agriculture, in raising its agricultural output and in establishing itself as one of the great world Powers was the best indication that it had chosen the right path. By contrast, the results of the colonialist approach had been eloquently described by the French writer Jacques Arnault, who had pointed out that as a result of the Spanish conquest more than 10 million Mexicans had perished, while the population of Peru had declined from 18 million to 1 million; that Africa had lost between 100 and 150 million people in the slave trade; and that after 137 years of French domination in Algeria less than 15 per cent of the population had any schooling,

there was only one doctor for every 10,000 inhabitants in the rural areas, and so forth. The French representative had likewise spoken of inflation in the USSR. He had been mistaken, for there was no inflation in the USSR, whereas one of the most glaring examples of inflation to be found anywhere was the continual devaluation of the French franc.

11. The stage had been reached where every under-developed country was doing its best to carry out a programme of industrialization. India, for instance, had already started its second five-year plan of economic development, and similar plans had been initiated in Afghanistan, Indonesia, the United Arab Republic, Mexico, Argentina, Iraq, Sudan, Ceylon, Burma and elsewhere. Compelled by their colonial oppressors to remain in a state of economic stagnation, the under-developed countries, determined to regain their economic freedom, had upon achieving independence embarked upon the only course open to them, that of industrialization. A State which had achieved tremendous results in its industrialization programme was the People's Republic of China. For instance, that country's steel output, which had been only 150,000 tons in 1949, would reach 18 million tons in 1959. Similar outstanding increases would be achieved in other raw materials, particularly coal and oil, as also in electric power and agriculture. The People's Republic of China now had trade relations with seventy-one countries, and was providing economic and technical assistance to a number of them, particularly in Asia.

12. The experience of the USSR, which included regions in various stages of economic development, was equally important. In 1959 it had embarked on a comprehensive seven-year plan of economic development. In 1958 it had produced 55 million tons of steel, 113 million tons of oil, 233,000 million KWH of electric power and 560 million tons of coal. Tremendous strides had been made in the production of heavy machinery, in scientific and technological development and education, in the chemical industry and in the field of automation. As a result, by 1965 the USSR was expected to produce annually 86 to 91 million tons of steel, 230 to 240 million tons of oil, and 500 to 520 thousand million KWH of electric power. Its 270 chemical plants would produce synthetic fibres for the manufacture of consumer goods; there would be as many as 1,300 automatic production lines; it was expected that the working week would be reduced to thirty hours; and vast improvements would be brought about in light industry and agriculture. No less than 40 per cent of the capital investment under the seven-year plan would go to the eastern areas, including Kazakhstan, the central Asiatic republics, the Urals, Siberia and the Far East. Industrial progress was also being achieved in the other socialist countries such as Czechoslovakia, the German Democratic Republic, Romania and Hungary. Economic aid to other countries would thus be facilitated.

13. In 1958 the USSR had strengthened its trade relations with many countries seeking to improve their economic position. It would continue to assist them, not for the purpose of gaining excessive profits or of

taking over their lands and resources, but simply to develop their economy. The other socialist countries had adopted the same policy with regard to the assistance they gave to under-developed countries. That policy was bound to have an effect on the world economic situation, since it would compel the capitalist States to offer assistance on less stringent terms than the 5.5 to 6 per cent interest rate which they were at present charging. According to the newspaper *Excelsior*, Mexico was paying that high rate for the loans it had received from the Export-Import Bank and other international financial institutions. As a result, the socialist States had increased their financial aid to under-developed countries, and even the United States press had admitted that by the end of 1958 that aid had amounted to no less than \$2,373 million to such countries as the People's Republic of China, India, Iraq, the United Arab Republic, Afghanistan, Yemen, Burma, Indonesia, Ceylon, Nepal, the Sudan and others.

14. Only recently the USSR and Argentina had signed an agreement for a \$100 million credit to enable Argentina to receive oil equipment from the USSR. The USSR was of the opinion that similar economic agreements could be reached with other Latin American countries, and it was fully prepared to develop trade and economic relations with all the Latin American States. Many of them were not in a favourable economic position, and the USSR could help to relieve them of a number of economic burdens.

15. The important problem of the economic development of under-developed countries was naturally the concern of the United Nations and its organs. The industrialization of those countries had been the subject of numerous resolutions adopted by the General Assembly and the Economic and Social Council which unfortunately had had little practical effect. Despite the repeated requests of many members of the Council and of other United Nations bodies, no organ had yet been set up within the United Nations to deal specifically with the question of the industrialization of under-developed countries. Nor had an international conference been convened on the problem of industrialization; a meeting of experts had been held but no further action had been taken. Nothing had been done to set up a special information centre through which the countries of the world could exchange views regarding their industrialization problems; more seminars and symposiums in which those problems could be discussed should be held under United Nations auspices. The United Nations Secretariat had not yet prepared a study on the conditions under which the under-developed countries might acquire industrial equipment. Furthermore, the possibilities of technical assistance had not been fully exploited. For instance, the Soviet Union had offered the United Nations the services of 166 technical experts, only 29 of whom had been recruited.

16. The question of industrialization had naturally commanded the attention of the regional economic commissions. The Economic Commission for Asia and the Far East (ECAFE) had done useful work on that problem, as had to a lesser degree the Economic Com-

mission for Latin America (ECLA). The Economic Commission for Europe (ECE) was in an excellent position to contribute to the solution of the problem. The Economic Commission for Africa, on the other hand, had only just been formed and as yet had no concrete plans regarding industrialization. The time had come for the regional economic commissions to propose specific steps to deal with the problem.

17. The economic organs of the United Nations should work out practical measures for the industrialization of the less developed countries. The needs of those countries were too pressing for long-range programmes, and it was particularly urgent that they should benefit from the experience acquired by the more advanced nations. The Council should encourage State planning of industrial development based on the most effective utilization of existing resources, as also the increased use of income for trade and of United Nations technical assistance and other economic aid for the establishment of basic industries, even if only small and moderate-sized plants were practical. It should further promote the development of power and transport, the expansion of foreign trade between the highly-developed countries and their less fortunate neighbours, the granting of long-term credit at reasonable rates without infringing the sovereignty of the recipient countries, the establishment of planning institutions, the organization of international conferences and seminars, the exchange of industrial exhibits and the provision of industrial equipment on favourable terms.

18. A special United Nations organ should be established to deal with the industrialization of under-developed countries and, in particular, to study and provide information on the experience of other countries. The Special Fund and the Technical Assistance Board should make greater use of experts from the Soviet Union and the other socialist countries. The regional economic commissions should not only intensify their work but should create conditions favourable to co-operation among themselves in the field of industrialization.

19. Private foreign capital investment in under-developed countries could play a positive role in development provided it did not connote political domination of the recipient. The sovereign Governments of countries in which such investment was made should retain complete control over the benefits derived from them and over the return to the investors.

20. It was the duty of the United Nations, through its economic organs, to assist the under-developed countries in their struggle to rise out of poverty to industrial progress by making full use of their own resources.

21. Mr. ANIEL QUIROGA (Spain) expressed appreciation of the address made to the Council by the President of Mexico (1048th meeting) and of the hospitality extended to the members of the Council by his Government.

22. The Council should bear in mind that technical development should proceed at the same rate as the spiritual and historical development of a given coun-

try if its people were to derive any real benefit from it. His delegation fully supported the proposals of the Advisory Committee (E/3213) and the Council's efforts to promote industrialization. Rapid industrialization of the under-developed countries was the only way to increase per capita income; it should be carried forward by sound economic methods, however, and co-ordinated at all stages with other branches of the economy lest it produce economic strangulation. In that connexion, it might be wise for the Council to revise and bring up to date its previous recommendations concerning co-ordination of development, particularly as they related to the Special Fund and technical assistance. Indeed, all the relevant activities of the United Nations, the specialized agencies and the inter-governmental organizations should be carefully co-ordinated.

23. Lack of technical equipment was not the only deterrent to industrial development: it was hampered by lack of skilled labour and of facilities for educating and training workers. Indeed, without a comprehensive view of the economic and social problems created by technical progress, the whole development programme could become a fiasco. Industrial development was both a natural expression of technical ability and, in so far as it represented the practical application of scientific discoveries, a manifestation of a culture. In carrying out the process of co-ordination the United Nations should draw upon its experience in administering technical assistance and upon that of the specialized agencies and the regional economic commissions.

24. Any industrial development programme should be geared not only to the nature of the economy but to the pressing needs of the moment. In Spain, for example, where industrial production had more than doubled between 1940 and 1957, a development plan might have been based on the modernization of industries and the improvement of rail transport; it had, however, been deemed necessary to take into account other vital elements of the economy — in particular, agriculture and mining.

25. The Spanish delegation was concerned with the meagre practical results achieved so far despite studies, resolutions and committees devoted to industrial development. Although United Nations technical assistance had been expanded by almost one-third and the proportion of assistance to industry amounted to 60 per cent, the aid provided still represented a small percentage of the needs. He hoped that the proposals of the Advisory Committee would be effectively implemented and would lead to practical solutions. They should serve to provide a broad basic concept for the development plans of the under-developed countries.

26. With regard to agrarian reform, the work of the Food and Agriculture Organization of the United Nations had been directed not only to recognizing the needs but to enabling the experts of the country concerned and its government officials to derive full benefit from the experience of other countries. It was regrettable that there had been few requests from Governments for assistance in agrarian reform. Moreover, the

report on the question to be submitted by the United Nations in co-operation with the specialized agencies should be produced, if possible, earlier than 1962. In the meantime, the United Nations and the specialized agencies should continue to provide assistance and to concentrate on concrete measures for improving agricultural productivity, stabilizing employment, financing agrarian reform and bringing it into relation with community development. They should not depend entirely on the replies of governments to questionnaires; rather should they utilize the studies made by experts and supplement them by government replies. Indeed, Governments should be asked to provide more information than that specifically requested in the questionnaires.

27. The United Nations was to be congratulated on the fact that its studies on sources of energy not only dealt with the conventional sources but were designed to help create new sources. The two conferences on the peaceful uses of atomic energy had been especially valuable. The regional organizations and various non-governmental bodies were also doing effective work on the problem of imminent shortages of energy faced by the highly developed countries.

28. In Spain, the present rate of annual consumption of energy was higher than the average world rate and, despite the increase in coal production and the establishment of numerous hydroelectric stations, there was a deficit of energy, due mainly to the lack of oil. That deficit was reflected in the balance of payments and consequently in the economic development of Spain. The problem would be given special consideration at the international conference on new sources of energy to be held in Madrid in 1960. Spain was particularly interested in methods of exploiting energy resources and in reducing the costs of power and fuel. The Council should pursue the studies of conventional and non-conventional sources of energy. Spain was conducting research on certain non-conventional sources, and he would be pleased to report on the results at a later stage.

29. The USSR representative, in his reply to the French delegation, had quoted a French authority as stating that a handful of Spaniards had exterminated millions of the indigenous inhabitants of Mexico and Peru some four centuries ago. He challenged the USSR representative to substantiate the statement he had quoted, lest his own country expose itself to similar charges.

30. Mr. ABELIN (France), replying to the USSR representative, pointed out that he could, if he wished, cite the memoirs of Sir Winston Churchill to show that the massive agrarian reform carried out in the Soviet Union had resulted in considerable loss of life. He did not, however, propose to enter into controversy. He had wished to emphasize that industrialization should be accompanied by careful planning and that it should go hand in hand with the development of production and the improvement of agricultural productivity. Industrial progress in the United States, for example, had been linked with sustained agricultural productivity. On the other hand, up to 1953 Soviet agricultural

production had not increased at the same rate as industry, with the result that inflationary trends had been created. In the period 1929-1939, for instance, agricultural production in the USSR had increased in the same proportion as population growth, while industrial production had trebled. Indeed, Premier Khrushchev had complained to the Supreme Soviet in 1953 of serious deficiencies in agricultural production. Since 1953 great efforts had been made by the Soviet Government to improve the situation, and when, in 1958, the system of compulsory deliveries of produce from collective farms had been discontinued, incentive had been restored and a substantial impetus given to agricultural output.

31. Comparing the assistance provided by France to under-developed countries with that given by the USSR, he pointed out that in 1956 the French Government had provided the equivalent of \$745 million, more than half in outright grants-in-aid. According to Premier Khrushchev's report to the twentieth Congress in 1956 the USSR had provided the socialist countries with long-term credits totalling 21,000 million roubles, or approximately 2,000 million per year. Some of that aid had gone to countries which could not be regarded as under-developed. In short, the equivalent of \$300 million per year had gone to the socialist under-developed countries. It was difficult to assess the exact scope of USSR aid to the People's Republic of China since the figures reported by the Chinese were higher than those cited by the USSR representative. USSR aid to countries of South-East Asia and the Middle East, including military aid, amounted to the equivalent of \$500 million per year. He had cited figures taken either from official sources or reported in the USSR newspapers.

32. Citing a recent report of ECAFE, he noted that in the areas with which that commission was concerned bad harvests had in the past year generally led to a decrease in industrial production. The balance of most of the economies in that region could still be upset internally and externally by the slightest vagary of nature. In the circumstances, it was essential to enlighten those countries which urgently required industrialization by enabling them to profit by the experience of others at various moments in their history.

33. Mr. ARKADEV (Union of Soviet Socialist Republics), replying to the comments of the representative of Spain, said that he would be happy to be assured that the loss of life resulting from Spain's presence in Mexico and Peru had not been as great as that reported by the authority he had cited.

34. With regard to the remarks of the French representative, he pointed out that he had objected not to his references to the USSR's difficulties in expanding agricultural production but to his condemnation of USSR policy with regard to agrarian reform. The French representative's assertion that USSR policy had been mistaken had not been substantiated, and history had vindicated the course chosen by the USSR Government: from a backward country, the USSR had been transformed into a first-class industrial Power with a highly

developed agriculture. Referring to Mr. Abelin's comparison of the aid provided by France and the USSR to under-developed countries, he emphasized that French investments had been made in its colonial territories with the object of consolidating its colonial domination. In contrast, the Soviet Union provided aid to free, independent nations on a basis of complete equality.

It did not seek to infringe the territorial integrity of those States or to threaten their political independence. Its aid was given without conditions and at more favourable rates of interest than was that given by certain other highly developed countries.

The meeting rose at 5.55 p.m.