



Friday, 11 July 1952, at 10.30 a.m.

CONTENTS

	Page
Economic development of under-developed countries ( <i>continued</i> ): (d) Other aspects of economic development (E/L.400 and Rev.1, and Add.1, E/L.410) ( <i>continued</i> ) .....	537

*President:* Mr. S. Amjad ALI (Pakistan).

*Present:* The representatives of the following countries: Argentina, Belgium, Canada, China, Cuba, Czechoslovakia, Egypt, France, Iran, Mexico, Pakistan, Philippines, Poland, Sweden, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay.

Observers from the following countries:

Chile, Netherlands, Turkey.

The representatives of the following specialized agencies:

International Labour Organisation, United Nations Educational, Scientific and Cultural Organization.

**Economic development of under-developed countries (*continued*): (d) Other aspects of economic development (E/L.400 and Rev.I and Add.1, E/L.410) (*continued*)**

[Agenda item 5 (d)]

1. Mr. LEGATTE (France) explained that the purpose of his amendment (E/L.410) to the revised Argentine draft resolution (E/L.400/Rev.1) was to prevent industrial diversification from causing a decrease in the volume of agricultural production. He recalled that during the discussion on the world economic situation reference had been made to the difference between the rate of increase of food requirements and the rate at which food production expanded. His amendment was also intended to prevent industrial diversification from impeding the flow of international trade. His delegation fully supported industrial diversification and would welcome all action designed to facilitate such diversification in all countries, particularly in the under-developed areas.

2. He pointed out that the expression "*indépendance économique*" in French usage probably had a somewhat more restricted sense than the literal translation seemed to imply. It was not synonymous with "autarky", but economists were not in agreement as to the more restricted meaning to be assigned to it. Each one explained it subjectively in terms of the particular case

he had in mind and, in order to do so, generally had recourse to an indirect definition. Thus, for example, in France at the present time, when economic critics advocated an economic policy capable of ensuring France's "*indépendance économique*", they were merely thinking of a policy which would do away with current balance-of-payments difficulties.

3. Mr. FANIEL (Belgium) said that his delegation, though in sympathy with the underlying purpose of the Argentine draft resolution, could not endorse it as a whole. The problem was that certain terms which were acceptable if taken individually, gave quite a different picture when considered together in the draft resolution.

4. He had some misgivings about the wording of the second paragraph of the preamble, and particularly the words "industrial diversification". In other statements of principle, the Belgian delegation had stressed that economic stability would result from industrial diversification only if the general economy of the country were diversified. In that connexion the importance of a diversified agriculture must also be kept in mind. The term "industrial diversification" might lay another pitfall. It would be wrong to set up artificial industries, unable to support themselves, merely because it was felt that the country's economy should be diversified. Any desirable programme of industrialization should be related to the organization of viable enterprises.

5. He did not fully agree with the French delegation's interpretation of the term "*indépendance économique*". The term meant economic sovereignty as well as independence. In the twentieth century, however, for a nation to strive for economic independence might be unrealistic. His Government, through its agreements with Luxembourg and the Netherlands and through its participation in other inter-governmental schemes such as the Schuman Plan, was attempting not to make its economy independent but to integrate it with, and thus in a sense to make it dependent, on that of its neighbours. From that viewpoint there was an inherent contradiction in favouring integrated economic development while sup-

porting the principle of diversification of economies so that countries could become self-supporting.

6. He favoured the idea of the report proposed in operative paragraph 1 of the Argentine draft resolution, but suggested that the Secretariat should make a preliminary study before the committee of experts was set up.

7. Mr. RODRIGUEZ FABREGAT (Uruguay) thought the Argentine draft resolution offered a fresh approach while taking into account the antecedents of the problem. That was evident from its reference to the relevant resolutions of various United Nations organs.

8. The second paragraph of the preamble was really the core of the resolution. It linked the two vital concepts of a nation's economic independence and the social welfare of its people, which of course were merely two different aspects of the larger problem. The Council should adopt that text, as it would promote economic stability. The French amendment might be an improvement on the second paragraph in some respects, but he would reserve his position on it until he had studied it in detail.

9. The criticism directed at the Argentine draft resolution had centred on the second paragraph and in particular on the phrase "economic independence". He had been surprised to hear the French-speaking delegations say that they interpreted the term differently. Its meaning should be self-evident, but as some clarification was apparently needed, he would give his own definition. In his opinion, it most emphatically did not mean a policy of exaggerated self-sufficiency, under which a country hermetically sealed its doors against any contact with the rest of the international community, supplied its needs within its own borders and turned its back on all outside influences.

10. The draft resolution was not intended to promote such a concept; quite the contrary. The term "economic independence" meant the development by a country of those essential sectors of its economy that would enable it to progress in accordance with the hopes and desires of its people. Then it could live as an equal member of the international community, playing its proper role in world society. It meant the possibility for a country to co-operate fully in a universal movement to better the lot of all mankind, to extend international understanding and promote respect for the spiritual values without which no sound economic structure could exist.

11. The countries of Latin America were an example of that type of development towards economic independence. After receiving their political autonomy they had not withdrawn from the rest of the world, but by opening their doors to people from all nations they had benefited from a broad variety of cultural, social and economic influences.

12. Uruguay had attained its political independence in 1810 and had then begun to work towards its economic independence. Its greatest step forward had been taken in 1907, when the Government had inaugurated far-reaching economic reforms, under which it had acquired ownership of certain essential services formerly owned by foreign investors. As a result, at the present time the Government owned and operated utilities, transport systems, banks, insurance services and power. Govern-

ment ownership of certain sectors of the economy, while others were left in private hands, had led to a stronger economy, and the nation had not been forced to withdraw into isolation or to sacrifice the freedom or civil rights of its people on the altar of economic advantage. The United States had also succeeded in developing its economy without segregating itself from the rest of the world.

13. For those reasons he saw no grounds for rejecting the term "economic independence", particularly as it appeared in the preamble and not in the operative part of the draft resolution.

14. With reference to the studies to be made by the Secretary-General, he suggested that it might be useful if the Secretariat tried a fresh approach, taking particular account of the comments made during the debate in the Council.

15. He wondered whether the "small group of experts" proposed in operative paragraph 1 would be adequate, and suggested that the Secretary-General might also be asked to co-operate with a working group of members of the Council selected from delegations having permanent representatives at United Nations Headquarters. His delegation would support the resolution as a whole and the second paragraph in particular.

16. Mr. GARCIA (Philippines) congratulated the Argentine representative on his initiative in submitting the draft resolution. His delegation failed to appreciate the humorous allusions made the previous day by the United Kingdom representative to certain features of the draft resolution. As Lord Selkirk had remarked during the discussion on full employment, the Council was a world forum for the serious discussion of serious matters. It had been stated that the studies proposed were vague, but the terms of General Assembly resolution 521 (VI) were far from vague. The General Assembly had requested the Council "to promote studies of a programme of rapid industrialization of the under-developed countries, including the economic, social, fiscal, technical and organizational problems involved".

17. Nor was there anything humorous about the efforts of the under-developed countries to diversify and develop their production and to raise their living standards. The draft resolution was intended to implement the General Assembly's request that the Council should promote certain studies and the General Assembly's request should command respect, even though the United Kingdom might not have supported it.

18. In his opinion resolution 521 (VI) meant that means must eventually be found for promoting the industrial diversification of the under-developed countries. Industrial diversification was just as important to them as technical assistance or land reform. They looked upon agricultural and industrial development not as ends in themselves but as means of achieving higher living standards. Industrialization meant more employment, higher wages, increased production and greater purchasing power and the draft resolution was an advance towards that objective. He therefore supported it wholeheartedly.

19. It was possible that the use of the words "economic independence" in the context of the draft resolution might be construed as meaning that the under-developed

countries were not at the moment economically independent. He therefore felt that the words "ensuring the economic independence" should be replaced by the words "strengthening the economic position".

20. With regard to the Canadian representative's observations on the economic self-sufficiency of countries, he stressed that the existing world situation, in which some countries were industrially advanced and others under-developed, would not last forever. In the interests of world trade and economic stability, the economies of all countries should be diversified.

21. For the under-developed countries of Asia and the Far East, which had recently acquired their independence, one main objective was to achieve an economic status which would fortify their political independence. Industrial diversification would be an effective solution to the age-old problem of poverty and under-production.

22. At the previous meeting the United Kingdom, Canadian and Swedish representatives had spoken against the proposal to appoint a small group of experts and the Canadian representative had referred to the financial implications (A/L.400/Add.1). The problem could be solved in one of three ways: the studies could be undertaken by the Council itself, by the Secretary-General or by the group of experts proposed in the Argentine draft resolution. Both the Council and the Secretary-General already had sufficient studies and plans to undertake. The best method would therefore be to appoint a group of experts, particularly as previous groups of experts had submitted valuable studies on various economic subjects.

23. As Mr. Owen, the Assistant Secretary-General in charge of the Department of Economic Affairs, had recently observed, the Council was not a budgetary body. It was for the General Assembly to consider the financial implications of establishing a group of experts. Such a group selected from both the industrially developed and the under-developed countries on an equitable geographical basis would be in keeping with General Assembly resolution 521 (VI).

24. The Uruguayan representative had suggested that the question might be referred to a working party or to the Economic, Employment and Development Commission. The latter had unfortunately disappeared, mainly as a result of the United Kingdom delegation's efforts in Paris.

25. Mr. CHA (China) welcomed the Argentine draft resolution. It was a logical sequel to General Assembly resolution 521 (VI), and he agreed with its proposal that a small group of experts should be appointed to carry out the work.

26. While the proposal contained some very interesting provisions, he felt it would be better for it to be limited to the question of the appointment of a group of experts; technical assistance, which constituted a separate subject, should be dealt with in a separate resolution. If that was done, the reference to General Assembly resolution 519 (VI) might be omitted.

27. His delegation welcomed the French amendment (E/L.410), which it felt would add considerably to the significance of the second paragraph of the draft resolution.

28. He had some misgivings about the term "economic independence", since he was not sure that such independence was possible. It might be replaced by the expression "economic interdependence". If not, he would support the Philippine representative's proposal to substitute the phrase "strengthening the economic position".

29. Mr. STERNER (Sweden) agreed with the Philippine representative that it would be better to appoint a group of experts to prepare a report than to refer the matter to a working party of the Council. He was not, however, sure that the subject was yet ripe for reference to an expert group, since the Council would have to devote some time to drawing up the group's terms of reference. Moreover, various studies had already been organized which related to more or less the same problem. The first essential was that the problem should be clearly delimited and the concrete aspects which required further study decided upon. He suggested that the Secretary-General should be asked to undertake that task. That would enable the group of experts to carry out their work more effectively.

30. Mr. SAKSIN (Union of Soviet Socialist Republics) said that when the Argentine delegation had first submitted its draft resolution (E/L.400 of 8 July), his delegation had welcomed it for its serious and earnest approach and had been fully prepared to support it.

Unfortunately, thirty-six hours later the situation had been entirely changed by the submission of the revised version of the draft resolution (E/L.400/Rev.1). The original draft resolution had been based on the thesis that the problem of economic development of under-developed countries could be solved primarily by rapid industrialization, as was stated in paragraphs 2 and 3 of the operative part. That idea, which was the essential part of the first draft, was not even mentioned in the revised version; the only trace of it which might be said to exist was the weak and cautious reference to industrial diversification in the second paragraph of the preamble. While representatives had the right to amend their proposals, that should not be done lightly. The sudden change in the Argentine draft resolution was probably due to the atmosphere created in the Council by representatives of industrialized countries, such as the United States, which could not accept the idea of the industrialization of under-developed countries.

31. It had been suggested that the words "economic independence" should be replaced, and the suggestion had given rise to a somewhat technical linguistic discussion. It was no question of language which was involved, however. The fact was that such countries as France, Belgium and the United Kingdom did not wish to grant independence to their colonies and therefore did not wish economic independence to be mentioned. Belgium's attitude was exemplified by the statement of a Belgian colonial governor in the Congo who, when asked the previous November when Belgium planned to grant independence to its colonial peoples, had said that the native peoples of the Congo were so backward that they should not be given independence for at least another hundred years. It was interesting to note that that reactionary statement had been prominently published by the American newspaper the *New York Herald-Tribune*. The French delegation had submitted an amendment emphasizing the importance of the develop-

ment of agricultural production. In other words, it wished to make it possible for the colonial countries to continue to exploit their colonies by making them produce the crops most suited to the needs of the exploiting country.

32. The representative of Uruguay, however, had clearly explained the meaning of economic independence as understood by the under-developed countries. The economic independence of the under-developed countries could only be achieved through rapid industrialization, and he appealed to the Argentine representative to restore paragraphs 2 and 3 of the operative part of the original version of his draft resolution. If they were restored, his delegation would be glad to support the draft resolution. It could not support the revised version, which would harm rather than improve the position of the under-developed countries.

33. Mr. MORALES (Argentina) agreed with the French delegation that industrial development was not an isolated element on which attention should be exclusively concentrated. It also attached full importance to the question of agricultural development and would be glad to include the French amendment in the draft resolution.

34. Mr. HASAN (Pakistan) said that after the statement by the Philippine delegation there was little he could add to explain the viewpoint of the under-developed countries.

35. He saw no reason for fearing that economic independence would mean economic self-sufficiency. The essential point was that a country should so diversify its economy and its industry that in times of crisis the nation would not suffer unduly. At the present time Pakistan produced about 80 per cent of the world's supply of jute, yet until recently none of it had been processed domestically. He failed to see how a country's attempts to set up infant textile and processing industries could be considered autarky. Could the same criticism not be made of the attempts of the industrialized countries to find substitutes for the raw materials which they now obtained from abroad? The possibility of the loss of markets for raw materials therefore represented a very real threat to the economy of his country and of many others which were dependent on one or two main products for export. In their statements the various representatives had attached considerable importance to industrial diversification. The assumption was obvious: if the economic development of a country was to be properly balanced and integrated, it must be spread over many sectors.

36. He had been surprised to hear the French representative, a distinguished economist, express the fear that industrial diversification might lead to a decline in agricultural production. Many of the under-developed countries, including Pakistan, were grossly over-populated and even if large numbers of the populations were diverted to industry, agricultural production would certainly not suffer in the least.

37. He wondered whether the industrialization programme contemplated in the draft resolution would be prepared by a central group of experts. If so, such an arrangement might tend to interfere with the sovereign right of every country to develop its own economic

planning. Again, if the programme was to be planned by an international group, some method of integration would have to be devised.

38. The group might possibly have to consider what obstacles impeded the industrialization of under-developed countries at the moment. The obstacles varied from one country to another: in some there was insufficient electric power and in others a shortage of technical personnel. He therefore asked for further clarification of the nature and function of the group, presuming that such a group was indeed contemplated.

39. Under the Colombo Plan, it had been agreed that each country had the sovereign right to prepare its own programme, but the individual programmes had eventually been submitted to a group of representatives from all the participating countries. The group had offered advice while leaving each country free to devise its own economic plan. In considering the economic situation as a whole, the group had discovered that the main difficulties were shortages of electric power and of trained personnel.

40. During the discussion of the Colombo Plan the subject of economic self-sufficiency had inevitably arisen. Some representatives had wondered what would become of the industrialized countries which had been unselfish enough to contribute to the industrialization of the under-developed countries, once the latter had reached the stage where they no longer needed to import goods from the former to any great extent. It had been appreciated, however, that the purpose in industrializing the under-developed countries was to raise their living standards and the general economic level of the world.

41. Mr. GHORBAL (Egypt) associated his delegation with the remarks made by the representatives of the Philippines, Pakistan and Argentina.

42. Since Egypt was primarily an agricultural country and very dependent on cotton, his delegation would support the French amendment. He had some doubts about the words "economic independence". The under-developed countries were, understandably, more sensitive about independence than were those countries which had long been secure in the possession of it. He realized, however, that the phrase "economic independence" might create the impression that the under-developed countries were seeking economic self-sufficiency. That was far from their thoughts, for any breaking off of their trade relations with the industrialized countries would place them in a very poor position. In the circumstances, he felt that some such wording as that used by the Commission on Human Rights in the draft covenant might prove satisfactory. He therefore suggested that the phrase in the second paragraph of the draft resolution should read "with a view to ensuring the sovereignty of the countries concerned over their natural wealth and resources and promoting . . .".

43. The representative of Pakistan, in speaking of the current economic situation in under-developed countries, had referred to the position with regard to jute in Pakistan. In Egypt, the position with regard to cotton was exactly the same. During the First World War, when it had been difficult to export cotton, some small textile industries had been established in Egypt, but at the end of the war, when barriers to trade had

been removed, it had reverted to exporting cotton and importing finished textiles from the United Kingdom. Events had followed a similar course during and after the Second World War. His country had, however, succeeded in producing some textiles which, although not of first quality, had helped to satisfy the needs of the poorer classes of the community. It was thus obvious that its efforts to establish and develop local industries were not intended to cut it off from the benefits of trade with the community of nations, but merely to assist in raising the standard of living of its people.

44. He praised the high quality of the reports on economic matters so far produced by the Secretariat, and supported the proposal that the Secretary-General should be asked to undertake the proposed study.

45. Mr. FANIEL (Belgium) did not wish the Council to gain the impression that his delegation had not heard

the USSR representative's allusions to the colonial policy of Belgium under the pretext of defining economic independence. He would not, however, use his right of reply since the references to deportation, forced labour and other conditions in the USSR, which an answer would involve, would be outside the scope of the item under discussion.

46. The PRESIDENT pointed out that several amendments to the Argentine draft resolution had to be translated and circulated. He proposed that the Council should continue to discuss item 5 (d), but if it had to interrupt the debate while waiting for documents, it should take up the question of the third session of the *Ad Hoc* Committee on Restrictive Business Practices, which was a relatively short item.

*It was so decided.*

The meeting rose at 1.25 p.m.