

# GENERAL ASSEMBLY

## TENTH SESSION

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

### AGENDA ITEM 24

#### Economic development of under-developed countries (A/2955) (continued):

- (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 (A/2906);**
- (b) **Question of the establishment of an International Finance Corporation: report of the Economic and Social Council (A/2943);**
- (c) **Programmes of technical assistance: report of the Economic and Social Council (A/2943)**

#### GENERAL DEBATE (continued)

1. Mr. PASTRANA (Colombia), after expressing regret at the French delegation's absence, stressed that economic assistance should not be subordinated to political ends. His country was proud to belong to a system of States based on the principle of non-intervention. The aid given by the International Bank for Reconstruction and Development was the type of aid required, as the Bank in no way imposed upon the recipient, but rather did all it could to help.

2. It was, perhaps, in the economic field that the United Nations had done most good. Both the International Bank and the International Monetary Fund had done much to help the under-developed countries. In its eight years of operation the Bank had lent \$2,300 million for projects designed to improve economic conditions throughout the world. Colombia was particularly grateful for the granting during that period of 10 loans amounting to about \$95 million which had enabled the country to revitalize its economy.

3. Everyone realized the importance of private capital investment for economic development, especially in Latin America. The International Bank and the Export-

Import Bank had done much to help the continent but, from the point of view of private capital investment it still remained the financial tributary of the United States. On the one hand, there were many countries with an enormous unsatisfied demand for capital offering great investment opportunities, and, on the other, countries with abundant savings which could export capital. The economic development of the former was of vital interest to both. Private capital was indispensable, not only to make up the lack of domestic resources in the under-developed countries, but also to provide training and skills. Modern investors should renounce their former imperialistic designs and seek to industrialize under-developed countries, improve their living standards and endow them with efficient and dynamic economies. The private capital essential for that purpose required favourable conditions for both investors and recipients. In that respect the proposed International Finance Corporation would play an important part. The mere announcement of its establishment had already favoured the climate for foreign investment. For example, in February last, at a conference in New Orleans, a proposal had been made to form an inter-American corporation with a capital of 10 million dollars to finance industrial development. Colombia had been one of the first countries to subscribe to the Articles of Agreement of the International Finance Corporation.

4. Colombia was particularly grateful for the help it had received under United Nations technical assistance programmes. Various missions from the International Bank had assisted Colombia in planning its investments. Agriculture, industry, education and public administration had greatly benefited. Help had also been received under the Point Four programme, while the specialized agencies and the Organization of American States had made valuable contributions. In Bogotá, a housing centre had been set up to study the most economic methods of building. Private institutions like the Rockefeller Foundation had invested large sums in Colombia. His country had recently set up a specialized institute known as ICETEX to provide students with the means of specializing abroad. In 10 years about 30,000 students had used it. In other words, Colombia was supplementing the technical assistance received from abroad by its own internal efforts.

5. Recent progress in atomic research had opened new horizons for all nations. The establishment of the proposed international atomic energy agency should enable industrialized countries to contribute substantially to the economic development of the under-developed countries.

6. The establishment of the Special United Nations Fund for Economic Development (SUNFED) should not be subordinated to progress made in the field of disarmament. Peace was attainable not only by dis-

armament, but also by the improvement of living conditions. Indeed, the latter might contribute to the former. In any case, it was impossible to treat United Nations Charter obligations like a list of priorities. External aid was essential for the stability of Latin America.

7. The present debate showed that there were good grounds for believing that SUNFED would shortly become a reality. Both the industrialized and the under-developed countries were agreed that it would favour both. The only disagreement was on the question of timing. His Government had shown a particular interest in the project, but felt that not enough attention had been given to its social aspects.

8. Mr. HACOHEM (Israel) said that economic, political and social progress had lagged behind scientific progress. The gap between the developed and the under-developed countries was widening. It was essential to increase world output as rapidly as possible and to accelerate economic development in areas where the benefits of twentieth century technology were still only a remote hope. Unless imaginative and dramatic measures were taken to revitalize the more primitive economies, long-range prospects of peace were precarious.

9. The flow of technical assistance and capital from developed to under-developed countries had so far been far too small even to begin to narrow the economic gap between them. The processes of education and training could not be accelerated without co-operation from the developed countries. They could send more administrators, scientists and skilled technicians to assist the under-developed countries and train more managers and workers from such countries within their own frontiers.

10. He was confident that most of the developed countries shared the concern voiced by the Swedish (347th meeting) and Netherlands (350th meeting) delegations for the peoples of the under-developed areas, and he appealed to the 55 million members of the free trade-union movement and to the hundreds of thousands of young men and women ending their university courses to divert some of their knowledge and experience to the under-developed countries.

11. Equally important was the need to speed the flow of international capital. Recently, many countries had sought to attract foreign private capital, but it was questionable whether investors were really interested. Private investments from the United States, for example, had been mainly directed to technologically advanced countries.

12. Totalitarian economies were challenging the traditional and slower pattern of development followed by the Western nations in the nineteenth and twentieth centuries. A few months previously he had led a mission from Israel to the People's Republic of China, where he had seen remarkable progress being made in industrial development. In every factory Russian technicians were working alongside Chinese trainees and he had been told that thousands of Chinese workers were trained in Russian factories. The results were evident. Both the People's Republic of China and the Soviet Union could be proud of their achievement. There seemed to be reliable evidence that there were more Russian technicians working in China than there were United Nations and other technicians working in all of the other under-developed areas of the entire

world. Similar co-operation, with similar results, had been manifest in the field of capital investment.

13. The industrialized countries could undoubtedly increase their investments in the under-developed countries without diminishing their own rate of industrial progress. The present relaxation of international tension should result in a vast increase in the flow of capital without detriment to any country. The techniques of stimulating foreign investment were important, but above all there had to be an initial determination to increase the scale of technical assistance and capital development. It was for that reason that his delegation viewed with regret the disappointingly slow progress which had been made in setting up the International Finance Corporation and the Special United Nations Fund for Economic Development.

14. During the last seven years Israel had absorbed 750,000 immigrants. More than 100,000 of the newcomers, who had never before been engaged in agriculture, had been trained to be farmers and had settled on the land; over 400 new agricultural settlements had been established, so that despite the doubling of the population, a higher percentage of the population had been engaged in agriculture at the end of 1954 than in 1947. In 1954, only 4 per cent of the working population, the lowest figure recorded, was unemployed.

15. While outside capital, particularly from the United States, had helped considerably, Israel had had to make heavy economic sacrifices in overcoming such initial difficulties as inflationary pressures, adverse trade balances and budget deficits. After eight years, however, significant progress had been made towards economic independence. There was greater economic stability, the area under irrigation had increased from 72,000 acres in 1948 to 250,000 acres in 1955, scientific research had opened new vistas for Israel farmers and new industrial crops had been successfully introduced.

16. The industrial use of electric power had trebled between 1948 and 1954 and new industries were making an important contribution to exports as well as to the goal of self-sufficiency. Many of the new industries had been established in partnership with foreign capital, which benefited from the Encouragement of Capital Investment Law of 29 March 1950, now being revised with a view to further liberalization.

17. Israel's experience in transmitting new skills and techniques to immigrants of under-developed countries was particularly significant. It showed that workers could adapt themselves to the intricacies of modern industry with astonishing speed, provided conditions were suitable. The psychological spirit of modern Israel was a vital factor in its economic and social progress.

18. He would be remiss if he did not refer to the economic warfare practised against Israel by certain countries in its geographical region, such as the blockade of international waterways and the policy of pressure and intimidation against foreign Governments and commercial concerns dealing with Israel. A particularly unfortunate feature of this economic warfare was the attempt of its instigators to involve international bodies such as the United Nations and the specialized agencies in their political purposes. Unhappily, the international bodies concerned had not invariably discerned the true nature of the activity in which they had become enmeshed, or else, to the detriment of international principle and obligation, had accommodated themselves to the exigencies of a political situa-

tion which they could not, in good conscience, sanction. This was more than regrettable. It was positively dangerous for the health of the United Nations and the other international organizations and bodies within its framework. No amount of technical argument, no plea of administrative convenience, no claim of practical need could possibly subvert the principle that the facilities of the United Nations and the specialized agencies were available to all their Members, at all times, under all conditions, without discrimination, and free from prejudice or favour, bias or special privilege.

19. Mr. GURINOVICH (Byelorussian Soviet Socialist Republic) said that the difficult situation in which the under-developed countries found themselves was the result of their long period of dependence on foreign monopolies. They had become producers of a single commodity or of a very restricted group of commodities, and their industries lagged behind. Many essential goods had to be imported and their possibilities of finding more capital for investment were limited because of the slow rate of domestic capital formation and the fluctuating world market on which their exports depended.

20. It had been pointed out on many occasions that a well-balanced economy required the optimum use of domestic resources and earnings from exports, supplemented by international assistance. International assistance must be based on genuine respect for the interests of the recipient country and must not be contingent upon the granting of privileges. A number of under-developed countries had already proceeded along the right path with noticeable success. The efforts of countries like Egypt, Indonesia and India to improve the lot of their peoples were commendable. The peoples of the under-developed countries were demanding the removal of the vestiges of colonialism, demands which were reflected at the Bandung Conference. He also welcomed the Burmese Prime Minister's recent statement that, in the future, Burma would not allow its economy to depend exclusively on the rice crop but would develop its national industry.

21. In considering action to promote the economic development of the under-developed countries, the United Nations must take into account the aspirations of the peoples concerned and adopt measures to ensure their well-balanced development. Fortunately, international tension had lessened and a much better atmosphere prevailed, which, he hoped, would favour the solution of such important problems as those of disarmament and atomic energy.

22. The main source of financing economic development should be the domestic resources and the export earnings of the under-developed countries themselves. Foreign assistance should be provided only in accordance with United Nations principles and in the interest of the recipient countries. Obviously, assistance that was provided subject to certain conditions, such as the establishment of military bases, could not be regarded as assistance in the true sense of the word, as it did not help the under-developed countries in their efforts to achieve independence and to develop their national economies. Economic, and not military assistance, was required if the welfare of the under-developed countries was to be promoted.

23. Although industrialization was the key to economic development, other sectors of the economy, such

as local handicrafts, should not be overlooked. The Governments of the under-developed countries should also give proper consideration to increasing agricultural output.

24. His delegation did not share the belief, held by some other delegations, that much could be expected from an increase in the flow of foreign private capital. Such capital was generally invested in the enterprises most likely to yield the maximum profit irrespective of the needs or interest of the country concerned. In the post-war years, the profits from foreign investments had been much greater than the volume of new investments. According to United Nations publications and the statements of officials, the capital exported from Latin America had exceeded receipts from abroad by \$1,500 million.

25. Byelorussia favoured the establishment of SUNFED, which, if properly organized, could be of immense benefit to the under-developed countries. The Special Fund should be an independent agency and the under-developed countries should be assured fair participation in its management and administration. Long-term loans at fair rates of interest should be available and contributions in kind as well as in cash should be permissible. The United Nations technical assistance programmes were also important to the under-developed countries and had always been supported by his delegation. In the last two years the Byelorussian SSR had contributed 400,000 roubles to the Expanded Programme of Technical Assistance and regretted that not all of that amount had yet been used. He trusted that appropriate steps would be taken to remedy the situation.

26. In conformity with its peace-loving policy and its desire to encourage international amity, the Byelorussian delegation would support the Committee's efforts to promote and expand international economic co-operation.

27. Sir Alec RANDALL (United Kingdom) stated that, in contrast to the debate on the same subject in 1954, the Committee had, during the current discussion, been able to look at the problem of economic development as a whole and in relation to the situation prevailing in individual countries and in the world at large.

28. On the whole, the Indonesian representative's statement (348th meeting) that a prosperous United Kingdom economy was fighting against such consequences of prosperity as an unsatisfied demand for goods and services had been a fair comment. As the Chancellor of the Exchequer had emphasized, the United Kingdom Government was determined to maintain and strengthen the position of sterling and was confident of its ability to do so. His country's future economic policy would be concentrated on widening trade and moving to a system of freer payments. Difficulties would be dealt with by getting to the heart of the matter—the balance of supply and demand for labour and materials at home. It was of the greatest importance for the United Kingdom contribution to economic development to maintain and strengthen the position of sterling.

29. He had been particularly interested in the statements made by the United States, Australian, Canadian, South African and Polish representatives concerning development problems in their own countries. The United States representative had pointed out that even

in his highly developed country there were large under-developed areas.

30. The United Kingdom, although itself not exactly under-developed, had large responsibilities for quite certainly under-developed territories in all parts of the world. Its experience in these matters was unique. In 1940, five years before the United Nations had been founded, at the height of the German victories in France, the Colonial Development and Welfare Act had been passed, providing for £5 million per year to be spent in developing the overseas territories. That had been followed by other acts providing for greatly increased expenditure. Experience had shown that, although development in any territory, to be successful, must ultimately be based on the resources of the territory itself, the provision of external finance was none the less an important factor. Allocations for colonial development, both large and small, had enabled the Governments concerned to plan ahead with greater assurance and on a larger scale than would otherwise have been possible. Moreover, the fact that Governments had received grants towards part of their programmes had enabled them to concentrate their loan finance on economic work which would help to meet the servicing charges. The grants had thus had the indirect effect of lightening the net burden of loan charges and so increasing the capacity of the territories to raise loans.

31. Finally, there were territories which could make little or no contribution from local resources and which could afford to raise loans only from revenue-earning projects. Without assistance from development and welfare funds much essential work in those territories could not be done. It was such experience which prompted the United Kingdom to support the principle of SUNFED.

32. Financing was only one of the many problems of development. The Brazilian representative had remarked that financing without technical knowledge was an error, but knowledge without financing was an even graver error because it caused despair. The dissemination of technical knowledge was, however, in its infancy. In many countries there was still a great deal to be done before finance could be absorbed on a large scale and to the best advantage. The amount provided under the Colonial Development and Welfare Acts was largely based on each territory's own estimates of its requirements. But, in a recent debate on colonial development in the House of Commons it had emerged that the real problem lay not in financing but in the lack of technicians.

33. Moreover, if large-scale capital investment was to produce satisfactory results, it also required an appropriate climate of opinion and a suitable understanding of the problems involved. Problems such as the need for trade-union development, mentioned by the Netherlands representative, might occupy more of the Committee's attention.

34. The deductions drawn by the Yugoslav representative (347th meeting) with regard to industrialization did not seem very well founded. Moreover, the Polish representative seemed to have presented industrialization as an end in itself. It was at least arguable that in certain circumstances too rapid industrialization, far from promoting the economic and social advancement of the population at large, could have precisely the opposite effect. Such problems had

been discussed in detail in the excellent Secretariat publication entitled *Processes and Problems of Industrialization in Under-developed Countries* (E/2670).

35. The Polish statement (350th meeting) had been one of the most interesting and novel interventions in the debate; it had been pleasant to hear him speak with such sweet reasonableness. He welcomed in particular the call for increased trade and the indications that Eastern European countries as a whole were seriously anxious to increase their trade with the West. At the same time, such statements should be approached with circumspection. He gathered from the Polish and the USSR representatives' statements that their main interest was to increase trade between the Soviet Union and the peoples' democracies and the People's Republic of China on the one hand and under-developed countries on the other. The results of such an increase in trade would in many respects, no doubt, be beneficial to all concerned, but he wondered what pattern of trade was contemplated. It had been the experience of British businessmen that their earnest desire to trade with Eastern European countries was too often frustrated by the inability of those countries to offer desirable goods at suitable prices and at reasonable delivery dates. One very important, perhaps the most important, obstacle to the promotion of freer trade was the autarkic economic policies of some Governments. If that were to be changed, a big step forward would have been taken. But one must not be over-optimistic; it must be remembered that the establishment of such economic policies over such a long period must make the development of normal trade between those countries and the rest of the world a slow and difficult task.

36. In the recent past, the whole principle of SUNFED had been treated with a marked coolness by the delegations of Eastern Europe and the Soviet Union. It now appeared that SUNFED "deserved their support", a not very enthusiastic expression. But, he wondered how great the change would really prove to be. It seemed that the conditions on which support was offered would involve radical alterations in all the general conclusions of the majority of Member States on the purpose and structure of the Special Fund. He therefore looked forward to further explanation by the USSR representative of those conditions and of other points which had been left somewhat obscure in his statement.

37. Mr. GILMET (Uruguay) pointed out that it was difficult to classify Uruguay as a developed or under-developed country. Many aspects of its economic life tended to place it in the former category, while the fact that it was an exporter of raw materials might identify it with the latter, although it could not be regarded as a country suffering from under-consumption or a miserable standard of living. Its resources were adequate for its domestic needs and enabled it to maintain an export trade.

38. Historically, Uruguay was not one of the more fortunate countries which had undergone or inherited the industrial revolution of the eighteenth century. Yet, thanks to the application of its people and its light industry, Uruguay had passed beyond the agricultural phase of its economy. In that connexion, he drew attention to the statement made by Mr. Basagoiti, the Head of the Uruguayan delegation, at the 527th plenary meeting of the General Assembly.

39. The differences in living standards of different peoples had increased in the course of the twentieth century. In international trade, the prices of manufactured goods had increased while those of primary commodities had decreased. The United Nations, acting in co-operation with Governments, could help to improve that situation by reducing such disparities, which were a potential source of future disputes.

40. The terms of world trade had created certain difficulties for Uruguay. Uruguay had not escaped the evils of inflation, although they had been on a smaller scale than in some other countries of Latin America. The balance of payments had recently shown a slight deficit, despite governmental measures to dispose of the balance of current wool production. Those trade fluctuations had not had the slightest effect on the life of the nation. Domestic trade was proceeding at its normal pace and production in some sectors, such as wool, grain and light industry, had increased. The Government was fulfilling its obligations in respect of primary education, social security, unemployment, medical services, and public works. Labour disputes were becoming rarer because of effective legislation on wages, family allowances and housing.

41. Uruguay intended to support the establishment of SUNFED, an initiative which could only redound to the credit of the United Nations. Even if the project were to fail, future generations would be able to look back at the experiment as an outstanding example of international co-operation.

42. Unfortunately, little progress comparable to the recent advances in the development of atomic energy had been registered in other branches of science. Pending the discovery of an effective method of producing food by synthesis, the shortage of food in certain areas presented a constant threat. The world's population was growing steadily and erosion was exhausting the soil. The Food and Agriculture Organization of the United Nations (FAO) was doing valuable work to solve those problems. In Uruguay, for example, FAO had undertaken a study of the cattle industry and had drawn attention to defects in the existing system. Those deficiencies were already known through the studies of Uruguayan experts circulated in diverse publications. But, FAO had unified those scattered studies, and conferred upon them the weight of its authority and the inestimable value of a judgement expressed by non-Uruguayan specialists.

43. Mr. CORVINGTON (Haiti) welcomed the spirit of mutual understanding which had characterized the Committee's discussions.

44. Although the Secretary-General had stated that the urgency of the economic development of the under-developed countries had not yet been sufficiently recognized, world public opinion had realized that the widening gap between the developed and the under-developed countries was an important factor in the maintenance of world peace. The contribution being made by the United Nations and its specialized agencies to their economic and social advancement and to world economic equilibrium should be emphasized and was particularly appreciated by Haiti, one of the most under-developed countries, which had been the first recipient of technical assistance in 1948.

45. Haiti's economic development had been a slow process, complicated by many factors, such as the long war of independence which had laid waste its planta-

tions and factories, the indemnities it had been forced to pay France and its isolation as a result of the attitude of the colonial Powers. Although it had made considerable progress, particularly since the turn of the century, its efforts had been hampered by a lack of financial resources which had made planning impossible. Unfortunately, the Haitian economy was still developing within an obsolete economic framework, due to a lack of capital and technical experts, and the levels of living of its people were low because population was increasing more rapidly than production. Accordingly, the 1948 United Nations Mission of Technical Assistance to the Republic of Haiti had recommended emigration as a partial solution.

46. Considerable progress had been made in Haiti during the past five years as a result of the assistance provided under the Expanded Programme of Technical Assistance, the Point Four programme and the Foreign Operations Administration, for which he wished to thank the Technical Assistance Board and the United States Government.

47. The assistance provided under the Expanded Programme in 1954, although considerable, was still inadequate in view of the great and urgent needs of the under-developed countries. Its 1955 budget had been increased to \$26 million but in 1949 the Secretary-General had stated that the annual sum required to implement the programme would rise from \$35,900,000 to \$50,100,000 in later years. However, he agreed with other speakers that the economic development of any under-developed country must be based on the efforts of its own people.

48. With respect to SUNFED, he failed to see the justification for Economic and Social Council resolution 583 A (XX) which meant that, despite the favourable report (A/2906) of Mr. Scheyven and the Committee of experts, the Council would not come to a definite decision until the beginning of 1957. The basic purpose of SUNFED was to finance non-self-liquidating projects designed to create the economic and social infrastructure necessary for economic integration. Technical assistance, if unaccompanied by financial assistance, would produce only very limited results in the under-developed countries. Capital was the cornerstone of economic development and Mr. Scheyven had rightly pointed out that the under-developed countries would be unable to increase their income, and thereby increase their savings, unless foreign capital was invested in key capital goods industries.

49. At Geneva the French Prime Minister had proposed that savings from internationally controlled disarmament should be used to provide assistance to under-developed countries. The idea was commendable, but his delegation felt that the fate of SUNFED, a body designed to raise the levels of living of millions of people and promote world economic stability, should not depend on the conclusion of an agreement between the great Powers, however desirable that agreement might be.

50. Fortunately, the International Finance Corporation, with a capital of \$100 million, would soon be established. It would serve to strengthen the prestige of the United Nations and the International Bank by making loans to private enterprises without Government guarantees. Haiti had already acceded to the Articles of Agreement of the Corporation and its



Government would shortly complete all the necessary legislative formalities.

51. He agreed with the Canadian representative that peace could not be assured unless all nations made efforts to eliminate poverty and disease in order to secure a life of security, dignity and justice for their peoples.

52. Mr. STEWART (New Zealand) said that under-development could be regarded as a problem common to all countries which possessed unused or inadequately used resources and wished to raise their levels of living.

53. New Zealand, which was a young country, had built up its economy on the basis of its only original asset—land. However, the process of economic development was still far from complete. New Zealand's economy was based on pastoral farming and related activities such as the processing and export of primary commodities, from which it derived practically all its foreign exchange. However, there was a growing need to broaden the rather narrow economic base by developing new primary industries and promoting the growth of secondary and tertiary industries in order to reduce economic stresses and strains due to excessive dependence on a few export products and to guarantee future economic stability. Another more compelling reason why production had to be increased and economic development speeded was the pressure of population, which would increase by 50 per cent during the next 20 years. An example of the urgency of the problem was the 25 per cent increase in primary and post-primary school attendance in the period 1950 to 1954. Obviously, then, a high level of investment was required merely to maintain levels of living; if levels of living were to be raised, commensurately greater efforts would have to be made, and large investments were an economic necessity.

54. During recent years gross capital investment had amounted to about 22 per cent of the gross national income. Great efforts had been made to increase productivity and one of the most notable achievements under the development programme had been the construction of the Kawerau fully integrated wood pulp and paper operation and saw-mill. It had cost \$80 million and would soon produce among other things, 75,000 long tons of newsprint, thus satisfying all domestic requirements and still leaving some 40,000 tons available for export. The project would, therefore, eliminate a great drain on New Zealand's dollar reserves and also provide a useful additional source of foreign exchange. His delegation had noted with interest that the Economic and Social Council's report (A/2943) had approved the establishment of wood pulp and paper industries in under-developed countries as a means of contributing to general economic development.

55. The high rate of investment, which had called for considerable sacrifices on the part of the people, had also produced some economic danger signals. Overfull employment and mild inflation had forced the Government to take corrective monetary measures and to review the whole problem of capital expenditures to ensure that savings and available resources were used only for the most essential purposes.

56. Despite its own problems, New Zealand had supported the Expanded Programme of Technical Assistance and other agencies offering technical or social assistance to countries less fortunate than itself. Under the Colombo Plan it had made capital development and

technical assistance grants as a means of contributing to the economic development of the countries of South and South-East Asia. That assistance had been provided at the expense of its own programmes, but had been more than offset by the knowledge that it was participating in international economic co-operation experiments which were promoting the welfare of mankind.

57. In view of the requirements of New Zealand's own developing economy, and current contributions to existing programmes, the New Zealand Government felt that it could make no further commitments with respect to any new agency that might be established. His delegation hoped that the Committee would not insist on the establishment of a special fund which was not assured of adequate support. That would be detrimental to the fund's chances of ultimate success and would not serve to promote international economic co-operation. Instead, attention should be concentrated on the substantial and immediate advantages to be gained from strengthening existing agencies and further co-ordinating their activities.

58. Mr. PALACIOS (Guatemala) said that his delegation shared the view that economic development should be regarded as the expression of the peoples' material, cultural, moral and spiritual progress. In that sense it should be interpreted as the improvement of the peoples' general welfare through a significant and continuing increase in *per capita* real income. At the same time, the attempt should be made to reduce the great differences in income distribution between rural and urban inhabitants, with a view to enabling all of them to enjoy the benefits of civilization and culture. If that object was to be achieved, all sectors of the country's economic activity must share in the effort to ensure that a substantial part of the increase in the national income was directed towards investment, and must accordingly refrain, in the first few years, from reaping the immediate benefit of a larger and more varied supply of consumer goods and services. Those aims would be achieved if integrated economic planning were undertaken.

59. The question of economic development was closely related to that of international trade, as the under-developed countries required increasing amounts of capital goods and the funds necessary to purchase them abroad. Economic development programmes depended on the sound allocation of available national resources and, if investment plans were not properly co-ordinated, the result would be an unfavourable balance of payments or inflation.

60. An integrated economic policy was required and, in that respect, the Economic Commission for Latin America (ECLA) had carried out valuable research work in connexion with the programming of economic development. Guatemala, like other Latin American countries, had realized the need for co-ordinating economic policies and had therefore established a National Council for Economic Planning, which was responsible for drawing up public investment programmes and co-ordinating and stimulating private investments. The Council, with the assistance of the Bank, the International Monetary Fund and ECLA, was at present drawing up long-term and short-term economic development programmes on the basis of the available supply of domestic and foreign capital.

61. In 1945 Guatemala had also established a National Council of Private Enterprise which was to establish close contact with various agencies in order to correlate private and Government investments with the requirements of international trade, technical research and fiscal policies.

62. The Central American countries had also realized the need for promoting the economic and social welfare of their peoples and from 1951 steps had been taken to establish regional economic co-operation in order to find new markets for their produce and thereby stimulate their economic development. The Organization of Central American States had been set up and its Economic Council was responsible for seeking satisfactory solutions to problems common to all the countries of the region. The tangible results achieved so far included the establishment of the Institute of Technological and Industrial Research for Central America, which represented a recognition of the importance of technical progress, and the preparation, in co-operation with ECLA, of the Central American Integration Programme which recommended the establishment of certain key industries capable of attracting private capital.

63. Guatemala, with the assistance of international and regional bodies, would continue to implement its economic development programmes.

64. Mr. DAVIS (Bolivia) said that close economic co-operation was a decisive factor in the maintenance of world peace. The full advantages of technical assistance could only be realized if steps were taken to put it into practice and for that purpose it was vital to establish SUNFED.

65. Bolivia was a typical example of a country which required both technical and financial assistance. Its efforts to develop its natural resources had been hampered by a lack of financial means and, owing to its geographical isolation, it could export only products of high intrinsic value, such as ore concentrates, the prices of which had declined on world markets. The unfavourable balance of trade limited its prospects of economic development and an inadequate communications system had precluded any expansion of agriculture so that its limited foreign currency earnings had been used to buy foodstuffs and essential commodities.

66. Lastly, despite its potentially large supply of hydro-electric power, present shortages inevitably raised the cost of mining operations and hampered industrial progress.

67. Consequently, Bolivia would have to continue to concentrate on tin mining, despite the fact that present prices of tin did not even cover the cost of production. The economy must be diversified, power resources

developed and efforts made to seek new sources of foreign currency through the export of other raw materials.

68. In recent years, United Nations Missions, Bolivian experts, assistance provided under the Point Four program, the agricultural progress made under the economic and social policy and the experts' recommendations on hydro-electric and river navigation problems, had played a significant part in Bolivia's economic development.

69. It was generally agreed that the great economic differences between the developed and under-developed countries represented a threat to peace and must be eliminated. Economic instability produced dangerous social problems, which hampered development and progress. Bolivia's Government had eliminated the feudal agricultural system and was seeking new sources of wealth, but, despite the technical assistance provided by the United Nations, social and economic advancement was hampered by a lack of financial resources.

70. The establishment of SUNFED would alter the situation radically and make it possible for the under-developed countries to make full use of their natural resources. Accordingly, he hoped that the United Nations would give careful consideration to the possibility of its establishment.

71. Mr. DAMLUJI (Iraq) took issue with the statement made by the representative of Israel that economic warfare and boycott were being practiced against Israel by certain countries in its geographical region. The word "region" implied a certain political, economic and cultural harmony in a particular area, yet harmony in the Middle East, economic and otherwise, had been disrupted and one million Palestinian Arabs had been driven into exile, where they were now living in poverty and squalor. Since free and sovereign States had the right of dealing with whomsoever they chose, and the right of self-defence in its economic as well as its other aspects, the statement made by the representative of Israel had been out of order. In that connexion, he recalled that at the conference of the Inter-Parliamentary Union in Helsinki the previous summer, the representative of Israel had condemned the resolutions adopted at the Bandung Conference, especially in their economic implications, precisely because they recognized the needs and the natural rights of self-defence of the Arabs in the Middle East. Iraq insisted that the United Nations resolutions concerning these matters should be implemented, the rights of the Palestinian Arab refugees restored, and the State of Israel was the only one that could restore them.

The meeting rose at 6.5 p.m.