FIRST CHAPTER

GENERAL INTRODUCTION
"We are involved today more than ever before in a conscious effort to make this earth a habitable home where the hungry are fed, the naked clothed, the homeless sheltered and all have a share in the opportunities of life. Unless we pursue this goal with faith and imagination and lift it above expediencies and narrow interests the security and stability of the world as a whole will be in jeopardy."

-E.R. Sen
Ex-Director-General
CHAPTER I

GENERAL INTRODUCTION

Process of economic development has been going on since men emerged as a creature able to make productive use of natural resources. The pace of economic development has not been regular, but it is true that it has accelerated remarkably in recent centuries. The scientific discoveries, economic explorations and the emergence of the idea of world humanity and fraternity have placed economic development in a truly world-wide setting. Economic thinking has moved in a new direction towards its cosmopolitan character. People's regard for colonization has ceased to be respectable. Economic imperialism of advanced countries over less-developed or colonized countries has begun to dissipate. There is a growing recognition of the rights of native peoples in economically backward countries to determine their own economic destinies.

For their own separate and conflicting interests, the industrially advanced countries like the United States and Soviet Union seem anxious to eliminate economic backwardness and create self-consciousness among the people in under-developed countries. Modern means of transportation and communication have made these people aware of their poverty and there is a strong urge to raise living standards.
The United Nations recognizing that "poverty anywhere is a threat to prosperity everywhere" has set up a number of specialized agencies which seek to study the problems of the under-developed countries in a global setting. The problems of individual countries are treated as problems of the world, and the means and methods of their solution are invented and applied on a world scale.

The Underdeveloped Countries of the World -

The words "developed countries" and "under-developed countries" or "less developed countries" or "developing countries" do not have their accurate meanings. As economic development is a continuing and changing process, it is difficult to describe a country as "developed" or "underdeveloped". There is no economic instrument still invented to discern minutely between the two set of countries. One may, however differentiate both the stages by reference to the "per capita real income". The size of national income per head of population is probably most comprehensive single measure of the wealth or poverty of a country and it so happens that the industrialized countries of the world enjoy higher per capita real income than those which are not industrialized. Therefore, we may distinguish industrialized countries with a high per capita real income from those which have yet to experience industrialization and have low per capita real income, and describe the former as "developed" and the letter as "underdeveloped". However, this distinction is to some extent arbitrary.
Conveniently to know the developed and underdeveloped countries, a table in descending order on the basis of real per capita income should be prepared. The nations existing on top will be categorized in developed countries and those existing at the bottom, in underdeveloped countries. Of course, there is every possibility of exceptions on many grounds. A small section of community may hold lion's share of total national income and rest of the people might be living the life of misery.

Ultimately, "an underdeveloped country might be described as one in which the natural and human resources are used for economic purposes to only a very limited degree. The trained personnel, the capital and the administrative machinery necessary to make proper use of them are partly, or wholly lacking". 1 On the other hand, those countries whose economic systems have proved capable of supplying their citizens with the greatest quantities of goods and services have attained the highest level of economic development.

The following countries generally form the class of developed or more advanced countries:

1. U.S.A
2. Canada
4. Japan
5. Australia
6. New-Zealand

1. Quoted from 'Aspects of Economic Development' Page 2
The other countries mostly the poorer countries of Asia, Africa and Latin America can be classed as underdeveloped countries. India, undoubtedly, is included in the second category that is she is a developing of underdeveloped country and is in the process of development.

The 'so called' underdeveloped countries contain over two thirds of the world population. They show great diversity in almost all the economic indicators viz: population, levels of income per head, extent of industrialization, standards of health and education, availability of adequate food stuffs and so forth. Consequently it is rather difficult, if not impossible to generalizations which may apply to them all. There are many ways in which the various underdeveloped countries differs from one another. Notwithstanding, except some problems, there are many problems which are being faced equally by all the underdeveloped countries. Hence, in a nutshell the common problems of under-developed countries may be enumerated as below. Almost all countries recently emancipated from foreign yoke - form the underdeveloped area of the world. The main problems are:

Low Rates of Savings and investment;
High proportion of the labour force engaged in agriculture;
Low industrial output in relation to population;
Widespread hunger and mal-nutrition;
High illiteracy; Low educational level;
High birth rates; rapid population growth; high
percentage of dependent children;
Poor roads, transport and communications;
Inadequate supplies of power and light;
High incidence of disease, poor health especially
maternal and child health; few hospitals and other
medical services and so forth.

Need for International Integration:

World war II caused many serious economic dislocations
and distortions in the most part of the world. Technological
advancement and improvement in the living standard called for
major changes in all the aspects of economic field. It paved
the way and necessarazed the international cooperation in
Economic world for the elmination of bad consequences of
world war II and for the establishment of conditions conducive
to the perfect peace and mounting prosperity. International
Economic Integration was the demand of the day to harmonize
the diverse elements of economic society and to coordinate the
economic activities over an ever-widening geographical area.
This cooperation provided the opportunities for exchange of
ideas and techniques. The principle of "give and take" became
necessary for the international economic integration.
Developing desire to assist the peoples in poor countries to
improve their economic circumstances was the cardinal motive
that favoured international integration. Serious efforts were made during World War II to plan for post-war problems in the postwar era. It became necessary, therefore, to meet the situations as they arose with new and improvised plans for keeping the world at peace and guiding nations into paths of prosperity and stability.

**Emergence of UN Family**

The idea 'poverty anywhere in the world is a threat to prosperity everywhere in the world' was gaining ground. The world's leaders were anxious to establish such an institute which might save the world from the horrors of war and lead to perfect peace and prosperity. It was established that peace and prosperity are interdependent and are two aspects of one thing. These ideas were culminated in the establishment of United Nations and its specialized agencies. This UN family paved a way for the moral and material development of world, as the co-ordinated and concentrated action by all the governments could enable to solve the numerous problems prevailing in the world.

This concept had already been expressed in the first international instruments that embodied the main principles and ideas and served as the basis for struggle against Nazism and Fascism: the Atlantic Charter (signed on Aug. 14, 1941, by President Franklin Roosevelt and Prime Minister Winston Churchill, which was the important step toward a world organization) and the Tehran Declaration of 1st December, 1943.
It was a natural sequence for the legislators at San Francisco and Quebec; at Hot Springs and Dumbarton Oaks, to make joint international action a permanent task. They resolved to promote the steady progress of social and economic conditions in all countries and regions of the world, with the object of raising the level of living for all their inhabitants and thus insuring respect for their dignity as human beings.

The whole system of international cooperation that came into being at the end of the second world war, as consequence both of the war itself and of its motivating causes, has as its chief objective — man and, above all, respect for his dignity together with such help as may be required to ensure his spiritual and material welfare. This is perhaps the distinguishing feature of this great new system in comparison with earlier attempts at organized international co-operation (such as League of Nations) in which concern for human beings was somewhat superficial and merely incidental. As opined by G.D.H. Cole League of Nations could not give proper recognition to the Economic and Social needs of the world. The Charter of UN and constitutions of FAO, WHO and Unesco are unequivocal in this respect. The human being for them, is the subject of this new international law, which has emerged from the devastating Character of war. This is due not to mere chance, nor to the isolated efforts of some visionaries, but to the conviction that world peace and security are inseparable from respect for human dignity and from general prosperity.
Economic and Social Co-operation: The Specialized Agencies

A major purpose of United Nations is "to achieve international co-operation in solving international problems of an economic, social, cultural or humanitarian character and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language or religion. The General Assembly, the Economic & Social Council along with the Council's commissions, the Secretariat of the UN and the specialized agencies are the organs primarily responsible for action in this field.

It was believed by those who drafted the UN Charter that many areas of economic and social co-operation, while requiring an intergovernmental approach, could be more effectively covered by relatively autonomous functional organizations. Consequently, it was assumed that international co-operation in this field would find expression in a variety of intergovernmental organizations. Of these those with "wide international responsibilities" were to be brought into relation with the UN as specialized agencies. This relationship might initially be defined by an agreement concluded with the specialized agency by the Economic and Social Council subject to General Assembly's approval. The Charter provided that the General Assembly and the Economic and Social Council should undertake to co-ordinate the policies and activities of the specialized agencies. The General Assembly may review and make
recommendations subject to the administrative budget of an agency; both the Assembly and the E & SC (Economic and Social Council) may make recommendations with respect to programmes.

Each specialized agency in fact concluded an agreement with the UN defining in general terms its relation to the latter. These agreements contain provisions regarding such matters as reciprocal representation, exchange of information and documents, administrative, co-operation, annual reports and action to be taken on general assembly recommendations.

An administrative Committee on co-ordination, composed of the Secretary General and the executive heads of the specialized agencies, is established by the E & SC to assist in co-ordinating and harmonizing the relations between the agencies and the UN. (To understand the relationship of various organs of the UN and its Family, please see the chart annexed).

Some of the specialized agencies were in existence before the UN was organized, some were in process of establishment during World War II, and some agencies were organized under the auspices of the UN. One agency; the International Refugee Organization, terminated its activities at the end of January 1952. Those in operation are the following:
The United Nations Family:

Specialized Agencies -

1. Food and Agricultural Organization of the UN.
2. International Labour Organization.
4. World Health Organization.
8. International Monetary Fund.
10. Universal Postal Union.
11. International Telecommunication Union.
12. World Meteorological Organization.
13. Intergovernmental Maritime Consultative Organization.

Other Organizations and Administrative Units -

1. International Atomic Energy Agency.
2. World Food Program.
3. United Nations Children's Fund
5. UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)
6. Office of UN High Commissioner for Refugees
7. United Nations Conference on Trade & Development
8. United Nations Organization for Industrial Development
9. General Agreement on Tariffs and Trade.
Agricultural Development: UN family - The FAO

The most pressing problems of food and agriculture at the present time are centred in economically less-developed countries of the world. In the more highly developed countries, a level of productivity has been reached which makes it possible for the relatively small percentage of the population engaged in agriculture to provide a nutritionally adequate diet for the rest of the population, and earn more income than those of farmers in less-developed countries.

In contrast, in the less-developed countries, although a large part of their population is engaged in agriculture, production is often too low to satisfy even the simple and generally nutritionally inadequate diets. The post-war upsurge in the growth of population enlarged the gravity of this problem.

Food is the first of all man's material needs, yet more than half of the people in the world are under nourished or mal nourished and while world population rises at about 2 percent per year, food production hardly rises any faster.

Many less-developed countries have, therefore had either to curtail exports, thus reducing badly needed foreign exchange, or alternatively to rely increasingly on food imports. In either case their capacity to accumulate capital goods for general economic development has been seriously impaired. Practically every one of the developing countries
is looking to exports of agricultural products to pay for the industrial equipment and the supplies it needs for balanced economic development.

Agriculture can provide the roots from which industry can grow. Industries for processing agricultural products for export enhance the value of these exports and thereby enlarge export incomes. They also provide a stepping-stone toward more elaborate and highly organized industries.

In emergencies invaluable help has been received from the surplus supplies accumulated in more developed countries. But welcome though such aid has been, in the long run the twin problems of rural poverty and inadequate food supplies in less-developed countries can be overcome only by building up their own agriculture. It is, therefore of the highest importance to determine what social, economic and technical improvements are needed to bring this about. For until then, the extreme poverty of the cultivators in many less-developed countries will continue, food supplies will remain precarious and economic progress as a whole will be seriously delayed.

The more closely the situation is examined, the more one is impressed by the odds against the cultivator in many less-developed countries.

The problem is an almost infinitely complicated one, and the solution requires integrated mobilization of all the human and physical resources of a country to bring about
balanced economic development. Isolated attacks on one problem or another are of little value if they are not seen and planned as part of overall programs of national development.

The main burden of raising living standards must fall on the underdeveloped countries themselves, but they lack capital, modern equipment, research, institutes and trained technicians. Hence they must look also to international assistance. By far the greatest part of capital aid and technical assistance is today being given on a country-to-country basis. Nevertheless a growing amount of aid is also being given through the family of UN.

There is no doubt that the earth can support the whole of mankind generously. It can provide ample food as well as fibres and other necessaries needed to support an high standard of living for all men.

But to realize these possibilities will take effort and knowledge and co-operation between all countries and this need was very clear to a group of men representing many nations who gathered at Hot Springs in the USA in May 1943. While world war still raged they started to plan a new world agency to serve as one of the workshops in which to construct an enduring peace. This agency was the Food and Agriculture Organization of United Nations.
The FAO undertakes to bring the enduring and lasting peace in the world by providing nutritionally sufficient food to the every section of community and thereby striving to make each and every nation self-sufficient in the matter of human necessities. It endeavours to make every farmer, forester and fisherman conversant with all the new innovations in the respective field in order to advance the world materially." The task of transforming to two-thirds of the world's people the knowledge, institutions and services for making land, forests and oceans more productive is the biggest job ever consciously undertaken by man."1

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1. U.N. at work... page 18
   By Joseph M. Jones.