

United Nations
**GENERAL
ASSEMBLY**

FOURTEENTH SESSION
Official Records

**SECOND COMMITTEE, 617th
MEETING**

Wednesday, 11 November 1959,
at 10.45 a.m.



NEW YORK

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AGENDA ITEMS 30 AND 12

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(b) Progress in the field of financing the economic development of under-developed countries

Report of the Economic and Social Council (chapters II, III, IV and V) (continued)

(A/4143, A/4211, A/4220 and Corr.1 and Add.1 and 2, A/C.2/L.429, A/C.2/431)

GENERAL DISCUSSION (continued)

1. Mr. EASTMAN (Liberia) said that his Government was convinced that private foreign investment could strengthen a country's economy and promote the development of a skilled and semi-skilled labour force, and it had therefore taken various measures to stimulate private foreign investment in Liberia. It imposed no restrictions on the repatriation of private capital; it allowed exporters of capital a period of five to eight or ten years for the amortization of their investments before subjecting them to taxation, and it permitted them to provide as much as 25 or 50 per cent of the capital of new undertakings, if necessary. His Government did not consider that the participation of foreign investors in a country's economy constituted an unduly serious threat to its national independence: all independent States should have the means of safeguarding their sovereignty.

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2. Nevertheless, the under-developed countries could not rely solely on private foreign investment for their economic development. The stabilization of primary commodity prices and the removal of tariff barriers would provide those countries with additional sources of funds for their economic development.

3. The independent countries of West Africa would soon be meeting for the formal establishment of a community of Independent African States, which would have many benefits both for the States directly concerned and for the purchases of their commodities.

4. His Government was glad to hear that the International Development Association would soon be founded, since its activities would supplement those of the International Bank for Reconstruction and Development. The establishment of a United Nations economic development fund would, however, be the soundest and surest means of promoting the economic and social advancement of the under-developed countries. All countries looked forward to the time when they could dispense with foreign aid, which reflected on their prestige and might even jeopardize their independence.

5. Mr. BHUTTO (Pakistan) said that he was in general agreement with the analytical summary of the various suggestions and proposals made in the United Nations economic bodies during recent years with a view to accelerating the economic growth of under-developed countries (A/4211) and with the Secretary-General's conclusions. He also approved the Economic and Social Council's recommendations on the subject (A/4143, paras. 164 and 165).

6. Since the end of the last war, the under-developed countries had come to play a vital role in international relations, not only because they accounted for a large part of the world's population but mainly because they represented areas which, as yet uncommitted, were hesitating between rival economic systems. Even if general disarmament was achieved, the deeper causes of war, one of the most important of which was the economic disequilibrium in the world, would not have been removed. Lasting peace could not be attained until abject poverty, ill-health and ignorance had been eliminated. That was why it was essential to promote the advancement of the under-developed countries while disarmament talks were in progress, for if those countries failed to advance they would inevitably regress. During the preceding eighteen months, a number of Asian and African Governments, including that of his own country, had been replaced by politically strong and stable Governments, which seemed capable of setting those countries on the right path. For example, the Government of Pakistan had launched a number of far-reaching reform programmes and had already succeeded in reshaping the pattern of the country's political, economic and social life. However, his Government had no power over the international economic forces which influenced the country's daily life. If the

effect of those forces continued to be unfavourable, the final outcome was unpredictable.

7. A basic problem in the economic development of the under-developed countries was that of investment. The rate of domestic savings, too low to begin with, was being outstripped by population growth, and if population growth was to be controlled, it was necessary to incur heavy expenditure on raising educational standards and the level of living in general. To break that vicious circle, the under-developed countries were obliged to draw on international assistance, both bilateral and multilateral. He was glad to hear that the International Development Association was to be established in the near future. Its programme of "soft" loans would fill a sorely felt need, but, while it was still too early to form any definite impression of the scope of its activities, it appeared that the loans granted would go only part of the way towards meeting the needs of the under-developed countries. For that reason, his delegation supported the establishment of a United Nations capital development fund which, apart from the psychological advantages inherent in an international fund of that kind, would enable the nations which, for reasons of policy, found themselves unable to participate in the International Development Association, to make their contribution to international economic co-operation. Broadly speaking, the flow of private capital to the under-developed countries remained inadequate despite the fact that most of those countries had considerably liberalized their fiscal and industrial policies with a view to attracting foreign capital. His country, for example, no longer insisted on the compulsory participation of local capital. It had concluded bilateral agreements with many countries for the avoidance of double taxation. The mining industry had been granted a special tax relief and an Investment Promotion Bureau had been set up.

8. Significant progress had clearly been made in regard to United Nations technical assistance; that applied both to the provision of funds and the improvement of institutional machinery for international action. The increase in the activities of the Expanded Programme of Technical Assistance was also gratifying, as was the establishment of the Special Fund, which had an important role to play, especially in infrastructural improvements and in building up capacity for the absorption of capital. Nevertheless, the total funds made available by the United Nations fell short of the minimum needs.

9. The most important problem was that of stabilizing primary commodity prices, for no lasting success could be achieved unless the under-developed countries were able to mobilize their own capital resources. They could not rely indefinitely on international assistance. However, to contribute to their own development, they had to be in a position to purchase the necessary capital goods from the industrialized countries; for that purpose they had to rely on their export earnings, which were at present derived from their sales of primary commodities. That was why the under-developed countries had been alarmed by the sharp fall in the price index of those commodities between mid-1957 and mid-1958, as a result of which their export earnings had declined by 8 per cent, or by a sum six times greater than the total of the loans granted to them by the International Bank in the year 1956-1957. In the case of his own country, the total financial aid it had so far received from different sources had amounted to less than half of the losses it had sus-

tained in consequence of the fall in the prices of its primary commodities. The situation had been further aggravated by the simultaneous rise in the price of manufactured goods. In his country, the purchasing power of the export value of primary commodities was a little less than 50 per cent of what it had been in 1948 and 1949. What was more, all trends indicated that the cost of manufactured goods in the industrialized countries would continue to rise, that the manufacture of substitutes would continue to reduce the demand for primary commodities and that the demand for manufactured goods would continue to increase in the under-developed countries. Those trends could lead only to a widening of the large gap that already existed between the developed and the under-developed countries. It should be remembered that even now, 1,362 million out of the total of 1,800 million inhabitants of the under-developed countries had a per caput income of \$8 per month as compared with a per caput income of \$9 a day in the highly industrialized countries.

10. His delegation thought that the industrialized countries should abolish import duties on primary commodities, and do away with all protective measures and import restrictions with regard to primary commodities. It had been suggested that the best solution would be to deal with each commodity separately and through bilateral agreements between exporting and importing countries; it had also been suggested that buffer stocks should be established. Those were no doubt useful suggestions, but experience had shown that, by themselves, such measures could not provide any remedy for a rapidly deteriorating situation.

11. It was essential that the problem should be faced in its entirety. A thorough analysis should be made of the reasons for the reduced earnings of primary producers, and short- and long-term remedial measures should be devised. In order to diversify their production as quickly as possible, the under-developed countries needed foreign exchange resources. A compensatory fund was needed to meet the shortfall in the earnings of primary producing countries. Disbursements from the fund would be made only in times of extreme fluctuations in prices, so as not to disturb the ordinary pattern of international trade, and care would also have to be taken to ensure that uneconomic production in countries exporting primary commodities was not encouraged.

12. That solution was not new, since it had already been contemplated by the group of experts appointed by the Secretary-General under General Assembly resolution 623 (VII). The group of experts had not, it was true, suggested compensatory schemes as the most immediate solution to the problem, but it had stated that, should nations prove unable to agree on other arrangements for moderating either the excessive fluctuations of prices and incomes or the ill consequences of those fluctuations, then they might do well to take a second look at automatic compensatory schemes.^{1/} His delegation believed that the time had come to do exactly that. Further, he noted that, in paragraph 62 of its report (E/3225), the Commission on International Commodity Trade had agreed to consider at its eighth session international measures designed to compensate for fluctuations in foreign exchange receipts from the export of primary commodities.

^{1/}Commodity Trade and Economic Development (United Nations publication, Sales No.: 1954, II.B.1), para. 240.

13. The possibility of establishing a compensatory fund needed urgent examination by a committee of experts, in consultation with the countries producing primary commodities and those which were the principal importers of such commodities, and in co-operation with the International Monetary Fund and FAO. The committee should be required to submit its report in time for discussion at the fifteenth session of the General Assembly. His delegation hoped that the proposal would receive general support, for it was closely in accord with the views of the Secretary-General who, at the twenty-eighth session of the Economic and Social Council (1068th meeting), had asked if there was a sufficient awareness of the problems and frustrations which were building up progressively in the under-developed countries, and if there was not a need for some new break-through on the road to economic development.

14. Mr. SAMSURI (Albania) thought that the economic situation in capitalist countries had been seriously affected by the recession and was bound to deteriorate still further. Those countries had thought that they could solve their problems by increasing armaments production; but what the militarization of their economies had produced was merely an illusion of increased output, a sham stability and reduction in unemployment: armaments production had failed to prevent the three recessions since the last war, and had not contributed to a rise in the level of living of the working masses. Such methods prevented any relaxation of international tension, and contributed to the cold war.

15. The recession had had disastrous effects on the economies of under-developed countries producing and exporting primary commodities. Those countries needed to import capital goods to develop their economy, and the only way for them to obtain the necessary foreign exchange was to export their own produce. But the demand for primary commodities was increasing more slowly than output in the industrial countries, while, in under-developed countries, import requirements had risen more rapidly than national output. As a result, relations between the under-developed and the industrialized countries were now characterized by a marked imbalance in trade.

16. In 1958, exports from a number of under-developed countries had fallen below the level of the corresponding period of 1957 and, over the last few years, the volume of exports from many of those countries had been lower than in 1953 and, in some cases, lower than in pre-war years. As a result, the trade deficit of under-developed countries had increased, since they were unable to reduce their imports abruptly and had had to make some inroads into their foreign exchange reserves. For that reason, they had been unable to achieve or maintain a satisfactory rate of expansion. The fall in primary commodity prices compared with prices of manufactured goods and the instability of foreign markets had given rise to difficulties for which as yet no solution had been found. The serious economic backwardness of the under-developed countries, due to colonial domination and systematic exploitation, was becoming accentuated as the gap between economic and social conditions in the under-developed and advanced countries respectively continued to widen. The assistance which under-developed countries had received from capitalist countries could not satisfy their requirements, since funds had always been invested in the sectors yielding the largest returns.

17. While the recession in the capitalist world had caused a contraction of economic activity and had had serious repercussions on the primary commodity market, the socialist countries, which never experienced crises or unemployment, were successfully continuing their economic expansion. In the USSR, the seven-year plan held out the prospect of considerable progress both in industry and in agriculture. In the People's Republic of China, the year 1958 had seen a very considerable increase in industrial output and an impressive increase in agricultural production. Working in fraternal co-operation, based on the principles of equality and mutual benefit, the socialist countries had continued to make economic progress, and it was probable that their combined output would be more than half the total world output in 1965.

18. His country had embarked on a programme of development and had registered considerable achievements in every sector of economic and social life. Before its liberation, Albania had been a backward and impoverished agrarian country. More than 85 per cent of its population had been unable to read or write. The country had suffered from ruthless exploitation by imperialists. That grievous legacy from the past had now been finally wiped out and, during the last fifteen years, fundamental changes had taken place throughout the country. Industry had expanded, thanks to a very rapid rate of increase in investment. Agriculture, now largely mechanized and collectivized, was making great strides forward. Agrarian reform had put an end to feudalism and had given land to the peasants. Present-day agricultural output was approximately double that of 1938. The population's level of living was continually rising, due to increased national income, rising wages and falling prices. While only 3 per cent of the national budget came from taxes paid by the population, the working masses and their families were protected by a comprehensive social insurance system.

19. The armaments race and tension in international relations inevitably exercised a detrimental effect on economic and social progress throughout the world. General disarmament, such as had been proposed by the Soviet Union, would have made available vast resources which could have been used for improving the world economic situation, particularly the situation of the less-developed countries, and for bridging the wide gap between those countries and the highly-industrialized countries.

20. He was seriously concerned by the present tendency to set up artificial barriers which obstructed the development of international trade. A number of economic organizations had been established in Western Europe, which restricted trade and paralysed economic co-operation between East and West. It was essential, rather, to encourage close international economic co-operation, including an expansion of trade and the exchange of technical and scientific experience. In that field, valuable work could be done by the United Nations regional economic commissions.

21. United Nations bodies had not done all that was expected of them in developing economic co-operation and expanding the world market. Assistance given to under-developed countries had not backed up the efforts of those countries to establish their own industries and exploit their own natural resources. His delegation believed that the establishment of an international trade organization, and similar organizations

on a regional scale, would help to promote economical stability and raise levels of living in all countries; and it would therefore support the draft resolution submitted by Bulgaria, Czechoslovakia and Poland (A/C.2/L.429). It thought that it was the duty of the United Nations to take steps to promote economic and social progress in all countries, in accordance with the objectives and principles set forth in the Charter.

22. Mr. WOULBROUN (Belgium) said that, whatever the standards used to measure the degree of development of the various countries, there was no doubt that there was a considerable gap between economic and social conditions in the under-developed and the industrialized countries, and that the less favoured peoples had become aware of their situation and were demanding intensified action to reduce the gap.

23. The efforts being made by the under-developed countries were a first step towards the improvement of their levels of living; in addition, the United Nations, the specialized agencies, the technical assistance programmes and the Special Fund were supplying a considerable stimulus, while the aid being given separately and jointly by the industrial countries was an additional and far from negligible contribution.

24. The Indian representative, speaking at the 614th meeting, had stressed the need for transcending the traditional classification of countries as industrial or under-developed, and had asked for consideration to be given to the possibility of a global study of the world's immense natural and energy resources and the new technical means by which they could be mastered and developed for the benefit of all mankind.

25. Agricultural progress, in particular, would open the way for a rapid rise in living levels. There was no shortage of land, for by use of modern techniques increasingly high yields could be obtained. Some western countries were piling up enormous surpluses— which, incidentally, created additional problems. The proportion of the population engaged in agriculture was decreasing constantly, as the intellectual professions gained in importance and the employment of women spread: that was a long-term trend. There had been much discussion of the urgency of agricultural development as compared with industrial development in the under-developed countries. Actually, the two forms of action should go hand in hand.

26. The Brazilian representative had described in affecting terms the situation and needs of the under-developed countries, and had asked for greater co-operation from the United Nations (605th meeting). Among other things, he had proposed the establishment of a functional commission of the Economic and Social Council to deal with industrialization. It was hoped that the Brazilian delegation would provide further details on the subject, for the vital point would be to choose whatever course would enable the United Nations to serve industrial development in the most effective way. Scientific research was becoming more and more specialized and compartmentalized, and could not usefully be discussed in terms of generalizations. The United States delegation had suggested preliminary examination of the question by a special committee of the Economic and Social Council. That idea deserved serious consideration: it would be useful for the activities of the United Nations and the specialized agencies in connexion with industrialization to be examined as a whole by a small body, with a view to deciding whether

a new organ should be established and ensuring that the work contemplated was of a practical nature.

27. The Yugoslav representative had urged (605th meeting) that the resources made available to the United Nations should be increased so as to permit large-scale financial aid to the under-developed countries. For social and economic reasons, the industrial countries wished to assist the under-developed countries. During the current year, the scale of contributions to the International Monetary Fund had been increased, and the capital of the International Bank had been doubled. The fact that the Bank had been able to accumulate reserves amounting to approximately \$500 million showed how efficiently it had been managed. During the current year it had been decided in principle to establish an International Development Association, with a capital of \$1,000 million, under the auspices of the International Bank. There had already been some discussion of the possible differences between the new body and a United Nations fund for economic development such as SUNFED. Perhaps emphasis should on the contrary be placed on the many features SUNFED and the Association had in common. The Under-Secretary for Economic and Social Affairs had rightly pointed out that the promoters of the Association had drawn their inspiration from the preparatory work for SUNFED. The efforts of the United Nations in that respect had thus not been in vain; and they had also led to the establishment of the Special Fund. The Association was to grant loans on easier terms or terms less difficult to fulfil than those required by the International Bank. What was necessary now was to draw up the statute of the Association, to set it up and to find the considerable amount of capital necessary for its establishment. But it would be unrealistic to expect Governments to be able, at the present time, to finance simultaneously two new bodies with largely overlapping functions.

28. Although Belgium's contribution to existing inter-governmental bodies was large in absolute terms, it represented only a small part of what Belgium had done for the under-developed areas. In 1959, Belgium had granted the under-developed areas for which it had special responsibilities assistance amounting to 1,100 million francs, or \$22 million. An additional voluntary contribution amounting to 457.5 million francs, or \$8.7 million, had been made to the European Economic Community's Development Fund for the Overseas Countries and Territories. In 1960, that assistance would be increased by about 150 per cent. Subject to parliamentary ratification, Belgium's contribution to the Expanded Programme of Technical Assistance had been set at 15 million francs, or \$300,000, and its contribution to the Special Fund at 5 million francs or \$100,000. In 1960, Belgian aid to the under-developed areas would amount to 5,000 million Belgian francs, or \$100 million—about 550 francs or \$11 per inhabitant. That unquestionably represented a very considerable effort.

29. Belgium had other responsibilities which involved heavy financial burdens; 40 per cent of Belgian production went for export, so that Belgium was very sensitive to any decline in world demand. It had therefore undertaken very energetic action against the last recession. Apart from many other measures, mention might be made of the creation of "Credit-Export", an organ set up to facilitate the grant of short and medium-term credits up to five years. The effect of those

measures and of the economic recovery was beginning to make itself felt, and exports had recently reached a record level.

30. Belgium was at once a producer, transformer, importer and consumer of basic commodities, and was very sensitive to the problems created by price and market fluctuations in basic commodities. It joined in the international work being carried out in that field by GATT, FAO, and the Commission on International Commodity Trade, and was a party to various inter-governmental agreements on primary commodities; for it considered that the method of commodity-by-commodity agreements had so far yielded the most practical results. It was, however, ready to consider any other method which might improve the situation in that field, which was of vital importance to the under-developed countries.

31. Belgium had traditionally played an important role as an exporter of capital, techniques and capital goods. Western Europe had recently made great progress in industry, international trade, convertibility and the export of capital, and was co-operating fully with the under-developed countries. A very considerable network of institutional machinery and resources had already been established to ensure international economic co-operation and the provision of technical and financial aid. The time had come to try to make maximum use of those resources, before making the machinery more cumbersome and increasing its administrative cost.

32. As the representative of India had said, education, culture, science and technology could make great contributions to human progress. An additional new factor had appeared: the general consciousness of the need for intense, systematic and sustained action to raise living levels.

33. Mr. HANNAFORD (Australia) said that the recovery in economic activity had resolved some of the more urgent short-term problems which had confronted primary producing countries like Australia. The recovery in world trade and commodity prices had led to a marked improvement in the external position of many of the primary producing countries. Australia had taken advantage of the improvement to make a substantial relaxation in import licensing controls and had practically eliminated dollar discrimination, and hoped that other wealthier countries would also modify existing trade policies and practices which inhibited the healthy growth of world trade. The industrialized countries must maintain a proper balance between the need for their own economic growth—a matter of vital concern to the under-developed countries which were raw materials suppliers—and their desire for price stability or for avoidance of severe balance of payments difficulties.

34. The recovery in world economic activity had not, unfortunately, solved the long-term problems of the under-developed countries, the most serious of which—the imbalance in world trade—had been contributed to by the protective policies pursued by the industrialized countries. The time was ripe for a comprehensive attack on all forms of trade discrimination. The discriminatory trade practices associated in the industrialized countries with support policies for agricultural and mineral products had serious repercussions for the economic development and trading prospects of the primary producing countries. As the GATT

Panel of Experts had pointed out in its report,^{2/} even a small reduction of existing agricultural supports in the industrialized countries would make a material contribution to the external trade of the primary producing countries. The question of agricultural protectionism in the industrialized countries was admittedly difficult, but some action to improve the situation with all speed was both possible and necessary. His delegation had been happy to learn that the United States intended to adopt a more realistic approach to the agricultural support programme.

35. The trend towards regional economic integration posed somewhat similar problems. The establishment of regional associations similar to the European Economic Community and the objective of a multilateral system of freer trade and payments were not necessarily contradictory. However, there was some risk that such regional economic associations might adopt new discriminatory trade practices, particularly with regard to agricultural and mineral products, to the detriment of non-members. It was to be hoped that the European Economic Community, for example, would not lose sight of the interests of outside countries.

36. The fluctuations in the prices and volume of international trade in the primary products were extremely harmful to the under-developed countries and other countries dependent for their foreign exchange earnings on the export of a relatively small number of primary commodities. Efforts should therefore be made to moderate those fluctuations and to stabilize the raw materials markets through the conclusion of a greater number of international commodity agreements. Although they were not yet sufficient, the results which had been achieved in that sphere were encouraging. The Australian delegation believed that the commodity-by-commodity approach should be pursued, without, however, forgetting the other lines of approach suggested in the World Economic Survey, 1958 (E/3244) which could be taken up in detail by the Commission on International Commodity Trade.

37. The United Nations and the various specialized agencies were working actively to try to solve all the problems causing instability and imbalance in world trade, but much remained to be done. Australia, for its part, was pressing for the acceptance by the Contracting Parties to GATT of the view that at the tariff negotiations to be held in 1960 an attack should be made not only on tariff barriers but also on all other barriers to international trade. That would give some evidence that the industrialized countries were ready to take account of the peculiar difficulties of the primary producing countries and to redress the inhibiting effects which their policies continued to have on the development aspirations of the under-developed countries.

38. He expressed the hope that the Economic and Social Council would give due attention to the Secretary-General's suggestion contained in the introduction to his annual report (A/4132/Add.1, p.3) concerning the organization, within or under the auspices of the Council, of short special meetings at the ministerial level, as also to the complementary suggestion of the Australian Minister of Foreign Affairs, who had proposed that the Council should provide the Second Committee each year with a practical and well-defined topic of

^{2/}The Contracting Parties to the General Agreement on Tariffs and Trade, Trends in International Trade, Geneva, October 1958.

discussion chosen, perhaps, from among the subjects discussed at the short meetings suggested by the Secretary-General.

39. With regard to the financing of the economic development of the under-developed countries, Australia, which was already contributing substantially to the Expanded Programme, the International Bank, the International Finance Corporation and the Colombo Plan, and which itself had to import capital for its own economic development and that of the territories under its administration, had nevertheless supported the establishment of the International Development Association, which would probably be established before long. In those circumstances the Australian delegation felt that the creation of a United Nations economic development fund, far from increasing the total volume of resources available for multilateral assistance, might result merely in the diversion of funds from one organization to another.

40. The Australian delegation, while fully understanding the desires of the under-developed countries, was not certain that the establishment of a new functional commission on industrialization was the most effective means of promoting the industrial development of the under-developed countries. The adoption of the suggestions of the representatives of Brazil and Yugoslavia would limit the Economic and Social Council's range of choice in regard to new institutional arrangements, and the Australian delegation would prefer the General Assembly merely to inform the Council of its urgent desire for further action to promote industrialization.

41. Mr. ZENKER (Austria) observed that the recovery of economic activity, after the recession of the years 1957-1958, was in most countries continuing. Austria, although it had not suffered unduly through the recession, had nevertheless had to face a number of problems in 1958. The manufacture of machinery and chemical products had declined, and the textile industry was still in a difficult position. In addition, the customs and quota measures adopted by the countries belonging to the European Economic Community might have adverse effects on Austria's exports, which made up more than 25 per cent of the gross national product, and which had already declined by 6.2 per cent in 1958, while imports had declined by 5 per cent. In general, those losses had been covered by a further rise in the tourist trade and in the construction industry.

42. The authors of the World Economic Survey appeared to think that price stability could be achieved only by restraining the rate of growth as a means of preventing inflation. But the Austrian delegation considered that price stability was an important factor for economic growth and full employment. It would be a mistake to think that they could be achieved only by mild inflation. By means of budgetary and credit measures the Austrian Government had in recent years succeeded in maintaining both price stability and full employment at the same time. It had combated cyclical variations by increasing budget funds for public works at times of declining employment—even if that meant a budgetary deficit—and reducing them in boom periods. Of Austria's total population of 7 million, 2,300,000 were employed persons, representing an increase of 800,000 between 1937 and 1959; and during the same period the unemployment had fallen from 600,000 to 60,000. Between 1952 and 1959 wages had not risen at a higher rate than productivity, although

industry had agreed to a forty-five hour week and wage increases had been granted in certain sub-standard sectors. During the same period the price index had varied little, rises in certain prices having been offset by declines in others. In addition, agriculture had agreed to lower import restrictions on numerous food products whenever domestic prices rose above a certain level.

43. It was to be regretted that the end of the recent recession had not so far resulted in the stabilization of commodity prices so necessary to the economies of the under-developed countries, which frequently depended on the export of a single product. Those countries had, moreover, been the worst sufferers in the recession, because of the fall in the prices of commodities and the simultaneous rise in the prices of manufactured goods: all in all, they had lost an amount equivalent to six years' loans to them by the International Bank. Some measures—such as the renewal of the international wheat and sugar agreements, the conclusion of an agreement on olive oil, the periodical convening of study groups on supply and demand conditions and the endeavours made to establish a similar study group for lead and zinc—had already been taken with a view to reducing excessive fluctuations, which were dangerous for all, producer and consumer countries alike.

44. If the integrated regional markets which appeared to be impending in Europe and Latin America were to be only temporary systems for encouraging international co-operation and reducing obstacles to international trade and payments, they would fulfil a useful function; it would be deplorable, however, if they resulted in the creation of new rival economic blocs.

45. Despite an increase in the resources of the International Bank and the International Monetary Fund, and despite the establishment of the International Development Association, there was still a wide gap between present resources and the amounts which were needed to finance the development and industrialization of the under-developed countries. Gifts and loans could have a stimulating effect, but were not enough in themselves to lay the foundations of a sound economy. It was essential that the under-developed countries should be given the opportunity of trading their products in fair conditions so as to acquire the means to build up their industries. To that end, the industrialized countries ought, so far as possible, to remove obstructions to the import of products from the under-developed countries, and the latter ought to encourage private investment by creating the necessary atmosphere of confidence and removing hindrances to the withdrawal of capital and profits. Capital exporting and capital importing countries should further the international flow of capital by means of agreements to avoid double taxation. Austria had received a loan from the International Bank to increase its production of hydroelectric energy and it had placed the money at the disposal of small- and medium-sized enterprises wishing to modernize their plants, in the under-developed parts of the country. It encouraged foreign investment and the establishment of subsidiary companies in its territory. It allowed investors to withdraw their capital and profits in convertible currency and had concluded agreements to avoid double taxation with a number of countries.

46. His delegation welcomed the Secretary-General's suggestion that short special meetings at cabinet level should be held to discuss common economic problems. He felt that the Indian representative's proposal for

planning ahead on a world-wide scale, under the aegis of the United Nations, merited careful study.

The meeting rose at 12.55 p.m.