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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: Albania, Bulgaria, Chile, Czechoslovakia, 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 Health Organization, World Meteorological Organization.

**AGENDA ITEM 5**

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

**GENERAL DEBATE**

1. Mr. LUNS (Netherlands) said that land reform was a subject which deserved high priority in the study of the economic development of under-developed areas and was one which the Netherlands Government was well acquainted with in all its aspects, including transfer of ownership, credits, co-operatives, fiscal policy and machine services.

2. In the Netherlands the area available for agricultural production had long been too small to absorb the increase in population: although the total cultivated area had increased by 900,000 acres between 1900 and 1950, the area per head of population had decreased from one acre in 1900 to half an acre in 1950. More than half the cultivated area was operated on lease and the creation of sound conditions of tenancy and ownership was therefore important. Originally the question of transfer of ownership had been approached from a technical point of view only but additional measures had been taken to ensure that the economic impact of transfers of ownership should conform to a general pattern of agricultural development. In order to obtain the maximum effect, such measures as road construction, drainage and education in agronomy were necessary

as well as measures of land reform. More and more countries were recognizing the need for supplementary measures and land reform had become part of a broad agricultural policy which included such other matters as soil improvement, the provision of credit, the promotion of co-operatives, the improvement of techniques and the supply of machinery.

3. In implementing any land reform programme, it was important not to lose sight of the social and human aspects of the problem. Persuasion was preferable to coercion but programmes of information for farmers took time as rural society was strongly influenced by ethnic and religious factors.

4. The lack of financial resources was also a major obstacle. The studies on land reform had demonstrated that international co-operation was essential. Consideration should be given to the possibility of making a practical contribution to the acceleration of land reform measures through the Expanded Programme of Technical Assistance. The Netherlands would gladly endeavour to make an increasing number of Netherlands experts available to the under-developed countries, and to receive more fellows from those countries in the Netherlands. There was an urgent need to increase the funds available for that form of technical assistance and the Economic Committee of the Council might consider the possibility of adopting a resolution on that point.

5. With regard to the further steps the United Nations might take in the matter of land reform, he felt there was little point in continuing to send out questionnaires which would result, in a few years, in the drafting of a third report that would, in his opinion, be of no value. The studies made earlier and annexed to the second report on *Progress in Land Reform* (E/2930) had resulted in a comprehensive survey. It would be better to concentrate the activities of the Secretariat and the specialized agencies on certain specific aspects of land reform. The Food and Agriculture Organization of the United Nations (FAO) was eminently capable of dealing with the agricultural factors; the United Nations Educational, Scientific and Cultural Organization (UNESCO) for its part, could consider the best ways of informing and educating farmers, while the International Labour Organisation (ILO) could consider the question of the invisible unemployment which very often detracted from the efficiency of land reform. The Secretariat would remain responsible for the general co-ordination of the work that was being done, with a view to attaining balanced economic and social development throughout the world.

6. Turning to the question of co-operatives, he said that co-operatives played an important part in the countries where large estates had been replaced by small peasant holdings. Co-operatives facilitated the transition by acting as intermediaries between the small producer and the world market and by helping to correct the lack of balance in market conditions. The only other possibility would be a system of kolkhozes, under which

the farmer was in danger of getting lost in a maze of bureaucracy.

7. Chapter 3 of the report on co-operatives (E/2950), dealing with sectors suitable for the co-operative form of organization, was excellent, but chapter 2, regarding the various forms of assistance which could be provided by governments and other agencies was, unfortunately, no more than an enumeration of pre-war ideas mixed, in a few places, with present-day totalitarian tenets and lacking in critical examination. The report failed to throw sufficient light on the important problem of the relationship between governments and co-operatives. Experience had shown that a co-operative in which the farmers and producers became instruments for the attainment of State aims was doomed. The State could support co-operatives but it should do so very cautiously. It was stated in paragraph 6 of the report that "the task of the public authorities should be first of all to develop what might be called a 'pre-co-operative' stage of rural organization" but it was a fact that, after such a start, co-operatives were never able to achieve independence. A co-operative must be independent and its members must participate in its activities voluntarily. In support of that affirmation, he quoted from a speech by Mr. Gomulka giving the latter's conclusions on the functioning of co-operatives in Poland. Nevertheless, co-operatives could be given assistance at the national or the international level; it could take the form of indirect financial assistance but it should consist primarily in the training of staff for the co-operative movement and the dissemination of information on the aims, methods and advantages of co-operatives. In that connexion, he noted that the Danish Institute was training a large number of pupils from Latin America. There again, the United Nations could contribute most usefully through the Expanded Programme of Technical Assistance.

8. He doubted whether further studies on co-operatives would serve any useful purpose and thought that it would be better for the Council to give its attention to certain specific questions not adequately dealt with in the documents as, for instance, the limits within which the public authorities should remain in stimulating the co-operative movement, lest their activity should turn into harmful interference. The Council might also study the needs for which co-operatives could provide; although the co-operative movement could remedy some economic ills, it was no panacea. The latter point might usefully have been considered in chapter I of the report.

9. With respect to the industrialization of the under-developed countries, there was good reason why the Secretary-General's progress report on implementation of the programme of work on industrialization and productivity (E/2958) was less copious than the second report on *Progress in Land Reform* (E/2930). Just as, in the course of history, agricultural activities preceded industrialization, United Nations activities in the field of industry were more recent than its work in agriculture. Only at its twenty-first session had the Council endorsed (Council resolution 597 A (XXI)), in principle, proposals for a programme of work on industrialization and productivity based on two reports by the Secretary-General; in one of the reports (E/2832) the Secretary-General had analysed the practical problems involved in industrialization and in the other (E/2816) he had given a clear picture of the work that was being done by various United Nations bodies. Thanks to that careful preparation, the programme of work had been conceived as a number of projects

which the Council had adopted at its twenty-second session (Council resolution 618 (XXII)). The necessary funds had been voted only at the eleventh session of the General Assembly and therefore the projects were clearly in the initial stages. He was grateful that the Secretary-General had found it possible to submit a progress report. The three studies on operational characteristics were companion projects and he assumed that it was only for practical reasons that the Secretary-General's report omitted any reference to "measures of promotion of small-scale industries", one of the projects selected for early action (A/3154, para. 185). He drew the Council's attention to the importance of developing small-scale industries in the early stages of industrialization and expressed the hope that the Secretary-General's next progress report would contain information on the subject.

10. Project 4 on the relationship of community development and co-operatives to the industrialization process would benefit greatly from United Nations experience in the field. With respect to project 5, a beginning had already been made in evaluating the experience gained under the technical assistance programme on problems of industrial management in under-developed countries. Project 6 had not yet been begun although there was general agreement on the importance of increasing the efficiency of industrial management in under-developed countries. In that connexion, he pointed out that the shortage of executives was one factor retarding the industrialization of many countries and that training and education were as important as availability of capital. In addition to education in schools and universities, other forms of training, particularly training within industry, should not be neglected. Use should be made of the assistance that could be provided by private undertakings, particularly those which could best contribute to the development of the under-developed countries. He felt that the idea might be sponsored by the Technical Assistance Administration and as an example he mentioned the case of 200 young engineers from the Indian steel industry who would be trained under the auspices of the Ford Foundation in American steel plants and at the same time continue their studies at a technical institute.

11. He pointed out that the efficiency of public enterprises, which, for political and economic reasons, were called upon to play such a large part in production in the under-developed countries, might be hampered by red tape. Use should be made of the experience gained in countries in which government enterprises enjoyed a greater degree of freedom than ordinary government services because they were managed along the lines of private enterprises. He thought that the matter might be studied within the framework of project 6.

12. Project 8, concerning studies on techniques of economic planning, was not mentioned in the Secretary-General's report (E/2958). That was probably due to lack of time but he pointed out that the studies in question were of practical importance. His delegation felt that economic "programming" was a more apt description than economic "planning" and would serve to emphasize the technical character of the question; the Economic Commission for Latin America and the Economic Commission for Asia and the Far East had done valuable work in that respect. He drew attention to the importance of collecting the international information required for programming and felt that it would be better for a central agency to publish estimates in respect of international phenomena likely to influence

the development of various countries instead of leaving that task to each individual national planning agency, as was done at the present time. The estimates made on the subject by the Organization for European Economic Co-operation (OEEC) would also be very useful.

13. He felt that insufficient attention had been paid to the under-developed countries' need to save capital, particularly when they had a plentiful supply of manpower. The Secretariat had already embarked upon a study of the problem in the building sector. A number of experts had rightly suggested that the market prices quoted for capital and labour were not always the real prices and that the market could be subdivided into several sectors. He suggested that the Secretary-General might collect further information on the subject.

14. He had previously pointed out that a "philosophy" of economic development was beginning to take shape, according to which economic development was not just a process but a rallying cry for increasing numbers of people. That rallying cry could be interpreted in many different ways and the definition of balanced economic growth gave rise to much controversy. The distribution of the world's resources and rapid technological changes were to a large extent responsible for differences in economic development. Yet that development was becoming increasingly dependent on the will of man rather than the presence of specific resources. The example of Nova Scotia proved that areas which had appeared to be in a state of economic stagnation could be rejuvenated. The importance of industrialization to economic development could not be denied and it was not by accident that the word "industry" meant diligence as well as manufacture. The principle that productive enterprises should be established where they could be operated at lowest cost was still valid but in the modern world of unemployment and technical changes it could not always be easily applied. Industrialization should be more than the mere substitution of national for imported products and an arbitrary increase in exports. Excessive industrialization might cause disequilibrium and the industrialization programme under consideration would provide more insight into the question of the degree of protection required for the promotion of industrialization.

15. Stressing the importance of regional action in economic development, he referred to the progress achieved by the Central American countries and recalled that, since the Second World War, Europe too had become increasingly aware of the advantages to be gained from economic integration. Thus on 24 March 1957, six European countries had signed treaties at Rome establishing a European economic community and a European atomic energy community. Some people had had misgivings over those developments, but he wished to dispel their fears. Apart from political considerations, the agreements had been prompted by strong economic motives. As Professor Ingvar Svennilson had shown, the division of the European continent held many disadvantages from the economic standpoint and placed Europe in a position of inferiority *vis-à-vis* the United States of America and the Soviet Union. The treaties would undoubtedly promote European production and welfare to the advantage of the rest of the world. He believed that imports of raw materials, in particular, would expand more rapidly than they would have done if there were no Common Market and that the association with overseas terri-

tries would have very little effect on outside countries. Actually, repercussions would be slow in making themselves felt since a long period of transition was provided for, and it would be twelve to fifteen years before the new system was functioning regularly. He hoped that the Common Market would grow in extent and he pointed out that important negotiations were being conducted within the OEEC with a view to establishing a free trade area, the United Kingdom being the sponsor.

16. He drew attention to chapter IV of the *Economic Survey of Europe in 1956* (E/ECE/278), in which some of the implications of the common market for the member countries themselves were analysed. He thought that the danger of a concentration of industrial activity, even if it should increase, need not be exaggerated. Such a concentration would in any case increase productivity for the greater good of all parts of the world. Moreover, the Common Market Treaty provided for an expansion of migrations within Europe and for capital movements towards the less-developed countries. Thus the prospect of establishing a better-balanced Europe could be envisaged, following a plan which could subsequently be applied to the rest of the world.

17. Mr. CHENG (China) expressed his approval of the Secretary-General's report on industrialization (E/2958), both as regards the subject chosen and the treatment accorded each subject. The studies to be made on industrial management and on the size of plants would be particularly helpful to the under-developed countries.

18. The Chinese delegation also congratulated the Secretariat on its increasing efforts to analyse and disseminate the reports on technical assistance. The problems confronting the under-developed countries had many points in common and therefore the reports relating to one country could be useful to many others. It was also pleased to note that the Secretariat was participating more and more in the implementation of technical assistance programmes, which it regarded as the best means of assisting the under-developed countries.

19. He went on to make a few observations on the individual projects mentioned in the report. Referring to project 2 (a), on the construction industry, he thought that a further aspect of the problem—the study of developments in the construction of factories, especially for small and medium-scale undertakings—would also be useful. With regard to area 6 (Financial and fiscal aspects of industrial development), he thought that the choice of Mexico was appropriate, and he thought that, resources permitting, the study proposed might be made more representative by being extended to include one of the Asian and Far Eastern countries. To accelerate the process of industrialization, it was necessary not only to find capital, especially foreign capital, but also to prevent inflation. In those respects Mexico differed widely from the Far Eastern countries, first because it was nearer the potential sources of foreign capital and secondly because its economy was dependent on mining rather than agriculture. Its special problems therefore tended to be very different from those facing a Far Eastern country with a predominantly agrarian economy.

20. Turning to the question of land reform, he said that the rural land reform programme had been completed in Taiwan in 1954 with the creation of peasant

ownership. There had been few new developments since, but he would like to draw the attention of the Council to another aspect of the problem, namely that of urban land reform.

21. The Chinese Government was currently engaged in a reform programme to counteract the spectacular rise in the price of urban land since the Second World War as a result not only of political, economic and social factors, but also of speculation, which tended to intensify the housing problem and to impede industrialization.

22. The Chinese Government had taken steps to curb the rise in urban land prices due to speculative causes. It was also acting on the principles taught by Sun Yat-sen, the founder of the Chinese Republic, who in turn had adopted Henry George's theory that all accidental increase in the value of urban land was unearned and should therefore be enjoyed by the community as a whole. It also considered that urban land should be redistributed along the same lines as rural land. Two taxes had been introduced to bring about those ends: the land value tax and the land increment tax. The former was assessed on the current value of the land, preferential rates being accorded in the case of land used for industrial purposes. The latter was imposed on the unearned increment of land, the rate varying from 30 to 100 per cent of the increment. It did not apply to increased values due to improvements made by the landowner. It was payable on the transfer of the land, except in the case of inheritance. The proceeds were to be used exclusively for the construction of low-priced houses and for various social welfare purposes.

23. Under the Urban Land Reform Act landowners were obliged to sell, within two years, all vacant land held in excess of the statutory limits. The measure was designed to prevent speculative accumulation of land and to make more land available for residential and industrial uses.

24. The Act had been passed in 1954, and since 1956 had been applied to sixty-one towns in Taiwan. During the past fifteen months, efforts had been directed towards acquainting the people with the purposes and provisions of the programme, and towards ascertaining the value of urban land in the districts concerned. Although the programme was of recent application, it was already beginning to bear fruit: urban land prices had ceased to skyrocket and owners were beginning to sell their surplus land; the taxes were a source of revenue for the Government; and, lastly, buyers of land were mainly using it for residential and industrial purposes.

25. Mr. SCHICKELE (Food and Agriculture Organization of the United Nations) said that the FAO was much interested in the question of land reform and co-operatives, a question of great importance for the progress of agriculture and economic development in general. Contrary to what many people seemed to think, land reform did not necessarily imply the expropriation of landowners and the redistribution of their holdings; he mentioned a number of measures taken by various countries which attained their desired objectives without infringing property rights. The implementation of land reform programmes often raised certain initial difficulties, but most of the difficulties could be surmounted by establishing agricultural credit services and providing technical advice.

26. With respect to the Secretary-General's report on *Progress in Land Reform* (E/2930), he wished to

bring up to date the part concerning the activities of FAO (pp. 175-180). The study entitled *Improving Agricultural Tenancy* had been published in English and Spanish and was due to appear in French at the end of April. The work entitled *The State of Food and Agriculture, 1957* would contain a comprehensive section on post-war institutional reforms in the field of agriculture. The Food and Agriculture Organization was also planning to organize land settlement development centres or seminars (in the Far East for 1958 and in Latin America for 1959), an agricultural credit development centre for 1958 in Latin America, and an agricultural co-operative training centre for the South Pacific in 1958. The seminar on rights of usage of public lands recommended by the Near East Forestry Commission was planned for late 1957 or 1958. The technical assistance given by FAO in the field of land reform and land settlement had been expanded to include Libya and Pakistan; its work in that field now covered nineteen countries.

27. He felt that the time had come to consider whether it was desirable to repeat in 1958 the surveys which had been carried out by means of questionnaires in 1952 and 1955. The replies concerning legislative measures had made it possible to prepare a fairly complete table covering sixty-one countries. However, since the measures in question were long-term measures, and since any changes they brought about would be relatively slow, it might be better to wait for more than three years before sending out a new questionnaire on the subject. As far as the problems of implementation were concerned, the replies varied greatly from one country to another and it seemed that many countries might benefit considerably from objective studies of how the laws were actually implemented at the local level and what obstacles were encountered. With respect to the impact of land reform measures, replies had been received from only sixteen countries, including the United States of America, New Zealand and six European countries. Moreover, most of the replies stressed the difficulty of isolating the effects of land reform measures proper from the general effects of economic, technical and natural forces.

28. In the circumstances, FAO wondered whether it would not be desirable to extend the interval between periodic surveys, to have the next report concentrate more specifically on problems of implementation of land reform measures and appraisal of their impact, and to recommend that countries undertake specific studies of the problems of implementation and of the impact of land reform measures on production, employment, living standards and economic development. The Food and Agriculture Organization was willing, in co-operation with the other specialized agencies, to assist Governments in organizing such studies. From its own experience, it believed that many countries would welcome such a step.

29. With respect to co-operatives, the two reports prepared by the Secretariat (E/2524 and E/2950) constituted a fairly thorough treatment of the fundamental aspects of co-operative development. In the opinion of FAO, it would be advisable to wait until the measures already taken had produced tangible results before planning a third report—the more so as the specialized agencies which were interested in the question of co-operatives had developed many working methods and were actively engaged in that field. In particular, he mentioned the international technical meetings which were often organized on a regional

basis, the experts who were sent out under United Nations technical assistance programmes, the establishment of co-operative training centres, the granting of fellowships, and the special studies which FAO prepared on certain aspects of the problem. All those activities had led to the production of a large number of reports and publications. The reports already published by the Secretariat provided a useful summary of the general problems of co-operative development. He therefore agreed with the representative of the Netherlands that in the future it would be advisable to concentrate on certain special aspects of the question.

30. Mr. DESSAU (World Federation of Trade Unions), speaking at the invitation of the President, affirmed the approval of the World Federation of Trade Unions (WFTU) as regards the new measures which had been taken to encourage the industrialization of under-developed countries, especially since the Secretary-General's report (E/2958) showed that very concrete projects were already under way.

31. Developments in that direction could give new meaning and a fresh impetus to international co-operation for the industrialization of the under-developed countries; the Secretariat ought to be given the means of increasing the number and scope of its studies in that field.

32. The WFTU had been interested to learn of the project to publish a bulletin on industrialization and productivity. That might prove very useful, though he felt that the use of the word "productivity" introduced an element of confusion which would not enhance the effectiveness of the work on economic development and might even divert it from the proper path. Besides industrialization proper, it was essential to bring about a general expansion of the productive forces of the under-developed countries in order to develop the smooth organization of their production machinery, to consolidate their economic independence and to raise the standard of living of their populations. If the scope of the proposed bulletin were limited to questions of

productivity, there was a danger that its scope might be restricted and its purpose distorted, so that its usefulness might be impaired.

33. With respect to land reform, the executive bodies of the WFTU at their last conference had decided in favour of effecting land reforms for the benefit of farm workers and small and medium farmers. Land reform was an indispensable element in any policy of economic development. The WFTU had been particularly interested in the information concerning the situation of agricultural wage-earners, as many farm workers' trade unions were affiliated to the WFTU and to the Agricultural and Forestry Workers' Trade Unions International—one of the professional departments of the WFTU.

34. It was highly important to improve the situation of that category of workers, and in many under-developed countries the problems of land reform could not be solved independently of the demands of the farm workers. Useful information on that subject had been submitted by various Governments, but the questionnaire did not request information on special measures taken or planned for the purpose of enabling farm workers to acquire property, and only a few Governments mentioned such measures in their replies.

35. It would also be interesting to make a general review of the situation of wage-earning farm workers, with special reference to questions of wages, working hours, housing, and trade-union laws—fields in which there was much to be done in order to guarantee farm workers decent living conditions.

36. He stressed the importance of the contribution which the co-operative movement had made to development. In many countries there was close and active liaison between the co-operative movement and the trade-union movement and in many cases their efforts to raise the standard of living coincided.

The meeting rose at 12.40 p.m.