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Chairman: Mr. Toru HAGIWARA (Japan).

AGENDA ITEM 28

Economic development of under-developed countries:
 Question of the establishment of a Special United Nations Fund for Economic Development: final and supplementary reports of the Ad Hoc Committee and recommendations of the Economic and Social Council (A/3579 and Corr.1 and Add.1, A/3580, A/3613, A/3661, A/C.2/L.331, A/C.2/L.354) (continued)

1. Mr. DIPP GOMEZ (Dominican Republic) said that the execution of any economic development programme required both capital and technical skill. Those were the two basic factors claiming the attention of the Committee, which was called upon to come to a decision on the establishment of a Special Fund for Economic Development and the expansion of technical assistance.

2. The Dominican delegation's position on those two aspects of the subject was based on its country's experience. In consolidating and developing its economy, the Dominican Republic had drawn on its own powers and had relied solely upon its own resources. In order to carry out a development plan by which the people's living conditions had been appreciably improved, the Government which had come into power in 1930 had taken as its slogan the word "organize". That spirit of organization had made itself felt in every sector of national activity—education, communications and taxation—and had provided a powerful stimulus to the establishment of the civil service, to domestic and foreign trade, to saving and to capital formation. Between 1930 and 1956 the value of exports had increased from \$10 million to over \$124 million and that of imports from \$8 million to over \$108 million. In addition the reorganization of the banking system, with assets amounting to over \$300 million, had made it possible to strengthen the national currency, which was fully convertible on a par with the United States dollar. A further indication of the Dominican Republic's progress was that the national budget, which in 1930 had

been in deficit—revenue \$9,975,000 as against expenditure \$10,600,000—had shown a surplus in 1956 when revenue had been \$133,062,000 as compared with an expenditure of \$128,800,000.

3. He had mentioned the Dominican Republic to illustrate the results which under-developed countries could achieve by mobilizing their latent energy. The Dominican Republic nevertheless remained one of the most fervent champions of international co-operation and assistance and felt, in particular, that the United Nations action in the field of technical assistance represented one of the most effective steps ever taken to assist the under-developed areas. It was out of solicitude for the future of the Expanded Programme of Technical Assistance that the Dominican Republic had increased its contribution for 1958 to \$33,000, or 20 per cent more than it had contributed in 1957 and 300 per cent more than in 1954. Consistently with that action, it had instructed its delegation to support the United States draft resolution (A/C.2/L.354) under which the scope of the Technical Assistance Programme would be enlarged.

4. Turning to the question of the United Nations Special Fund for Economic Development he said that his Government's views on the role, structure and operations of SUNFED were to be found in the replies of his government to the questionnaire sent to it, in conformity with General Assembly resolution 923 (X) (A/AC.83/L.1/Add.18). The Dominican Republic had expressed itself in favour of the establishment of SUNFED, in a spirit of international co-operation, because it considered that the fund would supplement satisfactorily the operations of the existing international financing agencies and provide additional stimulus to help the under-developed countries to attain their goal. There was little likelihood, however, that the Dominican Republic itself would qualify for assistance from SUNFED, for it had fortunately passed the stage of establishing its infrastructure. Its present ambition was to secure an equitable outlet for its products, for it relied on its earnings from sales to finance its development. For that reason the Dominican Republic welcomed the initiative of the six Latin American Powers and intended to vote in favour of their draft resolution (A/C.2/L.358) which the Committee would examine.

5. While the Dominican delegation was agreeable in principle to the establishment of SUNFED, it nevertheless felt that the fund should be set up on the basis of voluntary participation by all Member States, especially the capital-exporting countries which would be its principal contributors. It considered, therefore, that the Committee should not adopt any decision which might be regarded as forcing the hands of countries which had made various reservations, mainly on the grounds of existing conditions. The best solution would be to find a compromise formula which was acceptable

to all; the Dominican delegation would have no hesitation in supporting such a formula.

6. Mr. CARANICAS (Greece) observed that, after many years of discussion, the Committee had now to take a decision on the Special United Nations Fund for Economic Development. Economic and Social Council resolution 662 B (XXIV) could not be more explicit; the Assembly was urged to establish the Fund at its twelfth session and to take the steps necessary to that end. The Greek delegation, which had frequently given its views on the desirability of setting up SUNFED, was one of the sponsors of the eleven-Power draft resolution (A/C.2/L.331), whose merits had already been very convincingly described.

7. In considering the critical position of the under-developed countries it was necessary to take into account the present trends in the world economy, which at first sight appeared unfavourable. To begin with, there was the threat of an economic recession in the United States. A further source of anxiety was the fall of commodity prices and the existence of large agricultural surpluses. There was also a shortage of foreign currencies in Latin America, Asia and Western Europe. Probably the most serious phenomenon from the standpoint of financing economic development, however, was the insufficient international liquidity of most countries. According to the Federal Reserve Bulletin of October 1957, international transactions in the year ending 30 June 1957 had resulted in a net transfer of \$500 million in gold and dollars from various countries to the United States. That figure would have been even higher if United States oil companies had not considerably increased their foreign investments during that year. That appeared to mark the end of the movement observed during the past four years, when foreign aid and transactions with the United States had enabled other countries to add \$7,500 million to their reserves; according to the financial experts the trend was unlikely to reverse itself again in the near future. The recurring dollar gap was a logical outcome of the fact that the United States economy was not only self-sufficient but was based on an astonishingly efficient structure. The gap was a historical phenomenon which must be accepted with resignation in view of the impossibility, for political reasons, of making the appropriate radical changes in the dollar area and the European Payments Union - sterling area. Furthermore, and again for political reasons, the United States could not appreciably increase its imports from Europe and elsewhere.

8. The shortage of capital which was being felt throughout the world was largely due to the fact that the development plans of the countries in process of industrialization, such as India and Canada, had been speeded up. In addition, industrial progress in the economically developed countries had become very costly, owing to the use of new techniques. Furthermore, many of those countries had to complete their infrastructure, work on which had been interrupted for some fifteen years, and the capital thus invested did not contribute immediately to an increase in production. As their surplus labour had been practically reabsorbed, it was only by increasing the productivity of labour, which entailed a very heavy outlay on mechanization that the highly developed countries could raise the level of their output.

9. There was no denying the fact that the bulk of productive investment must come from national sav-

ings. The small fraction which foreign capital could contribute to the total investment required for the growth of the under-developed countries was, however, of inestimable value. The Marshall Plan had represented only a small percentage of the total investment, but it had enabled Europe to recover. The Egyptian representative had emphasized how difficult it was for under-developed countries to import capital. Others, including the Belgian representative, had said that the under-developed countries should apply to the International Bank for Reconstruction and Development, which was the appropriate financial institution. As the French representative had quite rightly pointed out (495th meeting), however, neither the Bank nor the International Finance Corporation was in a position to help to any considerable degree to speed up the economic development of the under-developed countries. If, therefore, there was no hope of greater dollar earnings from international trade, if United States capital continued to flow towards only a minority of countries and certain well-defined sectors of industry, if bilateral agreements for economic aid were not sufficient to prevent the situation of the under-developed countries from further deteriorating, how could a better-balanced expansion of the world economy be brought about? The Polish representative had made an eloquent plea (493rd meeting) for the establishment of the Special United Nations Fund for Economic Development. Without necessarily accepting his interpretation of present economic trends or sharing his views on the extent to which an international development fund would contribute to the solution of the basic problem confronting the under-developed countries, it must be admitted that his arguments proved the need for such a fund. The recent statements of the Indian (502nd meeting) and Indonesian (495th meeting) representatives, however, showed that the under-developed countries themselves did not regard the Special Fund as a panacea. Some delegations had favoured bilateral rather than multilateral assistance. Greece had no objection to bilateral aid. It had freely and gratefully accepted United States assistance, to which no political conditions had been attached. Nevertheless the Greek delegation continued to support the establishment of the Special United Nations Fund for Economic Development, which in its view would form the necessary complement of the existing international financial institutions.

10. With regard to the United States draft resolution, his delegation appreciated that country's sincere efforts to meet the wishes of the under-developed countries but it preferred not to give its views on the draft resolution because it hoped that the Committee would be able to prepare a joint draft resolution. It would merely associate itself with the observations of the Indian representative, who had stressed that the two draft resolutions were not mutually exclusive.

11. Mr. ALFONZO RAVARD (Venezuela) said that while most countries were faced with economic problems at the present time, the most serious problems were those confronting the under-developed countries, which had not shared in the economic activity of the post-war period. In economic matters, all countries were interdependent. Hence, as the Secretary-General had recommended in the introduction to his annual report (A/3594/Add.1)¹, they should redouble their

¹/ Official Records of the General Assembly, Twelfth Session, Supplement No. 1A.

efforts to hasten the social and economic progress of the under-developed countries. Those countries must of course make the main effort themselves, but economic development was not an independent process: it was closely linked to other aspects of the life of peoples, particularly to the social and political situation. He did not think that a country could attract private capital if it had not explicitly defined its policy in that respect. Moreover, it was essential that the machinery for international co-operation should be expanded, particularly with regard to financing. The existing institutions were admittedly doing useful work but something more was required. That was why his delegation favoured the establishment of an economic development fund and had publicly announced its intention to contribute to it. Far from hampering the flow of private capital, the financing of the economic and social infrastructure of the under-developed countries was bound to create conditions favourable to that flow. At the bilateral level, his country was studying the possibility of co-operating to speed up the development of other Latin American countries.

12. In economic matters, his Government was guided by well-established principles, such as respect for free enterprise, support for individual initiative, the protection of industries and the encouragement of national and foreign investment. The results obtained—increased national revenue, growth of industrial production and employment, lower prices, a higher rate of gross per capita investment, accumulation of currency reserves—justified that policy. The many who thought that Venezuela's entire economy relied on the exploitation of oil deposits were mistaken: oil admittedly played an important part but as a result of the efforts made to diversify production new activities had appeared in the mining, agricultural and industrial fields. In that connexion it was an interesting fact that according to the data for the period from 1950 to 1955 foreign investment had been higher in the other sectors of the economy than in the oil industry. That such investment had played a very important part in the country's economic development was certainly due to the presence of natural resources but it was also due to the Government's clear and resolute policy.

13. Mr. FLORES MORA (Uruguay) said that it was with a deep sense of responsibility that his delegation joined in the debate on the economic development of under-developed countries, because the question, in its broadest sense, was linked to the most tragic problem of the age: that of the growing poverty which threatened millions of human beings.

14. Some people were apt to think that the under-developed countries regarded foreign financial assistance as a convenient device for shifting the burden of their responsibilities onto others. That was certainly not true of a large number of countries, including Uruguay. What those countries wanted was simply a better commercial and financial organization, which would enable them to achieve on their own the great task they had undertaken alone and were determined to finish alone. There should be no misunderstanding on that point. Uruguay had made remarkable progress between 1937 and 1951, during which period the number of its industrial establishments had risen from 11,470 to 25,331, that of its wage-earners from 90,128 to 205,323 and the value of its annual industrial output from \$264 million to \$2,427 million; but those results were not due to the modest international assistance it

had received: they had been obtained through a stubborn struggle, thanks to the efforts of the entire population. It was that collective endeavour which had made it possible to raise the standard of living of the people and to ensure the full enjoyment of economic, social and political freedom under democratic conditions.

15. But, despite every effort, no small or under-developed country could make rapid progress in its development if international conditions were unfavourable. First of all, it had to be able to dispose of its products in a stable market at fair prices. Such was not the case with Uruguay, which, during the period 1951 to 1955, had seen the price of wool fluctuate between 53.84 and 19.85 Uruguayan pesos and that of leather, between 107.47 and 36.12 pesos. Such instability of prices on the world market was without doubt the main obstacle to the execution of a policy of development, of progressive diversification, of anti-inflationary measures, in short, a policy of equilibrium. He would return to the question when the Committee came to consider the draft resolutions which had been submitted to it on that subject.

16. Next, countries in the course of development needed sufficient available capital. But the very fact of their being under-developed countries—where by definition the national income, and hence national saving, was low—prevented them from being able to rely entirely on their own efforts in that field. Foreign financial assistance, whatever its source, was indispensable to them. It was precisely to meet that need that the eleven-Power joint draft resolution envisaged the early establishment of the Special United Nations Fund for Economic Development. Uruguay naturally looked forward to the establishment of the fund, which would fill a gap in the system of international financial institutions set up by the United Nations.

17. In view, however, of the proposed limitation of SUNFED's capital to \$250 million, the fund should be regarded as the beginning of a generous idea, rather than as an energetic solution. The Uruguayan delegation was therefore all the more concerned at the objections raised to such a moderate measure and the resistance shown by some delegations, particularly that of the United States of America. The Uruguayan delegation sincerely hoped that that opposition would be overcome and that SUNFED, on which the peoples of the under-developed countries had placed so many hopes, would soon be given an effective start.

18. The Uruguayan delegation viewed in the same light the United States proposal for the establishment of a Special Projects Fund within the United Nations Expanded Programme of Technical Assistance. The United States delegation, in presenting the proposal, had explained that it was quite separate from the proposal regarding SUNFED, and that it considered the enlargement of technical assistance the best means, in the present circumstances, of promoting economic development. The Uruguayan delegation, for its part, saw no incompatibility between the two proposals, which it regarded as mutually complementary. It would therefore vote for both, unless there were some agreement among the sponsors resulting in the submission to the Committee of a really constructive compromise formula.

19. Even if both draft resolutions were adopted, however, the difficulties faced by certain countries like Uruguay would not thereby be abolished. Multilateral

aid, mainly in the form of loans by the International Bank for Reconstruction and Development, was far from being on a sufficient scale, and its effectiveness was lessened by the conditions on which it was granted. To quote only one example, Uruguay had been able to obtain help from the Bank only in order to finance the development of certain specific sectors, such as electric power, and had not succeeded in obtaining funds needed for the execution of its projects in many other fields. As for private capital, to which, according to some schools of thought, economic development should mainly look, a few figures would suffice to show exactly what its role amounted to: The Economic Commission for Latin America (ECLA) in its report for 1956 (E/2998) 2/ had noted that 94 per cent of the investments made in Latin America came from domestic savings; the proportion derived from private capital had risen slightly in 1956 (\$400 million for the whole of Latin America), but those investments had gone to only four countries: Venezuela, Brazil, Mexico and Peru. To attract private capital, it was not enough merely to offer every constitutional guarantee, as some people fondly imagined. Uruguay had spared no effort in that respect, with very meagre results.

20. Uruguay emphasized the need for strengthening international financial institutions in the conviction that other sources of capital were no substitute for them, though all were complementary to one another. When the immense effort of national capital, both private and public, helped by international public capital, had enabled the under-developed countries to acquire the necessary infrastructure, only then would they be in a position to ask for, and obtain, the investment of private capital on a really worth-while scale.

21. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) wished to reply to the question put by the United States representative at the 496th meeting on the subject of the report entitled: "Information concerning international economic assistance for the less developed countries" (E/3047) 3/. The United States representative had asked the Secretariat to explain why that document gave no information about the bilateral assistance programmes of certain countries, including the Soviet Union.

22. He reminded the Committee that it had been at the end of its eleventh session that the General Assembly had recommended that survey and had requested the Secretariat to prepare a report for the twenty-fourth session of the Economic and Social Council. The Secretariat had therefore been given very little time. It had had to make the greatest possible use of information already published by countries participating in international economic assistance whose Governments had been asked to supply information to the Secretariat. When submitting the report, he had stressed the fact that there were gaps in it and that the information furnished by certain countries on their bilateral assistance programmes was incomplete. The Economic and Social Council had adopted in July 1957 a resolution (662 A (XXIV)) requesting the countries concerned to provide the Secretariat with appropriate information, so that a more complete survey could be prepared in future.

2/ Official Records of the Economic and Social Council, Twenty-fourth Session, Supplement No. 8.

3/ Ibid., Twenty-fourth Session, Annexes, agenda item 6.

23. Mr. JUDD (United States of America) thanked the Under-Secretary for the information he had kindly provided.

24. He wished to avail himself of his rights of reply in order to revert to certain remarks made in the course of the discussion by the representatives of the Soviet Union and of the Byelorussian and Ukrainian Soviet Socialist Republics.

25. As the USSR representative had once again charged the United States and the United Kingdom with responsibility for the armaments race, he would recall that after the Second World War the United States had disarmed, whereas the Soviet Union had not. The United States had subsequently had to decide to rearm precisely because the Soviet Union had not disarmed and had committed aggression in Greece, Iran, Eastern Europe and Korea. The first disarmament proposals had been initiated by the United States, which had offered a plan for the international control of atomic weapons at a time when it alone possessed such weapons. In spite of the negative attitude of the Soviet Union, the United States had consistently endeavoured to reach an agreement. Recently, the nine delegations of the Soviet bloc had voted against the two General Assembly resolutions on disarmament (resolutions 1148 (XII) and 1150 (XII)) and the Soviet Union had even announced that it would refuse to participate in the work of the Disarmament Commission. That was indeed strange conduct for a nation which professed its interest in disarmament; clearly, in such circumstances, the Soviet Union's declarations in favour of peace would not deceive the peoples on either side of the Iron Curtain.

26. In the course of the debate on the economic development of under-developed countries, the USSR representative had described private investments as investments made by foreign "monopolies". While he took exception to the use of that inaccurate term, what was really important in the present case was the extent to which private capital contributed to the economic development of the less favoured countries.

27. The representative of the Ukrainian SSR had maintained that private capital could not solve the problem of the industrialization of the under-developed countries. If he had meant by that assertion that private capital alone could not do the job, he (Mr. Judd) entirely agreed; the economic development of the under-developed countries was a big enough job for the participation of all types of capital. If, however, the Ukrainian representative had meant that private capital could not contribute to the solution of the problem of industrialization, he would have to take sharp issue with him. He emphasized that the economic development of his own country as well as that of most other industrialized countries was principally a result of free enterprise. Furthermore, it was evident from the report concerning international economic assistance for the less developed countries that eleven free enterprise countries had contributed \$250 million out of a total of \$280 million contributed to international technical assistance and relief agencies in the years 1954-1956; the total contribution of the Soviet bloc during the same period had been less than \$8 million.

28. Although it was difficult to measure the precise contribution of private investment to economic development because statistics were still inadequate, a publication of the United States Department of Commerce entitled U.S. Investments in the Latin-American

Economy showed that, in 1955, companies financed by United States capital had produced nearly 5,000 million dollars' worth of goods and services in Latin America. Those companies had paid nearly \$1,000 million in wages to some 600,000 employees and over \$1,000 million in income and other taxes to the Governments of the various Latin American countries. Exports by the companies had accounted for 30 per cent of all exports from the area. All those results had been achieved in a year in which the flow of capital from the United States had been relatively small.

29. The Saudi Arabian representative had called attention to the important role played by foreign private capital in the development of his country's economic life. He had been right to suggest that the nature and functions of private foreign capital as an important element in the economic development of under-developed countries should be further studied by the United Nations.

30. Contrary to the assertions made by the representatives of certain Eastern European countries, it was not true to say that United States private capital was interested only in the development of raw material production in the under-developed countries. The Export-Import Bank had in fact granted loans for such projects as the construction of steel mills in Mexico, Brazil and Chile, the mechanization of rice production in Ecuador, electrification programmes in Indonesia, the construction of cement plants in Saudi Arabia, and dam and canal construction in Afghanistan. Indeed, those types of loans comprised by far the largest number made by the Bank.

31. Although, in recent years, a large part of United States private capital investment had gone into the petroleum industry, the papers on foreign investments in Latin America published by ECLA clearly demonstrated that United States companies were not exclusively interested in the extracting industries and that they invested capital in the production of all kinds of consumer goods and in commerce. The Venezuelan representative had shown how foreign private capital investment in his country's petroleum industry had encouraged its general economic development, and he had stressed that foreign capital had been invested in a variety of other industries.

32. The Soviet Union representative had cited criticisms of the United States made by Latin American Governments which were its friends. He was sure that if countries which were friends of the Soviet Union could criticize it as freely, explosions of the sort which had occurred in Budapest a year before could be avoided.

33. The Soviet Union representative had even gone so far as to attack the new Development Loan Fund proposed by the United States, quoting a statement in which Mr. Dulles had said that the fund would primarily be an instrument of foreign policy. He had not, however, quoted the other half of the sentence, which said that as such the fund would take greater financial risks than those acceptable to existing institutions. The Secretary of State had also emphasized that it was in the interest of the United States to help in the economic development of other nations, especially of the nineteen new nations which had achieved independence since the Second World War, the majority of which were far from hostile to the Soviet-Communist China bloc and which, having lived for centuries in poverty, now

wanted to strengthen their national independence and raise their pitifully low standards of living. The Secretary of State had remarked that if those countries did not receive outside help, extremist politicians might take the place of moderate leaders; he had shown how important it was that such countries, situated as they were in strategic areas of the globe, should not fall under Communist control and that their resources should be available to their own people and for international commerce. Mr. Dulles had said that it was in the interests of the United States to prove to those nations that freedom and economic development went hand in hand.

34. Contrary to what the Soviet Union representative had said, the United States Government was not seriously concerned about the amount of assistance that the Soviet Union was giving to under-developed countries, which was in fact relatively small. The United States Government was much more concerned about the political conditions that the Soviet Union might impose on countries to which it gave aid. The agreement recently signed between the Soviet Union and Syria, for example, appeared to give the Soviet Union control over the development of all the significant branches of the Syrian economy and to stipulate not only that all plans must be approved by Soviet engineers, but also that equipment must be purchased in the Soviet Union; United States assistance programmes did not include such clauses unless the programme was financed by the Export-Import Bank. While the Soviet delegation accused the United States of aiding principally those countries with which it had defence agreements, the Soviet assistance programme to Syria included the provision of substantial amounts of military equipment and gave high priority to the development of communications. The Soviet Union had always accused States which provided others with such aid of doing so for purely strategic reasons.

35. It was clear that the Soviet Union representative had not studied closely the eleven-Power draft resolution since he had stated that contributions should be paid either in national currencies or else in kind. In addition, by making its participation conditional upon that of thirty other States, including the major industrial Powers, the Soviet Union had merely made an empty offer, since the major industrial Powers had made it clear that they were not prepared to contribute to the fund.

36. While the majority of delegations, including those of under-developed countries, had considered that the fund proposed by the United States would make it possible to speed up economic development, the Soviet delegation had merely criticized the United States proposal on the ground that the matching formula would prevent the fund from development. The Soviet Union representative had even accused the United States of reducing its pledge to technical assistance, whereas in fact the United States delegation had promised to pay the same sum into the Special Account in 1958 as it had in 1957. The best way for the Soviet Union to test the sincerity of the United States Government was to increase its own contribution.

37. The United States delegation regretted that it had had to devote so much time to controversy, for it was interested not in controversy, but in international co-operation and the conciliation of views.

38. Mr. HALIQ (Saudi Arabia) said that it was the third time that his country's oil industry had been referred to and that a simple commercial transaction had given rise to political controversy. He therefore felt obliged to restate the position. The Saudi Arabian delegation had requested a study of the functions of private capital, because it wished to demonstrate that such capital had a legitimate role to play and to indicate the areas in which it could best be employed. In that connexion consideration should be given to the desires of countries such as Saudi Arabia, which wished to receive or continue to benefit from foreign private capital and did not wish to see such assistance jeopardized for purely political reasons.

39. Mr. ARKADEV (Union of Soviet Socialist Republics) said that the idea that the United States had hastened to disarm, while the Soviet Union had refused to do so was out of date and no longer convinced anybody. The United States was not only arming to the teeth, but was also arming all those countries which belonged to the many organizations which it had set up throughout the world. It should be pointed out that the general military expenditure of North Atlantic Treaty Organization countries between 1949 and 1957 had amounted to \$430,000 million, of which the United States share had been \$324,000 million. The United States had established 950 military bases in order to encircle the Soviet Union and the other Socialist countries. The whole policy of the United States was directed at maintaining all the peoples of the world on the brink of war. The senseless armaments race was dictated by those who benefited from it—the United States monopolies. During the first nine months of 1957, 810 United States companies had made a net profit of nearly \$9,000 million, an increase of 6 per cent over the same period in 1956.

40. The United States Government claimed that it was defending world security and that the Soviet Union was sabotaging disarmament projects; however, it was common knowledge that when the Soviet Union had accepted the plans proposed by the Western countries the latter had hastened to back out of its own proposals. In those circumstances, it had become clear that the United States did not wish to disarm. It was more honest not to deceive public opinion by pretending to seek discussion; by not participating in the work of the Disarmament Sub-Committee, the Soviet Union would show up that body in its true light, and public opinion might then perhaps influence the Western Governments. The Soviet Union was always prepared to enter into reasonable disarmament agreements.

41. He did not wish to go into all the points the United States representative had raised with regard to the SUNFED and the investment of private capital. He would simply point out that the Commercial and Financial Chronicle had recently published a very interesting article entitled "Investments for Freedom", in which the author had explained that the United States had always been opposed to the establishment of SUNFED, because first it would be unable to control such an organization; secondly such an organization would dispose of American funds without considering the wishes of American bankers; thirdly it would be able to spend funds in areas of the world which were not to the liking of the United States.

42. While loans made by United States banks carried an interest of 6 per cent and the United States imposed extremely harsh political and other conditions on

countries to which it gave assistance, the United States representative claimed that such conduct was disinterested. But when the Soviet Union granted under-developed countries long-term loans at low rates of interest (2 per cent) without stipulating any conditions, the United States representative said that such aid was motivated by self-interest. Various spokesmen of the United States Government had made no mystery of the real nature of the assistance which the United States was granting to under-developed areas. Mr. Jones had told the Senate that aid to South-East Asia was justified by the strategic importance of that area, and the former Secretary of the Air Force had said that United States foreign aid had been almost entirely military. Mr. Guy Mollet, for his part, had stated that the methods used by the Americans in granting assistance to other countries had inevitably aroused feelings verging on hatred in certain circles in Western Europe.

43. With regard to private capital investment in under-developed countries, it might be as well to recall that capital invested in the United States gained a profit of only 10 per cent, while capital invested in Latin America brought in 40 per cent. The Standard Oil Company of New Jersey, for example, from the exploitation of every worker a profit of 36 cents in the United States and a profit of \$14 in Latin America. Clearly, therefore, private United States companies were not concerned with improving conditions in under-developed countries. He would emphasize that he had spoken only in reply to the remarks made by the United States representative; he would refrain from quoting other figures so as to avoid taxing the Committee's patience.

44. The CHAIRMAN announced that the general debate on item 28 of the agenda was concluded.

DRAFT RESOLUTION ON THE STUDY OF INTERNATIONAL COMMODITY PROBLEMS (A/C.2/L.358) (continued)

45. Mr. MEJIA (Colombia) introduced a draft resolution presented jointly by the delegations of Brazil, Chile, Colombia, Costa Rica, Ecuador and Panama (A/C.2/L.358). The sponsors had intended to submit their proposal to other delegations for signature, in order that it might be the expression of the views of a representative group of under-developed countries belonging to different continents, but it had not had time to do so because the time-limit for the presentation of draft resolutions had been moved forward. They were confident, however, that those countries would give them full support.

46. There was no need to emphasize the magnitude and seriousness of the problem of imbalance in the terms of trade. That problem had been discussed again and again, ever since the early days of the United Nations, and various attempts had been made to solve it; all such efforts had proved fruitless, for the industrialized countries and the under-developed countries held very different views on the subject. The position of the under-developed countries, however, was daily growing worse, because the prices of their commodities on the world market were falling while the prices of manufactured goods were constantly rising. In recent years the hopes entertained for the establishment of a Special United Nations Fund for Economic Development had thrust those worries into the background; it was hardly surprising, therefore, that they should reappear now that it was becoming

increasingly uncertain that SUNFED would be set up in the near future.

47. During the general debate (492nd meeting) he had had occasion to point out that the development of the under-developed countries stood to gain more from stable prices for their products on the world market than from economic assistance in any form, bilateral or multilateral. As the Guatemalan representative had pointed out, the Latin American countries had lost \$200 million in the year ending September 1957, as a result of declining export prices, while the cost of their imports had increased by \$500 million. The most striking case was that of the coffee-producing countries, including Colombia, for which the fall in coffee prices had meant a loss of such magnitude that it could not be offset by any form of outside help: this loss, compared with present prices for June 1956, represented for Colombia, in its estimates for one year, a sum the equivalent of \$138 million, Central America suffered a similar loss, that was to say a total of \$276 million, which was more than the proposed initial capital of SUNFED. In the circumstances it was unreasonable to expect the under-developed countries to keep silent concerning a problem which affected them so severely; without hoping for an immediate solution, they had wished to lay the problem before the United Nations in order to preserve its priority among the concerns of the international community.

48. The United Nations had, it was true, endeavoured to overcome the instability of commodity markets, but without much success. He recalled the establishment of the Interim Co-ordinating Committee for International Commodity Arrangements in 1947, the Economic and Social Council's decision in 1950 to take special action to facilitate the convening of international conferences, and the establishment by the Council, at that same period, of the Commission on International Commodity Trade. The last-mentioned step had been prompted by the remarkable study, entitled Commodity Trade and Economic Development (E/2519) 4/, by the group of experts established under General Assembly resolution 623 (VII). The experts, finding that there was no effective international machinery to study the general problem of economic

stability, had proposed the establishment of an inter-governmental trade stabilization commission and had pointed out that such a body would be unable to function effectively unless all Governments were resolved to lend it their full support. The Colombian delegation was sorry to have to observe that, to judge from the reports which the Commission on International Commodity Trade had submitted between January 1955 and May 1957, that Commission seemed to have contributed little towards the solution of the problems referred to it. That was probably due to the fact that the United States of America and the United Kingdom had refused to take part in its work; it was to be hoped that those two countries would reconsider their decision, which was not in accord with their real abiding interests.

49. Examining the draft resolution paragraph by paragraph, he pointed out that the recommendation made to the Economic and Social Council in paragraph 1 was a logical outcome of the Council's own report, which stated that the chief obstacle to harmonious development of the world economy was the widening gap between the industrial and the under-developed countries owing to imbalance in the terms of trade. Paragraph 2 was nothing new for the United Nations, under whose auspices international commodity agreements had already been concluded; it was desirable, however to increase the number and extend the scope of such agreements, not only because they provided a useful means of stabilizing commodity prices but also because by promoting, in a practical way, the interests of the under-developed countries, they helped to enhance the prestige of the United Nations in the eyes of the people of those countries. Lastly, in order to emphasize the urgency of the matter, the Council was requested in paragraph 3 to communicate its conclusions to the General Assembly at its regular session in 1958.

**DRAFT RESOLUTION ON DEMOGRAPHIC QUESTIONS
(A/C.2/L.355/REV.2) (concluded)**

The CHAIRMAN invited members of the Committee to vote on the revised draft resolution on demographic questions (A/C.2/L.355/Rev.2).

The draft resolution was adopted unanimously.

The meeting rose at 6.30 p.m.

4/ United Nations publication, Sales No.:1954.II.B.1.