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**President:** Mr. Raymond SCHEYVEN (Belgium).

*Present:*

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Egypt, France, India, Philippines, Poland, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Chile, Iraq, Netherlands.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agricultural Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Bank for Reconstruction and Development, World Health Organization.

**Economic development of under-developed countries: integrated economic development (E/2384, E/L.500 and E/L.502) (continued)**

[Agenda item 4]

1. Mr. HSIA (China) said that the Secretary-General's working paper (E/2384), while constituting an impressive account of United Nations action and studies on the economic development of under-developed countries, did not resolve the problem of priorities to be given by countries in the process of development to certain types of information which were especially pertinent to their particular development problems. For example, the three to five ratio between investment and national income suggested by the Secretariat had not been accepted by financing organizations supplying capital or by many under-developed countries and should be given more thorough study. Similarly, as the question of inflation control required special treatment in under-developed countries, the Secretariat might make a further report on that problem with special reference to those countries. In that connexion, consumption investment statistics would be more useful than national income figures in evaluating economic development of under-developed countries and attention should be focussed on such data. Lastly, in analysing methods of reviving the flow of private capital to under-developed areas, a study should be made of past experience in providing adequate security for private investments and for foreign loans so that the problem might be resolved to the satisfaction of both creditors and debtors.

2. For those reasons, China would support the draft resolution (E/L.500). If it was not adopted, the Secretariat ought to continue the relevant studies or

refer the topics enumerated to the specialized agencies concerned with such problems.

3. Mr. TANGE (Australia) considered the Secretary-General's working paper (E/2384) to be a useful basis for further study of the broad question of economic development in the under-developed countries.

4. Australia had several doubts and reservations, however, regarding the advisability of establishing the group of experts suggested in paragraph 2 of the draft resolution (E/L.500). While it agreed absolutely that international studies on the subject should be pursued with a view to working out practical techniques for integrated national economic programmes, it considered it essential to determine precisely what was expected from further international study, in strictly realistic terms.

5. It should be borne in mind that there already existed a vast documentation on the experience of many countries in developing diversified and industrialized economies. Australia, for example, which had for many years been dependent on the marketing of raw materials and foodstuffs, had deliberately adopted as a social and economic objective the development of such an economy. Towards that end, it had conciously applied economic, social, fiscal, technical and organizational policies and, in particular, a commercial tariff policy designed to foster its industries. The records of the techniques applied could easily be made available to other governments. Similar experience by other countries could likewise be exchanged.

6. Indeed, there had been much international discussion on the subjects which the sponsors of the joint draft now wanted to entrust to another expert group. Prior to the Havana Conference, which was to have set up an International Trade Organization, some forty or fifty participating States had discussed the increase in the industrial utilization of resources as a factor in combating trade restrictions, and had even considered the inclusion in the Havana Charter of a chapter on commercial policy dealing with the tariff aspects of economic development and industrial diversification. Moreover, portions of the experts' report on *Measures for the Economic Development of Under-developed Countries* (E/1986) had discussed such aspects of the latter question as economic organization and problems of technology.

7. The problem of rapid industrialization within the framework of integrated economic development was essentially an internal problem and had to be attacked directly and realistically on the national and not the international level. Of course, generalized international studies such as those already undertaken were useful as guidance to national governments, whose task was then to adapt whatever principles they found applicable to the specific social and economic environment in which they proposed to promote their economic development. In contrast to other aspects of economic development on which joint international action was quite feasible, those brought into focus by the draft resolution depended

primarily for their solution upon the deliberate efforts of national governments. It was a mistake to believe that a resounding international resolution could provide a panacea for all aspects of economic development in every under-developed country. There was a certain pretentiousness about past United Nations decisions on economic development, such as General Assembly resolution 521 (VI), which had apparently led some delegations to expect more from international technical studies, for which they waited impatiently, than was in fact possible. On the contrary, it was clear from the list of problems in the draft resolution (E/L.500) that the mainsprings of action to solve them remained under the control of national governments, that they were matters for local initiative and local decision. It was unrealistic to think that the United Nations could lay down a programme of industrialization for any given country without intervening in its internal affairs. The United Nations could do no more than provide generalized studies as guidance and reports of experience against which national policies might be tested. The nature of the practical measures each under-developed country would have to adopt to cope with the fiscal, technical, organizational and social problems involved would depend on its system of government, its constitutional structure, its cultural traditions with their inevitable influence on the techniques adopted for economic development, and on its economic organization.

8. For all those reasons, it was inadvisable to appoint a new group of experts as suggested in the joint draft. Moreover, General Assembly resolution 623 (VII) had established a group of experts to deal primarily with the question of the inter-relation between primary commodity prices and terms of trade, but also to recommend measures which would give effect to another injunction in the resolution, namely, that countries in the process of development should adopt national programmes of integrated economic development conducive to the rational utilization of the proceeds of their primary activities, etc. The same group of experts might reasonably be asked to study the subjects enumerated in the joint draft resolution. Alternatively, and preferably, the Secretary-General might simply be requested, as paragraph 3 of the draft resolution stated, to continue and expand his studies in the field. Australia fully supported such continued studies and would strengthen paragraph 3 of the draft by directing the Secretary-General's attention to some of the problems which paragraph 2 would have entrusted to an expert group.

9. Australia's attitude could in no case be interpreted as complacency. Australia had undertaken industrialization for the same reasons which led other countries to do so at the present juncture. It differed with the authors of the joint draft resolution solely in its judgment of the most effective way to deal with the question through international facilities.

10. He would welcome information from the Secretariat concerning the possibility of further enlarged studies, not only from the point of view of cost, but from that of providing the material so urgently desired by many countries either through its own activities, or by utilizing the services of the expert group already established by the General Assembly.

11. Mr. BLOUGH (Secretariat), in reply to the Australian representative, recalled that at its resumed fourteenth session, when the Council had discussed the placing of the item "Integrated economic development" on the provisional agenda of its fifteenth session, he had said (670th meeting) that the Secretariat would be able

to submit only a preliminary paper at so early a date. That was what it had in fact done.

12. No doubt further useful studies could be made on the subject, but the question was whether such studies would achieve the ends the Council desired. In the first place, more basic information was needed on many points. The majority of the countries usually referred to as under-developed failed to reply to questionnaires circulated by the Secretariat concerning their development plans.

13. Furthermore, there were divers possible approaches to the problem and at least two kinds of studies had been suggested during the debate: general studies, including a digest of major ideas and facts, or specific studies of particular problems in particular countries.

14. Obviously the Secretariat could not cover the whole field, but if the scope and purposes could be more clearly defined it would do its utmost to comply with the Council's request, making use of the regional secretariats and functional commissions.

15. Mr. CRISTELOW (United Kingdom) said that it was quite clear from the discussion that the highest priority should be given to the economic development of the under-developed countries. That was a project on which all were agreed. Unfortunately, whatever the developed countries did to help, the main burden would always rest with the under-developed countries. Consequently he fully sympathized with the general trend of the joint draft resolution, but he was not convinced that the proposal for a group of experts in paragraph 2 would really serve any useful purpose. There were infinite complexities involved in the problem of economic development as was clearly illustrated in the working paper (S/2384). Obviously no one limited method could apply in all cases. Industrialization was the major key to economic development but it was not necessarily the only method. In the final analysis economic development would probably come about through a combination of measures and through improvisation and he doubted very much whether any group of experts would be able to draw up a general programme suitable for all countries. It was, of course, always a temptation to hope for miracles from the studies of experts but, in the field of economic development, each country must clearly take its own decisions.

16. He agreed with the Australian representative that there was some danger of a duplication of activities if the new group of experts proposed in the joint draft resolution was established. A group of experts had already been set up under General Assembly resolution 623 (VII) and the Fiscal Commission was also studying certain aspects of the problem.

17. In his opinion, a general study by a group of experts would not be of much practical value, for general principles had already been amply debated in the Economic and Social Council. What the under-developed countries really needed was technical assistance and an exchange of information on the experience gained by other countries in dealing with similar problems. The technical assistance programmes of the United Nations and the specialized agencies were already established on a firm basis and were proving their value. There was, therefore, no need for any new action by the Council in that field. With regard to the exchange of information, the countries which had practical experience on such problems as the development of cottage industries and the establishment of small-scale industrial enterprises might submit documents making their expe-

rience available to other countries. The ILO might also be able to contribute valuable information.

18. Finally, he felt it was unfortunate that the Council should be discussing the general question of economic development before discussing specific questions, such as the proposals for the establishment of a special fund for economic development and for an international finance corporation. Those two questions were to be discussed at the sixteenth session and he felt it would be better to wait for the results of that discussion before embarking upon new studies which might overlap with those already in progress. He fully endorsed paragraph 3 of the joint draft resolution and expressed the hope that the sponsors would be able to accept the amendment to paragraph 2 submitted by France and the United States of America (E/L.502).

19. Mr. EL-TANAMLI (Egypt) congratulated the Secretariat on the working paper submitted (E/2384). Section II, dealing with the transition from subsistence to exchange activities, was particularly satisfactory. Integrated economic development was both a problem of organization and a problem of choosing between the various branches of economic activity and deciding which should be given priority. Various problems were raised by the simultaneous existence of countries which had reached varying degrees of economic development. There were, for example, problems of competition on the world markets and problems relating to the terms of trade and to the different treatment afforded to manufactured products and primary products.

20. His delegation was one of the sponsors of the joint draft resolution (E/L.500) and he did not believe that the draft should give rise to so much debate. The purpose of the text was extremely simple and paragraph 2, the one which had given rise to objections, was in fact the basic paragraph. Certain representatives had criticized the paragraph on the grounds that it was both impossible and useless to make a general study of the question. In that connexion, he recalled that the French representative had congratulated the Secretariat on its report precisely because of the general principles it contained (695th meeting). Moreover, the League of Nations had produced an important general publication on industrialization so that it was obviously quite possible to make a general study of the question. It was the normal practice of the United Nations to produce general studies on the various international problems and, although a more specific study would also be useful, he saw no reason to criticize the proposal that the first study should be a general one. It had been suggested at the previous meeting that a chart of foreign investments should be drawn up and, if generalizations could be made on so specific a question as that, surely they could also be made on the problem of integrated economic development.

21. It had been suggested that the regional economic commissions should study the problem at the regional level. If that suggestion was adopted he would urge the Council to take some specific action in favour of Africa and the Middle East since there was no economic commission to cover that region.

22. Mr. ALAMO BLANCO (Venezuela) said that the working paper produced by the Secretariat was a very valuable document. It was true that certain aspects of the problem had been omitted or dealt with too briefly but on the whole the document was realistic and accurate. Venezuela was faced by many problems which were common to all the under-developed countries. It had a low level of production and a lack of technical

knowledge. It would however be a suicidal policy for Venezuela to concentrate its efforts entirely on the petroleum industry in order to ensure an adequate supply of imports into the country, for that would not establish a lasting basis for prosperity. It was essential, as in the other countries of Latin America, to diversify the economy. The *per capita* annual income of agricultural workers was four times less than that of industrial workers and civil servants who in their turn earned half as much as the workers in the petroleum industry. Agriculture and the other industries were faced with the problems of rising production costs and a lack of skilled manpower.

23. Venezuela relied largely on its imports and the high level of imports had successfully warded off inflation. Steps must be taken, however, to reduce the country's reliance on imports and it was for that purpose that the Government had been forced to introduce a system of tariffs and quotas. That was only a temporary measure and when the country had succeeded in increasing its level of production to the desired extent the barriers would be removed.

24. The group of experts set up under Council resolution 293 (XI) had said that it was not necessary for the under-developed countries to choose between agriculture and industry since they must both play an important part in economic development. The dangers of industrialization at the expense of food production had been emphasized during the debate on the world economic situation. His country was fully aware of the importance of both agriculture and industry, but it did not consider industrialization to be of secondary importance.

25. He supported the joint draft resolution as a whole, including the proposal for the establishment of a group of experts. Since there had been so much stress on the need for integrated economic development, he suggested that the word "integrated" should be inserted before the words "economic development" in paragraph 3 and throughout the documentation on the subject.

26. The PRESIDENT called on the representative of the World Federation of Trade Unions.

27. Miss KAHN (World Federation of Trade Unions) remarked that the continued inability of the chief representative of the WFTU to attend the Council session had made it impossible for her organization to submit the detailed statement it had originally planned. She regretted that General Assembly resolution 521 (VI) had not been carried out rapidly or effectively enough. More effective implementation of that resolution would in fact have done away with some of the problems which were still being discussed in the Council.

28. It had become abundantly clear that industrialization was the basic requirement of the under-developed countries. They were for the most part dependent on a single agricultural crop or upon raw materials which were of little value in the world market until they had been processed. Since the under-developed countries themselves lacked the facilities for processing or manufacturing their own products they were in an unfavourable position. Although the Secretariat working paper contained some interesting material on the development of local small-scale industry, it did not touch on the fundamental problem referred to in resolution 521 (VI). The type of economic situation in the port areas or transport centres of the under-developed countries did represent the development of an exchange economy but did not represent the development of industrialization. The rapid fluctuations in the prices of pri-

mary products since the beginning of the Korean war should have dissipated once and for all any illusion that the countries depending upon such products could achieve any measure of economic stability without industrialization. But industrial development was essential, without however sacrificing efforts to bring about land reform.

29. That important point had been recognized at the ninth session of the Executive Committee of WFTU held in February 1953 at which a general economic programme had been adopted, including among its objectives the preservation and development of national industry. At the same time, WFTU had expressed its opposition to economic agreements with foreign monopolies which had the effect of retarding economic development.

30. It was disturbing to note the statement by Mr. Colin Clark in the *Manchester Guardian* of 19 January 1953 that: "In some Asian countries, and in isolated areas in Africa and Latin America, prospects of economic development are hopeful. But most of the rest of the non-Western world is faced with economic stagnation or actual retrogression". A number of representatives had referred to the fact that basic economic development had been retarded because of the "armaments economy", as a result of which the United States, the United Kingdom and other countries had concentrated on obtaining their needed raw materials without regard for economic development as such. It was also disturbing to note the attempts to frustrate the objectives of General Assembly resolution 626 (VII) which affirmed the right of countries freely to exploit their own national resources.

31. In November 1952, at the very time the Second Committee of the General Assembly had been discussing economic development, Mr. Jack L. Camp, Vice-President of the International Harvester Export Company, had made a statement to the National Foreign Trade Convention frankly avowing that the principal purpose of all private business investments in the United States or anywhere else was to make money. He had gone on to emphasize that whatever reasons the United States Government might give for its foreign aid programmes, the aim of businessmen in investing their money was to make profits.

32. The right to self-determination was surely as valid economically as it was politically and the demand of the under-developed countries for the removal of obstacles to their industrialization was simply an expression of that right. The WFTU delegation to the recent meeting of ECAFE at Bandung, Indonesia had emphasized that the chief obstacle to the development of countries which were rich in resources and manpower was the fact that their economies were in the grip of foreign governments. To show how the under-developed countries could develop without such foreign intervention, the WFTU delegation to ECAFE had referred to the industrialization of the Asian Republics of the USSR and of the People's Republic of China.

33. In most under-developed countries, industrialization had been drastically retarded by the armaments race and funds invested in their development had been used for projects directly related to the production of raw materials, projects which could not be regarded as true industrialization.

34. It was essential that those policies be changed. Economic development in the final analysis depended upon radical and effective land reform and on basic industrialization. In the opinion of the WFTU the

working paper prepared by the Secretariat tended to avoid the basic issues and she hoped that the Secretariat would shortly initiate studies on the problems of rapid industrialization and thus give full effect to the terms of General Assembly resolution 521 (VI).

35. Mr. NYMAN (Sweden) said that, although rapid industrialization undoubtedly played a significant part in the integrated development of the under-developed countries, other aspects of such development should also be stressed. Furthermore, governments had just received the report of another group of experts on the economic development of under-developed countries. Hence delegations would be in a better position at the sixteenth session of the Council than they were at present to decide whether or not there was any need for further expert studies in that field. The Swedish delegation therefore welcomed the amendment proposed by France and the United States of America (E/L.502).

36. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) said that the delegation of the USSR felt great sympathy for the strivings of the less developed countries to develop their resources and industry. Before the October Revolution some of the territories of the Soviet Union had been inhabited by people with under-developed economies. During the post-revolutionary years, and particularly following the five-year plans, the national Soviet Republics of the East had made great progress, notably in the development of their industries. He had already dealt with that subject in his statement on the world economic situation, and would not revert to it but merely wished to stress that the problem was a familiar one to the people of the Soviet Union. It was a fundamental policy of the USSR to raise the less developed areas to the level of other parts of the country, and for that reason the growth of industry in those areas had been more rapid than in the Union as a whole.

37. The problem was primarily a national one; every country would have to develop its own resources and national industry. Although no objections were openly voiced to the speeding up of industry in less developed areas, there were forces in the world which were hostile to the economic development of those areas and would in practice make every endeavour to obstruct it. Even the period of colonization had been marked by high-sounding declarations that the aim was to spread civilization. The under-developed countries should realize those facts.

38. Referring to the agenda item under discussion concerning the economic development of the under-developed countries, he stated that during recent years many of those countries had achieved nominal political independence, but the colonial nature of their economies survived. A colonial economy meant that the under-developed countries were sources of raw materials for the highly industrialized capitalistic countries and markets for manufactured goods from those countries. As a result they were extremely dependent on fluctuations in the world market, as was pointed out in the report. In the economies of many under-developed countries a dominating position was held by foreign concerns. He fully realized the importance of foreign capital for the development of those countries, but a national economy could not be developed in those circumstances. Foreign concerns obviously had only one purpose — to reap profits; the national interests of the countries in which they operated were a matter of indifference to them. The basic task was to consolidate the economic independence of those countries. That would not mean the isolation of their economic life from

world economic trends and relationships, but merely that they should develop their economies on sound foundations in their own national interests. An economy built on such foundations would in the long run be a favourable influence on the world as a whole.

39. The representatives of the under-developed countries seemed to lay insufficient stress upon their own domestic opportunities and potentialities. The governments of those countries must plan a rational exploitation of their resources and a rational organization of their national trade, and must take measures against unfair trade practices. The conditions for fair and healthy foreign trade must be created.

40. There could be no objection to the utilization of foreign capital provided the interests of a country's industry were not subordinated to those of foreign investors. But it was impossible even to imagine development of a country's national economy that was under domination of foreign capital. According to United States sources profits reaped on American capital invested abroad for the last six years had exceeded \$8 thousand million, while the American capital invested abroad for the same period had been only about \$6 thousand million. Evidently, therefore, national resources which could be used for economic development of the under-developed countries were available.

41. Even such attempts to solve the problem as that embodied in the draft resolution (E/L.500), though they did not go far, were worthy of support. He had a few criticisms to make in connexion with the drafting. He suggested deleting the words "with satisfaction" in paragraph 1, for which he saw no justification, and the words "to convene a group of not more than eight experts" in paragraph 2, which would then read: "Requests the Secretary-General to prepare report..." If those changes were made the draft resolution would be acceptable to his delegation. Those were, however, mere suggestions and not formal proposals.

42. Referring to the remarks made during the debate by the representative of the International Chamber of Commerce (694th meeting) and to the statement submitted by the National Association of Manufacturers (E/C.2/347), he said that they were unworthy of serious consideration. The General Assembly had adopted resolution 626 (VII) concerning the right to

exploit freely natural wealth and resources and the discussion of the subject could not be re-opened. He had already pointed out that there were powerful forces in the world which were opposed to the development of the economies of the under-developed countries, and the statements of those two influential organizations had confirmed his apprehensions.

43. In reply to the representative of Egypt, who had referred to the problem of the co-existence of two systems—that of the under-developed and that of the developed countries—he said that no such problem existed. There were not two different systems but merely different degrees of development within one system, and the problem was how the under-developed countries could progress rapidly and overtake the more highly developed ones.

44. Mr. STIBRAVY (United States of America) said that at the previous meeting his delegation had suggested that instead of convening a group of experts, a more useful purpose would be served by requesting the specialized agencies, the regional economic commissions and certain functional commissions to give special attention to Council resolution 451 (XIV) annex, paragraph 10, section B. France and the United States had embodied the suggestion in their amendment (E/L.502) to the joint draft (E/L.500).

45. The intention was not to substitute work by United Nations organs or the specialized agencies for national programmes, the importance of which had been repeatedly stressed during the debate. The United Nations and the various agencies could carry their studies only to a certain point, after which, as the United Kingdom representative had indicated, the countries themselves would wish to make their own decisions and plan their own programmes. The United States had joined with France in sponsoring the amendment with a view to preparing the way for that task.

46. Mr. MORALES (Argentina) proposed the adjournment of the meeting, in order to give delegations time to study the joint draft resolution and the proposed amendments. He reserved the right to speak again on the matter later, if necessary.

*The proposal for adjournment was adopted unanimously.*

The meeting rose at 5.10 p.m.