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Chairman : Prince WAN WAITHAYAKON (Thailand).

Economic development of under-developed countries : report of the Economic and Social Council (chapter III) (A/1884¹ and A/1924) : (a) Financing of economic development of under-developed countries; (b) Land reform; (c) Technical assistance for the economic development of under-developed countries

[Item 26]*

GENERAL DEBATE

1. The CHAIRMAN opened the general debate on the first item of the Committee's agenda, the economic development of under-developed countries : Chapter III of the report of the Economic and Social Council to the General Assembly.

2. Mr. SANTA CRUZ (Chile) explained that he was speaking as the representative of Chile and not as the President of the Economic and Social Council, who in previous years had introduced the Council's report.

3. The tone and content of the discussions which had taken place during the first two weeks of the Assembly had been a disappointment to world public opinion. The economic and social action which might be taken by the Assembly to help solve the fundamental problem of economic development was one of the few possibilities open to the Assembly of re-establishing public confidence through concrete achievements. He hoped it would be possible for the Second Committee to reach an agreement which would help to provide a solution and thus contribute to an easing of the international tension and to the success of the Assembly.

¹ See *Official Records of the General Assembly, Sixth Session, Supplement No. 3.*

* Indicates the item number on the General Assembly agenda.

4. His delegation considered it desirable to review the problem of economic development in the light of the new economic and political circumstances which had arisen since the last session of the General Assembly. Europe was facing a serious economic crisis and was again needing external aid. The Assembly must study the connexion between those two problems and the means of solving them.

5. He proceeded to outline five main manifestations of the general economic and social crisis in the world. Most countries were facing growing inflation and an increase in the cost of living. There was a serious shortage of raw materials, which was bringing about a consequent shortage of consumer and capital goods. There was a serious lack of balance in terms of trade between the United States and western European countries. In certain regions there was a food crisis which, particularly in Asia, approached the verge of famine. Finally, there had been a decrease in the supplies of equipment available to carry on programmes of industrialization and mechanization of agriculture at the necessary rate. That critical situation had particularly affected the peoples of the under-developed countries whose economies, being highly dependent on external factors, were specially vulnerable.

6. It was unnecessary to stress the fact that the main reason for the crisis was the need to divert national resources into re-armament programmes. His delegation had already stated whom it considered responsible for that state of affairs and had said that it believed the aggression in Korea, and the constant threats of aggression elsewhere would compel peace-loving countries to continue to strengthen both collective and individual security until those threats disappeared or their success became impossible.

7. He would not have brought up the problem of economic development at that time had his delegation not been convinced that the economic crisis and the

inherent weakness of under-developed countries was one of the main causes of aggression. He did, however, firmly believe that the world had sufficient resources to solve the problems both of security and of economic development which, indeed, were merely two aspects of one basic problem.

8. The tragic figures which had been quoted in that Committee and in the Economic and Social Council showed that two-thirds of the world's population was still living in conditions scarcely better than those which had existed thousands of years ago.

9. Certain conclusions reached during the past year by experts and technical bodies threw considerable light on the problem. The report of the Director-General of FAO of October 1951, for example, indicated that since 1938 the world's food supply had increased by 9 per cent whereas the population of the world had increased by 12 per cent. Another FAO report showed that the daily *per capita* food consumption of protein and calories was less than the pre-war consumption. The *World Economic Report, 1949-50*², showed that there was greater inequality in the distribution of national income than there had been before the war and that the difference in *per capita* national income between the industrialized and the under-developed countries was increasing. The political consequences of that fact were obvious. The same report showed that one-third of the world's population had only 4 per cent of the total income and that a minority of less than 10 per cent of the world's population had 81 per cent of the total income of the world. Such figures clearly showed that it was impossible for the under-developed countries to accumulate savings which would enable them to invest sufficient sums to speed up their own economic development. That conclusion was reinforced by the report of the experts on *Measures for the Economic Development of Under-developed Countries*³. That report indicated that, with the expected increase of population in the under-developed countries over the next ten years and in order to bring about a 2 per cent improvement in the standard of living of those countries, some \$19,000 million a year would be required, whereas the current rate of saving was barely more than \$5,000 million. The experts further stated that, taking into account the increase in prices since 1920-1930, the actual inflow of capital into the under-developed countries, of some thousand million dollars a year, was no greater than the rate of capital import in 1920-1930. The experts also recognized that nearly all private investment was in undertakings which were under the control of the capital-exporting countries and that 70 per cent of it was going into petroleum.

10. The Secretary-General's report on the "Volume and Distribution of National Income in Under-developed Countries"⁴ gave some interesting data on the returns on foreign private capital invested in the under-developed countries, which varied between 14 and 28 per cent per year. In the case of the United States the income from that source had been \$997 million in 1948 and for the United Kingdom 111 million pounds.

11. The experts' report also stated that the total

income of Western Europe, Australasia, the United States and Canada, was \$350,000 million a year. If 2 per cent of that amount were transferred to the under-developed countries, the latter would receive \$7,000 million a year. That would not be a very high target since, between 1905 and 1913, the United Kingdom had exported capital averaging annually 143 million pounds or 7 per cent of its national income.

12. Certain general conclusions could be drawn from those figures. In the first place, the under-developed countries had become poorer over the last ten years. During that period the disequilibrium in wealth between the two sectors of the world had continued to increase. The under-developed countries currently had less food than they had had ten years ago. It might also be concluded that the solution of the problem would require the investment of several thousand million dollars, that the under-developed countries were unable to provide the necessary capital from their domestic resources, and that the volume of private international investment in those countries was extremely small in comparison with their needs; finally, the natural resources, the labour and the technical and financial means to enable decisive steps to be taken for the solution of the problem did exist in the world.

13. It was interesting to recall the way in which, through international co-operation, an attempt had been made to solve the problem. The International Bank for Reconstruction and Development, in the six years of its existence, had lent \$559 million for economic development, and a considerable amount of that sum had already been repaid. Loans had been granted by the United States Government through the Export-Import Bank in Washington which amounted since the war to \$1,500 million—three times the amount lent by the International Bank for Reconstruction and Development. The Colombo Plan visualized the investment of about \$6,000 million over a period of six years, of which \$2,000 million would be foreign investment the remainder to be provided by the countries in the area. "Point Four" of the United States technical assistance programme would amount to some \$400 million for the fiscal year 1952. The United Nations technical assistance programmes and all the economic and social work of the United Nations and its specialized agencies did not, through voluntary contributions and regular budgets, provide more than \$40 million a year for the work of economic development and social progress in backward areas.

14. In brief, the world was currently devoting to the solution of the colossal problem of economic development a little more than \$1,000 million a year, a sum much less than the annual income received by the industrialized countries from their investments in the under-developed countries and scarcely one per cent of what the nations of the North Atlantic Treaty Organization were spending for their defence programmes.

15. While recognizing that that figure constituted an advance, a first step in the direction of international co-operation, taking into account the magnitude of the problem, he found it difficult to reconcile it with the complacent statements made during the general discussion in the Assembly. The closest inter-relation between the struggle for peace and the struggle against poverty had been proclaimed by responsible statesmen of nearly all the Members of the United Nations. Moreover, the General Assembly had unanimously stat-

² United Nations Publications, Sales No.: 1951.II.C.1.

³ United Nations Publications, Sales No.: 1951.II.B.2.

⁴ Document E/2041. See also United Nations Publications, *Statistical Papers*, Series E, No. 3.

ed in its resolution 377 (V), on "Uniting for Peace", that enduring peace would not be secured solely by collective security arrangements, but that it depended also upon the establishment and maintenance of conditions of economic and social well-being in all countries; it had consequently urged Member States to intensify individual and collective efforts to achieve conditions of economic stability and social progress, particularly through the development of under-developed countries and areas.

16. The sincerity of the governments which had supported that statement could not be placed in doubt. It must therefore be concluded, from the total absence of any policy really designed to deal with the problem, that the respective constitutional organs in the various countries had failed to understand the magnitude and urgency of the question and were convinced that the prosecution of the necessary plans for re-armament made it impossible to take any serious action to help under-developed areas. That being the case, it was a fundamental duty of the General Assembly clearly to define its views on the general policy to be followed. It must show that the problem—the most serious and important long-term problem facing the world—could only be solved through a bold, new and universal policy; that there was a general economic need for such a policy; that re-armament programmes were not incompatible with such a policy; and that a solution of the problem of the economic backwardness of the under-developed areas could only be visualized in conjunction with that of the crisis threatening the stability of the European countries.

17. His delegation considered it a task worthy of the United Nations, and of infinitely greater importance than the suggestion or consideration of limited plans of a merely palliative nature.

18. Setting aside the possibility of war, there could only be two solutions to the existing international political tension. The first was a short-term settlement which would bring about a slackening in the immediate tension. As the representative of Brazil had demonstrated at a meeting of the Second Committee the previous year (138th meeting), the industries of the United States and of Europe, which had been expanded to meet the needs of re-armament, would be faced, through lack of markets, by a serious danger of over-production and the phenomenon would not be palliated by the reconstruction needs which had existed at the end of the war. The only solution for such an eventuality would be to create additional markets in the under-developed countries by assisting their economic development.

19. The other alternative was the continuation of the cold war and of re-armament programmes. If no action were taken, the manifestations of the crisis to which he had referred, such as inflation, increased prices and scarcity of raw materials, would increase in intensity and would produce all kinds of social and political disturbances. The disequilibrium in the balance of trade of the European countries would be accentuated and the under-developed countries would be compelled to diminish their rate of industrialization and concentrate on the production of raw materials, thus accentuating and perpetuating their mono-productive economy and their economic dependence. In other words, there would be a rapid worsening of the situation in all countries.

20. Considering the problem not from the humanitarian point of view—which would call for energetic action in favour of the two-thirds of the world's population who were living in conditions of wretchedness and poverty—but from the point of view or mere expediency, he pointed out that the United Nations had taken up arms to repel an act of aggression, and had proclaimed the need of strengthening the system of collective security to prevent fresh acts of aggression. That position, which was in full accordance with the principles of the Charter, had been maintained chiefly by the Western countries whose spiritual conquests and material interests were those which were being most seriously threatened. The Western countries required both the material and the moral support of all peace-loving nations, for if they did not receive raw materials from the latter, they could not physically resist; moreover without their moral support, a collective struggle against aggression in the name of high principles would become a mere fight in the defence of political and economic interests. In view of that, it was important to recognize that millions of human beings, 90 per cent of the Asian, African and Latin-American peoples, were indifferent to that struggle. The fact that the leaders of those peoples had supported the cause was of secondary importance; it was indispensable to gain the support of the masses, without which the co-operation of their governments was merely illusory. Without the convinced, total and active support of the people, no pact or system of collective security could guarantee peace. And the common man in the under-developed areas would only support the United Nations and its great work of collective security if he was convinced that its action was part of a universal undertaking, the object of which was to ensure peace, individual freedom and the self-determination of peoples, and also to provide him with a decent standard of living and material and social progress. The true battle must be fought in the mind of each of those millions of human beings in the backward countries, and until that was understood by the leaders of the great nations, the cause of the United Nations would continue to be in peril and its final triumph would be uncertain.

21. He therefore concluded that the idea that any serious action in favour of the backward areas must be postponed so long as re-armament continued was enormously dangerous, not only from the point of view of the economic situation, but also from that of collective security. The bold new international programme of aid to the under-developed countries must be an integral and essential part of any plan of defence against aggression which was to achieve success.

22. He indicated that his delegation would, in due course, speak on the three specific items submitted by the Economic and Social Council under the agenda item under discussion and would give its views on General Assembly resolutions 400 (V) and 368 (IV), as well as on the resolution on land reform. It would also submit proposals for the elaboration by the Council of a plan for the establishment of an international fund to grant long-term loans for the financing of basic programmes of economic development, and for the adoption of measures for concerted action for the increase and better utilization of the natural resources of under-developed countries.

23. The more precise exposition of those points he would leave to another occasion since he did not wish

the general debate to develop into a discussion of details.

24. He hoped that the debate would be concentrated on the urgent and basic aspect which he had indicated, that the new economic and political factors influencing the economic development of under-developed countries would be examined in a serious and responsible manner, and that from the debate would emerge a decision which would effectively influence both the maintenance of economic stability and the raising of standards of living. He also hoped the debate would demonstrate how illusory was the success of any international plan for the maintenance of economic stability in certain countries which did not at the same time solve the problem of assistance to the under-developed areas since, in his opinion, those were two aspects of a single and indivisible problem.

25. Mr. ZOLOTAS (Greece) felt that, of all the documents before the Committee, the report by the Group of Experts on *Measures for the Economic Development of Under-developed Countries* was the most interesting and constructive. It contained a comprehensive and systematic analysis of the problem of development, although it was not exhaustive. As a whole the recommendations submitted by the experts were no more than variations of the principles and recommendations contained in former resolutions of the General Assembly and the Economic and Social Council, particularly in Council resolution 294 (XI).

26. One new element of major importance was to be found in recommendations 14 and 16 of the Group of Experts concerning the establishment of an international development authority to distribute grants-in-aid for specific purposes, and of an international finance corporation to make equity investments and to lend to private undertakings operating in under-developed countries.

27. In his opinion, the establishment of development banks in most of the under-developed countries was of fundamental importance to mobilize domestic resources, prepare rational development programmes, respect priorities and attract foreign capital.

28. Civil services, which tended to be bureaucratic, were not the best agents to undertake development tasks in economically backward countries. The best instrument would be a development bank which would stimulate the mobilization of domestic savings in many ways, for example by the issue of bonds. A development bank would be in a position to make equity investments, to finance undertakings and even create new enterprises. It would rally foreign capital and enable funds provided by the International Bank for Reconstruction and Development to reach the smaller enterprises which would otherwise be disqualified, either because they could not obtain or because they might be unwilling to request the guarantee of the State. The Bank favoured the establishment of such institutions and had already assisted their establishment in a few countries.

29. With regard to financing of economic development, it was estimated that the current influx of foreign capital, including loans and grants, to the under-developed countries was between \$1,000 million and \$1,500 million annually, of which approximately \$300 million were lent by the International Bank for Reconstruction and Development and about \$380 million by

the Export-Import Bank; the remainder was transferred in the form of loans and private investments or of grants.

30. The experts estimated that annual capital imports of \$10,000 million were required to ensure a 2 per cent increase in the *per capita* income of the under-developed countries. That figure was unrealistic, because, in order to absorb such a sum, the under-developed countries would first have to pave the way for economic expansion, for example, by economic and administrative re-organization, technical training and psychological preparation, which was a long-term proposition. Thus, even if the annual quotas of \$10,000 million were available, the under-developed countries would be unable to absorb them. According to the President of the International Bank, many of the Bank's borrowers were slow in utilizing the sums made available to them; the rate of disbursements in relation to commitments was low enough to be a cause of real concern.

31. It should not, however, be assumed that the under-developed countries as a whole were unable to absorb more capital. He had merely wished to indicate the difficulties in the use of foreign capital encountered by countries which had already obtained loans. But many more countries needed and had requested development capital from the International Bank. It should, of course, be borne in mind that, once the preparatory stages of development had been completed, the capacity for absorbing foreign capital increased progressively. Thus, in the early stages of development, an amount much smaller than that estimated by the experts but much larger than that of the current influx would be needed.

32. He then turned to the measures suggested in the Group of Experts' report and in the resolutions of the Economic and Social Council, particularly in resolution 368 (XIII), for encouraging the flow of foreign capital to under-developed countries. In their recommendations, the experts proposed the establishment of an international finance corporation to make equity investments and to lend to private enterprises, and of an international development authority to distribute grants-in-aid. The establishment of the international finance corporation, affiliated with the International Bank for Reconstruction and Development, would stimulate economic development considerably, since it would enable the Bank to lend to private enterprises an international finance corporation to make equity investments jointly with private investors. Such a procedure was not permissible under the Bretton Woods Agreements. It was gratifying to note that there was general agreement as to the establishment of an international finance corporation. That was not the case with regard to the proposed international development authority which, according to the experts, could assist under-developed countries in preparing, co-ordinating and implementing their economic development programmes, and could also distribute grants-in-aid for specific purposes.

33. It was generally recognized that many *projects* essential to economic development, such as road-building, drainage, irrigation and public health services were not self-liquidating since they did not yield any direct revenue. Many under-developed countries would find it very difficult, if not impossible, to implement such projects with foreign loans, as their domestic resources and their borrowing capacity were very limited; for them a grant-in-aid was essential if

they were to embark on economic development. As the President of the Bank had pointed out, lending countries would probably prefer, as far as possible, to make outright grants rather than offer pseudo-loans of that kind.

34. Despite the general agreement on such matters, the time did not seem to be ripe to establish the suggested international organization. The first and main difficulty was that such an organization would not be really international, since, for the time being, only, one or two countries would be able to make substantial contributions. Secondly, the countries concerned did not seem to be very enthusiastic about the establishment of such an institution. Thirdly, the establishment of the new organization would not at the moment lead to any appreciable increase in the volume of funds already available as grants-in-aid. Finally, the matter needed further consideration and elaboration; the establishment of a new institution with the functions outlined by the experts and independent of the International Bank for Reconstruction and Development would create serious problems, while its integration with the Bank would be no easy matter either.

35. At the present time grants-in-aid were likely to be confined to grants by the United States through various channels, to the grants announced by the British in support of the Colombo Plan, and to certain smaller contributions from other countries. Meanwhile, every effort must be made to increase the lending capacity of the International Bank and to direct its attention more and more to economically under-developed countries.

36. A common phenomenon in the under-developed countries was the existence of idle national resources and idle man power. The latter mainly applied to agricultural workers who were often employed only between 130 and 150 days in the year. Such idle labour could be mobilized, without raising funds for its remuneration, if the right methods of organization were used and the support of the population concerned secured by adequate enlightenment and persuasion.

37. The successful implementation of self-development programmes required the fulfilment of the following four conditions. First, the projects must be of local or individual interest so that the participants realized that they would benefit directly from results. Irrigation, drainage and road-making were examples of such projects. Second, a systematic campaign must be undertaken to inform the populations concerned and to persuade them of the utility of the project. Third, a well-trained staff of engineers and agricultural experts must be at the disposal of the administration, to guide and assist the peasants in implementing the projects. Fourth, the machinery, tools, and some of the raw materials must be provided by the State free of charge or by loans bearing very low interest rates.

38. In principle no wages should be paid to the participants, but various benefits might be granted to them, such as partial or total exemption from direct taxes, privileged treatment in the collection and sale of agricultural produce and the grant of credit at low interest rates. In the under-developed countries many opportunities existed for carrying out small local projects. The cumulative result of such undertakings would contribute to the fuller employment of the population and was likely to increase the revenue of the participants by 50 to 100 per cent, or even more.

39. One very important feature was that such projects could be completed in a comparatively short time. It was also particularly noteworthy that the additional output thus achieved would consist mainly of foodstuffs and raw materials, an important consideration for those under-developed countries which were dependant on imports of such articles.

40. Since labour would not be remunerated, the saving in the cost of the schemes would be in the nature of 50 to 60 per cent. Furthermore, the necessary funds could be obtained by issuing money without any serious danger of inflation, because the projects would not only generate an increase in production within a short period but would also make additional foodstuffs and raw materials available.

41. He hoped that the concept of self-development would be thoroughly studied by the Technical Assistance Administration.

42. In spite of the number of helpful studies available on the subject, he felt that there was a lack of adequate information both on the progress of development in the various under-developed countries during recent years and on the main obstacles in the way of development. Some regional economic commissions had studied the recent industrial development in a number of economically backward countries, but an adequate overall investigation was still lacking. The Economic and Social Council, in resolution 371 (XIII), had requested the Secretary-General to amend the questionnaire issued under resolution 290 (XI), where necessary, in order to take into consideration any special problems facing the under-developed countries and to assemble and analyse the replies submitted by governments, but he did not feel that such an arrangement was sufficient. It would be extremely useful if the Secretariat, in collaboration with other competent United Nations organs, were to prepare a survey of the progress of economic development during recent years with particular reference to the main obstacles encountered. If, in the course of the general discussion, his suggestion obtained sufficient support, he would consider submitting a formal draft resolution at a later stage.

43. Mr. MANSFIELD (United States of America) first of all wished to emphasize the fact that the condition of peoples in need had always been a matter of humanitarian concern to the individual citizens of the United States. Furthermore, as a nation, they were convinced that the only solid foundation upon which they could build security was worldwide economic advancement. General improvement of economic and social conditions constituted one of the most important objectives of the United Nations. It was the policy of the United States Government to continue to extend assistance to other countries for the advancement of their economic programmes, both through the United Nations and on a bilateral basis. In the past that assistance had been in the form of loans, grants and technical assistance.

44. He recalled his own personal experiences in a region of the United States where conditions corresponded to a great degree to those prevalent in the under-developed regions of the world, and said that he was consequently fully aware of the many and varying considerations involved.

45. The General Assembly had agreed that the economic development of the under-developed areas of the world must rest primarily on the efforts of the people

of those areas and, in that connexion, he noted with satisfaction that the Economic Commission for Latin America had emphasized the need for the peoples of that region to increase the rate of their domestic capital formation, to provide incentives for the promotion of domestic savings, and to direct such savings into activities stimulating production and productivity. That subject was also being studied by the Economic Commission for Asia and the Far East.

46. Nevertheless, the need for external assistance in furthering the development programmes of countries which were determined to help themselves had long been appreciated by the United States Government and had been embodied in national legislation in 1950. During the past six years, the United States Government had made available over \$5,500 million, in the form of loans or grants, to countries in under-developed areas, over and above its paid-in subscription of \$635 million to the International Bank for Reconstruction and Development, and its contributions to various United Nations programmes directly or indirectly assisting in the improvement of economic and social conditions in such areas. During the twelve months ending 30 June 1951 alone, the United States Government had made grants of over \$250 million for technical and economic assistance, excluding economic assistance to Greece, Turkey, and Korea. Furthermore, the industries of Western Europe, following their rapid recovery after the war, had become important markets for the raw materials of the under-developed countries and had, in turn, been able to send increasing amounts of capital equipment and other manufactured goods to those areas.

47. The United States Export-Import Bank had made available almost \$1,500 million out of that total sum \$5,500 million in the form of loans for economic development purposes to Latin America, the Near East, Africa and Asia. During the fiscal year from July 1950 to July 1951 alone, Export-Import Bank had made loans of over \$395 million, more than 96 per cent of which had been allocated to under-developed countries for projects which could not be financed through normal commercial channels. Recent loans by the Export-Import Bank for basic development projects were in keeping with the recommendations made in that connexion by the Economic and Social Council at its eleventh session which stressed the need for such projects as significant contributions towards the attainment of higher standards of living. He cited instances of action taken in connexion with transportation, power and communications projects in various areas of Central and South America and Africa, many of which fell into the category of non-self-liquidating projects.

48. It was the accepted policy of the United States Government that private investment could and should play an important role in economic development. Although the outflow of such American private investment to under-developed areas in recent years had been disappointingly small in relation to need, it was noteworthy that, in the face of existing risks, its net outflow between 1946 to 1950 had amounted to almost \$3,500 million. His Government had attempted to stimulate the flow of private capital to under-developed areas by such measures as investment treaties, treaties for the avoidance of double taxation, tax credits and government guarantees against risks of inconvertibility and expropriation; it intended to implement to the

greatest possible extent the detailed recommendations made to that end by the Economic and Social Council at its thirteenth session.

49. In spite of the heavy burden arising out of communist aggression in Korea and the danger of further aggression against the free world, the people of the United States were determined to continue to extend assistance for economic and social progress in the under-developed areas, since they recognized the fact that the defence of the free world rested not only on armaments but also on greater productivity, equity in the distribution of income, economic and social progress an moral strength and unity of ultimate purpose. Consequently, the United States Congress had recently increased the lending authority of the Export-Import Bank by an additional \$1,000 million, thus bringing the basic lending capacity of the Bank to \$4,500 million. In addition, funds to the extent of over \$400 million had been appropriated in the past month for economic and technical assistance to agriculture and industry in the Near East, Africa, Latin America and Asia and were to be made available almost entirely on a grant basis. An expanded programme of aid to the Near East had been inaugurated and similar programmes would shortly be introduced in respect of other areas.

50. The United States Government had always considered the International Bank for Reconstruction and Development as a major instrument for assisting in the financing of the economic development of under-developed countries and, shortly after its creation, the United States Government had authorized the Bank to use the total paid-in United States contribution for lending purposes. Furthermore, by amendments to banking and security laws, access by the Bank to the private capital market in the United States had been facilitated. He noted that during the last fiscal year ending 30 June the Bank had made loans of almost \$300 million for development projects and that the total of loans by the Bank at the present time amounted to almost \$1,250 million. He said that the United States Government looked forward to the continued acceleration of the Bank's activities. He pointed out that the Bank had recently been concentrating on basic development projects in various regions of the world. It was particularly important to note that the Bank was also effecting loans to assist the financing of additional imports due to increased economic activity resulting from development programmes, in accordance with the recommendation made by the Economic and Social Council at its eleventh session. He cited an instance of a credit which had been made available by the Bank to the Italian Government for that purpose, thus encouraging member countries to derive the maximum benefit from their domestic resources. The Governors of the Bank, 60 per cent of whom represented the under-developed countries, had recently expressed satisfaction with the operations of the Bank and the liberalization of its lending policies, which there was reason to hope would be continued.

51. One of the noteworthy recent advances in international co-operation had been the almost universal acceptance of world-wide responsibility for helping peoples to help themselves, which had in the past found expression in the work of missionaries, private organizations and institutions. On a governmental level, the United States had implemented that principle not only by its contributions to the United Nations Expanded Programme of Technical Assistance, but also by its own expanded bilateral programme. In that connexion,

he gave instances of recent activities in both those types of programmes. Among other direct contributions to economic development some of which did not directly fall under the category of technical assistance, he wished in particular to refer to the valuable studies prepared by the United Nations Secretariat for instance, in such fields as the mobilization of domestic capital, and to the aid given by the regional economic commissions in connexion with particular problems within respective areas. The United Nations might well be proud of the achievements already brought about by the technical assistance programmes which, however, as the United States Secretary of State had said, were merely a beginning.

52. He believed that the results of the financial and technical assistance made available to the under-developed countries and, most important of all, of the efforts of the under-developed countries themselves, could best be seen by a perusal of production statistics published by the United Nations in various fields, such as electricity, cement, iron and steel, and general manufacturing industries.

53. Although progress was clearly being made, there was, at the present time, much concern as to the possible effects which urgent defence needs would have on the plans for improving standards of living generally. He quoted part of President Truman's address to the joint meeting of the Board of Governors of the International Bank for Reconstruction and Development and the International Monetary Fund on 10 September of the current year, which contained the assurance that the United States would not slacken its effort to bring about higher standards of living in the economically under-developed areas even though the defence programme of the free nations would create some difficulties.

54. As the United States representative in the Economic and Social Council had indicated recently, the immediate need for stronger defences and the daily increased strain on the resources of the free world would make it necessary to re-appraise, and in some cases to alter some assistance programmes, and to subject economic development to the same limitations as other phases of the economic life of the developed and under-developed countries. In the United States, those limitations had taken the form of priority controls over production and consumption, the criteria for which, though placing most emphasis on defence production, included the maintenance and necessary expansion of essential services and production facilities both at home and abroad. Thus, subject to the direct defence of the free nations and to the maintenance of their basic economies, the United States intended to continue to support foreign development programmes and projects through the provision of capital goods, as well as technical and financial assistance. He gave instances of the way in which that was being done and emphasized the fact that the procedures for submitting the claims of foreign countries were identical with those for screening the claims of agencies responsible for the military requirements and the needs of the civilian population of the United States.

55. He also called attention to the fact that, despite shortages of many types of capital goods, the volume of United States exports of manufactured goods during the second quarter of 1951 had been 25 per cent above the corresponding period of 1950 and, on the basis of data available hitherto, 1951 exports of certain categories would show increases ranging from 18 to 61 per

cent in value over those of 1950. Although part of that increase reflected the increase in prices, a large proportion reflected actual quantitative increases. The greatest increases in United States exports of certain types of capital goods, particularly of mining, well and pumping machinery, and also tractors had been to under-developed countries in Asia, Africa and Latin America. Not only were the under-developed countries receiving more capital goods and equipment from the United States than in 1950, but they were also absorbing a larger percentage of total United States exports of those goods.

56. He stressed the fact that governments and buyers could second the efforts made by the United States to assist them in obtaining a fair share of United States production, by assigning appropriate priorities to their various development programmes. The presentation of well-documented cases to the appropriate authorities responsible for allocations and export licences would expedite the fulfilment of requests for assistance, and would do much to ensure the most effective possible distribution of such production between foreign and domestic requirements.

57. Agricultural production was an essential part of economic development, and one of the most important aspects of that problem was the need for providing the necessary incentives in order to ensure the greatest possible productivity on the part of those who worked on the land. The United States delegation at the thirteenth session of the Economic and Social Council had laid considerable emphasis on the importance of land reform in attaining that end. Accordingly, the United States delegation, together with the delegations of Brazil, Pakistan and Thailand, had submitted to the Committee a joint draft resolution (A/C.2/76 and Add. 1) emphasizing the importance of the Council's action in that respect. His delegation would refer to the matter again in greater detail when the joint draft resolution was considered by the Committee.

58. In connexion with resolution 368 (XIII) adopted by the Council on the financing of economic development, he recalled that in their report on *Measures for the Economic Development of Under-developed Countries* the Group of Experts had recommended *inter alia* that a new international organization be established to provide grants-in-aid for the financing of basic projects. The problems of financing the basic requirements of economic development raised a twofold question concerning, in the first place, the extent to which grants were necessary and, secondly, the instrumentalities through which such grants should be made available. In respect of the former consideration, both the International Bank for Reconstruction and Development and the Export-Import Bank had indicated their willingness to make loans for projects contributing only indirectly to increased productivity and, in fact, both institutions had already provided many loans for projects of that character. They had, however, not always been able to help finance such projects, particularly where the prospective servicing capacity had been too limited. That should be less true in the immediate future. The balance of payments position of most under-developed countries had measurably improved, and those countries therefore, were generally in a more favourable position to finance non-bankable projects with their own resources or, alternatively, to assume greater debt obligations in order to accelerate investment in that type of project.

59. Nevertheless, his Government recognized that some countries, particularly the least developed, might sometimes require a measure of external grant-assistance to provide an initial impetus to basic development, and the recognition of that fact was embodied in the resolution of the Economic and Social Council to which he had referred. As to the instruments through which financial assistance could be made available, it was his Government's view that it would be neither practicable nor feasible to establish an international agency for the purpose of distributing grants. No new organization would be a truly international institution unless a sufficient number of countries were prepared to make effective and significant contributions to its operations. So far as his Government was aware, it would seem extremely unlikely that countries which, in the past, had been capital-exporting countries, would at present be in a position to export additional capital in any appreciable volume. Indeed, even in the case of contributions to the International Bank, most countries had found it impossible to permit any extensive use for lending purposes of the part of their contribution made in national currencies. He also reminded the Committee of the very real difficulties experienced by the Negotiating Committee, established by the previous General Assembly, in obtaining contributions for Korea and Palestine. In those circumstances, in his opinion, it would be quite unrealistic and impracticable to assume that there would be a wide and substantial participation—without which any institution could not be truly international in character—in any agency organized for the purpose of giving grants-in-aid. That obviously did not imply that the possibility for under-developed areas of obtaining grant-assistance was foreclosed, as grant-assistance had already been available for economic develop-

ment in recent years, and there was every indication that it would continue to be so. It was, however, the considered view of his Government that grants-in-aid could be effectively made available in the foreseeable future without creating a new international agency.

60. The Group of Experts on financing of economic development appointed by the Secretary-General had also recommended that the possibility of an international finance corporation to lend to private undertaking in under-developed countries should be explored. The Economic and Social Council had requested the International Bank to examine that possibility, and his delegation believed that such an analysis would be extremely useful.

61. His delegation was of the opinion that resolution 368 (XIII) of the Economic and Social Council on the financing of economic development was a reasonable and satisfactory response to the General Assembly's request and it looked forward with interest to the further reports which the Council would submit.

62. In closing, he emphasized that his country was determined to continue the fight against poverty, hunger, ignorance and disease as vigorously as possible. New energy and new resources could be liberated for greatly enlarged programmes of reconstruction and development if the burden of rearmament could be lessened, and he quoted the statement made by the President of the United States to that effect, urging all hopes and efforts to be directed toward making the vision of a large-scale programme of world-wide economic development a reality.

The meeting rose at 12.45 p.m.