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Chairman: Mr. Ernest G. CHAUVET (Haiti).

AGENDA ITEM 12

Report of the Economic and Social Council, chapters II, III and IV (A/2943) (*concluded*)

1. Mr. SOLLI (Norway) said it was unlikely that the Inter-Governmental Maritime Consultative Organization (IMCO) would ever be established unless its statutes, as at present drafted, were changed; the difficulty was not just obtaining the prescribed number of ratifications but also replacing members who withdrew in the future.

2. Serious problems would also arise in connexion with elections to subordinate bodies of IMCO, as certain countries had not ratified the statutes and were opposed to IMCO in its present form. A number of provisions on economic and commercial matters had been included in the statutes with no clear understanding of their purpose and implications. Many non-shipping countries were opposed to IMCO because they considered its representation too weak, while some important shipping countries were also opposed to it because they did not know what its statutes might imply.

3. So long as its future remained uncertain, IMCO would be unable to carry out its main functions concerning safety and navigational measures and other urgent technical aspects of international shipping and aviation. That situation had lasted seven years and, if it continued, might lead to hazards and accidents at sea. Certain countries believed that the best policy would be to establish IMCO so that it could begin its important activities and to omit the controversial and less important provisions in its statutes.

4. He fully shared the opinion expressed by the Indian representative (382nd meeting), but did not intend to make a formal proposal at the current session, because some countries might have to review their

position before the General Assembly could usefully embark upon a full discussion of the matter.

5. Mr. ANIS (Egypt) drew attention to the Iranian representative's interesting observations (382nd meeting) on inflation and hoped that the subject would be discussed later in the Economic and Social Council.

6. He thanked those representatives who had supported him in his request (382nd meeting) that the professional staff of the Middle East unit should be increased; it was manifestly insufficient for its present work, even more so for its future commitments. Without wishing to infringe on the Secretary-General's responsibility in staff matters, he suggested that the staff of the Middle East unit should be at least doubled and should include a chief research economist and at least six other first-class economists specially qualified in the economic aspects of industry and transport, one of whom should be competent to advise on the compilation and presentation of statistics. He thanked the Secretary-General for having given the matter his close attention and hoped that the Secretariat would be able to prepare a suitable programme of work for Middle East studies in the near future.

7. Mr. BLUSZTAJN (Poland) said that Poland believed that there were different obstacles to the development of international trade. Some believed that the main obstacle was the lack of multilateralism and the inconvertibility of currencies. His delegation considered that multilateralism and convertibility were not ends in themselves, although they could contribute to the promotion of international trade. However, they should be introduced only if favourable conditions prevailed.

8. Among the other obstacles to the free flow of international trade were customs barriers and the constant fluctuations of commodity prices in the international market, both of which deserved the attention of the Economic and Social Council and of the General Assembly. There were also certain technical and administrative impediments to East-West trade arising from differing economic and social systems. Those problems were being overcome bilaterally and multilaterally. It was worth noting that the Economic Commission for Europe had found that specific problems such as those of commercial arbitration and of contract practices concerned all countries and could be solved if there was a genuine willingness to solve them. It happened that certain transactions could not be completed because of differences in technical specifications, payment terms or delivery dates; but such problems were also common to economic systems based on private enterprise.

9. Poland had made arrangements to receive foreign traders and to make their stay in Poland as inexpensive and comfortable as possible. The failure to increase still further East-West trade should be ascribed to discriminatory controls. He could quote many examples to show that the volume of trade between Poland and,

for example, the United Kingdom could have been larger but for the restrictions placed on United Kingdom exports to Poland and even on imports from Poland.

10. He had been surprised at the repetition by some representatives of the statement that there was little prospect of developing East-West trade, because the Eastern European countries could not pay for their imports or provide other goods in exchange. He would not spend time in refuting such allegations in detail; suffice it to say that, if that were the case, there was no need for some countries to maintain such elaborate and costly control apparatus. Experience had shown that discriminatory controls had failed in their purpose; they had not hampered the economic development or the expansion of the military potential of Eastern Europe.

11. Poland favoured the development of East-West trade not only for economic reasons. It believed that such trade was an important factor in strengthening the peace.

12. Mr. BLAUSTEIN (United States of America) said that his first remarks on the status of East-West trade (381st meeting) had been a clear statement of the facts; the record spoke for itself despite the attempts of the Ukrainian, Czechoslovak, Polish and Byelorussian representatives to distort it.

13. Mr. A. P. MOROZOV (Union of Soviet Socialist Republics) said that, instead of undertaking an objective discussion of the Council's work during the past year, the United States representative had used his statement (381st meeting) to make a variety of unfounded remarks about the USSR and the peoples' democracies. But it was common knowledge that the policy of the USSR was to encourage the development of trade with all countries in conformity with the principles of peaceful coexistence. The United States maintained that it favoured the development of trade, but that was contradicted by events; it had, for example, unilaterally abrogated trade agreements with many countries and impeded trade with the Soviet Union and the peoples' democracies. The magazine *U.S. News and World Report*, for example, had recently stated that the desire to revive trade was directly hampered by the controls established during the cold war; but the United States representative had nevertheless tried to convince the Committee that the discriminatory policy followed by the United States was not an obstacle to the expansion of trade. It was quite obvious that unless the discriminatory measures applied against the trade of certain countries were eliminated, trade between East and West could not develop along normal lines.

14. The United States and the United Kingdom representatives had asserted that the countries of Eastern Europe did not have sufficient goods to exchange with other countries. That such statements were without foundation was proved by the fact that the post-war foreign trade of the Soviet Union was four times greater than pre-war, and in the past year there had been a 33 per cent increase in the exports of Eastern European countries to the countries of Western Europe, as compared with 1954, despite the hindrance of artificial barriers.

15. At the Conference of Foreign Ministers at Geneva, the United States representative had made a prejudiced and tendentious statement on the problem of removing trade barriers. No agreement had been

reached owing to the rejection of the Soviet delegation's proposals by the representatives of the three Western Powers, particularly the United States.

16. The facts and arguments presented during the discussions by the representatives of the USSR and of several other countries fully refuted the unfounded statements made in the Committee about the USSR and the peoples' democracies.

17. The United States and United Kingdom representatives should bear in mind that questions such as foreign trade monopolies and exchange rates were within the national competence of States and should not be discussed in the Committee.

18. Mr. HAKIMI (Afghanistan), referring to his statement at the 383rd meeting to the effect that the economic blockade of Afghanistan by Pakistan was contrary to the resolutions of the Economic and Social Council, insisted that his statement accurately represented the facts and was not a mere allegation, as had been suggested by the representative of Pakistan.

19. After a brief procedural discussion in which Mr. PAZHAWAK and Mr. HAKIMI (Afghanistan), Mr. MIR KHAN and Mr. ISMAIL (Pakistan), Mr. BLUSZTAJN (Poland), Mr. STANOVNIK (Yugoslavia), Mr. HALIQ (Saudi Arabia), Mr. QUEUILLE (France) and Mr. LOPEZ VILLAMIL (Honduras) took part, the CHAIRMAN declared the debate on the item closed.

AGENDA ITEM 24

Economic development of under-developed countries (*concluded*):

(a) Question of the establishment of a Special United Nations Fund for Economic Development: report submitted in accordance with resolution 822 (IX) of 11 December 1954 (*concluded*)

REPORT OF THE RAPPOREUR (A/C.2/L.274)

20. Mr. STANOVNIK (Yugoslavia), rapporteur, thanked the Netherlands delegation for having withdrawn its informal amendment to the draft report (A/C.2/L.274).

21. The amendments made by the editorial services to the draft resolution contained in the report had not affected its substance.

The draft report was adopted unanimously.

22. The CHAIRMAN said that the Committee would have to decide on the size of the *ad hoc* committee referred to in paragraph 4 of the draft resolution contained in the report. From his consultations with representatives of the various geographical groups, which he had undertaken at the Committee's request, it seemed that a membership of sixteen would be acceptable to most delegations, composed of representatives of four major industrialized countries, three Latin American countries, three Asian countries, four European countries, one Middle Eastern country and one Commonwealth country.

23. Mr. ARDALAN (Iran) pointed out that a geographical distribution of that kind would cause some overlapping and give European countries too great a voice, since, apart from the United States, the major industrialized countries would probably be European. He therefore proposed that the Middle Eastern countries should have two representatives.

24. Mr. DAMLUJI (Iraq) and Mr. ANIS (Egypt) supported the proposal.

25. Mr. O'NAGHTEN (Cuba) pointed out that the suggested composition of the Committee would not be unfavourable to the under-developed countries as the four European countries would not all be industrialized countries; two would be Eastern European countries and two Western European countries.

26. Mr. HALIQ (Saudi Arabia) felt that the problem was being exaggerated. The *ad hoc* committee would merely be a technical body and if any differences of view arose it could submit a minority report.

27. Mr. STANOVNIK (Yugoslavia), rapporteur, said the number of representatives of Middle Eastern countries on the committee could be increased only if the committee as a whole were increased to twenty-one or twenty-three members.

28. Mr. STEWART (New Zealand) pointed out that to attempt to replace one of their number on the *ad hoc* committee was not the way to secure the support of the industrialized countries for the establishment of the Special United Nations Fund for Economic Development (SUNFED).

29. Mr. ARDALAN (Iran) withdrew his proposal.

30. The CHAIRMAN invited the Committee to take a decision on his proposal that the *ad hoc* committee referred to in paragraph 4 of the draft resolution should be composed of representatives of sixteen Governments.

The proposal was adopted unanimously.

31. The CHAIRMAN said he would submit the Committee's decisions to the President of the General Assembly who would then designate the Governments.

AGENDA ITEM 26

Question of assistance to Libya: report of the Secretary-General (A/2968, A/2969, A/C.2/L.275)

At the invitation of the Chairman, Mr. Muntasser, representative of the United Kingdom of Libya, took a place at the Committee table.

32. Mr. MUNTASSER (United Kingdom of Libya) expressed his country's gratitude to the United Nations, the specialized agencies and other organizations, which had helped Libya in its efforts to strengthen its economy and to improve its living standards.

33. Such combined efforts would have been much more effective had it not been for the unfortunate series of natural calamities — three successive years of drought, floods and the disastrous locust invasion of Tripolitania — and for the fact that Libya had received no compensation for war damage or benefited from any post-war relief and reconstruction programme.

34. In spite of its difficulties and limited resources, Libya was determined to overcome its problems in full co-operation with United Nations experts. A recent outstanding example of co-operation was the contribution of 100,000 Libyan pounds to the recently created children's welfare fund sponsored by the United Nations Children's Fund.

35. The Libyan Government was satisfied that some improvement had been made in the people's standard of living, but they themselves lacked the means of making all the progress they desired. The long-term programmes financed by the United Nations were prov-

ing constructive, but they required a capital investment which was far beyond the country's resources.

36. His Government hoped that its need for financial aid would be recognized and its request for technical assistance endorsed by the General Assembly; it would like to report further to the General Assembly on its social and economic progress after the completion of its first capital development programme.

37. Mr. ELEICHE (Egypt), introducing the joint draft resolution (A/C.2/L.275), said that its purpose was to continue the assistance to Libya by the United Nations and its specialized agencies in accordance with General Assembly resolutions 266 (III), 289 A (IV), 387 (V) and 726 (VIII).

38. The duty of the United Nations to help under-developed countries was all the more urgent in the case of Libya. Ever since the Napoleonic wars the gap between the industrialized countries and the under-developed countries had steadily increased. Countries like Libya could not be blamed for their backward economies, for they were the result of the nineteenth century system of mechanical production which had driven out their century-old industries and retarded their economic progress. Thus, in order to raise their industrial production and to keep pace with twentieth century developments, those countries had to depend on foreign capital or on savings made at the price of privations.

39. If the under-developed countries could be given loans to finance their economic projects, they were bound to achieve the desired economic development under free competition. Otherwise, they would be forced to adopt a form of completely planned economy in order to create an export surplus big enough to pay for the capital goods which they had to import from the highly industrialized countries.

40. In his communication addressed to the Secretary-General (A/2969) the Prime Minister of Libya had noted that the United Nations special fund for economic assistance to Libya, proposed in paragraph 1 of resolution 726 (VIII), had not materialized, despite the General Assembly's invitation in that same resolution and the considerations affecting war damages set forth in General Assembly resolutions 389 (V) and 529 (VI). For that reason, operative paragraph 1 of the joint draft resolution again invited all Governments willing and in a position to do so to provide financial assistance to Libya through a United Nations special fund.

41. Paragraph 2 repeated the recommendation originally made in Assembly resolution 726 (VIII) in the hope that Libya might benefit from SUNFED if it were established.

42. Paragraph 3 maintained the request made in Assembly resolution 726 (VIII) to enable Libya to attain a reasonable degree of agricultural progress and to achieve economic independence in the shortest possible time.

43. General Assembly resolution 398 (V) had emphasized the need for a comprehensive plan for the economic and social development of Libya. The Libyan five-year plan had started only two years previously and for that reason paragraph 5 of the joint draft resolution requested the Secretary-General to make a special report on the question in time for it to be placed on the agenda of the thirteenth session of the General Assembly.

44. The sponsors of the draft resolution hoped that it would receive the Committee's unanimous support.

45. Sir Alec RANDALL (United Kingdom) said that, even though it was receiving outside help, the Libyan Government still faced formidable difficulties. The main trouble was that the country had almost no natural resources, which meant that economic development must be planned largely on the basis of an expanded agriculture. However, the rugged character of the terrain and the irregular and often harsh nature of the climate, not to mention the recent plague of locusts, made agriculture even more precarious than in other countries.

46. If such difficulties were to be overcome and if the development of Libya was to proceed, there must be sound and careful planning. It was gratifying that such planning was in hand and that the Libyan administration was facing its difficulties in a sensible fashion. The preface to the memorandum submitted by the Libyan Government (A/2969) stated that Libya's permanent economic development must in the foreseeable future depend on the gradual training of its population and the improvement of agriculture and related activities. His Government thought that was a sound assessment of the situation and congratulated the Libyan Government on the progress it had made on those lines.

47. A poor country which sought to develop its economy was always faced with the dangers of over-capitalization and inflation. But the Libyan Government seemed fully aware of them and was taking adequate precautions. In particular, the institution of the Economic Planning Committee, whose functions were described in paragraphs 29 to 32 of the memorandum, was a wise and necessary move.

48. Libya would unfortunately need outside economic assistance for some time. The United Kingdom Government had already contributed much to Libya's economic recovery and would continue to do so.

49. His delegation would be glad to vote for the joint draft resolution.

50. Mr. DARDEN (United States of America) said that the Committee could only begin to appreciate the complexity of the task which faced the Libyan people. Although the obstacles were great and every effort would be required of the Libyan Government in the fight for economic and social progress, it was encouraging to note from the communication of the Prime Minister that improvements were being made.

51. External assistance was necessary if Libya was to cope successfully with its economic problems, for it was among the poorest of the under-developed countries and, unlike most others, did not possess great reserves of productive land or any appreciable reservoir of skilled labour or discovered natural wealth. Already at the sixth session of the General Assembly, when the new nation of Libya had just been created, the United States had pledged itself to do its full share in helping

the Libyan people to increase their opportunities for economic advancement and thus improve their standards of living. To that end the United States had supported the efforts of the United Nations to provide technical assistance to Libya within existing United Nations programmes.

52. It looked forward to a continuing flow of technical assistance to Libya from the United Nations and the specialized agencies. Under the proposed programmes for 1956, Libya, on a *per capita* basis, would continue to be the largest recipient of United Nations technical assistance, and was one of the six countries in respect of which the Technical Assistance Board had attempted to evaluate the results of assistance given under the Expanded Programme. His delegation awaited with interest the views of the Libyan Government on that evaluation (E/TAC/5C.1/R.1), which had been transmitted to it for comment.

53. In accordance with the announced policy of the Libyan Government to welcome assistance from every friendly Government willing to lend its support, the United States had made available a variety of economic and technical aid through programmes of direct assistance, and intended to continue to assist Libya in every appropriate way.

54. As the Egyptian representative had pointed out, the joint draft resolution was essentially a revival of General Assembly resolution 726 (VIII). The United States delegation had voted in favour of that resolution and was prepared to vote for the present one, although it was extending assistance to Libya through other arrangements and did not intend to make use of the Secretary-General's facilities.

55. Mr. ISMAIL (Pakistan) said that, as Libya owed its very existence to the United Nations, Members should consider it their duty to help the new State until it had achieved a certain measure of economic and social progress. In that spirit the General Assembly had urged States to assist the development of the Libyan economy, particularly as the country had few natural resources and no reserve of skilled labour. In addition to war damage, Libya had been faced with serious handicaps in recent years. It was obvious, therefore, that it needed a steady flow of assistance, both technical and financial, if it was to develop.

56. He hoped that the joint draft resolution would meet with wide support.

57. Mr. EPINAT (France) said that the documentation showed that Libya had made great progress in its immense task of economic recovery. His delegation would support the joint draft resolution and would give every assistance to Libya.

The meeting rose at 5.50 p.m.