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Chairman: Mr. Leo MATES (Yugoslavia).

Report of the Economic and Social Council, chapters II and III (A/2430) (*concluded*)

[Item 12]*

1. Mr. GURINOVICH (Byelorussian Soviet Socialist Republic) said that the economic situation in the capitalist countries was definitely deteriorating, and it was obvious that the militarization of an economy could not be followed by economic progress. In 1952, the figures for gross production in capitalist countries had remained stationary and in some cases had even fallen; the same applied to agriculture. In 1953, the position had become even worse. He quoted statistics showing that gross industrial production in Western Europe had been lower in the first quarter of 1953 than in the last quarter of 1952, and had fallen considerably as compared with the previous year. Moreover, the figures referred to over-all output, so that the recession had occurred despite the increase in armaments production at the expense of civilian consumer goods.

2. In the United States, 42 per cent fewer electrical refrigerators had been produced in 1952 than in 1950, 33.4 per cent fewer wireless sets and 35.2 per cent less rolling stock. In the United States, there had been a substantial decrease in the production of agricultural machinery. In Great Britain, civilian expenditure had been reduced. In both countries and in certain countries of Western Europe, fewer cotton goods had been produced. Those decreases were due to the militarization of industry. In Pennsylvania, a locomotive plant had been converted into an armaments works. Owing to the Korean War, American corporations had earned profits since June 1950 until the end of 1952 amounting to 107 thousand million dollars, namely 42,500 million dollars a year, which was about twice the average figure for the Second World War period.

3. In mid-February, the *Financial Times* had published particulars concerning 156 British business concerns which showed that the income of firms working for military purposes had increased, while that of firms producing consumer goods had decreased. The position in other capitalist countries was similar. The arma-

ments race was being encouraged for the benefit of monopolies.

4. The working masses in the capitalist countries were paying excessive taxes and living in poverty. In 1952, the gross taxation figure in the United States had risen to 87,800 million dollars and no reduction was expected for the following year. Americans were paying one-third of their income in various taxes which were largely a consequence of the armaments race. A recent article in the Press stated that 58 per cent of that money was earmarked for "defence", 7.7 per cent for foreign, and mainly military, assistance, and 2.7 per cent for atomic purposes. Taxation was also going up in Belgium, the United Kingdom, France and Western Germany. Those data had been taken from government publications and did not include local government taxes which were also increasing.

5. Another unfortunate result of that position was unemployment, which was particularly rife in the civilian branches of industry. For instance, in Denmark, according to the *Socialdemokraten* one Danish worker in four had been unemployed on 1 January 1953; the figures included more than 72 per cent of the workers in the boot and shoe and the tobacco industries. In the United Kingdom and France, there was also a general increase in the number of wholly and partly unemployed persons, more especially in the textile and the leather and hide industries. It was anticipated that by 1954 the number of wholly unemployed in the United States would have doubled. While the unemployed lacked the bare necessities of life, even the workers were living in poverty. American industrialists were trying to obtain maximum profits by keeping workers' wages at a minimum. The most elementary industrial safety measures were neglected and the accident rate was tremendous, particularly in the mining industry. The accident rate had increased during the first quarter of 1953.

6. The situation of workers in the capitalist countries had been aggravated by the increased cost of living and the consequent loss of purchasing power. The purchasing power of the US dollar had fallen twice as compared with 1939 which was particularly marked in the countries dependent on the dollar. In the United Kingdom prices had risen so high that the public was not taking up the full quota of rationed goods. In that respect the situation had gone from bad to worse owing to the failure to maintain normal international relations and the endeavour of certain forces in the United States to subordinate trade to their own aims. Assistance under the Marshall Plan, MSA and similar schemes was in every case conditional upon the suspension of traditional commercial relations with the USSR, the People's Republic of China and the peoples' democracies. Such were some of the aspects of the economic situation of the capitalist countries. That situation could be changed only by putting a stop to the armaments race and the

* Indicates the item number on the agenda of the General Assembly.

militarization of economies, by establishing free and equitable trade conditions.

7. In Byelorussia, on the other hand, economic development had been carried on with great success. Pre-war levels of production had not only been regained but exceeded. Industrial output was half as great again as before the war and twice as much electrical energy was being produced. Agriculture had suffered tremendously during the war. It had surpassed the pre-war level and was making great strides. Much progress had also been made in the production of agricultural machinery. In the realm of housing the Government's efforts had been extremely successful, both in urban and in rural housing. In Minsk, the capital of the Republic, the volume of investment in housing had increased by 50 per cent in 1952. When it was remembered that under Hitlerite occupation, industrial power, for instance, had been reduced to the 1913 level, it would be realized how tremendous had been the efforts made to reconstruct, and develop, the national economy. Immense sums of money had been required. All development had been subordinated to the material and cultural welfare of the workers. The cost of living indices for the period 1940-1952 showed that workers' wages had increased by 68 per cent in the towns and 73 per cent in the country. The prices of foodstuffs had fallen considerably, and taxation had been greatly reduced. While, in Czarist days, there had not been a single institution for higher education, there were now many educational establishments of every kind attended by considerable numbers of students. Another factor which had contributed towards the cultural development of the country was the increasing number of newspapers.

8. Byelorussia's desire was to achieve greater progress through a peaceful constructive policy. The taxes paid by its inhabitants were mostly devoted to such purposes as health, education, social insurance, etc. All expenditures for those purposes were 2.4 times greater than the taxes paid by the citizens. The great success achieved in developing the country's economy and raising the material and cultural level of the workers showed what could be done in a country that was free in every sense of the word, whereas in capitalist countries militarization had led to evil living conditions for the workers.

9. The abandonment of the armaments race and the resumption of normal commercial relations would be a great contribution to the improvement of economic conditions in capitalist countries and to the cause of peace. The results achieved in the democratic countries showed that the development of the peaceful economy could ensure steady progress.

10. Mrs. WRIGHT (Denmark) remarked that the unemployment figures quoted by the Byelorussian representative from a Danish newspaper appeared to be incorrect. Denmark published very comprehensive unemployment statistics. Unemployment percentages in the tobacco and shoe industries had amounted, in January 1953, to 10.9 per cent and 7.2 per cent respectively. The last published figures, for October 1953, were 7 per cent and 2.8 per cent respectively. The average unemployment figure for all workers during the period January-August 1953 was 8.9 per cent as compared with 11 per cent for the corresponding period in 1952.

11. The CHAIRMAN suggested that the Rapporteur should include in his report a statement to the effect that the Committee took note of chapters II and III of

the Report of the Economic and Social Council (A/2430).

It was so agreed.

The Korean question:

[Item 18 (b)]*

(b) Report of the United Nations Agent General for Korean Reconstruction (A/2543 and Corr.1,¹ A/2586, A/C.2/L.218)

12. The CHAIRMAN invited General Coulter, Agent General of the United Nations Korean Reconstruction Agency, to address the Committee.

13. General COULTER (Agent General, United Nations Korean Reconstruction Agency) recalled that, when the United Nations had undertaken to fight in Korea, it had at the same time assumed the solemn obligation to restore the Korean economy. The first of those twin responsibilities had been carried out: the troops of sixteen Member States had aided the Republic of Korea in denying the territorial aims of the invaders and a cease-fire had been achieved. Fulfilment of the second responsibility, however, was threatened by lack of funds.

14. As his report (A/2543) showed, much had been accomplished by UNKRA or was well on the way to accomplishment, but, measured against the need, far more remained to be done than would be possible unless the United Nations provided more support to UNKRA. The aim of UNKRA was the restoration of the Korean nation to its 1949 level of subsistence, which entailed restoring national productivity by the rehabilitation of capital facilities, greatly enlarging the *per capita* consumption, rebuilding and extending medical, educational and social services and raising the level of exports.

15. The years 1951 and 1952 had been devoted primarily to building up an organization and establishing the operational and administrative machinery to carry out a programme; small beginnings had also been made on the programme itself. In 1953, UNKRA had grown into an effective force. Under its 70 million dollar programme for the financial year 1952-1953, it had undertaken a big programme of cattle vaccination and the importation of grain and fertilizer, re-forestation, surveying, educational, constructional, health, harbour-rehabilitation and other programmes. It had also laid the groundwork for the restoration and expansion of the mining, textile, cement, flat glass, fishing and other industries. The report to the General Assembly noted that those activities had contributed to the recent improvement in the Korean economy.

16. Evaluations of economic needs, painstakingly drafted with the help of the Government of the Republic of Korea and the specialized agencies, had been translated into action as fast as goods had arrived and funds had been received.

17. Outlining UNKRA's plans for the financial year 1953-1954, he explained that unfortunately the outlay for the prospective programme had had to be reduced from \$130 million to \$85 million so that many of the very important projects under way could not be implemented during the year. Moreover, unless pledges were paid before the end of 1953 and substantial new

¹ See *Official Records of the General Assembly, Eighth Session, Supplement No 14.*

* Indicates the item number on the agenda of the General Assembly.

pledges made, UNKRA might be unable to implement even the reduced programme. UNKRA was at a crucial point in its existence. Projects were being developed rapidly; requests were being received from the Republic of Korea and UNKRA stood ready to implement an integrated reconstruction programme, but the current financial plight was so desperate that he was obliged to inform the Committee that he did not have the funds nor even the prospect of receiving the funds to carry out the programme originally planned.

18. UNKRA was seeking governmental contributions of \$250 million, against estimates of Korea's needs which amounted to about \$1,000 million. In his report, he had requested that the authorization be increased to \$266 million so that the money could be sought to pay for plans up to June 1955. Pledges to date totalled \$207,600,000. To fulfil UNKRA's plans, the pledges must be increased to \$266 million. Of the amount pledged, UNKRA had received only \$88,600,000. The unfulfilled pledges of \$119 million must be collected. The total of uncollected pledges and additional pledges required was therefore \$177 million; the collection of \$67 million of that total was required to meet 1954 plans and of \$110 million to meet 1955 plans.

19. UNKRA was prepared to proceed with the obligations placed upon it by the General Assembly. It had an organization with expert staff recruited from twenty-eight countries possessing the various special skills required. Since the cease-fire its headquarters had been transferred from New York to Korea.

20. UNKRA's programme had been prepared in full co-ordination with the plans of the United States and the Republic of Korea. The latter was spending precious foreign exchange reserves in order to carry out its part of the programme. The \$200 million programme undertaken by the United States had been a welcome addition to the over-all effort.

21. Those three programmes formed parts of a whole. If one member faltered, his burden must fall on the other members of the team. If UNKRA should fail to do its part, then the humanitarian task assigned to it would not be accomplished. To fail the people of Korea after the military phase of United Nations action would be unthinkable. The General Assembly had already made it clear that it considered collective security to be a human as well as a military concept.

22. It would be disheartening to the Korean people and damaging to United Nations prestige if financial difficulties made it impossible for UNKRA to carry out its programme completely. The amount sought for the programme, while representing a burden to many countries, was relatively small. When measured against the goodwill which would be achieved and the deep satisfaction which the United Nations and the governments concerned would feel, the investment was well worthwhile. He was confident that Member States would do their utmost to authorize the funds required and to make them available in time to permit orderly implementation of UNKRA's mandate. He therefore urged the Committee to adopt the proposals in his report and appealed to Member States to translate their pledges into funds.

23. Mr. JOHNSON (Canada) said that, as the Chairman of the Advisory Committee to UNKRA, he was particularly pleased to introduce the joint draft resolution (A/C.2/L.218). He trusted that it would receive unanimous support and thus reaffirm the intention of

the General Assembly as stated in resolution 410 (V) and as declared by the President of the General Assembly on 26 July 1953.

24. His Government had pledged 7,250,000 Canadian dollars towards the original target of \$250 million set by the Negotiating Committee in 1950. It would not be possible to indicate Canada's probable response to any extended programme until his Government had considered the extent to which it was prepared to assume new financial commitments to meet UNKRA's requirements beyond the original programme. He hoped that ways and means would be found to utilize to the full the pledges thus far made both to UNKRA and under the Security Council resolution regarding the emergency programme.² He also trusted that the governments and agencies which had not yet done so would consider the possibility of offering the fullest possible aid to meet the requirements for funds outlined by the Agent General in his report. Paragraph 3 of the operative part of the joint draft resolution set out those considerations and made the appropriate recommendations.

25. As indicated in paragraph 6 of the Agent General's report, it would be inadvisable to present in detail any plan covering the coming four or five years. Nevertheless, the sponsors of the joint draft resolution felt that the original rehabilitation programme, which, certainly through no fault of UNKRA, had so far been delayed, should be carried out. With that purpose in view, he commended the joint draft resolution to the Committee.

26. Mr. FORD (United States of America) stated that the cease-fire offered Member States a new opportunity to demonstrate by deeds their belief in co-operative action. The time had come to fulfil the pledges made by the majority of Member States to assist the Republic of Korea. Delay was dangerous and it was imperative for the United Nations to be as alert in 1953 to take up the challenge of reconstruction as they had been in 1950 to unite against the aggressor.

27. The new phase in the efforts of UNKRA after the cease-fire had been closely followed by his Government. The progress registered had been impressive and the sponsors of the joint draft resolution had on that account congratulated UNKRA on its substantial achievements. It had been particularly pleased to see a co-ordinated programme emerge in which duplication of effort had been reduced to a minimum. Under the new programme, the Republic of Korea, the Unified Command and UNKRA had defined their respective fields of action. UNKRA had accepted responsibility for long-range projects such as the development of electric power, mining, industry, irrigation, flood-control, land reclamation and fisheries. UNKRA also intended to co-operate with the Unified Command in promoting health, sanitation and welfare. His Government approved that clear-cut division of responsibility.

28. He noted that the programmes did not overlook the ultimate aims of the United Nations in Korea, namely that the entire peninsula would some day be reunited by peaceful means.

29. He believed that, in time, the Republic of Korea could achieve economic stability. Before the aggression in 1950 the two-year-old Republic possessed industries, commerce, communications and many other essential attributes of a prosperous economy. Its soil was rich

² See document S/1657.

in minerals and its waters abounded in eatable fish. Potentially its agriculture could feed its population. Throughout the bitter hardships of the war, the Korean people had borne themselves with courage and dignity. One million of the 20 million inhabitants of the Republic of Korea had died and an estimated 10 million had been dispossessed or displaced. The lives of millions depended in whole or in part upon outside assistance. Uncounted thousands had been herded north by the invading armies to serve in the communist forces or to work in forced labour camps, leaving dependent families behind. In addition, at least one million North Koreans had fled to South Korea.

30. Estimates of damaged property in the Republic ranged from \$1,000 million to \$4,000 million. The civilian population, which had shown itself worthy of its fighting men, had accepted the challenge of rehabilitation after the cease-fire.

31. Since its inception the emergency relief programme in Korea had been well handled, and mass starvation and epidemics had been prevented. Deaths from typhoid, for instance, had dropped between 1951 and 1952 by 97 per cent. Expenditure on the programme up to September 1953 had amounted to approximately \$384 million, approximately \$366,500,000 of which had been contributed by the United States and \$17,389,000 by other Member States. Thirty-two voluntary agencies representing fifteen countries had also supplied 35 million dollars' worth of relief supplies.

32. In those programmes the military personnel had come principally from the United States armed forces; civilian personnel had been recruited by the United Nations from eighteen countries including the United States. The Republic of Korea had thus remained in existence and, with the aid of the United Nations, the spirit of the Korean people had survived the ordeal. But their future depended on their friends and allies.

33. Substantial external assistance must be forthcoming. Korea's productive capacity had been so damaged that it could not produce sufficient goods and services to meet minimum consumption requirements, far less the investment needed for reconstruction. In the brief period following the Second World War and before the aggression of 1950, the South Koreans had been making slow but steady progress towards economic stability. Korea lacked the trained skilled personnel required for its economy. After the aggressors had struck, it was a miracle that the Republic of Korea had managed to exist and function. As the miracle had happened, it was for the United Nations to help the Koreans to continue.

34. UNKRA and the Unified Command had already accomplished much. The improvement in crops in 1953 was noticeable and was in part due to the fertilizers and equipment imported by UNKRA.

35. The trend in industrial production though less marked, was upward and was due primarily to increased imports of raw materials and the rehabilitation of damaged installations. Improvements had also been noted in the fishing industry, in power production and in the country's financial situation. Transportation remained a bottleneck, but there had been an increase in tonnage moved.

36. A beginning had been made in the programme for the training of South Koreans in the skills they so desperately lacked.

37. New problems however continued to appear. During the previous week a severe fire had ravaged Pusan and all the resources of the United Nations had been thrown into the task of rebuilding the devastated city.

38. The people of Korea knew that they needed help. As a people who had given everything in the common struggle for freedom they had a right to ask for the fullest. His Government believed that it should be given in substantial magnitude from as many United Nations countries as possible.

39. UNKRA's programme for 1954 would cost \$85 million and that for 1955 \$110 million. The United States had undertaken to provide 65 per cent of the target of \$250 million set for UNKRA's initial budget. To date United States contributions had amounted to approximately 75 per cent of the funds advanced. The United States was proud of the contributions it had made to the programme for they represented an important part of its efforts to help other peoples build a better life. The United States expected to continue its aid to Korea but the rate at which its contributions to the joint programme would actually be made available depended, of course, on the rate of payments of other countries. The United States was definitely committed to the concept of co-operative action.

40. Pledges made by United Nations Members amounted to \$207,600,000 of which \$86,600,000 had so far been paid. The United States had paid \$65,750,000. Although a number of United Nations countries had paid their pledges in full, the original target of \$250 million set by the General Assembly at its fifth session had fallen short by approximately \$43 million. Not only was it essential that full pledges should now be met but the large deficiency in the original pledging should be filled and the \$16 million required by the new programme had in addition to be found.

41. The Korean Peninsula was not the only battleground of the present struggle of the free world for survival. Other small nations were menaced. They were watching United Nations action in Korea which had become a pilot project demonstrating what the United Nations did to assist victims of aggression. The United Nations had proved itself on the battlefield, but that should not be the final testing ground of international co-operation.

42. After the cease-fire, President Eisenhower had asked the United States Congress for \$200 million for aid to Korea. Those funds had been promptly made available for a great humanitarian undertaking. The President had said and the American people shared his conviction that no people on earth today had proved more valiantly than the people of Korea their right to hold and cherish the hope of a more just, a more free, and a more productive life.

43. In addition the United States was currently providing \$58 million for the Emergency Relief Programme for Korea under the Unified Command.

44. The UNKRA programme was a growing concern and needed the means to carry out the task entrusted to it. In that connexion his Government welcomed the statement by UNCURK that it would help the Korean people.

45. The specialized agencies were also ready to help and voluntary groups all over the world were prepared to do whatever was asked of them. Through those voluntary agencies individual citizens in every coun-

try of the world were being given an opportunity to help.

46. The draft resolution before the Committee urged countries to meet without delay pledges already made and called on all United Nations Members not yet contributors to join in assisting in the reconstruction of Korea. His Government was glad so many countries had sponsored the joint draft resolution and hoped that it would receive widespread support in the Committee and in the General Assembly and that it would produce new and substantial contributions. It seemed that all those nations who had recognized the responsibilities of collective action in 1950 had a similar and clear obligation to justify the courage and fortitude of the people of Korea and the faith of all peoples in the United Nations.

47. Mr. FOXCROFT (Australia) said that although it had not yet been possible to take effective action under the Armistice Agreement, the present situation permitted and, indeed, required that most energetic action be taken to alleviate the distress of the vast numbers of the Korean war refugees and to rehabilitate the Korean economy. As the Agent General had pointed out, the cease-fire had seen the beginning of a new phase in UNKRA's activities and the achievement of a satisfactory peace would enable it and other agencies to extend operations still further.

48. In the field of international assistance, the General Assembly had already in 1950 accepted a great share of the responsibility for the reconstruction of Korea. Its basic resolution 410 (V) had committed the United Nations to a vast international aid programme and had created machinery for handling it. In view of the cease-fire in Korea, it was now necessary to determine the scope and character of that programme and how it could be expanded to meet requirements.

49. Australia had been one of the first countries to respond to the United Nations appeals for assistance to Korea and had promptly made available for Korean relief supplies exceeding \$400,000 in value. Later, the Australian Government had pledged a total of nearly two million Australian pounds in goods and services (approximately \$4,400,000). Since then his Government had made annual payments in accordance with that pledge, taking the view that contributing governments should make the necessary amounts available as the programme expanded and as the actual need for further funds arose when specific projects were put into operation in Korea. In all, his Government had made available nearly 800,000 Australian pounds for Korean relief. That contribution was substantial when considered in relation to Australia's resources and population. He wished to pay a tribute to the generosity of the United States aid to Korea as shown particularly in recent Congressional appropriations.

50. As the report of the Agent General indicated, both bilateral and multilateral programmes of relief could play their part in Korea. In the light particularly of the comments in chapter I of his report, the Committee could feel confident that the problem of co-ordination between the various programmes could be solved in a way which would ensure an effective total programme and at the same time preserve for all governments appropriate control of expenditure of the funds they were contributing. The planning of UNKRA programmes

also gave cause for satisfaction. The 1953-1954 programme appeared well balanced and the greater concentration upon capital investment projects was very appropriate.

51. The programme would clearly need more funds to enable it to advance on the lines proposed by the Agent General during the next two years. Australia would therefore support the joint draft resolution (A/C.2/L.218) although, since it had already made large contributions to UNKRA and furnished many other forms of international assistance, it would find great difficulty in increasing its contribution beyond existing commitments. Those commitments were being met in full. His delegation wished however to state specifically that support of the draft resolution should not be taken as an indication that Australia was prepared to make a contribution additional to that already pledged. It was, nevertheless, particularly desirable that additional sources of funds be sought and that governments which had not yet made pledges should be invited to contribute to the programme.

52. Finally, his delegation hoped that as a result of the payment of existing pledges, the undertaking of additional pledges by those countries which were in a position to do so, and the participation in the programme of countries which had not so far contributed, the Agency would be able to carry out in full the programme it proposed for 1953-1954. It would then be possible during 1954 to determine more precisely the level and composition of programmes which should be further undertaken, in the light of current circumstances.

53. Mr. LALL (India) said his Government would support every effort for the rehabilitation of Korea but that it should be remembered that relief should be given to the whole peninsula. India had already pledged a small contribution which had been fully paid. In view of its own enormous economic problems and its slender resources, his Government was not in a position to pledge more. Nevertheless, it wished the programme all success and supported the draft resolution.

54. Mr. MORALES (Argentina), speaking as co-sponsor of the draft resolution, said that the Argentine Government had fully appreciated the tragic effects of the war in Korea and had responded to General Assembly resolution 410 (V) by contributing \$500,000 to UNKRA. That sum had been fully paid, but his Government was not in a position to assume further obligations.

55. The cease-fire in Korea had led to hopes of a settlement in that area and of peace throughout the entire world. The Agent General's report testified to the great work that had been done for the rehabilitation of Korea and, despite the enormous devastation, there were encouraging signs that the Korean economy was already recovering. He congratulated the Agent General on his achievements and hoped the programme would be carried forward successfully during the coming year. The Argentine delegation in its feeling of solidarity with the Korean people and in its desire for world peace appealed to governments to fulfil their pledges and give unanimous support to the draft resolution both in the General Assembly and in the Committee.

The meeting rose at 12.40 p.m.