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**Chairman:** Mr. Mohammad MIR KHAN (Pakistan).

*In the absence of the Chairman, Mr. Lychowski (Poland), Vice-Chairman, took the Chair.*

**AGENDA ITEM 29**

**Report of the Agent General of the United Nations Korean Reconstruction Agency (A/3136, A/3195, A/3322, A/C.2/L.278)**

1. The CHAIRMAN gave the floor to Mr. Coulter, Agent General of the United Nations Korean Reconstruction Agency.
2. Mr. COULTER (Agent General of the United Nations Korean Reconstruction Agency) presented his report on the organization and work of the United Nations Korean Reconstruction Agency (UNKRA) for the period 1 July 1955 to 30 June 1956 (A/3195).
3. During the period under review, continuing progress has been made by the Agency. Operational activities had been brought to a successful conclusion at over 1,100 additional locations in the country and the Agency had furnished materials or technical assistance for projects at 4,235 different sites. Activities had been concluded at 3,249 sites. The Agency's projects in the fields of forestry, irrigation, power, transport and communications and voluntary agency assistance had been actually or virtually completed. Activities were being prosecuted in other fields. The construction of a new cement plant would make it possible to triple the country's present output; the installation of new looms would increase cotton cloth production by one-quarter; the restoration of paper-making machinery would raise paper output; and the new glass factory constructed by the Agency would be able to meet the country's basic glass requirement. Most of the projects would be concluded during the calendar year 1957. Nevertheless, some of the economic problems which beset the Republic of Korea were as yet far from overcome. Although there had been some lessening of inflationary pressures during the past year, inflation still posed a serious threat. Large-scale imports of raw materials, machinery and supplies, which at present only the aid programmes had the capacity to furnish, were still needed to maintain production and provide for the expansion required to develop a viable Korean economy.
4. The effects of the foreign aid which had been provided by various sources, in particular by the Agency

and the United States Government, were now evident. Coupled with the determined efforts of the Korean Government and people, the foreign aid programmes had resulted in a greater degree of relative economic stability than at any time since 1951. In the coal industry in particular production had almost doubled during the past two years, while more food, clothing and consumer goods were now on sale. The installation of new generating capacity had been continued, and transport and communication services had been considerably improved. Mineral and industrial production had increased. The building of homes, class-rooms and hospitals had been continued, and trees had been planted. The United Nations and the contributing Governments might well take pride in the success of the programme, which had proved that the United Nations was able not only to provide timely assistance to a people whose country had been ravaged by war, but also that its assistance had been of tremendous value to the Korean economy.

5. After paying a tribute to the General Assembly, the United Nations Commission for the Unification and Rehabilitation of Korea, and the Advisory Committee to the Agent General, he expressed the hope that when the United Nations Korean Reconstruction Agency's programmes had been achieved, some way would be found to perpetuate the high prestige now accorded to the United Nations in that important area of the world.
6. Mr. HUMPHREY (United States of America) said that in Korea the United Nations had been able to meet the test it had faced both on the field of battle and in the work of economic reconstruction. UNKRA had responded to the call of world opinion, and the importance of its work emerged clearly from the Agent General's report. The report showed the great variety of projects which had been undertaken by the Agency; there was no doubt that if the Korean people had been left to their own resources, they could not have achieved the results made possible by foreign aid. As the Agent General had said, for the Korean people as a whole the aid programme had meant more class-rooms and homes, more food and more consumer goods. In other words, the Agency's work would produce lasting results. Although many problems remained to be solved and it was regrettable that still more could not be done for Korean reconstruction, the United Nations could take satisfaction in the fact that the sufferings of the Korean people had been at least partially relieved.
7. The United States delegation would support the joint draft resolution (A/C.2/L.278), which it wholeheartedly endorsed.
8. Sir Alec RANDALL (United Kingdom) thought the Agency's programme provided an excellent example of the results that international co-operation could achieve; the results were truly remarkable, and the approximately \$140 million made available to the programme, of which the United Kingdom had contributed almost one-fifth, had been very well employed.

9. The Agent General and his associates had earned the congratulations of the United Nations. The United Kingdom delegation would support the joint draft resolution.

10. Mr. ALFONZO RAVARD (Venezuela) expressed his delegation's satisfaction at the work of the Agency, which had ably given practical effect to the fundamental principles of the United Nations. His delegation had noted with satisfaction the progress achieved, and was gratified that the Agency had been able to assist the Korean people to relieve the sufferings and to repair, at least in part, the devastation caused by aggression. He drew attention to the importance of the aid extended to Korea by the United States, which had shown outstanding generosity. The results achieved in Korea would undoubtedly give many countries a fuller understanding of the importance of the work of the United Nations.

11. His delegation would vote for the joint draft resolution.

12. Mr. CROLL (Canada) said that the results achieved by the Agency were proof that the United Nations had been able both to conduct a successful collective military action and to carry out a large-scale reconstruction programme. The Canadian Government believed that the Agent General had made the best possible use of the \$7,750,000 Canada had contributed. The Agency's programme covered an extremely wide range of fields and included highly important long-term projects. In that connexion, he drew attention to the importance of the full and willing support afforded by the Korean Administration to the efforts of the United Nations to restore the country to economic stability. He congratulated the Agent General and his associates, and pointed out that in carrying out the Agency's programme administrative costs had been kept to a minimum—a fact that was greatly to the credit of those concerned.

13. The Canadian delegation was a co-sponsor of the draft resolution before the Committee, which was substantially the same as those adopted by the Committee at previous sessions. The main difference related to a procedural matter, and had been introduced in consequence of Economic and Social Council resolution 611 (XXI) in which the Council had expressed the view that it was no longer necessary for it to review the Agent General's report, in view, in particular, of the rôle of the Advisory Committee to the Agent General.

14. Canada would continue to support the Agency, which had already many substantial achievements to its credit.

15. Mr. WOULBROUN (Belgium) said that the Agent General's report gave an excellent picture of the foreign aid granted to the Republic of Korea since the cessation of hostilities. The United States had played a leading part in the great task of economic and social reconstruction. UNKRA, which had at its disposal over \$140 million, made up of the voluntary contributions of many States, among them Belgium, had been able to concentrate its major efforts on capital construction projects that would provide permanent assets to the country. It was clear from the report that in many fields the material and the technical assistance furnished was helping to make the Republic of Korea self-sufficient. Although the Agent General had drawn attention to the difficulties which remained, he had also pointed out that during the past year over one thousand projects had been successfully completed in the most varied fields: mining, industry, transport, agriculture, fisheries,

irrigation, housing and education. The Agent General had said in the conclusion of his report that the United Nations and UNKRA had become symbols of co-operative effort in Korea. That was an encouraging fact in the present difficult times.

16. The Belgian delegation had been glad to join the United States, Australian, United Kingdom and Canadian delegations in submitting the draft resolution before the Committee.

17. Mr. KAMENOV (Bulgaria) felt that the Korean people were making heroic efforts to repair the devastation caused by war. Organized assistance should be directed solely and exclusively to the rehabilitation of the civilian sector and the economic development of the country. Nothing should be done to expand the country's military potential, for that would inevitably be a new threat to the peace. If nevertheless funds intended for the country's economic rehabilitation were diverted and used to increase Korea's military potential, the United Nations should take effective steps to put an end to that situation.

18. The rehabilitation of Korea should be carried out on a nation-wide basis, and should facilitate the unification of the country. It was time to remove the barriers to economic relations between North Korea and South Korea. The Government of the People's Democratic Republic of Korea had taken positive steps towards that end which should pave the way for a peaceful settlement of the Korean question.

19. It was his delegation's impression that more substantial results could be obtained if the funds made available to the Agency were better used. It noted in that connexion that inflation still posed a serious threat, and that prices were continuing to rise while the production of electric power and of certain essential commodities was declining. It was therefore essential that the Korean people should be given an opportunity to work themselves for the reconstruction of a unified Korea.

20. In the People's Democratic Republic of Korea, where bomb damage had been heavy, a great many new homes had been built in 1955. Prices of commodities sold by State stores and co-operatives had been reduced by 12 per cent as compared with 1954. National income had risen by 20 per cent. A number of countries, including Bulgaria, had given substantial assistance to the People's Democratic Republic of Korea. Bulgaria had provided a 200-bed hospital which was also being used for training health workers, and likewise a factory for building materials, and another for the manufacture of flooring. North Korea had also been provided with wool yarn and cotton and wool fabrics.

*Mr. Mir Khan (Pakistan) took the Chair.*

21. Mr. BENN (Australia) said that the Agent General's report was a catalogue of achievements of which the United Nations could well be proud. It was regrettable that, owing to the fact that voluntary contributions had been less than had been expected, the programme was not as extensive as that originally envisaged by the General Assembly. However, a tribute must be paid to the generosity shown by a great many countries, in particular the United States, while the wise and constructive way in which the \$146 million contributed to the Agency had been expended was a matter of gratification. A glance at the Agent General's report would show the scope of the Agency's operations, which extended to every important sector of the Korean economy. The Australian delegation expected that most of the

projects would have been successfully completed by the end of 1957, when it would be legitimate to claim that a substantial contribution had been made to the reconstruction of Korea.

22. The Australian delegation noted with pleasure the Agent General's tribute to the Korean Administration for its full support of the United Nations, and wished to express its admiration for the gallant people of Korea who had not only had the courage to fight against the aggressor, but had shown their determination to reconstruct their war-torn country.

23. Finally, the Agent General and the entire staff of the Agency deserved the warmest congratulations. The Australian delegation was glad to be one of the sponsors of the draft resolution congratulating the Agency upon the work done, and hoped the resolution would be adopted unanimously.

24. Mr. AMADOR (Mexico) said that the Mexican delegation had been able to announce at the tenth session of the General Assembly that its Government would contribute the equivalent of 40,000 U.S. dollars to the United Nations Korean Reconstruction Agency. Since then, through the Permanent Mission of Mexico to the United Nations, the Agency and the competent Mexican authorities had started talks to decide how that money could best be used.

25. The Mexican delegation had been pleased to note the satisfactory progress recorded in the Agent General's report, and would support the joint draft resolution.

26. Mr. MIGONE (Argentina) thought that the Agent General's report was encouraging in two respects: it indicated the positive results achieved by the United Nations in its efforts to assist a small country devastated by war, and, at the present critical juncture in world affairs, it restored hope in international co-operation. Moreover, it contained a practical programme which might well be taken as a model by all countries desiring to develop their economies and derive the greatest benefit from their national resources. With the generous assistance of the United Nations, and particularly of the United States, the Koreans had been able to concentrate their energies on basic development projects the effects of which were already being felt.

27. Some members of the Committee had deplored the fact that inflation had not yet been completely arrested. The reproach was not justified: far from continuing, the inflationary trend had been definitely moderated, an undeniable achievement in a field where conditions could not be expected to be reversed overnight. Even on that question, therefore, the Korean authorities and the Agent General deserved congratulations.

28. The Argentine delegation would vote in favour of the joint draft resolution, and hoped that, in future, the United Nations would carry out more programmes of the kind it had undertaken in Korea.

29. Mr. ISIK (Turkey) congratulated the Agent General on his report, which gave the Committee an idea of the constructive results obtained in Korea in all branches of economic activity. The gratitude and admiration of the Turkish delegation went to General Coulter and his colleagues. The Turkish delegation would support the joint draft resolution which accurately reflected its views.

30. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) said that the Agent General's report showed that economic recovery in South Korea was extremely slow. The Agent General reported some progress in

various branches of the economy, but on the whole it could be said that the situation in South Korea was still difficult. In particular, inflation was a constant threat, and the production of some widely-consumed articles had fallen rather than increased since 1955. The level of living was still very low and prices were rising. Korea's economic difficulties were to be explained chiefly by military expenditure which, as the Agent General acknowledged, was a very heavy burden on the Korean people. To a great extent, those difficulties also resulted from the absence of economic relations between South Korea and North Korea. The USSR had profound sympathy for the Korean people and hoped it would soon achieve political unification, for without unification there could be no real recovery for Korea as a whole. The best way to facilitate and speed political unification was to establish economic and cultural relations between North and South Korea as rapidly as possible.

31. The People's Democratic Republic of Korea, with the assistance of the USSR and other people's democracies, had been remarkably successful in developing its economy. In 1955, gross national product had been 56 per cent above the 1949 level. The targets of the country's three-year development plan had been met and in some cases even surpassed. Since the end of hostilities, the prices of widely-consumed goods had been reduced on several occasions: the most recent reduction, announced on 14 August 1956, had been by approximately 10 to 50 per cent. Moreover, beginning in November 1956, the base salaries of workers were to be increased by 35 per cent.

32. All the people's democracies had taken part in the great effort to rehabilitate the Korean people. The USSR had decided to provide the People's Democratic Republic of Korea with financial aid totalling one thousand million roubles. In two years, 1954 and 1955, it had furnished over 700 million roubles' worth of capital equipment, heavy machinery, iron and steel products, rolling stock, etc. to North Korea. In addition, technical assistance was being provided by many Soviet experts. In January 1956, a Korean-Soviet technical assistance committee had held its first meeting and had taken steps to help the People's Democratic Republic of Korea develop its mines, fisheries, and transport industry. Finally, in July 1956 a conference had been held in Moscow to consider the expansion of economic co-operation between the USSR and the People's Democratic Republic of Korea. The People's Republic of China had provided assistance totalling more than 800 millions yuans, in the form of materials, technical assistance, and the organization of training and refresher courses.

33. Those facts showed the scope of the assistance being received by the People's Democratic Republic of Korea. The results obtained were striking. For example, over 3.5 million square metres of housing had been built since 1955 and there were 1,285 new schools and 182 new hospitals in North Korea. The funds allocated by the People's Government of Korea to cultural and social projects were steadily increasing: in the case of education and health alone, public expenditure was 250 per cent higher than in 1948. Thanks to the policy of the Korean authorities, who were concerned only with peaceful ends, as was shown by the recent demobilization of 80,000 troops, it had been possible to raise the level of living of the people in every way.

34. The Democratic People's Republic of Korea had taken a number of steps—particularly at the time of the Geneva talks—to establish economic, cultural and social

relations with South Korea. The Supreme People's Council of North Korea had declared itself ready to enter into negotiations for that purpose. It was obvious that both parts of the country would benefit from those measures, and that the existence of economic relations would draw them together and prepare the way for political unification based on democratic principles. The fact that such unification had yet to be achieved was not sufficient reason for turning down proposals which were of such importance for the economic rehabilitation of Korea as a whole. Those proposals, which had been welcomed by the people of South Korea, had nevertheless been rejected by their leaders. The Soviet delegation considered that the United Nations ought to seek to promote an economic rapprochement between North and South Korea and to support by every means in its power the initiatives taken in that direction by the Koreans themselves.

35. Mrs. WRIGHT (Denmark) recalled that the Governments of the Republic of Korea, Sweden, Norway, and Denmark and UNKRA had long been contemplating the establishment of a national medical centre at Seoul. The project had been initiated in March 1956, when an agreement had been reached between the three Scandinavian Governments, the Korean Government and the United Nations Korean Reconstruction Agency. The agreement provided for expenditure amounting to approximately \$12 million for the construction of buildings, equipment and technical assistance to be furnished over a five-year period, the Korean Government providing the land and necessary buildings and underwriting the expenditure in local currency. UNKRA had opened a credit of \$2.4 million to cover the major construction costs. The three Scandinavian Governments would furnish \$2 million through the Agency to cover the cost of putting the centre into operation; they further undertook to provide the services of about eighty Scandinavian specialists—physicians, nurses and administrative personnel—and to maintain supplies throughout the five-year period, representing estimated additional expenditure of \$7.5 million. The national centre at Seoul, which would provide not only treatment but also advanced medical training, would do much to improve medical services and raise standards. The delegation of Denmark considered it of the utmost importance that the Agency should continue its activities, one of its reasons being that it hoped that the Agency would continue to support this joint enterprise which the Agent General himself had called one of the largest projects in the UNKRA programme of assistance.

36. The delegation of Denmark would vote for the joint draft resolution.

37. Mr. CHENG (China) expressed his deep satisfaction with the progress described by the Agent General in his report. Yet it was rather disappointing to note that the voluntary contributions of Member States had been \$120 million short of the original estimate. Of all the United Nations programmes financed by voluntary contributions, the programme of assistance to Korea was the least favoured. That state of affairs was the more deplorable since the United Nations had a special responsibility towards the Republic of Korea, which it had defended against the aggression perpetrated by the USSR, the Chinese Communist régime and North Korea, and which it had pledged itself to defend. UNKRA was the very symbol of the United Nations in Korea, and the United Nations owed it to itself to give it unstinting support. The Chinese delegation

hoped that the endeavour, which had had such a good start, could be brought to a successful conclusion.

38. With regard to the joint draft resolution, the delegation of China also believed that it was not necessary for the Economic and Social Council to examine the report of the Agent General after it had been approved by the General Assembly. For that reason, and wishing to associate itself with the congratulations offered to the Agent General and his staff, his delegation would vote for the joint draft resolution.

39. Mr. KHOMAN (Thailand), after stressing his country's interest in the reconstruction of Korea, noted with satisfaction the achievements of UNKRA and associated himself with the representatives who had congratulated the Agent General and his staff on their activities and devotion to their work. He wished in particular to pay a tribute to the United States, the United Kingdom and the other countries which had generously contributed to the work of reconstruction, a magnificent example of collective action on behalf of a people who had suffered the devastation of war.

40. The delegation of Thailand would vote for the joint draft resolution.

41. Mr. ULLRICH (Czechoslovakia), while acknowledging that a certain amount of progress had been achieved in South Korea, thanks to the efforts of the Korean people, nevertheless deplored the fact that inflation still threatened the country's economy, that prices had shown a new uptrend and that the heavy burden of military expenditure continued to stand in the way of a rapid rise in the standard of living of the population.

42. The situation was in sharp contrast to that of North Korea, which, with the enthusiastic support of the entire population, had been able to carry out the peaceful development of its economy, aided by the Soviet Union, the People's Republic of China and the other peoples' democracies. He drew attention to the results already obtained in all fields and recalled the purpose of the development plan. The standard of living of the population had improved considerably since the end of hostilities; real wages, for example, had again increased 26 per cent between 1954 and 1955. Czechoslovakia was actively assisting the People's Democratic Republic of Korea by sending it industrial equipment and providing the services of technicians. It regretted that the South Korean leaders had turned down the North Korean proposals for establishing economic and cultural relations between the two countries, for it believed that the establishment of such relations was a prerequisite to the unification of Korea, and it would support any efforts to further that objective.

43. Mr. WORKNEH (Ethiopia) said that his country, which had always supported the work of the United Nations Korean Reconstruction Agency, would vote in favour of the joint draft resolution.

44. Mr. LARREA (Ecuador) thought that the Agent General's report could not fail to arouse optimism. There were certainly some problems still to be solved, such as that of inflation, to which reference had already been made. Yet if the state of the Korean economy at the close of hostilities were remembered, the results obtained could only be considered gratifying. It was clear from the report that the inflationary trend had moderated, as the index number for retail prices which had risen by 114.8 per cent in 1954-1955, had risen by only 21.2 per cent in 1955-1956.

45. UNKRA's work showed how successful collective action to help a war-damaged country could be. The

Ecuadorian delegation would accordingly vote for the joint draft resolution.

46. Mr. DI BERNARDO (Italy) congratulated the Agent General on his report, which gave a remarkable picture of UNKRA's efforts to assist in the economic and social reconstruction of Korea and of the achievements made possible by an extremely judicious use of available funds, to which the Italian Government had contributed as generously as it had been able.

47. The joint draft resolution reflected the Italian delegation's feeling of admiration on reading the report. He would accordingly vote for it.

48. Mr. LOUGH (New Zealand) expressed gratification at the work done by UNKRA in Korea. The achievements described in the report made it quite clear that the funds provided had been put to good use and bore witness to the effective aid which the United Nations could provide to a country going through a difficult period.

49. UNKRA would soon close down. His delegation hoped that measures would be taken to enable the United Nations to keep certain supervisory rights over projects still uncompleted when UNKRA closed down, and to maintain the prestige acquired by the United Nations in that important part of the world.

50. His delegation approved of the draft resolution and would vote for it.

51. Mr. CHACON (El Salvador) paid a tribute to the work done in Korea by UNKRA, and said that his delegation would vote for the joint draft resolution.

52. Mr. KENNEDY (Ireland) expressed his country's admiration for the work done by UNKRA, work which symbolized determined action by the United Nations on behalf of a destitute people. Ireland was especially well qualified to understand the feelings of the Korean people, since it too had known the ravages of war and, like Korea, was looking forward to the unification of its national territory in conditions of genuine democratic freedom. He had noted with satisfaction the achievements recorded in the Agent General's report, and was particularly gratified to see that inflation, which had given grounds for some anxiety during the financial year 1954-1955, was decreasing.

53. After congratulating the Agent General on his report, he assured UNKRA that Ireland would continue, as it had done in the past, to support all efforts made to alleviate the suffering of the Korean people.

54. Mr. RAJAPATHIRANA (Ceylon) expressed his complete satisfaction with the work done by UNKRA. He had only one reservation, and that referred to the inflation which was still of serious proportions in Korea. He was glad that measures had been taken to halt it, and he hoped that no effort would be spared to eliminate all inflationary trends.

55. He would, however, have no hesitation in voting for the draft resolution.

56. Mr. REBARREN (Chile), noting the successful way in which UNKRA was carrying out its task in Korea, commented on certain points in the report.

57. As to the future of UNKRA's staff referred to in paragraph 194, he hoped that the Secretary-General would take into account the difficult conditions under

which the staff members had been working and the services they had rendered, and that employment would be found for them in other projects executed by the United Nations.

58. He was doubtful about the implications of paragraph 207. He was afraid that Chile, which had already contributed 250,000 dollars to UNKRA, would not be in a position to make any additional contributions.

59. His delegation would vote for the draft resolution.

60. Mr. MOLDOVAN (Romania) regretted that the Agent General's report referred only to South Korea: the efforts made by North Korea in the peaceful reconstruction of its economy ought to have been stressed, and some previous speakers had already done so.

61. The Romanian People's Republic had assisted in those efforts, by donating to Korea approximately 150 million lei, and providing textile articles, foodstuffs, etc. It had also provided for the building and equipment of a hospital, a cement works, a brick works and an aspirin production plant. Finally, it had provided North Korea with assistance in the form of the advice and services of experts and specialists. The establishment of friendly economic and cultural relations between North and South Korea could not fail to contribute to the economic development of the country as a whole and would hasten unification.

62. Mr. ARAGON (Guatemala) said that his country, which had contributed as much as its modest resources would allow to the work of the United Nations Korean Reconstruction Agency, could not but welcome the progress achieved.

63. His delegation would vote for the joint draft resolution.

64. Mr. COULTER (Agent General of the United Nations Korean Reconstruction Agency) thanked the members of the Committee for the tributes paid to UNKRA, which would spare no efforts to complete the task assigned to it.

65. The CHAIRMAN requested the Committee to vote on the joint draft resolution (A/C.2/L.278).

66. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) requested, for the reasons which the representative of the Soviet Union had stated to the Committee at the two previous sessions of the General Assembly, that a separate vote be taken on the first paragraph of the preamble and on operative paragraph 1.

*The first paragraph of the preamble was adopted by 49 votes to 9, with 7 abstentions.*

*Operative paragraph 1 was adopted by 46 votes to 9, with 11 abstentions.*

*The draft resolution as a whole was adopted by 49 votes to none, with 16 abstentions.*

67. Mr. SABATIER (France) said that the fact that his delegation had not taken part in the debate on the Agent General's report must not be construed as meaning that it had any reservations to make concerning the report. On the contrary, it had nothing but praise for the notable progress made by UNKRA in carrying out its work. It had accordingly voted for the draft resolution, which had the added advantage of providing for a logical simplification of procedure.

The meeting rose at 5.35 p.m.