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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) (*continued*)

(a) Financing of economic development of under-developed countries (A/C.2/L.79 and Corr. 1 & 2, A/C.2/L.83/Rev. 1, A/C.2/L.86 and Corr 1, A/C.2/L.103, A/C.2/L.104 and A/C.2/L. 105) (*continued*)

[Item 26]*

1. Mr. JONKER (Netherlands) recalled that at the fourth and fifth sessions of the General Assembly his delegation had already stated that it attached the greatest importance to the problem of financing. He had consistently borne in mind the provisions of resolution 368 (XIII) of the Economic and Social Council to the effect that "the problem of the financing of the economic development of under-developed countries must be approached in a manner which corresponds to its importance." The delegation of the Netherlands thus supported on many points the preambles to the draft resolutions which had been submitted to the Committee as documents (A/C.2/L.83/Rev.1, A/C.2/L.86 and Corr.1 and A/C.2/L.104).

2. It was, of course, essential to accelerate the development of the under-developed countries, and, being fully aware of that necessity, the delegation of the Netherlands was highly gratified to note that the majority of the Committee had adopted the resolution concerning the Expanded Programme of Technical

Assistance. It had also noted with considerable satisfaction the activities of the International Bank and the manner in which the Bank had solved the problem of loans necessary for the implementation of non-self-liquidating projects. The delegation of the Netherlands was also pleased to note that the Bank had decided to consider the possibility of extending its operations in the under-developed countries.

3. He regretted to say, however, that owing to the state of the country's balance of payments and financial situation, the Netherlands would be unable to play any substantial part in financing the economic development of the under-developed countries by means of loans.

4. From 1948 onwards the Netherlands had nevertheless authorized the Bank to grant loans, by taking the necessary funds from the 18 per cent of the Netherlands quota. The only stipulation was that each application should be considered on its merits and that the Netherlands balance of payments situation should be taken into account. The Government of the Netherlands was currently engaged in negotiations with the Bank with a view to reach an agreement whereby the Netherlands capital participation could be used more extensively.

5. It was highly probable that few representatives had objections in principle to the establishment of a new international organization of the kind proposed by certain delegations. The delegation of the Netherlands thought, however, that it might be premature to carry that proposal into effect at that juncture. The entire problem of the financing of economic development depended upon harmonious relations between the receiving countries and the countries contributing to such financing. Differences of opinion between the two groups of countries were quite understandable,

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

* Indicates the item number on the General Assembly agenda.

but it was necessary nevertheless to take into account what was possible and practicable.

6. He realized, of course, that funds should be available for the purpose of making donations to the under-developed countries. He doubted, however, whether many countries were in a position to supply funds in that form for a number of years in succession.

7. The representative of the Netherlands considered therefore that no purpose was to be served as yet by setting up an international development fund or office. He hoped, however, that such countries as were in a position to make donations would not hesitate to do so whenever possible, but, if they did so, they should be free to decide their own policies.

8. With reference to the discussions that had taken place at the thirteenth session of the Economic and Social Council as a result of the Expert's report on *Measures for the Economic Development of Under-developed Countries*,² he stated that in the opinion of his delegation the Council had been right in adopting resolution 368 (XIII). The Netherlands Government was particularly satisfied with paragraph 13 of that resolution, which concurred with the recommendation of the Group of Experts that the possibility should be explored of establishing an international finance corporation to promote the financing of productive private enterprise either through loans without government guarantee, through equity investments, or by other methods intended for the same purpose.

9. The Government of the Netherlands was firmly convinced, moreover, that the under-developed countries should themselves endeavour to attract private capital. As for the more advanced countries, they should encourage the investment of private capital in the under-developed countries as far as their balance of payments situation allowed.

10. The delegation of the Netherlands therefore unreservedly supported the joint draft resolution of Brazil and Greece (A/C.2/L.86 and Corr.1) and would vote for it. As regards the joint draft resolution of Burma, Chile, Cuba, Egypt and Yugoslavia (A/C.2/L.104) and the joint draft resolution of Burma and Cuba (A/C.2/L.83/Rev.1), the Netherlands was unable to accept either the operative clauses or certain parts of the preambles to these drafts and would therefore vote against them. The draft resolution of Ecuador (A/C.2/L.79 and Corr.1 & 2) would have to be considered later, and the delegation of the Netherlands reserved the right to speak again on the matter at that time.

11. Mr. CARRILLO FLORES (Mexico) stated that, in his country's opinion, economic development should be based essentially on the internal resources of the under-developed countries and foreign aid should only be considered as a subsidiary source of capital. Those countries requesting or accepting such assistance should first mobilize their own resources to the full.

12. Mexico was convinced, however, that financial co-operation proper, like all other forms of international collaboration, was perfectly compatible with the national, political and economic sovereignty of the countries which benefited from it. Mexico had been dealing on that basis with the Export-Import Bank for

ten years and with the International Bank for Reconstruction and Development for four years. It had obtained loans totalling \$300 million without being obliged to change a single comma in the text of its laws. There were, of course, instances where the policy of Mexico did not accord with the views of the institutions concerned, and in such cases Mexico had been content to utilize its own resources, and had only sought the aid of the international credit institutions in the financing of schemes regarding which the policies of Mexico and of the institutions in question were in agreement.

13. He stated with regard to the draft resolutions submitted to the Committee that he was prepared to accept that of Brazil and Greece (A/C.2/L.86) together with the amendments proposed by the representative of Chile (A/C.2/L.103). He would also accept the draft resolution of Ecuador (A/C.2/L.79 and Corr.1 & 2).

14. On the other hand, he entertained certain doubts with regard to the joint draft resolution of Burma, Chile, Cuba, Egypt and Yugoslavia (A/C.2/L.104). While acknowledging the soundness of the first eight paragraphs of the text in question, he was unable to concede that quality to paragraph 11. Mexico realized of course that the resources and freedom of action of the two international organs created under the Bretton Woods Agreements were far from adequate. In spite of the efforts made by its administrators, the influence of the International Monetary Fund was on the decline.

15. The activities of the International Bank had increased, but its statutes imposed certain restrictions on its activities. However some of those restrictions such as the rule concerning the financing of expenditure incurred in local currency were tending to disappear. Loans granted by the Bank to the Belgian Congo and to Italy indicated, moreover, that the Bank was gradually abandoning the policy of financing exclusively certain projects and was also starting to finance imports necessitated directly or indirectly by considerations of economic development. It would seem that those innovations had been inspired by the recommendations put forward by the experts who had met in October 1949 at Lake Success. The Bank could not, however, continue indefinitely to modify its policy without radical revision of its statutes. It was plain, moreover, that its resources, which had been adequate so far, might become rapidly depleted if such a change were introduced. Finally, it was evident that the Bank would never be able to finance projects which were not directly self-liquidating, such as social services, but which were no less essential to a well-balanced economic development. Mexico had the greatest confidence in the Bank, but did not consider that it was in a position to meet all the foreign currency needs of the under-developed countries.

16. He realized therefore that new and vigorous international action in the field of financing economic development might be required. He did not consider, however, that donations and subsidies constituted the best means of promoting that task. As a matter of fact, a donation implied the notion of a unilateral act which might be misunderstood and wrongly interpreted. When the current defence programme had been successfully developed, it would be possible to present the problem in an entirely different light. The matter would then be one of utilizing in the cause of peace

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

and welfare of the world as a whole, a part of the potential production of new enterprises established during the past few years. Such a solution would serve the interests of the under-developed countries and the industrialized countries alike. In order to achieve it, however, it was necessary to halt the tendency which had continually manifested itself since the nineteenth century whereby trade conditions had been rendered increasingly unfavourable to the under-developed countries. It was also necessary to take steps to ensure that the purchasing power of monetary reserves accumulated by the under-developed countries during periods of crisis were maintained.

17. After describing the measures relating to the protection of purchasing power taken by the Economic Commission for Latin America and other inter-American organizations, he said that the under-developed countries needed foreign currencies in order to import the capital and consumer goods necessary for carrying out their development plans. Consumer goods were imported in order to combat inflationary pressures resulting from the fact that a large proportion of the population of those countries were engaged on projects which were not immediately productive.

18. To solve the problem credits but not gifts were needed; they could then subsequently be re-absorbed thanks to the expansion of domestic production or the accumulation of monetary resources resulting from exceptional circumstances such as those which had existed between 1942 and 1946. The advanced countries would be enabled by the loans system to market their products and avoid over-production crises even when the under-developed countries were short of foreign currency.

19. He did not wish to formulate any actual proposals but was merely outlining his views to show that it would be erroneous to reduce the question of economic financing to a matter of international subsidies and grants. The Economic and Social Council should be given a free hand to consider other solutions dealing with financing, with due regard not only for their technical merits, but also, and above all, the possibilities of implementing them and the likelihood of their acceptance by public opinion, which in democratic countries dictated government action.

20. The ideas set forth in the joint draft resolution submitted by Burma and Cuba might also be considered in the course of the study to be made by the Economic and Social Council.

21. Mr. DE BRIGARD SILVA (Colombia) said that the United Nations had made considerable efforts to solve the urgent problem of economic development. Consequently, the work of the Economic and Social Council, of the various specialized agencies and of the bodies responsible for technical assistance was beginning to produce results. For example, the International Bank had sent a group of experts to Colombia instructed to prepare a plan of economic development. Many of the experts' recommendations had been accepted by the Government of Colombia. Subsequently the Bank had granted Colombia a loan to finance the construction of a modern road system. It should be noted that the assistance had not been subject to any political conditions that could have infringed the country's national sovereignty or required it to modify its domestic or foreign policy in any way.

22. In spite of the work done by the specialized agencies in connexion with economic development, it had to be admitted that no authority existed that was empowered to grant subsidies or long-term loans for financing projects such as social services, health services etc., described as non-productive. But such projects had to be carried out if there was to be balanced economic development. Obviously, it would be desirable to carry them out by using only the domestic resources of the under-developed countries. In some cases, however, those countries did not possess adequate resources, or could not afford to invest them in projects which would not become productive for some time. The Group of Experts appointed by the Secretary-General had come to the conclusion that for those purposes a special fund for economic development was required.

23. That proposal had met with opposition from the capital-exporting countries, on the grounds that, firstly, they could not pay the necessary resources into the fund without jeopardizing their defence programmes, and secondly, that the establishment of such a fund was unnecessary, since there existed many international agencies responsible for questions of economic development.

24. The first objection was a purely incidental one and in any case held good only for the time being. Once the United Nations had adopted the plan for the limitation and reduction of armaments, the advanced countries would again have surplus funds which could be used by the under-developed countries. There was no reason, therefore, why the most effective way in which such resources might be allocated should not soon receive at least preliminary study. With regard to the second objection, the joint draft resolution submitted by Burma, Chile, Cuba, Egypt and Yugoslavia (A/C.2/L.104) did in fact request the Economic and Social Council to study precisely those matters. Even countries which, like the United States, opposed the draft resolution, recognized that a financial problem did exist; but they suggested no solution.

25. The United Nations was in duty bound to give effect to Articles 55 and 56 of its Charter. The negative attitude adopted by one or more delegations should not prevent the General Assembly from taking and giving effect to decisions. The Second Committee should therefore adopt the joint draft resolution.

26. The joint draft resolution submitted by Brazil and Greece (A/C.2/L.86 and Corr.1) merely repeated the terms of already existing resolutions, and there was therefore no point in adopting it. With regard to the draft resolution submitted by Ecuador (A/C.2/L.79 and Corr.1 & 2), he reserved the right to speak on it later.

27. Mr. TAUBER (Czechoslovakia) said that after the USSR representative's statement (163rd meeting) he would not dwell further on the dangers of the joint draft resolution submitted by Burma, Chile, Cuba, Egypt and Yugoslavia (A/C.2/L.104). The object of the draft resolution was to establish a credit institution to supply the funds required for financial and economic development. The idea in the minds of its sponsors was that the International Bank had been unsuccessful in discharging its responsibilities. His delegation had previously spoken of the Bank's policy, which was in reality dictated by the State Department of the United States. The draft resolution was tantamount to an

indictment of the International Bank and of the State Department's policy.

28. The representatives of the industrialized countries, such as the United Kingdom, Canada, Belgium and France, had said quite openly that they were converting their economies into war economies, and hence unable to make any financial contribution to the economic development of the under-developed countries. Apparently the United States was the only capitalist country capable of contributing to the financing of economic development. But the United States only granted financial assistance to the countries in question if to do so served the interests of its foreign policy. In those circumstances the only effect of adopting the joint draft resolution would be to give the United States a new lever for exerting pressure on the under-developed countries.

29. While commending the authors of the joint draft, the Czechoslovak delegation considered it unrealistic and very dangerous. They were forgetting that the armaments race was the cause of their countries' economic plight; nor did their text contain any provision requiring the proposed international credit institution to respect the interests of the recipient countries. For all those reasons the Czechoslovak delegation would be unable to vote for the draft resolution as it stood.

30. He agreed with the general lines of the draft resolution submitted by Ecuador (A/C.2/L.79 and Corr.1 & 2) though it contained a number of unacceptable provisions. It was unnecessary to mention the work of the International Bank in paragraph 5; and it should be clearly stated that the Bank should be required to give assistance to industrial and agricultural projects planned by the governments of under-developed countries with a view to promoting the balanced development of those countries. That would curb the tendency of developing only those economic sectors of the under-developed countries which were of strategic interest. Lastly, the phrase in paragraph 7 concerning the elimination of "legal and administrative obstacles in the way of the free movement of capital" was extremely dangerous, since it might create a situation in which the under-developed countries would be forced to repeal their protective currency and customs regulations, and would be completely at the mercy of foreign capital.

31. His delegation would favour measures to prevent foreign capital investments from bringing any influence to bear on legislation that was intended to protect the economies of under-developed countries. For all those reasons Mr. Tauber regretted that he was unable to support the draft resolution submitted by Ecuador as it stood.

32. Lord WAKEHURST (United Kingdom) said that his delegation was in agreement with draft resolutions A/C.2/L.83/Rev.1 and A/C.2/L.104 in so far as they reaffirmed previous resolutions of the General Assembly, but the practical question was whether to go further and to recommend the establishment of a fund or an international development authority. Effective decisions could not be made unless it was known beforehand that the proposed agencies would dispose of the necessary means for carrying out their tasks. None of the preceding speakers had given satisfactory assurances on that point. Hence the United Kingdom

Government's view of the new draft resolutions was unchanged.

33. To adopt such resolutions would raise false hopes in the under-developed countries, with the risk of subsequent disillusionment. His delegation could not honestly vote for a plan towards which the United Kingdom was not in a position to make any financial contribution.

34. The joint draft resolution submitted by Brazil and Greece (A/C.2/L.86 and Corr.1) was more in line with his thought, subject to agreement on the interpretation of paragraph 5. Economic and Social Council resolution 368 (XIII) stated that the problem of structural unemployment and under-employment could be dealt with each year in connexion with the problem of economic development rather than with the problem of cyclical unemployment. The draft submitted by the Brazilian and Greek representatives might give the impression that they were of the opposite opinion. If, as he believed, that was not so, he would be prepared to accept paragraph 5 and to support the draft resolution as a whole.

35. Mr. MANSFIELD (United States of America) first wished to reply to some of the observations made at the previous meeting by the USSR representative. The latter had asserted that American private investments abroad were increasing each year by about \$1,000 million. He then implied that each of those \$1,000 million brought in \$1,400 million as annual profits to the American financiers. If that were indeed so there would certainly be no difficulty in persuading private financiers to invest funds abroad. In actual fact, however, private American direct investments abroad had amounted to about \$11,300 million in 1948 and had produced a total profit of about \$1,500 million, or about 13 per cent. Moreover, it should be emphasized that 50 per cent of the profits realized by direct private investment during the years 1946-1950 had been re-invested in the countries where the original investments had been made. The USSR representative had also said that American capitalism extracted "tribute" from other countries by selling its products at a higher price to foreign customers than to American customers. But the United States price control laws were applicable to all purchasers without distinction of nationality. If foreign purchasers had to pay higher prices in their own countries for American goods, the United States of America was not to blame.

36. Finally, the USSR representative had alleged that the United States bought raw materials at low prices and sold their manufactured goods at high prices. In that connexion Mr. Mansfield quoted the figures published by the International Monetary Fund in the October number of *International Financial Statistics*. Taking the year 1938 as a basis, the Fund's figures showed that the price index of manufactured goods exported by the United States had risen from 172 in June 1950 to 203 in July 1951—an increase of 18 per cent. The price index of raw materials imported by the United States during the same period had risen from 289 to 412, or about 42 per cent.

37. Turning to the subject under discussion, he said that there could be no doubt of the necessity for improving the economic and social conditions of the under-developed countries. The divergency of opinion concerned the best way of obtaining and making available financial resources for that purpose.

38. It had been agreed many times that it was essential to encourage the international flow of public capital in order to secure sufficiently speedy economic development and indeed the flow of such capital had expanded a good deal more in the past few years.

39. During 1950, and especially during the last three months of that year, the International Bank had extended its credit operation, and so had the Export-Import Bank. Those two bodies had advanced to the Latin-American countries \$78 million in 1948, \$206 million in 1949 and \$398 million in 1950. Furthermore the United States Congress had appropriated \$400 million for carrying out a technical and economic assistance programme in the Middle East, Africa, Latin America and Asia. Most of that sum would take the form of grants. A special representative of the President of the United States was on his way to the Middle East, where he would consult with the governments of the countries concerned on the projects they wished to finance by means of those funds.

40. It had been suggested that nothing was being done to finance so-called non-self-liquidating projects. In that connexion he recalled that the International Bank had granted loans to Chile for the construction of power stations, to Ethiopia for the improvement of its road system and to Iraq for river control, and that the Export-Import Bank had made loans of the same kind to Afghanistan, Ecuador and Indonesia. Those two institutions had made loans amounting to \$1,000 million to under-developed countries for non-self-liquidating electrification, road building and irrigation projects.

41. In his statement of the previous day (163rd meeting) the President of the International Bank had spoken of the importance of grants to under-developed countries. The United States Government had been the first to recognize that importance and for that reason had been in favour of Economic and Social Council resolution 368 (XIII) and had made grants of more than \$250 million during the financial year ending on 30 June 1951. It had also recently appropriated \$400 million for that purpose.

42. The figures contained in the report of the Group of Experts on *Measures for the Economic Development of Under-developed Countries* had been referred to as authoritative pronouncements of what was needed. Those pronouncements had not been accepted by the Economic, Employment and Development Commission. The experts themselves had indicated the uselessness of those figures by first stating that foreign capital amounting to an annual total of \$13,000 million would be needed to finance the economic development of the countries concerned and then reducing that figure by two-thirds. The issue before the Committee was whether the United Nations should create a new institution or a special fund to finance economic development. The joint draft resolution (A/C.2/L.104) provided in fact that at its seventh session the General Assembly should take a decision to do so.

43. As a member of the United States Congress he was positive that the opinion of that body was that the United States was not prepared to pledge itself to make a financial contribution to that fund immediately or in the near future. In his opinion, in existing circumstances, the draft resolution, even in its modified form was likely to mislead the under-developed coun-

tries and to be the cause of further disappointment, since it would engage the Economic and Social Council in laying out blue prints and principles which could not be given life to under present circumstances.

44. It had been said that the steps taken by the Economic and Social Council to give effect to General Assembly resolution 400 (V) had caused great disappointment in the under-developed countries. To adopt the draft resolution before the Committee would be likely to deepen that disappointment and to cause the work of economic development to suffer a great setback. It would also be a setback to international co-operation.

45. Certain representatives had stated that General Assembly resolution 400 (V) had requested the Economic and Social Council to draw up plans for the establishment of a new international organization for the purpose of making grants to under-developed countries. He did not agree that acceptance of the principles of resolution 400 (V) meant accepting the proposal. The Council's instructions were to seek practical measures; the idea of setting up a new international organization was extremely impracticable.

46. The resolution adopted by the Council on the subject of financing economic development was reasonable and in accordance with the General Assembly's request; the United States delegation was prepared to support the measures recommended by the Council. Hence it would vote for the joint draft resolution submitted by Brazil and Greece (A/C.2/L.86 and Corr.1). Far from losing sight of the main objectives of the under-developed countries, that draft resolution pointed out the way which could be followed by the free world until the day when it would no longer have to look to its defences and when it could devote greater energies and greater resources to wider programmes of reconstruction and development.

47. The United States delegation was in favour of the draft resolution submitted by Ecuador (A/C.2/L.79 and Corr.1 & 2), but reserved the right to comment on it later.

48. ABDEL RAZEK Bey (Egypt) said that he agreed with the USSR and Czechoslovak delegations on certain general principles, such as the need for grants-in-aid and low-interest loans for the under-developed countries; and there might well be dangers inherent in foreign financial assistance. He would, however, remind the USSR representative that the prohibition of all foreign interference, criticized as an omission from the joint draft resolution, was a principle of the Charter. If such interference occurred, responsibility for it rested not with the United Nations but with the countries which allowed foreign assistance to endanger their independence. As for Egypt, the anxiety expressed by the USSR representative was unfounded; Egypt was not for sale either to its friends or to its enemies. Having assured its independence, it was seeking to increase its strength and prosperity.

49. A difference of opinion had emerged in the Committee between the representatives of the countries which were satisfied with the existing situation, and the representatives of those countries which sought to make further progress. During the general discussion, he had ascribed (148th meeting) the continued world economic dislocation to the trend towards autarchy in the hard currency countries, to the desire

of certain countries to maintain a very high level of employment, which obliged them to import goods in excess of their capacity to pay, and, lastly, to the desire of the under-developed countries to speed up their rate of development. He read an article from the *Wall Street Journal*, a summary of which was contained in *Le Monde* of 5 December 1951, criticizing the policy of the European countries in receipt of United States aid.

50. Whereas the under-developed countries wished to find a way out of their present straits, other countries were unwilling to help them to do so, and he deplored the inaction of the United Nations.

51. Mr. BORIS (France) said the draft resolutions before the Committee were of two kinds: firstly, the joint draft resolution submitted by Brazil and Greece (A/C.2/L.86 and Corr.1) which contented itself with existing institutions; and, secondly, draft resolutions proposing innovations—the draft resolution submitted jointly by Burma, Chile, Cuba, Egypt and Yugoslavia (A/C.2/L.104), and the draft resolution submitted by Burma and Cuba (A/C.2/L.83/Rev.1) which might introduce an element of confusion into the discussion, since it proposed the establishment not only of a fund, but also of an international development authority, which was apparently to take the place of existing technical assistance agencies. The French delegation was satisfied with the functioning of those agencies and did not want them to be modified or replaced. It might be possible to consider establishing a development authority once the proposed financing agency had been set up, but for the moment it appeared premature to do so.

52. The provisions contained in paragraph (b) of the operative part of the draft resolution concerning the loans to private undertakings to be made by the international fund appeared to pre-judge the results of an enquiry into the possibility of setting up a suitable credit agency which the International Bank for Reconstruction and Development was conducting at the request of the Economic and Social Council. Nothing should be done until it was known what results the enquiry had produced and what action the Economic and Social Council proposed to take.

53. As regards the joint draft resolution of the four Powers, the French delegation was not *a priori* opposed to innovations, but hesitated to associate itself with a draft resolution which might have no results or might even have results contrary to those intended. As was clear from the statements made by the French representative during the general debate (155th meeting), his delegation was fully alive to the fundamental importance of the problem of development. It was a universal problem which concerned all countries. He approved the principles which had been enunciated on the subject by the Chilean representative, namely that the economic weakness of under-developed countries would prove to be an ally of aggression and that the campaign against misery could be identified with the struggle for peace. He acknowledged that the countries which had to make an effort towards rearmament ought to do everything possible, in their own and in the general interest, to initiate the work of economic development.

54. But in view of the circumstances of France, his delegation had to draw a distinction between what the

country desired and what it could do, or even advocate. Owing to the numerous tasks which its economy had to accomplish, France was one of the countries most affected by the rise in prices and the shortage of raw materials. It must at the same time satisfy the requirements of reconstruction and modernize its means of production, maintain the peoples' standard of living at the present level at least, continue its development work in the overseas territories for which it was responsible and, lastly, increase its efforts in respect of national defence. The rise in the prices of raw materials had created in France a new danger of inflation and had aggravated the balance of payments situation and particularly the dollar deficit.

55. In those circumstances the French delegation could not accept a solution that would place upon the country additional burdens which it was for the time being unable to assume. The representative of the United States had been right in remarking that most countries which had formerly been exporters of capital were no longer in a position to invest further capital abroad. It was hardly fitting for the French delegation to speak in favour of the establishment of a body to which France could not contribute.

56. He requested those who might be tempted to draw a comparison between that attitude and the fact that France itself had received and was still receiving externally not to forget that the aid received by France under the Marshall Plan, thanks to which his country had been able to restore its economy, had also enabled France to make a great effort in developing the non-developed territories for which it was responsible. Since 1946 France had altogether invested in Africa as much as it had received under the Marshall Plan. The aid which France was still receiving was far from counter-balancing the additional burdens which had been placed on the country by the international situation and which France was assuming for motives that were not purely selfish.

57. For all the reasons which he had just specified, the French delegation would not be able to vote for the joint draft resolution of the five Powers.

58. In reply to the Chilean representative's remarks (163rd meeting) that the adoption of the joint draft resolution would not necessarily involve the establishment of the fund, but would merely enable the matter to ripen, he said that such an interpretation was not the only possible one and that, in any case, the resolution of the Economic and Social Council did not close any doors, since it provided that studies on the matter should be continued. If the object of the sponsors of the joint draft was to assist in educating public opinion on the problem of development—which was truly desirable—the question of whether the method used was really the most effective one. The delegation of a country like Brazil, for which the problem was vitally important, felt that any appearance of pressure should be avoided as it might thwart the purpose intended. Moreover each representative was the best judge of the possibilities of educating public opinion in his own country and it was impossible not to bear in mind the views of the delegation of the country directly concerned, the United States of America.

59. He was ready in principle to support the draft resolution submitted by Brazil and Greece, but the

text was not very precise, and hence it was to be feared that it did not go as far as resolution 368 (XIII) of the Economic and Social Council. In particular, the wording of paragraph 6 (c) of the draft resolution reversed the order of ends and means. It seemed rather a matter of assuring the financing of non-self-liquidating projects and, for that purpose, of guaranteeing a regular flow of capital. He reserved the right to submit a suitable amendment later.

60. Mr. BOURGET (Canada) said that during the general debate the Canadian representative had clearly defined the position of the Canadian delegation on the problem of financing the economic development of under-developed countries (153rd meeting). Since then, a number of draft resolutions had been submitted the object of which was to accelerate the rate of the investment of foreign capital in those countries. The President of the International Bank had, however, pointed out that, in some cases, the delay in executing a number of development programmes had prevented full use of the capital available.

61. The industrialized nations had promised their firm support for the programme of technical assistance and for the other proposals likely to make a real contribution to the solution of the problem. He was sure the under-developed countries understood and appreciated that attitude, which Canada fully endorsed. Confidence could be placed in countries which had already displayed their will to assist and co-operate by the action they had taken; however one could hardly believe the negative statements of the representatives of countries which did no more than criticize everybody's attitude and denied their moral or material support to the United Nations programmes of assistance.

62. Although, unlike the USSR representative, it was convinced of the sincerity of the authors of the five-Power draft and the joint draft resolution of Burma and Cuba, the Canadian delegation could not support those proposals in the existing circumstances. On the other hand it would vote for the Ecuadorean draft resolution and the joint draft resolution of Brazil and Greece, both of which were realistic.

63. Mr. ZOLOTAS (Greece) said that the five-Power draft, in its introductory section, was, for the most part, a mere repetition of the ideas expressed in previous General Assembly and Economic and Social Council resolutions, in particular Council resolution 368 (XIII) and was therefore superfluous. The draft resolution of Brazil and Greece confined itself to referring to that Council resolution and to proposing that the measures it contemplated should be approved.

64. All countries were agreed that international assistance was necessary for the economic development of under-developed countries. But he doubted if the best method was to set up an international fund which would be international in name only. The countries which might be in a position to contribute to the fund had stated that they were not in a position to do so. It would be better therefore to instruct the Economic and Social Council to continue to study the question of financing without making grandiose and categorical proposals which, if they could not be carried out

in practice, as they probably could not, would merely disappoint the under-developed countries the more bitterly. He would accept, with a slight alteration, the Chilean amendment (A/C.2/L.103) to the joint draft resolution of Brazil and Greece and the United Kingdom representative's interpretation on the first part of the operative part of that joint draft.

65. Mr. BOTHA (Union of South Africa) said he had been struck by the distrust of private capital which most delegations appeared to display. If, as General Assembly resolution 400 (V) stated, it was considered that the economic development of under-developed countries required a larger volume of private capital, a climate favourable to such investments had to be created in those countries. It would be most dangerous to appear to frown upon private investments. The capital existed: it was a question of finding how to attract it. The Union of South Africa had succeeded in raising a private loan during the current year in the United States. In approving Council resolution 368 (XIII) the joint draft resolution of Brazil and Greece laid proper emphasis on that side of the question, and the South African delegation would support it. So far as the creation of new institutions was concerned, the Council resolution went as far as was now possible.

66. Mr. BLUSZTAJN (Poland) said it would be wrong to suppose that the People's Democracies under-estimated the importance of external financial assistance for the economic development of under-developed countries. But they stressed the fact that such assistance should merely supplement the mobilization of those countries' internal resources; it must allow and encourage industrialization and the development of agriculture and of the other resources of the under-developed countries, in order to raise their inhabitants' standard of living. That was the form taken by the technical and economic assistance offered by the USSR to Poland. It had made possible the expansion of heavy industry and of the chemical industry as well as of other basic industries in Poland, and thereby strengthened the country's economic independence.

67. By proposing the creation of an international development authority and a special international fund to give grants-in-aid, the representatives of certain under-developed countries proved that they were far from satisfied with the policy of the International Bank and the aims pursued by foreign capitalists. But the creation of those new agencies would only be justified if it guaranteed that the defects of the existing institutions and practices were not perpetuated. The draft resolutions so far submitted gave no such guarantee. The international development authority and the special fund proposed would merely increase foreign interference in the domestic affairs of the under-developed countries. Consequently, sympathetic as it was to the aspirations of the under-developed countries, the Polish delegation would not support the draft resolutions submitted.

68. After adding further names to the list of representatives wishing to speak on the financing of economic development, the CHAIRMAN declared the list closed.

The meeting rose at 1 p.m.

