

tries which specialized in the construction of lines of communication. The list would be sent to Governments which needed them.

69. Mr. Morgan stated that Guatemala was prepared to accept foreign investments and to accord them all the necessary safeguards, naturally on condition that they were used to

develop production and did not entail any political interference.

70. The CHAIRMAN closed the list of speakers for the general debate with the Committee's consent.

The meeting rose at 5.15 p.m.

## NINETY-FIRST MEETING

*Held at Lake Success, New York, on Tuesday, 4 October 1949, at 3 p.m.*

*Chairman: Mr. H. SANTA CRUZ (Chile).*

### **Economic development of under-developed countries (A/972) (continued)**

1. Mr. JUTRAS (Canada) said that the United Nations would be doing a great deal to achieve its aims if it carried out a technical assistance programme for the economic development of under-developed countries.
2. After paying a tribute to all those in the Economic and Social Council and in the specialized agencies who had helped in the work that had been accomplished, he drew attention to the fact that economic development was nowhere complete, and that at the same time there was no country in which it was totally lacking. Therefore, as the Secretary-General had indicated, economic development was a wholly relative idea.
3. Canada was well aware of the complexity and importance of the task, for during the past few years it had applied and put into effect a vast programme of agricultural and industrial development, which had not yet been completed.
4. Canada had never hesitated to use the knowledge and experience acquired by other countries, though at the same time taking care that the rhythm of development was adapted to the intelligence, spirit of initiative, love of work and full resources of its people. Canada had received assistance from abroad and now was in a position to help others, since the experience it had gained meant that it now had scientists and technicians with a knowledge of modern methods.
5. Technical assistance was a problem that had been considered not only by the organs of the Economic and Social Council but also by such specialized agencies as the Food and Agriculture Organization (FAO), the International Labour Organisation (ILO), the World Health Organization (WHO), and the United Nations Educational, Scientific and Cultural Organization (UNESCO). Those agencies had, moreover, already taken steps in that field within the limits of their resources. The economic commissions had also discussed the topic, and they too had taken action in that direction.
6. The principle of technical assistance was therefore universally accepted, but care must be taken to ensure that the competence of the various agencies was clearly defined, in order to avoid any duplication. The Brazilian delegation was to be congratulated on having placed the question of such overlapping on the Assembly's agenda.
7. Technical assistance was not an end in itself: the work undertaken must be useful and capable

of being brought to completion; it must also be integrated in the gradual task of development throughout the world. Consequently, the purpose could be achieved only with the co-operation of all the parties concerned.

8. The Canadian representative hoped that all the Members of the United Nations would take part in that work.

9. Several delegations had already drawn attention to certain problems which should in their view be discussed immediately. The Canadian Government recognized their importance, even to the extent of thinking it would be justified to discuss some of them in committee, but it wished to emphasize that once a sound basis had been established, economic development followed naturally. The Canadian delegation therefore agreed with the French delegation that the initial task must be to draw up a well-conceived programme of technical assistance.

10. The first year during which the programme was applied would necessarily be experimental in character and the specialized agencies would have an important part to play in those experiments. The work of the delegations to the Assembly and of the representatives on the governing bodies of those agencies must therefore be well co-ordinated. Each agency should study all requests for technical assistance with the greatest care before recommending their approval, and the reports on the activities of the specialized agencies must also be studied very closely. Such care was actually in the interest of the countries requesting assistance.

11. In point of fact, in undertaking to participate in the programme of technical assistance, national legislative bodies would certainly be influenced by the programme for the first year, and they would weigh its chances of success. It should be the particular concern of the under-developed countries and the specialized agencies to see that the programme was rational and well applied.

12. As the representatives of Brazil and Sweden had emphasized at the 88th and 89th meetings respectively, the connexion between economic development and world trade was important. All the nations of the world had an interest in seeing that resources were productively employed. The industrial and economic development of the under-developed countries should improve the opportunities for full employment and raise the productivity of labour, increase the demand for consumer and capital goods and professional services, balance econ-

omies, increase the volume of trade and raise the level of real income. Canada strongly supported any action designed to increase world prosperity. It could supply the inhabitants of the under-developed countries with many of the products they needed, and they in return could contribute to the well-being of the Canadian population.

13. In conclusion, he referred to the statement made by the Canadian delegation during the second session of the General Assembly that, if all the resources of the world were rationally developed, utilized and distributed, they would be sufficient to do away with the privations and poverty from which so many parts of the world were at present suffering.

14. Mr. KATZ-SUCHY (Poland) pointed out that it was not the first time that technical assistance for under-developed countries had been discussed by organs of the United Nations. During the last few years every international conference dealing with economic subjects had devoted attention to that question. It was being increasingly realized that one of the main reasons for present-day economic difficulties was that too few countries had exploited their resources. As a result, certain States had adopted economic development as their watchword, seeking thus to interest the United States in their problems. Other States, again, laid stress on the same need in the hope of obtaining from the United Nations the assistance that would allow them to achieve their expansionist designs.

15. In this connexion any confusion between the action of the United Nations and the action of President Truman must be avoided. The first steps for the economic development of under-developed countries had been taken by the United Nations at the insistent request of the under-developed countries themselves. That action had been taken much earlier than that of the United States President, who, in "point 4" of his programme, also insisted on the necessity of granting technical assistance to under-developed countries.

16. The United States representative had, in fact, even quite recently been opposed to the idea that special rules should be laid down regarding the needs of the under-developed countries in order to protect their still young and feeble industries. The opposition had made itself felt at all the stages of the drafting of the Charter for the International Trade Organization (ITO); it was still being felt in the regional Economic Commissions, where those representatives had constantly favoured measures for developing agriculture or exploiting raw materials, and had sought to avoid any mention of industrialization.

17. The United States could not therefore claim the credit for taking the initiative in the field of technical assistance, nor could it even furnish convincing proof of its intention of really serving the interests of the countries which requested assistance.

18. What was the reason for the change in attitude apparent in President Truman's statements on technical assistance to under-developed countries?

19. The fact was that the volume of exports from the United States had dropped since 1947 and new outlets were required for United States capital blocked by the opposition of those who

were already in control of home markets and by that of the peoples who refused to be exploited any longer and were struggling for their independence.

20. Technical assistance seemed a good way of making sure that unproductive capital was invested. The changes which had taken place in the relative strength of States and the weakening of the colonial Powers, which nevertheless retained the greater part of their possessions, seemed to call for a new and more realistic distribution of powers. Hence the pressure exerted by the United States to take over markets which the colonial Powers no longer had the means to exploit. It was not by chance that article 5 of the United States Economic Co-operation Act 1948 (Marshall Plan) facilitated the investment of United States capital in the colonies of European countries.

21. What interpretation, then, should be put on the statement of the United States representative when he said at the 88th meeting that his country approved the principles adopted by the Economic and Social Council as being the principles that should govern economic development? How could one believe that United States action would be in the interest of the under-developed countries? In fact, during the debates in Congress, the United States Government had said that no assistance would be provided unless it was in the interest of the United States to do so. Such, it seemed, was the real nature of President Truman's programme. Moreover, the editorial of the *New York Times* of 3 October 1949 had said that President Truman's "point 4" had never been intended to provide gifts of money, but was a plan to secure outlets abroad for United States capital. There was nothing surprising in the fact that the United States wished to associate the United Nations with its undertaking since, by giving it an international character, the United Nations would serve to prepare the way, to survey the ground and to dispel the mistrust of countries which had had a long and painful experience of the colonial system.

22. In acting thus the United Nations, however, would hand over into the slavery of United States companies and undertakings the peoples of the world, whose standard of living would fall instead of rising.

23. The Polish representative quoted figures of the profits accruing to the United States from capital invested abroad. In 1948 the United States had received 1,263 million dollars as profit from abroad, without counting the money invested in new enterprises or not yet sent back to the United States. That figure was the highest ever reached. As the total value of United States imports was 7,697 million dollars, it followed that for every six-dollar sale in the United States, one dollar had to be paid as profit from abroad to United States firms. In western Europe the investment of United States capital in countries receiving help under the Marshall Plan had risen from 108 million dollars in 1946 to 197 million in 1948. A significant fact, and one that should be remembered, was that United States capital investment in the colonies of those same countries had increased from 30 million dollars in 1943 to 110 million in 1948. In the financial year 1947-1948 alone, United States investments in the

British, Dutch and French colonies had risen by one-third. That the United States found it necessary to set on foot an independent programme of technical assistance, in addition to that of the United Nations, showed that United States action was directed towards increasing the rhythm of investment so as rapidly to secure effective United States control of the European colonies, while keeping their populations in a state of slavery. If they had had in mind only the economic development of these areas, there would be no point in having two programmes.

24. Mr. Katz-Suchy was convinced that the majority of the Committee would agree with him that the purpose of President Truman's programme had nothing in common with the aims of the United Nations, and that the Committee would therefore refuse to participate in that programme.

25. The Charter provided that economic development should serve to promote social progress and better standards of life. Economic development was not an end in itself. In order to raise the standard of living of a population, it was not enough to increase productivity. The development of under-developed countries, as conceived in the Charter, was closely linked to economic and social reforms, the just distribution of national income, social and cultural progress, and so forth.

26. More than half the population of the world lived in economically under-developed areas. The fault certainly did not lie in an insufficiency of natural resources, since many resources were not even exploited. In other cases, despite over-exploitation, there was no improvement in the standard of living of the population. A historical study would prove conclusively that such was the case because the countries with a low standard of living had been deprived of their economic and political independence over a long period of time and because their economic structure was such that it served the interests of the exploiting countries. In that way the exploited countries were condemned to be producers of raw materials. As a result, they were particularly sensitive to any change in the economic situation of the exploiting State. Four products alone constituted approximately two-thirds of the exports from South America and the British and the Dutch colonies: oil, coffee, sugar and meat. The chief importers were the United States, the United Kingdom and the industrialized countries of Europe, which took, for example, 84 per cent of the coffee.

27. The representative of the United Kingdom had stated that his country was not interested in the profits it derived from its colonies. If his country had taken such a lot of trouble to subjugate the colonial peoples and to maintain its authority, it must have been, therefore, for completely altruistic reasons, which it would be interesting to learn about. Perhaps it was for altruistic reasons that the United Kingdom had taken 10,000 million dollars a year in profits from India.

28. By reason of their economic structure the under-developed countries were always the first to suffer from the economic crises which overtook the industrialized countries. In that respect the Committee had only to recall the consequences of the 1930 crisis.

29. Recently the peoples of the under-developed countries had become aware of the difference between their way of life and that of the developed countries, of what they could do on their own, and of the injurious effects of foreign capital investments. They were no longer willing to be exploited in order to enrich capitalists. That explained the many movements for freedom which had been seen in the Far East, the Middle East, and elsewhere.

30. The Polish delegation had constantly maintained in all discussions on the development of under-developed countries that the abolition of colonial or semi-colonial exploitation in all its forms was the essential pre-condition.

31. Technical assistance should serve to raise the standard of living and strengthen the independence of peoples, and there should be no foreign interference. Development programmes should therefore be drawn up by the peoples themselves. Furthermore, the Polish delegation was convinced that if the work of economic development were to be successfully accomplished there must be a central authority to prepare the plans and supervise their implementation, and that those plans should include short-term as well as long-term programmes.

32. It was clear that industrialization should form the basis of any such action and that in the densely peopled areas of the Far East part of the population engaged in agriculture would have to find other employment in industry.

33. Agricultural equipment must be improved, the last traces of feudalism be abolished and the development of agriculture be encouraged. Contrary to the claims of some authorities, agriculture could not be developed without developing industry, since the former was conditioned by machinery, the use of fertilizers, etc.

34. Industries established on the spot should serve to utilize the resources of the country to the full in order to provide a well-balanced economic structure. Small factories would not be enough for the purpose. Economic development of that type would obviously change the composition of foreign trade, since the countries benefiting from it would no longer be a source of raw materials obtained at low prices. Such a change would be an obvious threat to those who had already invested capital in those countries and to the holders of monopolies. They would necessarily oppose those projects; that opposition, moreover, was already apparent in a veiled form in the arguments which stressed the supposedly injurious effects of industrial development on agriculture. It was also apparent in their criticism of planned economy and in their praise of the advantages of private investment.

35. The attitude adopted by United States undertakings with regard to President Truman's programme was clearly summarized by the Committee on Business Participation in Foreign Economic Development of the United States Chamber of Commerce in a report on the best way to invest capital. That Committee thought economic development should take place with complete freedom of action for United States firms, with the creation in other countries of an atmosphere favourable to the activities of those firms, and with the encouragement of private

investments by means of combined action on the part of the United States Government and commercial undertakings which would also guarantee those investments against risk. It recommended that the United States Government negotiate long-term contracts for the purchase of the raw materials essential to national defence, for the removal of taxes, for milder laws against trusts, for Government loans for projects carried out by private enterprise and, lastly, for technical missions. The National Association of Manufacturers put the matter still more frankly: it pointed out that United States capitalists needed Governments which were well disposed towards them. Such an investment policy had been pursued for fifty years in South America under the influence of the more technically advanced United States. Yet what results had it achieved? South America as a whole had not produced a million tons of steel a year so far. Saudi Arabia was in a similar position and had no industries whatsoever with the exception of the oil industry.

36. At the ninth session of the Economic and Social Council, at the 342nd meeting, his delegation had made proposals the object of which was to suggest that technical assistance should serve constructive purposes by strengthening the national economy and developing the industries of the beneficiary countries. Although all the Polish amendments had not been adopted, his delegation felt that resolutions 222 (IX), which had been adopted by the Economic and Social Council, would have some real results and be a step forward. The majority of the Council had, however, done everything possible to make the positive parts subject to many conditions and to place the application thereof under the supervision of an organ of a highly complicated structure. Regional commissions had not been given any power, the Council's Technical Assistance Committee (TAC) had been deprived of all control over the Technical Assistance Board (TAB), which would be independent, even though it was to operate as a United Nations agency and was financed by the United Nations. While the resolution sought to strengthen the economy of the country concerned, it left too much room for private capital and its baneful influence.

37. The fact that some Member States were ready to accept foreign investments, whatever the price, did not absolve the United Nations from the duty to see to it that the technical assistance programme was applied in conformity with the principles of the Charter and in the interests of the beneficiaries.

38. The Sub-Commission on Economic Development had supported his delegation's views when it had said that industrial development was a decisive factor in a country's economic development and that heavy industries had to be set up. It had stressed the advantages of national financing. As regards foreign financing, the Sub-Commission had felt that investments should contribute to the development of a State by helping it to attain independence, should help in the development of natural resources and should be subject to conditions which would prevent any harmful effect on the national interests and on the sovereignty of the under-developed countries.

39. In view of those facts, it was not surprising that the United States had done so much to abolish that Sub-Commission.

40. Technical assistance should be rendered only on request, should not be subject to any political condition and should make for social progress by guaranteeing, especially to the worker, social security, the right of association and a decent standard of living.

41. As the superior organ of the United Nations, the Assembly had special responsibilities. It was for the Assembly to study what could be done through the help of existing organs, for, in truth, the International Bank for Reconstruction and Development had not performed its duties and had become a political instrument of the United States. The Bank had paid no attention to the problems of reconstruction or of development, though not for lack of plans, as was sometimes claimed, for organs such as the Economic Commission for Europe had studied plans and transmitted them to the Bank, but those plans had remained unimplemented. In view of that attitude, the United Nations might be led to contemplate the creation of a new body to finance reconstruction and development schemes.

42. Such were the views of the Polish delegation, which made no distinction between technical assistance and the problems of financing, as those two questions could not be separated. It hoped that the Committee would study the problem with all the attention it deserved and would apply itself to the task of solving the fundamental questions without allowing itself to be sidetracked.

43. Mr. CUADERNO (Philippines) emphasized the fact that the economic development of the under-developed countries, which was to enable the people to attain a higher plane of welfare, could not be achieved without difficulties. The low level of education, poor health conditions, political instability, the extremely unequal distribution of wealth, and the low rate of capital formation constituted so many obstacles to economic development. If, nevertheless, full employment was to be attained and a lasting peace established, such development had to be started as soon as possible. It was fortunate, in that connexion, that universal recognition was given to the fact that an international programme of technical assistance could effectively accelerate the efforts of each country in that field.

44. Mr. Cuaderno explained his delegation's attitude to the principal questions taken up in the report of the Economic and Social Council (A/972). In particular, he approved the principle that the expanded programme of technical assistance should be financed by voluntary contributions paid into a special fund, and the principle that no under-developed country should be deprived of the assistance it needed because it could not afford it. It was right to say that the assistance provided should not possibly constitute a pretext for foreign economic and political interference in the internal affairs of the recipient country, but he also wished to point out the need for a programme of balanced economic development, so that more importance would not be given to agriculture than to industry. Although in certain cases programmes of development

were bound to be essentially agricultural in order to utilize the resources of the country concerned, programmes providing for an equal share for industry might make it possible to achieve a rapid rise in productivity. In any event, the development of agriculture should not be permitted to hinder that of industry wherever the available resources made vigorous industrial growth possible. His delegation would favour any amendment to the resolutions which emphasized the necessity of providing, simultaneously, for those two fundamental aspects of economic development.

45. The Philippine delegation realized that it was difficult to determine, at that time, the sum which should be automatically distributed among the participating agencies and to set up the percentages that should be assigned to each. Although some experience might have been gained from the operation of the limited programmes which had already been carried out, that experience was perhaps not adequate to serve as a basis for determining the allocations. It had been provided that reserve contributions should be allocated by the TAB, as it saw fit. His delegation approved of that arrangement, for the TAB, being composed of international officials who were pledged to perform their duties with the greatest possible objectivity, constituted the best assurance that the management of the funds and the administration of the programme would be consistent with the best interests of the peoples who were supposed to be the main beneficiaries of the programme. His delegation would, however, be happy to see qualified representatives of the Economic Commission for Asia and the Far East, the Economic Commission for Latin America, the Economic Commission for the Middle East, and the Economic Commission for Europe called upon to participate in the work of the body chosen to administer the programme.

46. He regretted that the Economic and Social Council had not been able to study the problem of financing economic development. For many under-developed countries whose plans for development had reached an advanced stage the methods of financing economic development were perhaps even more important than the programmes of technical assistance.

47. The Government of the Philippines hoped that any future arrangements for foreign financing would be co-ordinated with the programme of technical assistance under discussion. In that way the recipient would be able to obtain the necessary financial aid with a saving in time and in effort. In order to determine whether plans for which financing was sought deserved support, account should be taken of technical studies undertaken by experts made available by United Nations agencies.

48. Mr. PATIJN (Netherlands) congratulated the Economic and Social Council on the manner in which it had planned the programme of technical assistance. His Government was prepared to accept the provisional charter of the programme as represented by the Council's resolutions 222 (IX) and relevant annexes, on which it would base its collaboration. Before adopting the programme and passing on from the theoretical to the practical stage, it should be asked what could be expected of technical assistance, and the pro-

gramme's possibilities and limitations should be defined.

49. The development of under-developed countries was only one of the international efforts required to re-establish world stability. Maintenance of full employment, development of world trade by lowering of trade barriers, and the return of monetary convertibility were just as important economic problems.

50. Contributions to economic development could emanate from various sources and could take various forms, such as efforts by the populations themselves, programmes introduced by Administering Authorities and international investment of private capital. The programme under consideration, which was restricted to technical assistance, therefore visualized only one particular aspect of economic development. He was not trying by his remarks to minimize the work which had been undertaken. On the contrary, he was convinced that an important part could be played in economic development by research and technical assistance, particularly in attracting private investment. Nevertheless, it should be realized that technical assistance alone would not suffice to restore the world economic situation and that the United Nations would not accomplish the economic and social task incumbent on it by merely developing technical assistance. The United Nations had other duties, such as to co-ordinate the work done in various fields of world economy.

51. Economic development would be impossible unless work on the technical plane was supported by capital investment. Some countries which were in need of foreign capital did not seem to realize that an atmosphere of distrust would never be conducive to capital investment, whether in the form of private investment, public credit or loans from international bodies. Unless certain conditions were carried out, unless investors were assured some protection against possible expropriation, unless guarantees were given in regard to the transfer of profits, no investments would be made and no economic development would take place. The interests both of the recipient countries and of the countries providing the capital should therefore be protected.

52. The Council had considered the problem of technical assistance in a concrete and not over-optimistic manner. For example, resolution 222 A (IX) annex I dealing with the selection of projects, declared that "requests may also be approved for technical assistance to Governments desiring to undertake the specific social improvements that are necessary to permit effective economic development and to mitigate the social problems . . ." That proved that the authors of the resolutions were fully aware of the difficulties connected with the economic development. The Economic and Social Council should be congratulated on having realized, from the outset, the importance of that aspect of economic development.

53. His delegation agreed with the United States delegation that the Assembly should not attempt to make any essential changes in the work accomplished by the Council. He nevertheless wished to make some remarks which would not affect the programme as such.

54. The Council resolution 222 A (IX), paragraph 6, sub-paragraph (a) said that the TAC had, as terms of reference, "to make for the Council critical examinations of activities undertaken and results achieved under the expanded programme of technical assistance". The result of that critical examination should be communicated not only to the Council but also to the General Assembly, so that countries not represented on the Council could be informed.

55. Mr. Patijn then expressed doubts regarding the merits of the provisions contained in paragraph 9, sub-paragraph (a), of the same resolution, in which it was stated that contributions would be made without limitation as to use by a specific agency or in a specific country or for a specific project. That principle was acceptable as a general rule but it would perhaps be prudent not to exclude contributions paid in advance for a specific project because experience had shown that in such cases funds were more easily forthcoming.

56. The French and Belgian representatives at the 89th and 90th meetings respectively, had stressed the need for a series of detailed projects to be submitted to the various parliaments for consideration before they voted their contributions. In the absence of such projects the current undertaking would be doomed to failure as the Economic and Social Council and the Governments concerned would soon lose all interest.

57. Action should be taken in co-operation with existing regional organizations, and all useless centralization should be avoided.

58. Speaking on his Government's behalf, Mr. Patijn said that the Netherlands was prepared to participate fully in the technical assistance programme, and to receive and train students in its universities and technical institutions. The Secretariat had already received a report entitled *Possibilities for Technical Assistance to Underdeveloped Countries in and through the Netherlands*; Mr. Patijn would also receive shortly a list of names of several hundred Netherlands experts prepared to co-operate in technical assistance.

59. His Government would, moreover, assume part of the cost of any programmes adopted.

60. Mr. SMOLYAR (Byelorussian Soviet Socialist Republic) recalled that his delegation had stated on several occasions, at previous meetings of the Economic and Social Council, the Economic and Employment Commission and the General Assembly, that it was in favour of the widest possible economic assistance to underdeveloped countries. That assistance should, however, be directed towards the development of the domestic resources of those countries, in other words towards expanding industrial and agricultural production and raising the standard of living. Such a development would tend to strengthen the economic and political independence of those countries. The General Assembly and the Economic and Social Council must lay down the basic principles of technical assistance in order that those aims might be achieved.

61. He was happy to note that some of those principles, advocated by his delegation, had been incorporated in Economic and Social Council

resolutions 222 (IX). That, however, was only a beginning. In order that the work of the Council in that field might be effective, it would be advisable to analyse the real reasons for the obstacles which hindered the economic development of under-developed countries and to draft the requisite recommendations to overcome those obstacles.

62. The Brazilian representative had pointed out, in his statement (88th meeting), that economic inequality among various countries arose from fortuitous historical conditions. That conclusion seemed to be wrong. It had been proved that the political and economic subjection suffered by Non-Self-Governing or Trust Territories was the main cause of their economic backwardness and of the low standard of living of their peoples.

63. He considered that the growth of monopolies in capitalist countries, especially in the United States, was the main obstacle to the development of industry and agriculture in under-developed countries. He referred, in that connexion, to the preliminary draft of the Economic Survey of Latin America,<sup>1</sup> which showed that since the middle of the previous century the economy of Latin America had been dependent upon external factors, particularly foreign trade and investment. The latter had reached a very considerable sum: 3,425 million dollars in the case of the United States and 2,530 million dollars in the case of the United Kingdom in 1943. Despite the amount of such investments, Latin America's share in world production for 1937 had been only 2.3 per cent, hardly more than that of Canada, which had only a tenth of its population. In spite of the stimulus of war, the industry of that region had subsequently developed less rapidly than that of the United States and of Canada. The report brought out the fact that, in the countries of Latin America, industrial activity concentrated on the transformation of agricultural produce and on manufacturing textiles, whereas engineering and metallurgy played only a minor part. Steel production was negligible; hence, in 1946, Brazil, which possessed vast deposits of iron ore, had produced only 387,000 tons of steel.

64. The report stated that foreign capital invested in Latin America was devoted entirely to the extraction industries, of which foreign companies owned two-thirds. United States and British companies, which bought raw materials from those countries cheaply, were opposed to the building of local factories for the processing of those raw materials. Since the raw materials market was controlled by Anglo-American cartels, it was easy for those cartels to hinder the setting up of local factories for processing the materials. Chile, for instance, which exported its iron ore cheaply, had to pay excessive prices for United States steel. The relation of export prices to import prices had been unfavourable to Latin America since 1870.

65. The trade policy of the United States in relation to Latin America had been particularly damaging to the economy of that region. In practice, the dollar resources accumulated during the war had been absorbed by United States

<sup>1</sup> See document E/CN.12/82.

exporters, who had sharply increased their shipments since 1947. In 1947 the foreign trade balance of the Latin-American countries had shown an export surplus of 1,467 million dollars with Western Europe and an import surplus of 1,520 million dollars with the United States. If the control of foreign currencies had been carried out in normal conditions, the Latin-American countries could have made up their deficit with the United States from their surplus with Western Europe. Since, however, the United States would accept payment in only dollars, Latin America had been compelled to draw on its gold reserves and hard currencies to make up its import surplus.

66. The very low level of industrial development in Latin America explained the equally low level, *per capita*, of national income, which, in 1940, had amounted to only thirty or forty dollars per annum in most countries of that region. The report also showed that in Chile the *per capita* increase in national income amounted only to 0.24 per cent *per annum*. Hence, in some of the countries under consideration, *per capita* consumption showed hardly any increase or was even on the decline.

67. The capitalist monopolies of the United States were also occupying key positions in the economy of other under-developed countries, particularly in the Middle and Near East and in Africa. Their profits amounted to thousands of millions of dollars.

68. Those facts were in flagrant contradiction to the statements made by representatives of the United States regarding the beneficent role of United States investment. By denying the importance of industrialization as a principal factor in economic development and asking for the abolition of obstacles to the influx of foreign capital, the United States was endeavouring to subject the economy of under-developed countries to capitalist monopolies.

69. The delegation of the Byelorussian SSR therefore considered that the assistance afforded by the United Nations to under-developed countries should be primarily directed towards developing industry, particularly heavy industry, consideration being given, of course, to the special conditions prevailing in individual countries. The United Nations should take all necessary steps to protect the young and growing industries of under-developed countries from capitalist monopolies.

70. The representative of the United Kingdom had said (89th meeting) that he was proud of the legislative measures taken by his country to implement plans for the economic development of all its colonies or Trust Territories. If, however, the policy of the United Kingdom in Africa were examined, it was very doubtful whether the Native populations, of those regions would experience the same sense of pride.

71. The economy of the British colonies in Africa had been developed solely in the interest of the mother country, in order to provide it with markets, sources of raw materials, cheap labour and openings for capital investment. According to Lord Hailey's *An African Survey*, published in London in 1945, raw materials constituted almost the entire exports from British colonies (thus groundnuts accounted for 98 per cent of

the exports from Gambia). Only the extraction industries had been developed and promoted by British monopolies. The general trend of British colonial policy towards developing a monocultural economy in the colonies which increased their dependence on the mother country had been further accentuated by the current Labour Government.

72. An article by C. Hartley Gratton in the United States periodical *Harper's Magazine* of December 1948, entitled "Africa in the Service of Europe", revealed fresh plans for enslaving the Native populations of Africa and utilizing their economic resources for the needs of the mother country.

73. The Chancellor of the Exchequer, Sir Stafford Cripps, had stated in London at a meeting of the Governors of the African colonies that, in view of the seriousness of the situation in the sterling area and western Europe, it was essential to intensify the development of the African colonies in order that the former regions might retain their economic independence. It was especially necessary to increase production which would make it possible either to save or to obtain dollars.

74. Towards the end of 1947, the British Parliament had passed a law on the development of overseas resources, providing for the establishment of a colonial development company and an overseas food resources company.

75. One of the main projects planned for the African colonies deal with the establishment of vast groundnut plantations. Areas of three million acres in East Africa and of five million acres in West Africa were to be devoted to those plantations.

76. Those plans for economic development resulted in driving the Native population from its best land into "special reservations" consisting of unfertile land, where the Natives were exposed to famine and doomed to perish.

77. According to the data published in Lord Hailey's *An African Survey* and in the *Negro Yearbook 1947*, approximately 40 per cent of the entire area of the Territory of South West Africa, selected from the most fertile land, had been taken from the Native population and placed at the disposal of the white population, which comprised only 13 per cent of the total population.

78. In Tanganyika, where there were only 9,000 Europeans, the large-scale planters had received 2,400 acres of fertile land. In Kenya, the British colonists had driven the indigenous population from the part of the country that was climatically most favourable and had expropriated 9,800,000 acres.

79. That policy of expropriating Native land was a method of obtaining cheap labour. The same purpose was achieved by imposing excessive head taxes, which often exceeded the total income of the populations, according to the information contained in the book *Colour, Race and Empire* by A. G. Russell, published in London in 1944.

80. At the fourth session of the Trusteeship Council when the special representative of the United Kingdom had been asked questions concerning the Trust Territory of the Cameroons

under British administration, it had been learned that British monopolies laid down the law there and had therefore been able to make fabulous profits. Thus, according to the statements of the special representative, the cost price of cocoa in the Cameroons and other territories in 1947 had been 62 pounds sterling per ton, whereas the world price of cocoa stood at 225 pounds sterling; taking the cost of transport into account, the British companies' profit per ton had been 140 pounds sterling.

81. It was obvious from those examples that the policy of the United States, like that of the British Labour Government, was directed towards subordinating the economy of under-developed countries to the interests of the metropolitan States, under the pretext of meeting the needs of the world market.

82. The General Assembly and the Economic and Social Council should prepare measures for promoting the development of a national industry and a varied agriculture in under-developed countries, which would be likely to strengthen their economic independence and raise the standard of living and civilization of the population.

83. Mr. CORREA (Ecuador) stated that his delegation had devoted its entire attention to the work of the Economic and Social Council summarized in chapter II A of the Council's report (A/972).

84. The discussions in the Council and in the Committee had been dominated by the general feeling that, on the one hand, technical assistance on an international plane was essential to the economic development of under-developed countries and, on the other hand, that that development was at the moment an absolute and immediate necessity, and that it was therefore a matter of general interest to all countries, whatever the extent of their economic development might be. The purpose of that development was not to give special advantages to any specific countries or groups of countries. Its aim was to facilitate the co-existence of the various nations by avoiding the dangers that might result from too great an inequality of conditions. Of course, economic inequality among nations was not a new phenomenon. Nevertheless, the economic development of certain countries, achieved by means of technical progress, had increased the interdependence of the various nations and had shown that stable international relations could not exist unless the possibility of economic development was offered to all countries.

85. That general feeling, expressed by President Truman in "point 4" of his inaugural speech, was the inspiration of the United Nations and the specialized agencies in their plans for action, as the time had come to turn from words to deeds. There was reason to rejoice that the General Assembly at its current session had begun to follow the path towards the implementation of the principles and purposes of the Charter.

86. Resolutions 222 (IX) of the Economic and Social Council transmitted to the General Assembly the report prepared by the Secretary-General, in consultation with the specialized agencies, entitled *Technical Assistance for Economic Development*, on an expanded programme of technical assistance for economic development.

That report was not, properly speaking, a programme, but a recapitulation of projects submitted by the technical departments of the United Nations and the specialized agencies. That was a necessary stage, which would be followed by the co-ordination and integration of the various projects.

87. He was especially pleased with the extremely clear definition of the intrinsic concept of economic development and of the factors that had to be considered in that connexion; it seemed to be a good omen for the future implementation of the programme. The Economic and Social Council had shown a realistic attitude by confining itself temporarily to submitting a provisional report defining the administrative structure and the general principles of the programme. It would have been premature to attempt to submit a definitive programme.

88. The distribution of functions between the TAB and the TAC seemed judicious. It was to be hoped that a spirit of co-operation would prevail in the TAB, since the consequences of differences of opinion or lack of co-ordination might be serious. For that reason, the provisions of resolution 222 A (IX), paragraph 3, subparagraph (h), which referred issues in dispute to the TAC, seemed to constitute a valuable safeguard.

89. The guiding principles of the assistance programme which appeared in resolution 222 A (IX), annex I, reiterated the fundamental concepts of the technical assistance programmes that were already being carried out. The main purpose of technical assistance seemed to be defined admirably.

90. He wished to draw the Committee's attention to a point that he considered to be important in that connexion, namely, the need to bear in mind social questions which directly concerned economic development. As the President of the Economic and Social Council had said at the ninth session, economic development should not be dissociated from the human factor, which was the main objective of any economic programme.

91. The representative of Ecuador then quoted a passage from the speech by the President of his country on 18 September 1949, at the opening of the Latin American regional meeting of FAO.

92. The President of Ecuador had emphasized that it was not possible to consider problems of production only in terms of cost prices and sales prices; production had a social function. The principal purpose of increasing agricultural production was to improve the condition of farmers. Consequently, it was not sufficient to study the economic conditions of production; it was also necessary to study the living and working conditions of the producers.

93. The criteria for the choice of projects could be defined only very generally. It seemed, however, that priority should be granted to projects for increasing production. The Director-General of FAO had stated in the last publication of that organization that, in 1948-1949, food production had surpassed that of the pre-war period by almost 4 per cent. Taking into account the increase of population, which amounted to approximately 200 millions, food production *per capita* had decreased by 8 per cent.



94. The Economic and Social Council was right to emphasize in its report the importance of the Governments of the countries concerned taking action. It was obvious that technical assistance alone could not transform the economic conditions of the countries. The largest contribution to economic development would have to be made by the countries themselves. The TAB must be guided in its choice largely by the ability of Governments to co-operate and to implement the recommendations made to them.

95. Effective co-operation was necessary for the success of the programme in order to eliminate duplication of work, obtain a better yield and avoid inconsistencies such as might arise between the development of agricultural production and of industrial production. The economic studies of the regional commissions, of the research services of the Secretariat and of the specialized agencies might be very useful in that connexion.

96. Similarly, there should be co-ordination among the various technical means which might be used to attain a given objective. For that purpose, the Chairman of TAB should help the Governments in the preparation of applications for assistance.

97. His country had been the first to take advantage of General Assembly resolution 200 (III) and to receive a group of experts. The co-operation of the officials of the Secretariat's Department of Economic Affairs had been very valuable, especially in the preparation of the experts' terms of reference. The group of experts was working in close co-operation with the Government services and it was hoped that their recommendations would lead to a re-organization of the public accounting system and to a first census of the population in 1950.

98. Hence his delegation quite naturally fully supported the draft resolutions of the Economic and Social Council on continuation of technical assistance for technical development, in pursuance of resolution 200 (III). If that programme was to work properly, it had first to be assured of continuity before the broader programme went into operation.

99. The Economic and Social Council had postponed, in resolution 222 D (IX), the study of financing to one of its forthcoming sessions; a solution to that question was as indispensable for economic development as the adoption of technical assistance. The Secretary-General's report<sup>1</sup> contained some useful information on that subject which should be studied by the Governments. When the Council came to consider that question, it would have to take into account the fact that, though national savings could and should, of course, be a source of capital, the main impetus for the development of under-developed countries could as yet come only from abroad.

100. Close co-operation between the technical assistance agencies and the Bank was essential. His delegation commended the Council's initiative with a view to establishing an international clearing house of information whereby the capitalists and users of capital in the under-developed countries might be put in touch with one another.

101. He reserved the right to return later to other items of the programme and in conclusion expressed the hope that the technical assistance conference planned by the Council would meet soon and that its work would be crowned with success.

102. Mr. CHAUDHURY (Pakistan) congratulated the Secretariat and the specialized agencies on the important work they had done and on the efforts they had made to find a solution to present difficulties.

103. Each country should adapt its economy to its resources and industry, but each country could hope that the United Nations would lighten its task. The decision of the United Nations to take a direct interest in the development of under-developed countries marked the opening of a new chapter in the history of human co-operation.

104. All nations, including the wealthier ones, realized that there could not be full economic development so long as the greater part of humanity remained in poverty and misery. Hence the contemplated programme of aid would serve the interests of all peoples.

105. Modern technical development which had brought some countries so great a measure of prosperity, had at the same time created a constant need for fresh advance in those countries. It was precisely those countries which, at the cost of some sacrifices, could help the under-developed countries.

106. The primary problem facing under-developed countries was the lack of technical knowledge needed for drawing up and carrying out their development programmes. It was highly important that the Committee should realize the magnitude of that problem, which could be solved only with the help of skilled experts.

107. The fellowships for technical studies should be allocated among those countries where there was a shortage of technical experts. Each country should be left to choose the candidates with the necessary qualifications. Also, persons capable of training on the spot the greatest possible number of technical experts should be sent to under-developed countries. There again, the wishes of the countries concerned should be taken into account.

108. When the technical parts of the question had been settled, the countries concerned should proceed to put into operation programmes for which they would draw essentially upon their own resources.

109. His own country, which had become self-governing only two years before, was tremendously handicapped by the lack of technical aid and equipment. If that state of affairs persisted, it would be impossible to obtain satisfactory results, even if the credits necessary to finance programmes were available.

110. In a great many countries financial difficulties seriously hampered the execution of economic programmes. If the United Nations could help to overcome those difficulties, it would contribute greatly to the success of the enterprise.

111. His delegation recognized the difficulty presented by the investing of foreign capital. The principle laid down in the Council's report that

<sup>1</sup> See document E/1333.

such investments should not serve as a pretext for political interference of any kind was extremely important, above all from the point of view of the small countries. His Government had already stated that it would be favourably disposed to the investing of foreign capital, provided such investments were not the signal for exploitation.

112. He suggested that, in drawing up an order of priority for applications submitted by under-developed countries, account should be taken of the needs of countries whose industry was not yet developed and whose economy was essentially agricultural; no political consideration should sway the decisions.

113. The United Nations would sometimes be called upon to help a weak country to defend itself against certain foreign interference in its economic affairs. Moreover, not infrequently nations would have to enter into partnership in order to improve conditions in certain regions.

That would happen, for example, if it were desired to use rivers for irrigation or for the production of hydro-electric power. In such cases, the necessary regulations should be drawn up by a United Nations agency.

114. He concluded by saying that the people of Pakistan wholeheartedly approved the programme of technical aid and would, to the best of its ability, contribute to its success.

115. The CHAIRMAN proposed that representatives wishing to submit further draft resolutions relating to sub-paragraphs (a), (b) and (c) of item 1 of the agenda should communicate them to the secretary of the Committee before 6 p.m. on Friday 7 October; that would not, of course, apply to the amendments to the draft resolutions recommended by the Economic and Social Council.

*The proposal was adopted.*

The meeting rose at 5.50 p.m.

## NINETY-SECOND MEETING

*Held at Lake Success, New York, on Thursday, 6 October 1949, at 3 p.m.*

*Chairman: Mr. H. SANTA CRUZ (Chile).*

### **Economic development of under-developed countries (A/972) (continued)**

1. Mr. SCHNAKE VERGARA (Chile) expressed his satisfaction at the progress achieved by the United Nations with regard to economic development, and paid a tribute to the good will and understanding shown by the preceding speakers in the discussion on the recommendations of the Economic and Social Council (resolutions 222 (IX) ) and, in particular, on the expanded programme of technical assistance (resolution 222 A (IX) ).

2. Two years before, several delegations from under-developed countries, including those of Lebanon, Burma, India, Egypt, Peru, Cuba and Chile, had drawn the attention of the United Nations to the need to set up consultative agencies or regional commissions which would be responsible for providing social and technical assistance for the purpose of promoting progress in the under-developed areas of the world. At that time, optimism had been needed to overcome the pessimism, indifference and lack of understanding displayed in many quarters. Nevertheless, Chile had never been doubtful of the success of the undertaking. The aim was not to promote the selfish interest of any particular country; it corresponded to the set desire of millions of human beings aspiring to a better life, and it was in keeping with the rights of small nations—which constituted the majority of peoples—to participate fully both politically and economically in a truly democratic international community; in a word, it was in conformity with the spirit of the Charter. The aim was to create the well-being and economic stability necessary for the maintenance of international peace and security.

3. Since then, the situation had completely changed and the creation by peaceful means of a prosperous world economy no longer seemed

utopian. If the United Nations, with the co-operation of its Member States, implemented the programme of technical assistance, it would have taken the first step towards a major achievement in international co-operation. In that respect, the favourable reception accorded to the expanded programme of technical assistance was very encouraging.

4. The debate on the question was based on resolutions 198 (III) and 200 (III) of the General Assembly. Resolution 200 (III) had established technical assistance as a permanent activity of the United Nations. At its eighth session, the Economic and Social Council, faced with the vast possibilities for carrying out economic development plans opened up by the initiative of the United States, had adopted resolution 180 (VIII) requesting the Secretary-General, in consultation with the specialized agencies, to study expanded programmes of technical assistance together with methods of financing and implementing them. The importance of those resolutions had been increased still further by the statements by President Truman, who had announced to the world that his country was resolved to co-operate in a joint enterprise of technical assistance, and to study means of financing the development of under-developed countries more effectively. Those measures would be the beginning of action wider in scope and directed towards the development of those countries. The decision taken by the United States had raised great hopes. The United Nations could hardly contribute more to the world than its Member States were prepared to give. It was therefore the duty of Members of the United Nations to co-operate energetically in building a world economy based on the general interest so that those hopes might be transformed into reality.

5. Naturally, the task was difficult and complex. Moreover, economic development was not the only factor. There was also the problem of the