

63. Mr. BAKR (Iraq) thought that the economic development of the under-developed areas was one of the most important problems facing the United Nations. By bringing that work to a successful issue, the United Nations would succeed in increasing production throughout the world, in greatly improving the exploitation of the resources currently available and in extending the field of economic activity. By increasing the productivity of millions of human beings, it would raise their living standards in the economic and social field and would aid in reducing social unrest. It would thus contribute to solidarity amongst both individuals and nations.

64. Iraq was regarded as an under-developed country, but in view of the excellence of its soil and its natural resources it offered enormous possibilities of development. It was also at the crossroads of the main lines of world communications. All that it needed for development was technical assistance and a contribution of capital. It would therefore collaborate wholeheartedly in any plan for technical and scientific assistance.

65. The representative of the United States had in his last statement (88th meeting) referred to two extremely important principles: impartiality, and the need for under-developed countries themselves to contribute to their own economic development. Any other method of approaching the problem would be prejudicial to international collaboration. If the countries offering technical assistance sought to obtain political advantages in return for it, they would destroy the whole purpose of such assistance. No attempt should be made to impose economic co-operation on States which did not desire it; such a desire for co-operation should be allowed to develop spontaneously. Only thus would the economic independence of individuals and States, strengthened by international co-operation in the technical and economic fields, contribute to the maintenance of world peace.

66. Mr. HALIQ (Saudi Arabia) wished to make a few remarks on the financing of economic development and, in particular, on private investment.

67. The majority of under-developed countries—in Asia, Africa, and Latin America—had welcomed the programme of technical assistance launched by the United Nations and point 4 in President Truman's address. The fact remained, however, that they were still uneasy about the possible political consequences of foreign investment and its effects upon the structure of their domestic economy.

68. With regard to the first point, the experience of Saudi Arabia showed that a State which jealously guarded its independence would have no difficulty in reducing to a minimum the political effects of foreign private investment. It was, however, clear that if the contemplated programme explicitly or implicitly served a political purpose, if it sought to strengthen some countries at the expense of others, if it were intended to consolidate the position of the colonial Powers in Africa, Asia or elsewhere, it would produce no constructive results and would in no way contribute to ensuring the economic stability of the world.

69. If that programme, therefore, were to fulfil the aims set forth in the Charter, it must contain certain definite safeguards.

70. With regard to the possible economic consequences of foreign investment, Mr. Haliq believed that world stability could not be ensured by transforming the under-developed countries into mere outlets for goods manufactured elsewhere, or, in other words, by merely developing their agriculture. Agriculture and industry were closely linked and influenced each other. Thus, in Saudi Arabia the development of the oil industry had been a factor, for instance, in augmenting the national income, rehabilitating agriculture and developing transport.

71. Mr. MORGAN (Guatemala) reserved his right to speak on Monday, 3 October.

72. The CHAIRMAN announced that the list of speakers would be closed at the end of the meeting on Monday.

The meeting rose at 1 p.m.

NINETIETH MEETING

Held at Lake Success, New York, on Monday, 3 October 1949, at 3 p.m.

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

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

1. The CHAIRMAN announced, with the approval of the members of the Committee, that the list of speakers would be closed at the end of the meeting.

2. Baron VAN DER STRAETEN-WAILLET (Belgium) paid tribute to the Chairman of the Committee, to the Secretariat, to the specialized agencies and to the members of the Economic and Social Council, whose combined efforts had resulted in the resolutions which the Committee was examining.

3. Belgium had participated in those efforts. It had not always seen its ideas accepted, but had

agreed nevertheless to the compromise which the resolutions (222 (IX)) of the Council represented. However, if amendments were made to those resolutions the Belgian delegation might also see fit to suggest new modifications.

4. He stressed the difficulty of the problem of technical assistance for the economic development of under-developed countries. He pointed out, in that connexion, that the division of the world into developed and under-developed countries was an erroneous idea. In reality, all countries were under-developed, the real difference being only one of degree. Each country had therefore to think first of its own economic development and to attempt to raise the living standard of its population. Describing the attitude adopted by the Belgian Government in that field, he stressed the fact that the recent recovery of

Belgium, rapid as it had been, was nevertheless the result of strenuous efforts, and that Belgium still enjoyed only relative prosperity. Monetary stability existed only at the price of an extremely severe fiscal and budgetary policy, which entailed heavy sacrifices. Reconstruction was far from complete and the equipping of industry, which had been interrupted for four years, required enormous capital.

5. Belgium had already rendered technical and financial assistance to under-developed countries. Its investments in the USSR, Central Europe, the Middle East, China and other countries amounted to millions of dollars. More recently, Belgium had contributed to European economic recovery by granting fairly high loans to several countries. Nevertheless, its efforts had not always been rewarded; confiscations without compensation, nationalizations, transfers in legal or judicial guise had severely affected Belgian savers.

6. Belgium, however, was more convinced than ever of the need for continuing the effort which had been begun. Even more than the large nations, a small, very densely populated country needed to export its products, its capital and its technical knowledge, if it wished to develop. Experience had shown that the effort at expansion must be organized and protected, as much as possible, by international action. That was why the Belgian Government had supported the initiative of the Economic and Social Council and urged Committee members to support it in their turn.

7. Baron van der Straeten-Waillet praised the report (A/972) of the Economic and Social Council, which established a clear distinction between the different aspects of the problem of economic development: current technical assistance, expansion of the programme of technical assistance and methods of financing. He regretted, however, that the report had not stressed the close connexion between technical assistance in the economic field and technical assistance in the social field, provided in implementation of General Assembly resolution 58 (I); he thought, however, that in practice the need for such co-ordination was recognized. It should be emphasized that economic assistance aimed at increasing production lost its meaning if it was not related to social assistance aimed at improving consumption.

8. He pointed out that, when expansion of the programme of technical assistance was spoken of, there was in fact no definite programme; it was rather a case of showing what possibilities there were, which was an essentially different matter. So long as there was no list of carefully considered projects, it would be difficult to have credits voted as large as those proposed. That was not a reproach; the Economic and Social Council had been unable to present a list of preconceived projects before formulating the general principles which must govern the implementation of the programme. Those guiding principles were contained in resolution 222 (IX) A, annex 1. His delegation strongly supported some of those principles, in particular the one according to which technical assistance would be rendered only in agreement with the Governments concerned and at their request, and would not be a means of foreign economic or financial interference in internal affairs.

9. He added that it would be possible, the first year, to vote provisional credits, even before the programmes were adopted, so as not to delay the implementation of the expanded programme.

10. The United Nations was at the moment making an experiment; that was the reason for the suggestion that an appeal should be made for voluntary contributions which would be paid into a special, extra-budgetary account. The success of the experiment would depend to a great extent on the reception accorded by Member States to that appeal. If the great majority, indeed all Member States, including the recipients, agreed to pay a voluntary contribution, the usefulness of the work done would be strikingly proved, the success of the programme would be ensured and the objective set forth in Articles 55 and 56 of the Charter would be achieved. Then there would no longer be any reason to distinguish between the ordinary programme of technical assistance and the expanded programme and there would be nothing to prevent the contribution to be paid by each Member being authoritatively fixed.

11. Turning to the question of methods of financing economic development, he emphasized that the Committee was not called upon to take any decision on that matter, since it did not appear as an item on the agenda; he considered that the Economic and Social Council had acted wisely in not examining the various aspects of economic development simultaneously. He pointed out that technical assistance preceded financial assistance, but did not pre-suppose it. In fact, not only did certain forms of technical assistance, the training of technicians for example, have no direct link with financial assistance, but where such a link did exist, as in the case where a mission of inquiry decided that foreign capital investment in an under-developed country was essential, it did not involve the United Nations or specialized agencies in any undertaking. Generally speaking, there remained several means of ensuring such financing, including recourse to private institutions. Moreover, the Government receiving assistance should fulfil certain preliminary conditions, should show by its acts that it was firmly resolved to make the maximum effort to further its own development and should offer adequate guarantees to foreign investors that the investments contemplated would not be unduly risky. On the other hand, it was necessary that the Governments paying contributions should give their own nationals certain guarantees, so as to encourage them to take the implicit risks.

12. The Belgian delegation was happy to note that the studies prescribed by the Economic and Social Council covered those problems as a whole, and expressed the hope that the studies would soon result in the passing of resolutions.

13. In conclusion he stated that his delegation was in favour of convening the technical assistance conference proposed in the Economic and Social Council's resolution 222 (IX) A, paragraph 12, and promised the Belgian Government's support in drawing up the final plans for the expanded programme of technical assistance.

14. Mr. CORTINA (Mexico) expressed his delegation's agreement with the Economic and Social Council's recommendations on economic development contained in resolution 222 (IX), but he reserved his opinion on the other items on

the Second Committee's agenda, and in particular on technical assistance for economic development, and on the expanded co-operative programme of technical assistance for economic development through the United Nations and the specialized agencies. He also indicated that, if any amendments to the draft resolutions appearing in document A/983 were introduced during the debate, the Mexican delegation might have to change its position.

15. He took advantage of the debate in progress to put forward some general ideas on international action in the field of economic development. He hoped that if his explanations were not to clarify the resolutions submitted to the Committee they would at least explain Mexico's views on the matter which had hitherto been of purely academic interest, but which might lead to the establishment of an effective organization for raising standards of living by developing world economy.

16. It was no exaggeration to say that hitherto United Nations action in the field of international co-operation to promote and develop the welfare of peoples had been very ineffective. It was, however, possible to combat and conquer the misery which still reigned throughout the major part of the world. Co-ordinated action by the United Nations provided a basis for transforming the living conditions of mankind.

17. As representative of a country with a not wholly industrialized economy, Mr. Cortina shared the fear evinced in this Committee that the implementation of an international programme to strengthen the economy of the economically backward countries, which contain 80 per cent of the population of the world, might be delayed still further. The implementation of that programme would doubtless be a long and difficult task, but it was incumbent on all countries to co-operate in carrying it out at the earliest possible date.

18. The Mexican delegation considered that international action for the promotion of the economic development of under-developed countries should be based on the following considerations.

19. First, it should not be used as a pretext for any interference of a political or economic nature in the domestic affairs of the country concerned, neither should it be accompanied by any political motives. International financial co-operation could take three forms: capital could be furnished by inter-governmental organizations (the International Bank for Reconstruction and Development (Bank), the International Monetary Fund (IMF)), by Governments as through bilateral agreements, or finally by private individuals. The principle of non-interference should naturally apply in all cases, but the United Nations could only check its application when an international organization, such as the Bank or IMF, was concerned in the transaction. Financing through bilateral agreements between Governments was outside the competence of the United Nations. It was conditioned by the economic and political trends of the States concerned. It was up to each State receiving assistance to consider whether the offer was in keeping with the above principle of non-interference and acceptable. Mexico adhered to its traditional policy not to seek credit on anything but a purely eco-

nomical or financial basis. As for private investments, it was for the receiving countries to fix the conditions under which they were prepared to accept such capital.

20. Secondly, as a corollary to the first consideration, each State naturally should have the right to decide its own possibilities of economic development and the way in which that development should take place. That did not mean that each State should specify exactly what type of assistance it wished, for it was often difficult, due to the lack of the necessary facilities and technical experience, to prepare a very exact plan of action in a clearly defined field. In such cases, the assistance should be used to promote the necessary studies and investigations while making the best use of the country's resources.

21. Thirdly, the countries which requested assistance should make their contribution towards the common cause. The expenditure required in domestic currency, to be incurred when implementing development programmes, should not, save in exceptional cases, be financed by credits from abroad. Otherwise there might be an extremely dangerous pressure on the budget or the balance of payments. The countries benefiting from assistance should have a sound financial policy. It should be remembered, however, that the implementation of a programme of economic development could have good results even at the cost of a limited inflation, provided that the development was carried out rationally from the economic and technical points of view.

22. Fourthly, it had been emphasized that financing through governmental and inter-governmental credit organizations should only be a supplementary means, and such organizations should not co-operate, it had been said, when it was possible to obtain private capital. Public utilities, subject to State-fixed rate structures to determine their income and profits, as well as undertakings not attractive from the viewpoint of profit-making possibilities, and yet indispensable from a social angle, should be left for governmental or inter-governmental financing. Other activities, like sound industries or exploitation of natural resources, should be deemed the exclusive province of private capital.

23. Mr. Cortina drew a distinction between foreign capitalists on the basis of their attitude towards the countries where they made their investments. Some capitalists had the characteristics of Shylock; his country considered them undesirable and intended to keep them out. Others, who followed the ideals of Franklin D. Roosevelt, were and always would be respected in Mexico—a country which offered the advantage of a currency freely convertible into dollars, tax exemptions and the possibility of exploiting, under fair conditions, certain oil fields which had already been prospected.

24. The risk of expropriation of foreign capital was most exceptional. Expropriation was carried out only for public purposes and fair compensation was given.

25. Mr. Cortina recalled that the conditions governing international investments had changed greatly since the nineteenth century. In former times creditor countries had been situated in western Europe, the chief among them being the United Kingdom. It had been necessary for those countries to invest abroad because of their limited

domestic markets and because their resources of food and raw materials were insufficient. The United States, which had become the greatest creditor country in the world, had on the other hand so much economic power, so many natural resources and so great a domestic market that attempts to attract investments abroad had to compete with domestic requirements.

26. Furthermore, many under-developed nations were afraid of the direct intervention of the investors' Governments seeking intervention in conflicts of an economic nature in which the investors might be involved abroad. Such nations would adhere to the principle that those conflicts should be decided by their courts and under their laws.

27. It might be advisable, as had been suggested in the Economic and Social Council, to study the conditions limiting the international investment of capital, and to determine the factors that would create a favourable atmosphere for such loans. Nevertheless, that favourable atmosphere must in no way involve the weakening of the exchange control exercised by the States concerned. Indeed, any such result might disorganize the economy of those countries.

28. The adoption of a system similar to that suggested for the European Recovery Programme, namely, the establishment of a specialized agency for the issuing of guarantees for investments abroad, might facilitate such investments. Although conditions in under-developed countries were different from those prevailing in western Europe, it had to be remembered that such a guarantee given by the European Recovery Programme had failed to stimulate private investment in that area.

29. No country could claim to dictate the conditions under which governmental credit institutions of other countries were to grant international loans. Nevertheless, it was for the General Assembly to consider, after previous consultation with the Economic and Social Council, whether the attitude of the Bank could be considered as satisfactory when it adopted the same policy as that pursued by purely national institutions and subordinated its activities in the field of credits to private capital. The Mexican delegation did not wish to open a debate on that subject. Furthermore, while the contributions to the capital of the Bank by the majority of the countries that had signed the Bretton Woods Agreement remained as small as they were at present, the Bank could not be criticized for resorting to the capital market nor for maintaining cordial relations with the purchasers of its bonds.

30. Finally, economic development should not be based too exclusively upon industrialization, which would lead, for example, to the construction of steel plants in every country. Countries producing raw materials and food products should not, however, be kept permanently at a stage of colonial development. There was an antinomy between industrialization and the production of raw materials and food products for export, and each country had to make the choice for itself, taking into account its own social, political and economic conditions.

31. In conclusion, he recalled the statement of the United States representative at the 88th meeting and expressed his conviction that the United Nations, which would continue its work for improving living conditions throughout the world,

could rely upon the support of the people and Government of the United States in carrying out that task. It had been President Truman who had given the first impulse to that programme with his "point 4", and although that bold programme was not a new one, it had none the less stimulated international co-operation for technical assistance.

32. Mr. VANER (Turkey) stated that his delegation fully approved the programme of technical assistance for economic development provided for in resolution 200 (III) of the General Assembly. One of the best aspects of that programme was that it condemned any political or economic interference and left the initiative in making requests to the under-developed countries. Nevertheless, he reserved the right to return to the question if amendments to the draft resolutions were proposed during the detailed consideration of the report.

33. He then turned to the important question of financing economic development, which was dealt with in section IV, chapter II A. He recalled that the Economic and Social Council had not had time to consider that problem at length and had been obliged to request the Secretary-General to prepare (resolution 222 (IX) D), in co-operation with the specialized agencies concerned, a series of studies on private foreign investments in selected countries, methods of increasing domestic savings, the effect of various types of economic development projects on the volume of savings and the possibility of setting up an international clearing-house of information by which potential investing entities or private investors could be brought together with entities or private persons requiring funds in under-developed countries. The Turkish delegation was convinced that those studies would promote the solution of the problem of financing economic development.

34. The Turkish delegation considered that technical assistance for economic development and the financing of that development were not a charitable undertaking but, on the contrary, a manifestation of human solidarity which would promote the achievement of the aims of the United Nations in the economic and social field.

35. He added that the problem of financing economic development in under-developed countries was not really as complex as it seemed to be at first sight. The difficulty merely consisted in giving the financing a good start. The question should be considered from the point of view of the liabilities of the under-developed countries, that was to say, their national debts; and investments should be made in advance, which would enable the national budget to be balanced rapidly.

36. The Turkish delegation suggested that the establishment of an international collective guarantee fund for international investment might be considered as an integral part of the programme. That fund, which had precedents in guarantee funds and institutions concerned with credits for the export of goods, might serve as a corollary to the IMF and would ensure international solidarity in the economic field; its activities would supplement those of existing international bodies and at the same time would strengthen their foundations.

37. The Turkish delegation warmly approved the manner in which President Truman had dealt with the problem of economic development

and financing methods in his historic speech of 24 June 1949. It had also noted with approval the statements in which the representatives of France and the United Kingdom had declared their moral and material support of the programme (89th meeting.) Turkey would be glad to contribute to the best of its ability to the continued implementation of the programme.

38. Mr. CHAUVET (Haiti) observed that his delegation had a very particular interest in the discussion on the economic development of under-developed countries, because the Haitian Republic had been the first country to profit by the provisions of resolution 51 (IV) of the Economic and Social Council and resolution 200 (III) of the General Assembly, in that it had obtained the sending to that country of a mission of experts to draft recommendations on the most effective course to ensure its economic development. That mission had drafted a report which had been distributed to all Members of the United Nations.

39. He believed that in dealing with the economic development of under-developed countries, the terms employed by the Secretary-General in the report which he had drafted in accordance with resolution 180 (VIII) of the Economic and Social Council should be borne in mind. In this report, entitled *Technical Assistance for Economic Development*, the Secretary-General had stated that "this gap between the most and the least developed countries is one of the most significant and alarming aspects of our contemporary society" and had added that "the under-developed areas . . . tend to fall farther and farther behind". In the opinion of the Haitian delegation, it was impossible that the economic development of the countries concerned should be promoted at the same pace, in view of the fact that their conditions varied so widely at the start. A period for research and for technical, social and political preparation would be required in each beneficiary country. The lessons learned in the course of adequate experiment would make it possible to shorten the time needed for the successful execution of broader and more thorough experiments. Furthermore, the beneficiary Governments themselves must decide the nature of the services which they needed, as the Secretary-General's report and resolution 200 (III) of the General Assembly acknowledged. The report made it clear that such services, to be effective, must be connected with long-term programmes of economic development prepared by the Governments requesting assistance. Such countries must, therefore, possess sufficient administrative experience and adequate trained personnel for the preparation of such programmes. They must furthermore have established an order of priority for investment.

40. At the end of chapter 3 the report suggested that the process of economic development itself complicated the financial problems facing the Governments and that appropriate policies and fiscal, financial and monetary techniques must be adopted; otherwise, economic development might well become a burden rather than a benefit.

41. That consideration led to the idea that a "trial experiment" should first be initiated, which would enable a study to be made from various points of view as to how a programme of economic assistance worked. For such a "trial experiment" a small country must be chosen in which

there was no danger of the emergence of insuperable or unforeseeable difficulties, one whose economic, political, administrative and social structure was sufficiently known as the result, for example, of a study made during a previous investigation. The chosen country must have a favourable geographical situation, preferably close to highly developed regions; it should provide the best possible facilities for the correction of any errors which might be committed in the course of the operation of the programme; and it should be possible for the results obtained to be easily assessed so that the pilot experiment would be ensured such publicity as would encourage other countries to attempt a similar effort.

42. Every country receiving technical assistance should associate itself financially with the undertaking. It should not be placed in the position of a colonialized country, although countries most in need of assistance were also those least qualified to make a financial contribution. Terms which would make possible an early beginning despite that difficulty should be obtained from the Bank, the IMF or from any body set up to put into operation point 4 of President Truman's address. A "trial experiment" successfully carried out would be very valuable for that purpose. After his general observations, Mr. Chauvet commented upon the report of the United Nations Mission of Technical Assistance to the Republic of Haiti entitled *Mission to Haiti*. That Mission had made practical recommendations which called for action. The Mission had studied the problems raised by the development of the country's resources with a conscientiousness to which the Haitian delegation must pay a tribute. Nevertheless, the Mission had dealt only with the most obvious and most pressing problems. It had dealt exclusively with their economic aspect.

43. By taking the initiative in inviting a mission, the Government of the Republic of Haiti had provided the experts of the United Nations with an initial field for experiment. The Haitian Government was going to insist that the programme proposed by those experts should be carried out. In so doing it would render a service to other countries which might ask the United Nations for help in their economic development. By putting the recommendations into effect, the Haitian Republic might serve as an experimental field. The experience gained might avert, for the benefit of other countries, the initial delay attached to all actions of that type.

44. Haiti had many advantages as an experimental field both because of its proximity to the United States and because of the diversity of its agricultural production.

45. Historical circumstances had deprived his country of the foreign assistance which it had a right to expect. The fact that French was spoken in Haiti had accentuated its isolation among Spanish- and English-speaking peoples.

46. The Haitian Government would consider any immediate economic assistance as a sort of reparation for the prejudice from which it had suffered in the past, but technical assistance would require financial aid. Such aid would, however, be relatively light in so small a country. The admission of the Haitian Republic to the IMF and the Bank would facilitate the execution of the plans drawn up by the Mission of Technical Assistance, but certain portions of the develop-

ment programme would require financial aid, subject to flexible conditions of repayment, especially by extended credits.

47. He concluded by stating that his Government would do everything in its power to ensure the implementation of the recommendations made by the Mission of Technical Assistance. At the same time he insisted on practical steps, which would lead to concrete results, being taken without delay. Delay in the implementation of the experts' recommendations would tend to show that the United Nations was unable to take effective action in an important field of international collaboration.

48. Mr. SCARPATI (Argentina) said that the work of the United Nations in the economic sphere had, up till then, been directed mostly to plans and theoretical studies rather than to practical measures regarding problems of interest to Member nations. That first stage had undoubtedly been indispensable.

49. The United Nations had now reached the stage of carrying out the plans it had made. It had to solve the problem of the development of under-developed countries by making use of the double programme of technical assistance. The first of those programmes was included in the budget of the United Nations; the second was the expanded co-operative programme to be carried out by the Secretariat and the specialized agencies. It would be financed by funds the allocation of which would be determined at the forthcoming technical assistance conference.

50. As a representative of a country in full, sturdy and progressive development, with limitless potential riches, which presaged a future promising in the measure in which it would be possible to realize the Government's plans for the achievement of that development, he warmly commended the direction taken by the action of the United Nations, one which reflected much credit on the spirit of co-operation which animated all the Member countries.

51. There was indeed no limit to the possibilities of technical development, as the countries in the van of technical progress were the first to recognize. The difference between the highly industrialized and the under-developed countries was now greater than ever, and would be accentuated still further if the under-developed countries were not given the opportunity to modernize themselves. The developed countries would find it increasingly difficult to raise their standard of living unless the countries of lower economic development could also improve their conditions. Such improvement would increase world markets, which reflected progress made in raising standards of living. His delegation, which had not taken part in the deliberations of the Economic and Social Council on that subject, shared, in principle, the point of view expressed in its recommendations (resolution 222 (IX)) and merely desired to make its opinions clear on certain matters which it wished to see incorporated in the final drafts.

52. First, the contributions made by the Member States concerned to the expanded programme of technical assistance for economic development must be voluntary, be rendered in the currency of each country concerned, and as far as possible be made in kind.

53. Secondly, the Government receiving technical assistance must determine the scope of the assistance which it wished to obtain.

54. Thirdly, the expenses of technical assistance must be borne, as far as possible, by the recipient country, which must cover all the expenditures made in its own currency.

55. Fourthly, the utilization of the services of the specialized agencies for the technical assistance which fell within their provinces would not be tantamount to the conclusion, between the Governments concerned and those agencies, of an agreement exceeding in scope that of the technical assistance requested.

56. Fifthly, when governmental organizations were carrying on work in a part of the field contemplated in the programme of technical assistance, it was necessary to co-ordinate their activity with the international programme so as to avoid any possibility of duplication.

57. Sixthly, technical assistance must not entail, directly or indirectly, any economic or political interference which might infringe upon the fundamental rights of the State which received such assistance.

58. Argentina, which had already, on several occasions, shown its willingness to participate in the efforts of international co-operation, by furnishing aid to friendly States less advanced, was prepared to participate in the new work of international co-operation, as far as possible. Mr. Scarpati reserved the right to comment, later, on points of detail, but always in a spirit of complete sympathy with the work which the United Nations intended to carry out.

59. Mr. TSCHAND (Afghanistan) was glad to see that the General Assembly had reserved an important place for the question of technical assistance to under-developed countries. The delegation of Afghanistan had not participated in the discussions of the Economic and Social Council, but it believed that the implementation of the Council's recommendations could produce positive results. From the point of view of technical assistance, Afghanistan had a certain experience which might be of benefit to other countries. The efforts which his Government had been making for the previous twenty years to develop the economy of the country, efforts which had been interrupted by the Second World War, had nevertheless been followed in 1947 by the implementation of vast development projects which were in process of being carried out, by the importation of capital goods and building materials and the procurement of technical services. The World Health Organization had lent the Government of Afghanistan technical assistance in the anti-malaria campaign, which was an encouraging precedent.

60. Generally speaking, the experience that had been gained by Afghanistan showed that it was desirable to obtain the advice of experts in planning the economy of the country, in order to solve the difficulties of co-ordination and financing which arose as soon as the country began to execute vast projects: irrigation, power installation or road building. These, necessarily, had an influence on all the other aspects of the economic life and even on the social structure of the country. The following problem usually arose: was it necessary to carry out only one project at a time, which procedure might have the disadvantage of

postponing the solution of other urgent problems, or was it necessary to develop the economy of the country simultaneously in all fields?

61. Technical assistance was also necessary when foreign experts supervised the execution of a project, the administration of which was in the hands of national organizations. In Afghanistan, it had been possible to define the various fields of competence satisfactorily for specific cases which had arisen in connexion with agriculture, and the textile and sugar industries. But when the projects were more complicated and when several sources of wealth were to be developed at one and the same time, it had been difficult to find a satisfactory solution. In that respect it would have been very advantageous to be able to appeal for advice to an international organization which could call upon the experience of other countries.

62. Lastly, capital was necessary in order to make use of national resources, as far as possible, with a view to contributing properly to a programme of economic development. In Afghanistan, such capital had been supplied, so far, by the country itself. It would doubtless be possible to find more on the spot, but if an investigation were made, it would probably prove desirable to develop resources which could not be developed without bringing in foreign capital. The delegation of Afghanistan shared the view expressed by the Lebanese delegation at the 89th meeting that technical assistance must consequently be followed by bringing in public or private foreign capital. The delegation of Afghanistan hoped that the statements that capital investments would follow closely the granting of technical assistance would be borne out by facts. It was necessary to point out, however, that, in the Middle East for example, technical assistance had never been granted before sufficient capital was available to make use of it; the delegation of Afghanistan was therefore convinced that any programme of technical assistance, however well prepared it might be, would be of no use if it were not followed closely, if not accompanied, by capital investment. In that connexion, Mr. Tschand wished to repeat the statement which had been made two years before at the United Nations Conference on Trade and Employment in Havana, namely, that the Government of Afghanistan would welcome capital assistance in Afghanistan.

63. Dealing with the details of the programme submitted by the Economic and Social Council he said that it was obvious that the technical assistance board (TAB) contemplated would make it possible for the beneficiary countries to obtain better service than by dealing directly with private enterprises. An international body would be able to draw on a much greater variety of personnel. Furthermore, TAB would be the organ of effective international collaboration and would make it possible to strengthen the position of under-developed countries. There would no longer be any need for the latter to resort to bilateral negotiations where far too often the borrower and the lender did not discuss matters on an equal footing. Lastly, an international organization would make it possible to share the expenditure whenever any measures were to the advantage of several countries simultaneously.

64. The delegation of Afghanistan agreed with the provisions of Council resolution 222 (IX) A particularly those relating to the working of the

TAB. The financial provisions listed in paragraph 9 were also satisfactory.

65. The delegation of Afghanistan, however, had to make certain reservations concerning the technical assistance to be given by the specialized agencies to those Members of the United Nations which were not members of the agencies concerned. That would apply to Afghanistan as far as the FAO was concerned. He wondered whether the necessary capital was to come from a central fund to which all the Member States of the United Nations would contribute; such an arrangement would be advantageous to countries with heavy agricultural commitments.

66. The delegation of Afghanistan made a second reservation because the Bank and the IMF were not listed among the participating agencies. There was reason therefore to wonder whether technical assistance in the financial and monetary fields could be granted to those Member States which were not also members of the above-mentioned agencies. As the Department of Economic Affairs of the United Nations was undoubtedly unable to undertake such a task, it would be regrettable if technical assistance in the financial field were reserved only to those who were members of the two agencies in question. The delegation of Afghanistan was very happy to note that the principle laid down in Council resolution 222 (IX) A, annex 1, emphasized the need for choosing experts "not only for their technical competence but also for their sympathetic understanding of the cultural background and the specific needs of the countries to be assisted . . ." The same rule should be extended to the choice of the programme itself for, when giving advice, the experts would subconsciously be influenced by the environment in which they had been trained. They would find it difficult to share the attitude of the countries asking for assistance. Whether or not to follow the advice given should, therefore, be left to the discretion of the Governments of those countries. When choosing between various projects, consideration should be paid to the technical assistance already obtained, thanks to the initiative of various States, and by their own means. The foreign financial situation of the countries requesting assistance should also be taken into consideration. Any assistance which might directly lead to an increase in production without excessive investment should be given priority. Advice on sowing, for instance, should be given priority over plans for the harnessing of water power. The Government of Afghanistan was convinced that all those considerations could be taken into account and was, therefore, prepared to support the entire programme proposed by the Economic and Social Council.

67. Mr. MORGAN (Guatemala) wished to make a few brief remarks. In the first place, he emphasized that many countries with abundant natural resources, either agricultural or mineral, would be better able to exploit them if they had the necessary machinery. The lack of machinery for rail and road transport was one of the greatest obstacles to the economic development of such countries. The technical assistance programme should therefore be drafted with special reference to countries which had few or no means of communication.

68. He thought it would be useful for the United Nations to prepare a list of the firms in all coun-

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-