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**Chairman: Mr. Ernest G. CHAUVET (Haiti).**

**AGENDA ITEM 24**

**Economic development of under-developed countries (A/2955) (continued):**

**(a) Question of the establishment of a Special United Nations Fund for Economic Development: report submitted in accordance with resolution 822 (IX) of 11 December 1954 (A/2906, A/C.2/186, A/C.2/L.271, A/C.2/L.272 and Add.I) (continued)**

1. Mr. PARSONS (Australia) said that, although the draft resolution (A/C.2/L.272) submitted by the Working Group was not wholly acceptable to the Australian point of view, it was one which his delegation was able to support. This affirmative vote should not be taken as a commitment by the Australian Government to contribute to the Special Fund if and when it was established. In view of its financial position and the commitments it had made to assist many under-developed countries, it would be most difficult, if not impossible, for Australia to contemplate contributing to such a fund.

2. Mr. KAYALI (Syria) wished to make a few comments. In the first place, the draft resolution, although it had been adopted unanimously, did not fully satisfy all delegations. Secondly, the establishment of the Special Fund was to be delayed another year. Thirdly, it would have been better if debate on the text had not taken place entirely within the Working Group; the question should be given the widest possible publicity. Fourthly, the United Kingdom representative's explanation (379th meeting) of his vote appeared to indicate that the resolution could be interpreted in two entirely different ways. Lastly, the Committee, by devoting a great deal of time to debating the matter, had in some degree diverted international attention from other problems which were also vital to the economic development of under-developed countries.

3. Mr. DAVIS (Bolivia) said that by voting for the draft resolution, delegations had given evidence of their warm support for the establishment of the Special Fund. They recognized, however, that it should not be set up prematurely.

4. The draft resolution was the product of a determined effort to reconcile divergent views, and offered a means of bringing about the establishment of a Special Fund by a process of steady and uninterrupted progress. He was grateful to the members of the Working Group for that result.

5. He concluded by expressing confidence that the *ad hoc* committee would perform its task in the same constructive spirit as the Working Group.

6. Mr. ALVARADO (Venezuela) thanked the Working Group and all representatives who had helped to draft the resolution. The Venezuelan delegation, believing that financial institutions of the type of the Special Fund were exceedingly useful, could not but vote for the draft resolution, which marked another step forward in economic progress.

7. Miss TONGSON (Philippines) thanked the sponsors of the draft resolution and the great industrial Powers for the efforts they had made to present the draft resolution which had just been adopted unanimously.

8. Judging by the results the Working Group had achieved, it was almost certain that the cause of the Special Fund would ultimately triumph and that the institution would be established, if not very soon, at least in the foreseeable future.

9. Mr. DAMLUJI (Iraq) welcomed the spirit of compromise which had made possible a unanimous vote. It was gratifying to note that the great industrial Powers had recognized, first, that the problem of establishing the Special Fund was urgent, and secondly, that it should be solved within the framework of the United Nations.

10. The CHAIRMAN expressed his deep satisfaction at the unanimity that had been achieved on the great work of social solidarity which the Committee had been discussing. The establishment of the Special Fund would put an end to the "great insomnia" of the under-developed countries, would reduce the causes of friction and would help to bring about world security. There was good reason to hope that the Special Fund would be set up very shortly, given the development of the relaxation of international tension symbolized by the spirit of Geneva.

11. No delegation had opposed the idea or the purposes of the Special Fund; it was only in connexion with the financing of the Special Fund that two or three of the great Powers had intimated that the project should await world-wide disarmament. In that connexion, it should be noted that the United Nations

Charter did not speak of disarmament, but of the regulation of armaments, which implied the elimination of offensive weapons of mass destruction. Those offensive weapons were very costly, and their elimination would result in savings which could be paid over in whole or in part to the Special Fund. The armaments race was a work of death, whereas the building of an economic-social infrastructure in the under-developed countries was a work of life.

12. He made a supreme appeal to the great Powers to give their immediate support to the Special Fund, and not to make that support conditional on worldwide disarmament.

*Mr. Mir Khan (Pakistan), Vice-Chairman, took the Chair.*

13. Mr. O'NAGHTEN (Cuba) proposed that the Chairman's remarks, which epitomized the aspirations of all the under-developed countries, should be published in full as a Committee document.<sup>1</sup>

14. Mr. NEBOT (Ecuador) supported the proposal.

*It was so decided.*

*Mr. Ernest G. Chauvet (Haiti) resumed the Chair.*

#### AGENDA ITEM 12

#### Report of the Economic and Social Council, chapters II, III and IV (A/2943)

15. Mr. A. P. MOROZOV (Union of Soviet Socialist Republics) said that the work of the Economic and Social Council had been carried out in a more favourable atmosphere as a result of the efforts of the peace-loving States, and, in particular, of the Conference of the Heads of Government of the four great Powers in Geneva. However, the Council had made very little use of the opportunities provided by the relaxation of international tension to promote the development of international economic co-operation.

16. Despite the fact that international trade was the basic form of international economic co-operation, the artificial barriers and discriminatory measures blocking such trade, especially between East and West, had not yet been eliminated. At its twentieth session the Council had adopted resolution 579 A (XX) which welcomed the efforts to contribute to the relaxation of international tension by finding means for the solution of certain problems including the problem of the progressive elimination of barriers to international trade. The weakness of that resolution was that its provisions were drafted in unduly general terms.

17. The USSR, for its part, was doing its utmost to strengthen international trade co-operation on a basis of equality and mutual interest. Year by year its foreign trade was expanding: the volume of its trade with foreign countries was four times above the pre-war level, and it was now trading with fifty-eight countries. The strengthening of its economic relations with foreign countries was directly connected with the extremely important steps it was taking in the field of foreign policy, together with other peace-loving States, in order to relax international tension and to establish international confidence; for example, the conclusion of the State Treaty with Austria, the restoration of normal relations with Yugoslavia, the visits to the Soviet Union of representatives of foreign

States, in particular India and Burma, and the renewal of diplomatic relations with Western Germany and other countries. Mr. Morozov reviewed the development of the USSR's trade with India, with Burma, with neighbouring countries such as Egypt, Turkey and Syria; with Western Europe, including Sweden, Belgium, France, Italy, Greece, Iceland, Finland and Norway, and with Austria and Canada. Unfortunately, however, not all countries acted in accordance with those principles in their trade relations with other countries. It was common knowledge that a number of countries were applying discriminatory measures against the USSR and certain other States. His delegation felt that United Nations organs, particularly the Economic and Social Council and the regional Economic Commissions, should do everything possible to eliminate existing trade barriers, including the discriminatory measures which blocked the expansion of trade between East and West, to ensure the free passage of merchant vessels of all countries through maritime straits and channels of international importance, and to eliminate the present restrictions on sea communications with certain States.

18. At the twentieth session of the Economic and Social Council, the USSR delegation had asked the Council to appeal for the ratification of the Havana Charter for an International Trade Organization (ITO), and at the same time had declared that the USSR was prepared to join the ITO. Such an organization, established within the United Nations system and open to all, could play an important part in strengthening and expanding normal trade relations between all countries. He strongly hoped that the Council would reach a favourable decision on that matter at its resumed twentieth session, for the General Agreement on Tariffs and Trade was no substitute for the ITO, being a closed association which did not take account of the interests of all States.

19. The Council should also strive to develop scientific, technical and cultural exchanges. Many groups from all countries of the world had already visited the Soviet Union, thus promoting the establishment of friendly relations.

20. In addition, the Council's work should be carried out on a more practical basis and its structure should be simplified. An anomalous situation still existed in the Economic and Social Council and the Economic Commission for Asia and the Far East because the representatives of the People's Republic of China did not participate in their work. The question of the admission of Albania, Bulgaria, Hungary and Romania to the Economic Commission for Europe still awaited a satisfactory settlement.

21. Lastly, the Council, with its commissions and committees, should devote more attention to vital matters like the development of international economic co-operation, the raising of standards of living and the economic development of under-developed countries.

22. Mr. Morozov then elaborated on his delegation's comments with regard to the observations appearing in chapter II of the Economic and Social Council's report (A/2943) concerning the economic situation of the Soviet Union. He wished particularly to point out that the second post-war five-year plan had been completed in four years and four months, and industrial output had increased by 184 per cent as compared with 1950 and by 318 per cent as compared with 1940.

<sup>1</sup> The text of the statement by the Chairman was subsequently circulated as document A/C.2/L.273.

In the production of electric power the Soviet Union now ranked second in the world, whereas it had formerly been among the last on the list. Three hundred new power stations, ninety of them hydro-electric, had been built. Agricultural production had also increased, thanks to increased mechanization, the introduction of new techniques and the cultivation of new land. For example, despite the drought which had affected some of the eastern regions of the Soviet Union in 1955, wheat production had considerably exceeded the figure for the previous year. The progress that had been achieved in industry and agriculture had resulted in another rise in the level of living of the people; the real wages of workers showed an increase of 39 per cent over the 1950 level and of 91 per cent over the 1940 level, and the income of peasants had increased by 50 per cent over 1950 and by 122 per cent over 1940. Government sales had been 9 per cent higher during the first six months of 1955 than in the first six months of the preceding year.

23. Similar progress had been made in all the peoples' democracies: in the People's Republic of China, for example, industrial and agricultural production had more than doubled as compared with 1949. When it had completed construction of the plants provided for in the five-year plan for 1953-1957, the People's Republic of China would be able to produce all the

machinery needed for its metallurgical, electrical, petroleum and metal-working industries and would be in a position to construct automobiles, tractors, locomotives and aircraft without any outside help.

24. The documents prepared by the United Nations Secretariat indicated that there had been some increase in the industrial production of the countries whose economies were based on private enterprise. However, as the Economic and Social Council pointed out in its report, serious problems still remained to be solved. The USSR delegation considered that the rise in the industrial production of those countries was to a great extent due to the intensified activity of their armament industries; and in many of the countries in question the balance-of-payments position was precarious. As for the under-developed countries, the report showed that the gulf between their levels of living and those of the rest of the world was becoming increasingly marked. That had been confirmed by the representatives of many under-developed countries in the Second Committee.

25. In the view of the USSR delegation, the serious economic problems still besetting the world could be solved only by application of the principles of peaceful coexistence and by the development of economic co-operation between nations.

The meeting rose at 5 p.m.