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**President:** Mr. Mohammad MIR KHAN (Pakistan).

*Present:*

The representatives of the following countries: Argentina, Brazil, Canada, China, Dominican Republic, Egypt, Finland, France, Greece, Indonesia, Mexico, Netherlands, Pakistan, Poland, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Chile, Czechoslovakia, India, Italy, Japan, Philippines, Romania.

The 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 Meteorological Organization.

**AGENDA ITEM 5**

**Economic development of under-developed countries (E/2930, E/2950, E/2958) *(continued)***

GENERAL DEBATE *(continued)*

1. Mr. BORIS (France) pointed out that the Secretary-General's progress report on the implementation of the programme of work on industrialization and productivity (E/2958) dealt with only seven out of the nine projects recommended for study. Project 3 on "Measures of promotion of small-scale industries" and project 7 on "Environmental planning" had been entirely omitted. He hoped that such omissions did not mean that work on those projects had been indefinitely postponed for both were of considerable importance from the point of view of industrial development. Apart from requesting an assurance from the Secretariat on that point, his delegation felt that the Council could do no more than take note of the report.

2. The subject heading "Land reform" was somewhat misleading. It suggested that one ideal type of land reform would meet all cases whereas in fact what was needed was a series of land reforms adapted to the circumstances of each region and each population. Few indeed were the areas of the world where the state of agriculture could be considered ideal. In countries where the situation was very favourable, including the countries most attached to free enterprise, that situation was often due to State aid. In other countries, which flattered themselves on having solved the agrarian problem by revolutionary methods, recent events had raised doubts

about the soundness of their agrarian policy. Such events had their roots in farmers' instinctive attachment to the soil, a factor which always had to be taken in account in any measures of land reform. However, in several countries whose reforms concentrated on satisfying that attachment, excessive and uneconomic fragmentation of holdings had resulted. Clearly, land reform measures in themselves were insufficient; the vital problem was how to find work for the surplus agricultural population. In other words, industrialization was inseparable from land reform.

3. The farmer had also to be assisted in his efforts to secure better conditions of life and higher production. Further reforms, in addition to land reform proper, were therefore imperative in order to permit farmers to improve their techniques, obtain equipment and credits and market their products satisfactorily. The organization of co-operatives could help to solve those problems and, as in the Council's agenda, was closely linked to the question of land reform.

4. The second report prepared by the Secretariat on that subject (E/2930) was a little disappointing, by comparison with the first report (E/2526),<sup>1</sup> mainly because the three-year interval between the questionnaires on which both were based was too short to permit proper evaluation of such a long-term process as land reform. His delegation felt that questionnaires should not be sent more than once in five years.

5. Two important developments had taken place in France since its reply to the most recent questionnaire. In France itself forestry reforms had been introduced for the purpose of avoiding excessive fragmentation of holdings and ensuring a better yield, while in Africa South of the Sahara and in Oceania, large-scale land reform measures had been enacted in June 1956 whereby *inter alia* property rights were no longer customary but assignable by the local elected assemblies.

6. His delegation had read with profound interest the Secretary-General's report on co-operatives (E/2950). The French Government had always attached great social importance to the development of co-operatives, which was of primary importance in community development. Undoubtedly, co-operatives should occupy a place in any plans for the development of the under-developed countries. They not only led to the improvement of working and living conditions through increased economic efficiency but also enabled their members to discharge their social responsibilities in a democratic manner.

7. The section of the report prepared by the International Labour Organisation (ILO) stressed the need for proper education and training in co-operative organization, for hasty establishment of co-operatives with insufficient attention to their basic structure might lead to serious miscalculations. In the territories of the French Union, for example, especially in West Africa,

<sup>1</sup> *Progress in Land Reform* (United Nations publication, Sales No.: 1954.II.B.3).

where co-operatives had been developed on a large scale, great stress had been laid on the training of the personnel for co-operatives. At the same time the authorities had sought to interpose a stage before co-operatives proper were actually constituted. Thus, in Africa, the agricultural aid associations established in 1910 had gradually been transformed into mutual production associations, most of the responsibilities being shouldered by members themselves. In that way, a firm basis for co-operative organization had been laid and in a short time Africa would have a solid network of well-organized co-operatives. The French Government was ready to share its experience in that field with other countries and hoped that a large proportion of technical assistance would be devoted to the training of co-operative personnel. The Council might well adopt a recommendation to Governments to that effect.

8. The part of the report prepared by the Food and Agriculture Organization of the United Nations (FAO) showed the complexity of the problems involved in the application of the co-operative method to very different circumstances. By its very nature, co-operative organization was often very difficult to put into practice. It could not be developed in all countries without prior study and its efficiency was far from being the same in all cases. In agriculture, in particular, co-operatives could play a very important role in improving techniques, equipment and marketing. The problem of the allocation of credits required particularly careful preparation. As regards cultivation itself, collective methods had succeeded only when they really answered the needs of the farmers concerned.

9. The report prepared by the Secretariat had not been intended to cover in detail all the problems involved in the application of the co-operative method to the various conditions. The Council could therefore only examine the question when it had been thoroughly studied by the competent technical organizations. The French delegation felt that FAO should be invited to conduct a detailed study of the problems raised by the application of co-operative methods in the under-developed areas and to report to the Council when those studies had progressed sufficiently.

10. Mr. BRILEJ (Yugoslavia) recalled the reference made by the President of the International Bank for Reconstruction and Development to the increasing volume of experience of the development process. That experience showed that under-developed countries striving to accelerate their economic development could not just choose as between industrialization and agricultural development. They had to determine what relationship between the two was best adapted to their economic and other requirements. The respective rates of industrial and agricultural growth obviously varied in each particular case, but the development of industry created the necessary conditions for a simultaneous advance in agriculture. Economic backwardness could only be overcome and stable economic progress achieved through the growth of both those sectors and, at a certain stage, an increase in agricultural production not only raised the standard of living of the population but even became a condition for the further advance of industry itself.

11. Under-developed countries striving to modernize their agriculture were nevertheless faced with serious difficulties. As the second report on *Progress in Land Reform* (E/2930) showed, the agrarian structure of under-developed countries was still largely characterized

by great inequalities in the distribution of land, the fragmentation of holdings, high rents, a lack of the necessary credit facilities and an inefficient utilization of land and labour. In such conditions, the rural community was not sufficiently integrated in the national economy and economic progress was impeded. A certain measure of assistance and some outside stimuli were needed. A set of suitable measures had been recommended both by the Economic and Social Council and by the General Assembly, and most under-developed countries had already taken some steps in the direction indicated.

12. His country's own experience showed the complexities of agricultural development. Throughout the period between the two world wars, agricultural production had stagnated. After the Second World War, rapid industrialization had caused a decrease in the proportion of the population engaged in agriculture and had greatly increased the demand for agricultural products. That increased demand, which could not be covered by domestic production, had been reflected in higher prices. The total agricultural income had consequently also increased, providing the necessary impetus to domestic industries engaged in the production of agricultural machinery.

13. The efforts of the agricultural producers were being constantly encouraged by government action. The producers were now assured of the right to dispose of their holdings, the tax policy had been revised and the system of agricultural credit elaborated. Furthermore, facilities had been created for constantly increasing investment in agricultural production.

14. All those endeavours, however, were taking place within a framework determined by the agrarian structure of the country, where individual holdings comprised over 90 per cent of the entire cultivated area. That pattern of land ownership largely explained the instability of the yield and the low productivity of agriculture in general. It also explained the difficulties which the country faced, as the prevalence of small holdings impeded the growth of production necessary to meet the increased demand.

15. Despite all efforts, therefore, the existing agrarian structure undoubtedly made the whole process of reconstruction extremely complex. The Yugoslav Government believed that the difficulties could most successfully be overcome by a system of free co-operatives. The large number of co-operatives and the fact that they included the overwhelming majority of the producers augured well for the future. Co-operative organization enabled even the least productive holdings to make use of modern techniques of production and to enjoy certain advantages normally reserved only for large-scale operations.

16. In considering the possibilities of beneficial international co-operation, the Council should concentrate on established procedures. International organizations were already offering vital help in the form of recommendations, studies and technical aid. The most noteworthy contributions came from the ILO, FAO and the regional commissions. Efforts were being intensified and the work was assuming an increasingly practical character. It was vital, however, that further plans should be made in the field of agrarian reform and the modernization of agricultural methods.

17. International action was also desirable in financing agricultural progress, since development efforts placed a severe strain on the limited national resources of under-developed countries. More international assistance

was needed in financing the development of the agrarian infrastructure, especially large projects which required both a sustained domestic effort and considerable imports of equipment. The activities of the Bank in that field were very welcome, but such projects were often non-self-liquidating and might consequently demand methods of a somewhat different character. In many cases, the desired objectives could probably only be achieved through grants and long-term loans repayable in national currency.

18. Furthermore, there was a need for more limited funds for such purposes as the purchase of equipment and live-stock. Such funds might be provided by international financing institutions through national credit networks, normally organized on a co-operative basis. The Yugoslav delegation believed that the question of such smaller-scale financing deserved further study.

19. Agricultural progress could also be speeded by international co-operation between national co-operative movements. Such co-operation was especially desirable in the field of marketing and as a means of promoting a general exchange of information. Particularly valuable results could be obtained by organizing seminars and courses through the International Co-operative Alliance and the International Federation of Agricultural Producers.

20. International co-operation in the field of agriculture could be further promoted by an expansion in community development. International organizations had already helped in that field, the importance of which remained as great as ever.

21. With reference to the question of international action in the field of industrialization, he said that the question had been thoroughly discussed during the Council's twenty-first and twenty-second sessions. The programme approved at the twenty-first session (resolution 597 A (XXI)) seemed to be well under way, and the Secretary-General's report (E/2958) indicated that the first studies would contain valuable information. As his delegation had already stated, that programme should serve as a basis for practical activities both on the national and the international level. It hoped, therefore, that the measures envisaged would be taken to the maximum extent, in consultation with the interested Governments and national agencies.

22. The necessity of a practical approach also raised the question whether a special United Nations body should not be established to deal with the various problems. For the time being, that body might take the form of a functional commission of the Council. As industrialization was rapidly becoming the fundamental characteristic of the economic policies of the underdeveloped countries, the Yugoslav delegation hoped that the establishment of such a body would be duly advocated in the Secretary-General's report prepared pursuant to General Assembly resolution 1033 (XI).

23. Mr. ANIS (Egypt) recalled that the report on *Progress in Land Reform* (E/2930) had been prepared on the basis of paragraph 3 (a) of Council resolution 512 C I (XVII) of 30 April 1954. The Egyptian delegation unfortunately felt that that paragraph had not been fully complied with and that the matter would need further study.

24. In areas where land reform had not yet been carried out, the agrarian structure remained seriously unbalanced. A great part of the arable land was consolidated in the hands of a small, wealthy minority, while

the rest of the rural population languished in dire poverty. In Egypt, before the introduction of agrarian reform, investors had inflated land prices to such an extent that farm tenants found it difficult to obtain any profit from their crops. Prompt action had had to be taken to establish some equilibrium in land distribution and to create a new class of landowners. The reforms had benefited 200,000 families, representing 1.2 million individuals. Furthermore, legal restrictions had been imposed on agricultural rent to protect all those engaged in agriculture who were not themselves landowners. The vast profits previously derived from agricultural leases by the wealthy minority were now being utilized for the welfare of the agricultural population as a whole.

25. Besides redistributing the land, the Government had provided for the establishment of co-operative societies so as to increase agricultural production and secure a decent standard of living for the farmers.

26. The Land Reform Act of September 1952 even devoted a special chapter to the right of the agricultural labourer to a fair wage.

27. In the Act, which was a carefully elaborated and comprehensive instrument, no phase of agriculture had been forgotten. The statute took into consideration the best interests of the people and guaranteed the most efficient possible utilization of the land. The sale and acquisition of land were subject to a series of strict conditions, and persons such as students from agricultural colleges and agricultural workers with the greatest number of children were given certain priorities.

28. The Act prohibited the leasing of the land to any person other than a working farmer, it did not require a purchaser to pay any initial deposit and it allowed him up to thirty years to pay the purchase price. Another important provision, designed to establish a proper relationship between owner and tenant stipulated that the rent of agricultural land should not be more than seven times the amount of the basic tax for which the land was assessed. Where there was a share-cropping agreement, the owner was not entitled to a share exceeding one-half of the crop, after deduction of all expenses.

29. Under the Act, no owner of agricultural land could hold more than 200 acres. He could transfer a maximum of only fifty acres to each of his children, and even then the total so transmitted could not exceed 100 acres. Certain exceptions were allowed in cases where ownership was vested in bodies corporate, with a view to encouraging the reclamation of fallow and desert land. The owners of estates dispossessed under the Act received an indemnity, in the form of government bonds, equivalent to ten times the rental value of the land and the value of all fixtures and trees.

30. A basic objective in land distribution was to give each family a sufficient parcel of land to enable it to derive an income corresponding to its fair share in the total national income. In Egypt, the process had necessarily demanded very careful research, as the cost of living and the fertility of the land varied considerably in different localities.

31. The ultimate goal of land reform was to raise the standard of living of farmers and to improve the economic and social institutions around them, objectives which could be achieved through co-operatives. However, in many cases the principles and techniques of co-operative organizations were not clear to farmers



in under-developed countries. A transitional period in which the Government would undertake to explain the benefits of co-operatives was therefore required. Moreover, such an educational programme would not be successful unless other problems related to land reform were solved. For instance, labour conditions would have to be improved and part of the rural population shifted to industry. In Egypt, a whole chapter of the Land Reform Act was devoted to an explanation of the functions of co-operatives. Small farmers owning five acres of land or less who had benefited from land distribution were required to establish a co-operative in their village. Though reluctant at first, the farmers had soon realized the tangible benefits to be derived from co-operatives and had become their enthusiastic supporters. An important prerequisite of the success of co-operatives was that all its members should be on an equal footing. The failure of earlier Egyptian co-operatives could be attributed to the influence of large landowners indifferent to the interests of the small farmer.

32. The effect of land reform measures on employment could not readily be determined until they had been applied over a long period. In Egypt, the surplus agricultural workers who in the past had been barely able to eke out a living had been shifted to areas in need of additional labour either for land reclamation projects, urban centres or industry. As a result of the land reform measures, rural income in Egypt had increased by 10 per cent between 1952 and 1955 while the cost-of-living index during the same period had dropped ten points. The gross productivity per tiller (excluding children under ten years of age) had risen by 10 per cent in the same period. As a result, net income per acre of cultivated land had amounted to 49.2 Egyptian pounds in 1955 as against 43.2 Egyptian pounds in 1954.

33. While one of the purposes of land reform measures was to increase the purchasing power of tenants and share-croppers and thus create a broader consumer market, capital prevented by land reform from being invested in land as a form of speculation was not automatically put into urgently needed development projects. It was often invested in building construction as an alternative outlet yielding high returns. In such cases measures should be taken to limit investment in luxury dwellings and building construction for non-productive purposes. Egypt had taken such steps in 1956.

34. The Egyptian delegation felt that another periodic report on progress in land reform would serve no useful purpose. However, in view of the fact that the impact of land reform measures on employment, production, industrialization and economic development had not been fully covered, those problems might engage the special attention of the United Nations Secretariat, FAO and the ILO. The future activities of FAO might include the establishment of a training centre in the Middle East to study the various aspects of land reform.

35. With respect to the progress report on industrialization, the Secretariat was currently conducting a series of studies on aspects of industrialization in the Middle East and Africa. Over a year had elapsed since the General Assembly had voted the necessary appropriations. The Egyptian delegation hoped that the Secretariat would keep the Council informed of the progress achieved in the studies.

36. Mr. ROSSI (Finland) said that the achievement of land reform and the methods used depended upon the economic and social circumstances of the country concerned. No general formula could be evolved since land reform, in order to be permanent, had to be undertaken at the local and national level.

37. Finland had adopted a national policy based on its geographic location, the relative barrenness of its soil and its historical development. Land settlement under State control had been practised since the Middle Ages when King Gustaf Vasa of Sweden-Finland had instituted land settlement on a large scale. While the question of land reform had become of current interest in Finland at the beginning of the twentieth century, the social problems related thereto had not been dealt with until the country had achieved its independence in 1917. In 1918 legislation aimed at liberating tenant farmers had been enacted, and between 1918 and 1938 approximately 67,000 farms and 56,000 dwelling plots had been made the independent property of their occupants, involving approximately 1,306,000 hectares of land. By 1955 some 28,500 persons without landed property had managed to acquire farm land under several land acquisition acts, the total area amounting to some 1,350,000 hectares.

38. Emergency settlement projects had also been carried out as a result of the wars between 1939 and 1944 when Finland had lost over 10 per cent of its territory. Virtually the entire population of the region, amounting to over 12 per cent of the population as a whole, had moved into the territory left to Finland and had been resettled on a total area of about 2,375,000 hectares by 1955. In short, between 1918 and 1955 over 5 million hectares of land had been used for settlement on the basis of several laws related to land reform. The basic principles in the settlement of the displaced population had been the efforts of the people themselves and the confidence of the State in them. The same principles had been applied in other branches of reconstruction activity.

39. A considerable difference of opinion prevailed in Finland concerning the economic consequences of the large-scale land settlement programme. While there was general agreement on the resettlement of the displaced population and on the land settlement carried out in the past, expansion of that action in the future was a source of concern to those who felt that it was dangerous to create a large number of small farms unable to provide their owners with a satisfactory living. It was their view, moreover, that such a policy was bound to lead to increasing subsidies and thus to an inflated budget. The wisdom of the policy could be questioned if it impeded industrial expansion.

40. The Finnish delegation did not propose to give answers to those questions but merely raised them in order to emphasize the importance of viewing land settlement and industrialization problems from a purely technical viewpoint. The long-term social and economic implications should always be borne in mind when assessing the wisdom of a particular policy. The problem of land reform and settlement in Finland was not a question of dividing large estates into smaller units but of general economic policy aimed at making the most economical use of the total available manpower.

The meeting rose at 4.45 p.m.