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Chairman: Mr. Mohammad MIR KHAN (Pakistan).

AGENDA ITEM 27

**Economic development of under-developed coun-
 tries (A/3154, A/3192, A/C.2/L.295) (*con-
 tinued*):**

- (a) **Question of the establishment of a Special United Nations Fund for Economic Development: report of the *Ad Hoc* Committee (A/3134 and Corr.1 and 2);**
- (b) **International tax problems: report of the Economic and Social Council;**
- (c) **Industrialization of under-developed countries (*continued*)**

GENERAL DEBATE (*continued*)

1. Mr. BOIKO (Ukrainian Soviet Socialist Republic) challenged the interpretation, reiterated in Mr. de Seynes' statement to the 402nd meeting, which some western countries placed upon the economic mistakes committed in socialist countries. The unbalanced development of the Eastern European countries should not be attributed to excessively rapid industrialization. Political factors, which Mr. de Seynes had failed to mention, were also largely responsible; and the armaments race, which had compelled those countries to take defensive measures, obviously had a harmful effect on economic and social development. Furthermore, the western countries had adopted discriminatory economic and financial measures against the socialist countries. Lastly, it should be borne in mind that the USSR, at present one of the most powerful States in the world, had been a country with little development at the turn of the century. It would never have been able to attain its present level of development had it not been for a policy of rapid industrialization. A study of the Soviet people's social conditions would show how wrong it was to allege that the policy had been contrary to their interests.

2. Economic development and a higher standard of living were being achieved in the socialist countries in an

atmosphere of brotherly co-operation and mutual assistance. They had succeeded in nullifying the consequences of the blockade directed against them by the western Powers, and were now in a position to grant a growing measure of disinterested assistance to under-developed countries.

3. Some representatives had expressed concern at the lack of capital in the under-developed countries. The reason for the shortage was the fact that capitalists sought to make as much profit as possible. Another reason was the armaments race, which offered capitalists more profitable investment opportunities than did the under-developed countries. Since unacceptable conditions were often attached to bilateral aid, it was no wonder that the under-developed countries showed a growing preference for multilateral aid and hoped that the Special United Nations Fund for Economic Development (SUNFED) would be established. The Ukrainian Government supported the establishment of SUNFED, and was prepared to contribute to it.

4. The Ukrainian delegation favoured the Soviet Union's proposal for the convening of a world economic conference (404th meeting). Not only should a decision in principle be taken to convene the conference but its agenda should also be fixed. That might be left to the Secretary-General and the Economic and Social Council in the light of the views expressed in the Committee. The conference might examine first of all the question of world trade, particularly with regard to terms of trade—a matter of special concern to the under-developed countries—and secondly, all matters relating to international technical, economic and financial co-operation (training of experts, credit, measures connected with the balance of payments and action to combat inflation, et cetera.). The conference would contribute towards easing international tension and would promote the development of international economic co-operation.

5. Mr. CROLL (Canada) expressed his country's sympathy for the problems of the under-developed countries, particularly those attempting to improve conditions under a moderate democratic system, which was essential to peaceful development.

6. The Canadian delegation was grateful for the statement made by Mr. de Seynes. However, it did not feel that a pessimistic and discouraging view should be taken of the widening gap between the standard of living in under-developed and industrialized countries. Statistics were open to various interpretations and a close analysis of the position of India, Pakistan and Ceylon, for example, would show that those countries had achieved considerable progress, the cumulative effects of which would continue to be felt as time went on. While much remained to be done, it would be a mistake to minimize the efforts of the under-developed countries and to suggest that they were falling still further behind the developed countries in economic growth.

7. With regard to the Bulgarian representative's statement at the 403rd meeting, in which he had divided the world into three main groups, the Canadian delegation believed that such divisions were artificial; there was no such clear-cut division of interests between groups of countries. In fact, developed countries of all types had a common concern with under-developed countries, which was to promote economic development. Canada was making every effort to assist under-developed countries in accelerating their development, but heavy internal responsibilities had prevented it from providing all the technical assistance requested of it.

8. There was an important part to be played in international affairs by the lesser or middle Powers, including Canada, provided they placed their desire to co-operate above national interest. Technical co-operation was essential to economic development. Economic aid should not be regarded as a one-way street. Moreover, in the final analysis, it could provide only a minor proportion of the total resources required for economic development. Mr. de Seynes had suggested that the more developed countries should bear the heaviest burden. He did not agree with that view; he felt that the major effort should be made by the under-developed countries themselves.

9. The more highly-developed countries should clearly define their motives in providing technical assistance. The beneficiary country should not be expected to become a friend or to pattern its policies on those of the donor. International economic assistance involved sovereign States. Canada had assisted less advanced peoples because, as Mr. Pearson, Secretary of State for Foreign Affairs, had stated in the General Assembly, a higher standard of living for them would be of benefit to everyone, and because economic and social advancement were indispensable to the maintenance of peace. Moreover, Canada was a relatively young country and particularly appreciated the position of States which were attempting to achieve a sound, stable economy. Lastly, Canada believed that to give economic aid benefited the giver as well as the receiver. Canada had gained little economic benefit from the aid programmes it had undertaken, but it had achieved a better understanding of the problems of the many areas to which it had provided assistance and had gained a great deal from contact with other civilizations such as the ancient cultures of Asia. It hoped that its assistance would promote the development of understanding among peoples of different races and traditions.

10. On the question whether aid should be bilateral or multilateral, he felt that no sharp distinction need be drawn between such forms of assistance. Canada had been happy to participate in a number of bilateral aid programmes under the Colombo Plan for Economic Co-operation for South and South-East Asia. It was probable that bilateral aid would for a long time continue to be the main form of economic aid to under-developed countries. It should also be recognized that bilateral economic aid was based on close co-operation between the donor and the beneficiary. Canada also participated in multilateral aid programmes. There appeared to be an increasing interest in that type of aid, and the United Nations might help to develop it, though it did of course involve substantial concessions on the part of both donor and receiver.

11. Introducing the draft resolution (A/C.2/L.295) which the Canadian and Norwegian delegations had prepared to crystallize the views expressed on several occasions by Mr. Pearson and by Mr. Lange, Minister

of Foreign Affairs of Norway, he thanked the representatives who had given their preliminary reactions to earlier drafts and whose views the Canadian and Norwegian delegations had attempted to take into account. The proposal was a modest one, in no way designed to replace the plan to establish SUNFED or to divert attention from any other programme of economic assistance. Its purpose was to facilitate the task of the Economic and Social Council, the General Assembly and, more particularly, the Second Committee, by providing them with a complete survey of important economic assistance programmes. No such survey had ever been undertaken and it would facilitate co-ordination between programmes by providing information useful to the various countries giving or receiving aid.

12. It had been pointed out that a good deal of the information was already available and that a number of similar studies had been undertaken by public and private organizations. However, the proposed survey would provide an over-all picture of available resources and the manner in which they were used. The Secretary-General might prepare a list of technical assistance, grants, loans, et cetera, given under the heading of economic assistance. Without listing the individual projects undertaken, some indication could be given of the type and amount of aid involved and of the economic sectors in which the aid was used. The survey would be submitted to the Economic and Social Council at its twenty-fourth session. The Canadian delegation realized that the time was rather short, but felt that, as in the past, the Secretariat would rise to the challenge.

13. He trusted that members of the Committee would appreciate the spirit in which the Canadian and Norwegian delegations had drafted their resolution, and hoped it would obtain the Committee's unanimous support.

14. Mr. KAWASAKI (Japan) said that the Japanese Government attached great importance to the work of the United Nations in the economic field. Japan participated in the Expanded Programme of Technical Assistance and in the work of the Economic Commission for Asia and the Far East and the specialized agencies; and it had had occasion to make known its views on the International Finance Corporation and SUNFED. The Japanese delegation believed that international co-operation in the economic field was essential for the effective functioning of the United Nations and that without such co-operation it would not be possible for Japan to raise the standard of living of its people.

15. He was glad to see that other representatives had emphasized the need for the expansion of world trade and the development of under-developed countries. He had carefully studied the economic surveys prepared by the Secretariat and the report of the Economic and Social Council (A/3154), and had paid special attention to the *World Economic Survey, 1955* (E/2864) which stressed two important aspects of the post-war economy.

16. One was that the post-war increase in the volume of trade lagged behind the increase in production. That was due to the fact that a large share of the world's output was being produced in countries whose imports were small in relation to their production. It was also due to the lag in the increase of food consumption and the reduction in raw material imports.

17. It should be noted further that restrictive economic policies had also affected the expansion of international trade. In that connexion, tariff systems might be justified under certain circumstances—for instance, for the

protection of infant industries in under-developed countries—but they could not be justified when adopted by highly-developed countries, since they had an adverse effect on the growth of efficiency in the industries they were designed to protect. Furthermore, if restrictive measures were applied in a discriminatory manner, they not only disturbed the development of trade but impaired mutual understanding among nations.

18. Another restrictive tendency was the formation of trade groups which gave their members preferential treatment in terms of tariffs and import quotas. Such restrictions had been applied in the pre-war depression period and, although they had helped temporarily to rectify the adverse balance of payments, they had in the long run prevented the expansion of trade and production. The trend since the war had therefore been to release nations from the pre-war groupings, and his delegation welcomed that trend because it supported the principle of free trade as the only fair and normal system of international trade. Any preferential trade grouping eventually damaged the interests not only of the outsiders but of the member countries themselves.

19. As an example of such a grouping he cited the Eastern European trade group, which had made only a minor contribution to the improvement of the standard of living of the peoples of Eastern Europe. Popular discontent in that area and such official statistics as were available indicated that economic conditions were far from satisfactory and that economic development in Eastern Europe lagged behind that of Western Europe. The report of the Economic and Social Council stated that in the Soviet Union and the countries of Eastern Europe trade had continued to expand in 1955 mainly as a result of increased exchanges with Western European and overseas countries, and that the volume of trade within the area had shown little change. He interpreted the desire evinced by the countries of Eastern Europe for increased East-West trade as a sign of their recognition that sole reliance upon the Eastern European trade group would not ensure economic progress.

20. He also referred to the project of a group of Western European countries for the formation of a customs union and a free-trade area. In his view, such a project would be discriminatory unless the members of the group gave outsiders the assurance that they too would benefit from its formation. The project was a matter of serious concern both for the current competitors of Western European countries and for prospective competitors in the under-developed regions.

21. He then turned to the other serious aspect of post-war economy: the slow rate of economic development in the under-developed countries, particularly those of Asia, as compared with that of the more advanced countries. There were three basic principles on which his Government was ready to co-operate in an endeavour to promote economic progress in under-developed countries.

22. First, assistance should be non-political. It should be given to all under-developed countries, irrespective of political or constitutional status, which accepted the principles of the United Nations and acted accordingly. The aid should be given preferably through the United Nations rather than direct.

23. Secondly, countries in need of assistance should not discriminate between contributing countries. By exploiting the "cold war" and threatening to join a rival group in case the requested aid were not forthcoming, a Government might temporarily obtain large-scale assist-

ance; but, while such political manoeuvres might succeed for a short period, in the long run they would prove less effective than planned long-term assistance.

24. Finally, economic aid must go hand in hand with the investment of private capital and the expansion of foreign trade. In that respect, under-developed countries should be very moderate in their policies of industrial nationalization. Japan had deep sympathy for the nationalism of under-developed countries; but, if a nation proceeded too hastily, political complications might arise which sometimes resulted in considerable delay in economic development. The rapid industrialization of Japan had been helped greatly by the influx of foreign capital and the introduction of modern industrial techniques. However, it was due not only to the volume of such capital and the variety of such techniques but also to the fact that, because of the improvement of the economic and social infrastructure, it had been possible to use them intensively and effectively.

25. The Japanese delegation was greatly interested in the proposal of the Canadian and Norwegian delegations for the collection of information concerning international economic assistance for the less developed countries. It would study the proposal carefully and present its views when the Committee took up the draft resolution.

26. Mr. NASE (Albania) emphasized that the primary objective of the United Nations work programme dealing with the world economy should be to encourage and expand international economic relations by all available means, and to create an atmosphere of confidence among Governments and peoples. A most important factor in achieving that objective was international trade, since it promoted the peaceful coexistence of countries with different economic and social systems.

27. The economic development of under-developed countries was of special importance in view of the radical post-war changes in Asia, Africa and the Middle East. Countries which had recently gained their independence were exercising an increasing influence on the world economic situation, and were trying to close the gap separating them from the industrially more advanced countries. On the other hand, there continued to be obstacles to the economic progress of countries which had so far not succeeded in freeing themselves from the colonial yoke. Both those categories deserved to be given unselfish economic assistance of various types, without discrimination of any kind and free of all military or political conditions.

28. The under-developed countries had enormous natural resources which often could be exploited only at great expense and by planned and co-ordinated activity at the national level. The development of their agriculture, which was in many cases in a backward state, was out of the question without a real effort at industrialization, for industrializations and agricultural progress were inseparable.

29. He doubted whether private capital was useful in financing economic development, since it was exclusively concerned with looking after its own interests. Foreign capitalists were interested in investing where they could reap the highest profit, and in obtaining a monopoly of certain raw materials. It was noteworthy that the Western industrial countries, which absorbed most of the raw materials produced in the under-developed countries, had so far failed to assure producing countries of prices and markets which would protect them from fluctuations.

30. The Government of the Albanian People's Republic warmly commended the efforts of under-developed countries to develop their economies in absolute independence, and felt that the United Nations should promote such efforts by establishing SUNFED. The new fund should offer loans which were not subject to the kinds of condition imposed by other international agencies, and part of its resources should be derived from the reduction of armaments and the prohibition of atomic weapons. Contributions should be made preferably in kind, for example in the form of equipment; but that would not exclude cash contributions, including contributions in national currencies. The under-developed countries could repay the loans out of normal exports, thereby stimulating international trade. His Government felt that SUNFED should be created without delay, and was prepared to contribute to the best of its ability.

31. The Albanian Government was also in favour of the proposal submitted to the Economic and Social Council, to establish a special body under the United Nations to deal with questions relating to the industrialization of under-developed countries.

32. The Albanian delegation warmly supported the USSR proposal to convene a world economic conference. The significance of the proposal was illustrated by the fact that the easing of international tension in 1955 and 1956 could be attributed in a large measure to the development of trade relations between countries having different social and political systems, as well as by the fact that the meeting of Heads of governments at Geneva in 1955 had recognized the development of economic relations among nations as one of the most important tasks of the world community.

33. Reviewing the economic progress his country had made as a result of the generous and unselfish assistance of the Soviet Union, he cited some figures to illustrate the rapid strides made by Albania's economy, in particular in industrial output, electric power and textiles. At the present time Albania's industrial plant, which was only twelve years old, could produce in thirty-four days what would have taken twelve months in 1938. During those twelve years, and especially during the years of the first five year plan (1951-1955), there had been a considerable expansion of foreign trade, the total volume of which had increased by 209 per cent as compared with 1945-1950.

34. Trade and credit arrangements with the Soviet Union and the people's democracies had been, and continued to be, an important factor in the development of Albania's economy. Albania had also concluded trade agreements with Italy and Syria and had expanded its commerce with many other countries, such as Switzerland, Austria, the Federal Republic of Germany and Lebanon. The Albanian Government attached great importance to the development of international economic relations, which it considered a pledge of peace, and it therefore regretted that the People's Republic of China was being prevented from playing its proper part in that endeavour. There was nothing to justify the embargo against trade with the People's Republic of China unlawfully imposed in 1950 at the suggestion of the United States.

35. He also deplored the fact that in many Western countries a large share of industrial output was absorbed by the military establishment. Such a waste of resources would cease only with the end of the armaments race. The difficulties of the Western countries, too, would be considerably reduced by a general expansion of trade which, unfortunately, was being prevented by the

attitude of certain countries. The time had come to establish under the United Nations a world trade organization which would concentrate on solving the urgent problems of international trade. He hoped that the General Assembly would take the necessary steps to convene the world economic conference proposed by the Soviet Union.

36. Mr. SKAUG (Norway) recalled that the *World Economic Survey, 1955*, and the annual report of the Secretary-General (A/3137 and Add. 1) had paid particular attention to the problem of price fluctuations and their effects on economic and social development. He shared the Secretary-General's concern in the matter and supported the efforts to stabilize prices. If a comprehensive solution to the problem could be found, it would be well to go ahead with it at once. There was, however, a danger that the United Nations might be over-ambitious in seeking such a solution, for at the present time all it was possible to find was a partial solution; for a long time yet efforts would have to be restricted to contending with only the most important effects of price fluctuations.

37. The Secretary-General had placed particular emphasis on the grave consequences of the decrease in foreign currency earnings due to the decline in the prices of raw materials and the consequent deterioration in the terms of trade. Those difficulties could perhaps be overcome by international action to counterbalance the fluctuations in foreign currency reserves which were directly due to changing terms of trade and thus beyond the control of individual Governments. In that connexion he drew attention to the statement made in September by the Managing Director of the International Monetary Fund to the eleventh annual meeting of the Bank and the Fund, in Washington. Action in that direction would be effective than any "magic formula."

38. On the subject of petroleum, he pointed out that the under-developed countries of the Middle East were at present losing several million dollars every day and that Western Europe was suffering large losses in industrial production as a result of the shortage. In view of the consequences that state of affairs might have for Europe and the Middle East, it was the duty of all the Members of the United Nations to do everything in their power to expedite a just solution of the problem.

39. He expressed satisfaction with the way in which the United Nations had conducted the programmes of technical assistance and with the initiative it had taken in the field of industrialization. He was of the opinion that the projects contemplated in the report of the Secretary-General to the twenty second session of the Economic and Social Council (E/2895) would make it possible for the United Nations to play a very useful role in future activities in the sphere of industrialization. With regard to the type of studies to be made and to co-ordination with the numerous organizations concerned, the Economic and Social Council had drawn up its programme of work wisely and rationally. A more ambitious programme might have been desirable, but for the present it did not seem possible to devise one that would be much more satisfactory.

40. With regard to SUNFED, he recognized that during the past five years there had been constant progress towards the establishment of that body. It was equally fair to say, however, that without the participation of the major potential contributors the progress made to date would have only a hypothetical value. At present, two objectives were of immediate importance: to develop the idea further in concrete workable terms

and to gain the support of the major contributors. Some representatives had expressed the view that the Committee might decide to draw up the statutes of SUNFED forthwith. In his opinion such a decision would be fraught with some danger, since there was no certainty that it would be supported by the major contributors. He did not propose to take a definite position on that issue, but would suggest that the matters to be explored should be of a more practical nature than those with which the *Ad Hoc* Committee had hitherto been concerned. One of the matters which might be considered was the possibility of limiting the field of operation of SUNFED, since the tendency to extend that field, as reflected in the Committee's report (A/3134 and Corr.1 and 2) might influence certain countries to withhold their support. He congratulated the Committee on its interim report and expressed the hope that the countries which had not yet sent in their comments would do so in the near future.

41. In conclusion, he had some comments to make on the draft resolution presented by Canada and Norway. The Norwegian Government was particularly interested in the collection of information concerning economic assistance to the less developed countries, because it was aware of the constantly increasing need to find a solution to the problems of economic aid. As a participant in the work of the Economic and Social Council and of the General Assembly, Norway had realized that in the absence of adequate information it was difficult to make any positive contribution to the solution of problems. That idea had been stressed in a speech made by the Canadian Secretary of State for External Affairs, and it was an important factor in the plan outlined by the representative of France at the 403rd meeting. Moreover, in their replies to the questionnaire on SUNFED, several Governments had expressed the opinion that when that body was set up it would be necessary to have detailed material on all the international aid programmes.

42. The purpose of the proposed collection of information concerning assistance programmes was to enable the United Nations to give effective aid to the underdeveloped areas of the world. The United Nations could not play a constructive part in that field unless it had detailed information at its disposal. The Norwegian delegation was pleased to note that the collection of such information was now going forward at both the national and the international levels. Extensive studies had been undertaken in the United States, particularly regarding the role to be assigned to multilateral, bilateral and regional programmes. He was confident that the United States was prepared to co-operate with the United Nations in that matter, while the United Nations, for its part, should be prepared to accept such co-operation.

43. The sponsors of the draft resolution were not alone in attaching importance to the question of economic development. The statements made by a large number of representatives had shown that the United Nations was neglecting some of the responsibilities which devolved upon it under the Charter, and speakers in the Committee had emphasized the importance of the part the United Nations should play in seeking a solution of the international problems connected with economic assistance.

44. The Norwegian Government had given considerable thought to the technical aspects of the task to be assigned to the Secretary-General under the draft resolution, which had been formulated in such a way as to allow the Secretary-General full latitude in deciding

what information should be included in the preliminary study. Useful information on that subject was to be found in the report by the Secretary-General on the international flow of private capital in 1953-1955 (E/2901).

45. The sponsors of the draft resolution had been careful to exclude all controversial issues and had endeavoured to avoid giving Governments the impression that they were being asked to accept fresh obligations. The proposal constituted a modest step in a very important field, and it was clear that it would be the responsibility of the Economic and Social Council and the General Assembly to decide whether further action should be taken along those lines. It was by objective consideration of the problem that the United Nations could best attain the long-term goals mentioned in the first and last paragraphs of the Preamble of the Charter. It was to be hoped that the draft resolution would be acceptable to the recipient and the donor countries alike and—a most important point—that it would have the support of the donor countries with extensive bilateral programmes.

46. As he felt that the draft resolution of Canada and Norway could not with advantage be examined with the other questions regarding economic development, he asked the Committee not to consider it until those questions had been studied. The Norwegian delegation would then be prepared to give any further clarifications the delegations might wish to have.

47. Mr. LARAKI (Morocco) said that economic questions played a predominant part in international relations, and that international co-operation in the economic field would certainly help to re-establish confidence between nations and to consolidate peace. That had been shown only too clearly by the tragic events of recent months. Morocco greatly appreciated the efforts of the United Nations in the economic field; that was why he wished to describe Morocco's problems to the Committee, so that the assistance to be given to his country would be decided on wisely.

48. In relation to the country's level of development, the infrastructure of Morocco was fairly satisfactory. He described the excellent road system of Morocco, the steadily expanding railway traffic and movement through ports, and the telecommunications system, which had been planned according to the most modern technical standards. He said, however, that 10,000 million or 15,000 million francs of public funds would have to be devoted annually to the capital projects necessary for the development of means of communication.

49. Morocco's agriculture needed extensive modernization and development, for which large-scale investments were likewise required. Agriculture had long been hampered by the policy of the colonizers, who had been concerned almost exclusively with their own interests, and by the paucity of rural roads and the inadequacy of irrigation works. In view of the system of land tenure and of the large number of small farmers, what was needed was a programme of large-scale projects financed out of the budget; in addition, the small farmers should be supplied with equipment through agricultural credit banks the initial capital of which would, of course, have to come out of public funds.

50. The mining resources of Morocco were very well known to the experts. The phosphate production was sufficient not only to finance the investment programme of the phosphates office but also to allow the office in question to make a contribution to the budget of the

State. The output of lead and zinc was rising steadily. Morocco's chief unexploited resource was iron; there was a vast deposit at Khenifra, the exploitation of which would call for an investment of some 20,000 million francs.

51. The investment needs of industry were the most difficult to estimate at present. Most branches—the manufacture of consumer goods, semi-finished products and capital equipment—were encountering difficulties, owing to the frequently unfair international competition possible under the provisions of the Treaty of Algeciras. That meant that the success of any new industrial project largely depended on the availability of a protected domestic market. For that reason, the Government was anxious to regain its freedom in regard to tariffs and was negotiating with the United Kingdom for a revision of the 1856 Convention of Commerce and Navigation between Great Britain and Morocco.

52. Outlining four projects which, though still at the blueprint stage, illustrated the proposed trend of development—an automobile assembly plant, a tire factory, a new superphosphate plant and a radio-set assembly plant—he said that the Moroccan Government would naturally give priority to industrial operations connected with the manufacture of products for domestic consumption, particularly if imports of such products adversely affected the country's balance of payments.

53. Housing was one of the major problems confronting the public authorities of Morocco. The authorities were making a great effort not only to purchase and improve land but also to build low-cost housing. While private initiative could certainly make a valuable contribution in that respect the authorities still enforced strict rent control, which was necessitated by social conditions but which might tend to curb private investment owing to the uncertainty of an adequate return.

54. Thus development was already under way in Morocco in many sectors. Unfortunately, until very recently the progress made had had the effect of enriching a small foreign minority only, the standard of living of the great majority of Moroccans remaining well below that of the developed countries. Morocco, which had just won its political independence after a long and costly struggle, was sparing no effort to improve the living conditions of its population. As the Moroccan Minister of Economic Affairs had said recently, the first stage of the struggle for independence was over; the economic battle now had to be fought and won. For that purpose, systematic planning, hard work and various specific measures were necessary. Morocco was at present experiencing the difficulties common to all under-developed countries: a lack of supervisory personnel and trained technicians, and a shortage of capital.

55. Morocco fully realized that international action through the United Nations was not enough in itself; every State should embark on bold programmes of economic and social development. Morocco, for example, had instituted an equipment budget, which had been maintained in recent years at a figure of 35 to 40 million francs. In addition, certain credit banks were financed out of public funds. Lastly, the Moroccan State, which owned the phosphate mines, was directly promoting research and prospecting in conjunction with a number of mining companies. The political revolution which had converted Morocco from a protectorate into an independent State had not, however, been without its repercussions on economic and financial conditions. The Moroccan Government was therefore extremely anxious to obtain foreign loans or credits, to be applied to

equipment projects in accordance with a programme which the Government itself would direct and supervise.

56. In the past such credits had been provided mainly by France in the form of loans. The Moroccan Government would be glad to receive continued financial aid from France, provided it were free to designate the projects for which such aid should be used. It was quite prepared to give the necessary undertakings regarding a control procedure which would provide lenders with an assurance that their loans were being effectively used in a programme covered by a bilateral agreement. No under-developed country could, however, agree to promote its economic development at the expense of its political independence. That did not prevent the Moroccan Government from seeking wider international collaboration and, as the Moroccan Minister of Economic Affairs had recently stated, it was appealing for such collaboration to the United Nations and to all countries prepared to pursue a policy of effective co-operation with Morocco.

57. It was quite obvious that the under-developed countries needed foreign financial and technical aid in order to carry out their national programmes. The proposal for the establishment of SUNFED was therefore welcomed by the Moroccan Government. The Moroccan delegation thought that, in order to ensure the regular and long-term financing of SUNFED, contributions should be fixed on the basis of the scale of contributions of Member States. While SUNFED should be in a position to make grants-in-aid in case of need, its assistance should mainly take the form of interest-free loans granted for longer terms than those made by other existing international financial institutions. The success of the United Nations technical assistance programmes should spur the Committee to redouble its efforts to establish SUNFED, which would be one of the most worth-while features of the humanitarian work of the United Nations.

58. Mr. QUEUILLE (France) thanked the Moroccan representative for his description of conditions in Morocco and his remarks concerning the equipment of the country; that description would undoubtedly reassure the Albanian representative regarding the nature of a programme of assistance which could also be described, with every justification, as generous and unselfish.

59. The history of Morocco provided a particularly interesting example of the evolution of relationships between States since the turn of the century. In the nineteenth century the colonizing elements in Morocco had been treated as collective entities, protected by treaties which maintained a balance among the foreign influences. Colonialism had been tempered by practices and traditions now obsolete and by the economic philosophy of the period which had been influenced by such equally obsolete theories as mercantilism and the liberalism of Jean Baptiste Say. Morocco was, however, also a typical example of the following phase, characterized by a great effort towards mutual understanding, by reconciliation of differences and by striking advances in the matter of equipment and modernization, as a result of which the country had come to be known as "the California of Africa."

60. At the end of that period of evolution the Government and the people of Morocco had expressed a desire to take their affairs into their own hands. The final step in the realization of that aspiration was Morocco's admission to the United Nations. He took great pleasure

in welcoming Morocco as a member of the Second Committee.

61. Mr. MISALLATI (Libya) recalled the recommendation in General Assembly resolution 924 (X) that "if and when further means become available for assisting in the financing of the development of under-developed areas, due consideration be given by the United Nations and the specialized agencies to the specific development needs of Libya."

62. Despite natural obstacles and the shortage of funds, the independent State of Libya had made considerable progress during the past four years in accelerating its economic development. For that purpose the Government was using its own resources and also funds obtained under bilateral agreements. The development programme was being carried out by three important Libyan agencies—the Libyan Public Development and Stabilization Agency, the Libyan-American Reconstruction Commission and the Libyan-American Joint Services—with the co-operation of the United Nations Technical Assistance Mission. Many projects of undeniable importance could not, however, be undertaken owing to lack of funds. If SUNFED were established and authorized at least at the beginning to make gifts or to grant low-interest loans, the Libyan Government would immediately request its assistance. Realizing that the grants would be contingent on an inquiry into the merits of the projects or the national development programme as a whole, his Government would, of course, co-operate in such inquiries.

63. Two important financial institutions had been set up in Libya: the National Bank and the National Agricultural Bank. The object of the former was to build a sound foundation for the country's banking operations; the latter would play an important part in the development of agriculture—Libya's main source of income—by granting short and long-term loans at low interest to farmers and co-operative societies.

64. The Libyan Government was also taking steps to promote the development or the establishment of light industry. Foreign capital, both public and private, would be very helpful in that field and his Government was sparing no effort to attract investment.

65. His delegation was confident that international financial assistance would soon make it possible to replace the system of subsidies and interest-free loans by one of credits granted on normal conditions.

66. Mr. MAGHERU (Romania) said the economic development of the under-developed countries was one of the most important problems facing the United Nations. International action designed to create levels of living in those countries in keeping with their vast natural resources and to reduce the disparity between their economic level and that of the industrialized countries should conform with the principles of peaceful coexistence, the co-operation of all States on a footing of absolute equality, respect for national sovereignty and territorial integrity and non-interference in the domestic affairs of States. In that connexion the United Nations had an important part to play: while seeking realistic and effective world-wide solutions, it could support the efforts made at the national level by providing financial assistance, sending experts, granting fellowships et cetera.

67. He rejected the view that the diversification of the economy of the under-developed countries, and especially their industrialization, might have an adverse effect on the economy of the industrialized countries. Not

for the first time in history were such profound changes taking place in the international division of labour; the industrialization of the United States, France and Germany in the nineteenth century, far from reducing England's foreign market, had actually expanded it. While the development of their domestic industry gradually enabled the economically under-developed countries to satisfy some of their own needs, at the same time fresh demand arose. The most recent study prepared by the Economic Commission for Asia and the Far East clearly showed that the industrial development of the countries in that region was reflected in an increased volume of exports.

68. Romania was another striking example in that respect, for before the First World War it had been one of the most backward countries in Europe from the economic point of view. In 1938 its agricultural production had accounted for more than half the national income; at the moment it represented only 25 per cent, although the volume of agricultural output was greater than it had been before the war. The national income was twice the pre-war figure, and industrial production accounted for roughly 50 per cent, having risen to approximately three times the 1938 figure. That industrial development, which he illustrated by citing figures relating to electric power, petroleum, natural gas, cement, chemical products and textiles, now enabled Romania to satisfy the internal demand and, in the case of many products, to export the surplus. Such a situation was clearly advantageous for the Romanian people. It should be noted, however, that the development had been achieved without prejudice to commercial relations with other countries. On the contrary, the volume of Romania's foreign trade, including imports, far exceeded the pre-war figure and Romania maintained commercial relations with a larger number of States than ever before.

69. It was to the advantage of the under-developed countries which wished to strengthen their economy and, more particularly, to industrialize, to establish closer economic collaboration with the more developed countries and to study development programmes of proven effectiveness. He referred in particular to the instructive experience of India and Burma and to the methods that had made possible the noteworthy development of countries with planned economies. It would therefore be desirable to establish a system for the regular exchange of knowledge and information, more particularly through visits by experts and the granting of fellowships. The Romanian People's Republic had acquired a fund of experience in the petroleum and cement industries and in important branches of the chemical and engineering industries, and was prepared to share that experience with any countries that were interested. In exchange it would welcome the opportunity to benefit from the experience of other countries which had had longer practical experience in certain branches.

70. The United Nations, and particularly the Economic and Social Council and the regional economic commissions, was performing a most useful function in promoting regular contact between States on technical and economic questions. The recent studies by the Economic Commission for Europe dealing with steel technology, electrification, building materials and other subjects were highly commendable, for they held out the promise of more fruitful co-operation in the future. The work of the other regional commissions was equally useful, and he hoped that the Economic and Social

Council would take steps to arrange for the exchange of detailed information between those bodies on a continuing basis.

71. His delegation would support the suggestion that a United Nations body should be established and entrusted specifically with questions relating to industrialization. One of the functions of that body should be to ensure the regular exchange of technical and economic information among countries, with the co-operation of the most competent experts in each field.

72. His delegation also favoured the establishment of SUNFED at the earliest possible moment.

73. All those measures would of course help to solve the problem of the economic development of the under-developed countries; but the financing of such development, and more particularly the financing of industrialization, depended to a great extent upon the settlement of certain problems affecting foreign trade, especially the export of basic commodities. For that reason he considered the question of international trade as one of great importance, which should engage the attention of the United Nations.

74. The increase of East-West trade was a material factor in international trade generally. In recent years, East-West trade had expanded, to the benefit of all concerned. For example, trade between Romania and the Western countries had been two and a half times greater in 1955 than in 1950 and had grown simultaneously with trade with the Soviet Union, the People's Republic of China and the other people's democracies. Trade with the countries of Asia, the Far East and Latin America was also increasing from year to year, amounting at the moment to 25 per cent of Romania's trade with the West.

75. Despite the progress made, East-West trade remained far below its potential, owing to the artificial barriers to its expansion. It was common knowledge that the situation was the outcome not of economic factors but of the policy of certain circles hostile to international co-operation. In that connexion he pointed out that the policy of commercial discrimination applied

to the socialist countries had not accomplished its purpose. Just as at one period of history the continental blockade had resulted in the creation of the sugar industry in France, so the current policy of discrimination had played a part in the accelerated development of certain branches of industry in the socialist countries. Nevertheless, that policy should be condemned; it was merely a reflection, in economic terms, of the cold war, for it had a negative effect on the international political situation and an adverse influence on world economy—above all, on the economics of the countries which applied it.

76. Another problem which urgently required solution was that of international payments. The world was no longer divided into currency areas, but there were still great differences in the policies adopted by the various countries. Some progress had been made recently, through the Economic Commission for Europe, in the form of an agreement entered into by twenty-two European countries which provided for the voluntary clearing of their reciprocal balances on a multilateral basis. Possible solutions of the problem were also being studied by the Economic Commission for Latin America. His delegation considered, however, that the problem of international payments should be discussed at the world level.

77. In view of the foregoing considerations, his delegation supported the USSR proposal that a world economic conference should be convened; it also supported the proposal concerning the establishment of a specialized United Nations agency to deal with questions of international trade.

78. In conclusion, he was confident that international tension would abate, as all peoples fervently hoped. The development of international economic relations would be bound to have a positive effect on the international political situation. He was convinced that the solution of the problems before the Committee would contribute greatly towards consolidating international co-operation and strengthening peace.

The meeting rose at 6 p. m.