

UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL OFFICIAL RECORDS



THIRTEENTH SESSION, 500th
MEETING

TUESDAY, 14 AUGUST 1951, at 10 a.m.

PALAIS DES NATIONS, GENEVA

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President: Mr. Hernán SANTA CRUZ (Chile).

Present: Representatives of the following countries:
Belgium, Canada, Chile, China, Czechoslovakia, France, India, Iran, Mexico, Pakistan, Philippines, Poland, Sweden, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay.

Representatives of the following specialized agencies:

International Labour Organisation, International Bank for Reconstruction and Development, International Monetary Fund, International Refugee Organization.

Programme of work

1. The PRESIDENT invited comments on the programme for the next two weeks, circulated with the programme for the day.

2. Mr. ARKADIEV (Union of Soviet Socialist Republics) said that difficulties were being created for delegations by the great variety of items on the daily programmes. He urged that items should be grouped in a more logical order and, in particular, that the item dealing with full employment be removed from the programme for that day.

3. The PRESIDENT said that both he and the Secretary had always done their best to make the daily programmes orderly and logical. He pointed out that the variety of items appearing on the programme for the current day was mainly due to the fact that the discussion on various points on the Council's agenda had had to be deferred because delegations had not been prepared to deal with them at the appointed time; for example, during the first week of the session, it had been necessary to defer further discussion on the world economic situation several

times because certain delegations, including that of the Soviet Union, had not been ready to speak on that topic. If all delegations were ready to conclude the discussions on the world economic situation and on the methods of financing economic development, there would be no need to begin the debate on full employment that day.

4. Mr. ADARKAR (India) suggested that, if item 36 of the agenda (reports of the *Ad Hoc* Committee on the Organization and Operation of the Council and its Commissions) which did not appear on the programme for the next two weeks, were taken at an early date, it might shorten the discussions on many other items.

5. The PRESIDENT pointed out that, at its 482nd meeting, before the Indian representative's arrival in Geneva, the Council had agreed to adopt the Agenda Committee's recommendation that item 36 should be discussed in the last part of the session.

World economic situation: consideration of draft resolutions (*resumed from the 498th meeting*)

6. The PRESIDENT said that the Council would resume its discussion on the world economic situation, and, in particular, on conditions in Africa and the Middle East. He invited comments on the draft resolution submitted by the Philippines delegation (E/L.183) and on the amendments to that draft resolution submitted by the delegations of India (E/L.188), Sweden (E/L.189) and the Soviet Union (E/L.191).

7. Mr. BALMACEDA (Philippines) said that, as he had explained during the general debate, the fundamental intention of his delegation in submitting its draft resolution was to give the fullest possible support to measures for advancing the cause and welfare of the African

people. United Nations action of the kind for which the draft resolution provided would give greater impetus to those efforts being made by the governments of the countries and territories of Africa to develop that region.

8. The draft resolution provided for the establishment of an *ad hoc* committee on measures to promote the economic development of Africa. Its terms of reference would include consideration of the factors bearing upon the possible establishment of working machinery to facilitate close co-operation of the governments in the region within the framework of the United Nations; the formulation of an orderly series of study projects relating to the economic problems of Africa, which could be undertaken by the Secretary-General in co-operation with the specialized agencies concerned, the reviewing of measures being undertaken under various technical assistance programmes; and, finally, consultation with the governments in the region as well as with interested agencies. The draft resolution did not pre-judge the question of whether an economic commission for Africa should be set up. The governments of the territories and countries of the region would be consulted and their views taken into account when recommendations were made. The adoption of the draft resolution would in no way encroach on the sovereign authority of the governments in the region, which would be free to make their views known to the *ad hoc* committee. In performing its functions, the *ad hoc* committee would be aided by the Secretary-General, whose task it would be to continue studies with a view to defining and analysing those economic problems of Africa which threatened its economic stability and development.

9. Much had been said about the danger of the Council duplicating the work being done to improve conditions in Africa by other United Nations organs and agencies. The Swedish amendment reflected that concern by including a reference to the Trusteeship Council and to the Special Committee on Information transmitted under Article 73 (e) of the Charter. Under the Charter, however, the Economic and Social Council was clearly responsible for the performance of the functions of the United Nations in the economic and social fields and was specifically empowered to "make or initiate studies and reports with respect to international economic, social, cultural, educational, health, and related matters". The functions assigned to the Trusteeship Council were to "consider reports submitted by the Administering Authority" (of each Trust Territory); to "accept petitions and examine them in consultation with the Administering Authority"; to "provide for periodic visits to the respective Trust Territories at times agreed on with the Administering Authority"; and to "take these and other actions in conformity with the terms of the trusteeship agreements". The Special Committee to which he had referred was responsible for examining information transmitted to the Secretary-General by the Administering Authorities, but it had no power to make recommendations to Member Governments, nor could it compel the Administering Authorities to transmit statistical information which they might not wish to furnish. The Trusteeship Council's work was limited to Trust Territories and that of the

Special Committee to Non-Self-Governing Territories; they did not provided the independent countries in Africa with a regional forum for more adequate consideration of the region's economic and social problems. In case the limitations of responsibility clearly defined in the Charter were not sufficient, the Philippines delegation, in order to prevent any danger whatsoever of duplication of the work being done by the Special Committee, would be prepared to replace sub-paragraph 6 (e) of the draft resolution by a clause reading: "It may consult with the Special Committee on Information transmitted under Article 73 (e) of the Charter regarding the delimitation of their competence to avoid duplication of effort".

10. The principal obstacle to the establishment of the *ad hoc* committee, which was the main point of the draft resolution, was the opposition of governments administering territories in Africa. There were also Non-Self-Governing Territories in Asia and the Far East, but that had not prevented the establishment of an economic commission for that region. Member Governments, by subscribing to Article 56 of the Charter, had pledged themselves to take joint and separate action in co-operation with the United Nations for the achievement of higher standards of living, full employment and conditions of economic and social progress and development. At the time of the drafting of the Charter, two points of view had been expressed on that point: one had been that each Member State should pledge itself to take independent and separate action at national level to reach those objectives; the other had been that such a pledge of separate national action went beyond the scope of the Charter, and might even encroach on the domestic jurisdiction of Member States. The wording finally adopted for Article 56 represented a compromise; the words "in co-operation with the Organization" presumably referred to the United Nations as a separate entity functioning through its appropriate organs and not to its individual Members; consequently, it would appear that Members had pledged themselves to co-operate with one another and also to take joint and separate action along the lines of the recommendations of United Nations organs. Article 56 did not make those recommendations binding on Member States, but it did require them to adopt a co-operative attitude towards those recommendations in their domestic policy and in their relations with each other. The Charter made it clear that United Nations action in the economic and social fields should be based on international co-operation. Even though ideological differences might make world co-operation in political matters impossible, world economic and social co-operation should not remain a distant goal. The Administering Authorities would be able to co-operate in the great venture of world economic and social co-operation without sacrificing any of their authority over the territories for whose well-being they were responsible and should welcome such an opportunity of showing to the world the efforts they were making towards that end.

11. The French representative had contended that the people of Africa had more to eat than the people of Asia, but that contention was an argument in favour of the draft resolution; for, as the French representative had

pointed out, regional co-operation became more effective as economic levels rose.

12. In reply to the statement he (Mr. Balmaceda) had made during the general discussion, to the effect that nature had been generous to Africa, the United Kingdom representative had replied that large areas of Africa were barren. He would point out that his statement had applied to the resources of Africa as a whole, the proportion of which, in relation to total output, entitled it to an important place in the world's economy. The role which Africa could play in the defence of the free world was far from inconsiderable. Every possible effort must be made to advance the welfare and progress of the peoples of Africa, for investment in a contented and free Africa was investment in the maintenance of international peace and security.

13. He was glad to accept the Indian amendment to the draft resolution as a most welcome addition; it was, indeed, highly desirable that the studies to be undertaken by the Secretariat should relate particularly to the economic conditions of the indigenous inhabitants and the non-white population.

14. He believed that the measures he was proposing in putting forward the draft resolution would constitute the best practical step that could be taken at the present time towards promoting the cause and welfare of the peoples of Africa. To comply with its responsibilities under the Charter, the Council must take positive action. The Swedish proposal, which merely amounted to a request to the Secretary-General to continue to include a survey of economic conditions in Africa in the annual world economic report, would not meet that need for positive action. The United Nations' studies of the African economy should make a constructive contribution to the economic and social progress of the peoples of Africa. If the Council merely passed feeble resolutions on economic conditions in Africa and took no positive action, it might, as the United Kingdom representative had often pointed out, fall into disrepute. It was for the Council to heed that warning.

15. Mr. STERNER (Sweden) said that, as he had made clear during the general debate, he was in agreement on many points with the Philippines representative. The Swedish delegation considered that Africa's problems were urgent, that they were matters of primary concern to the United Nations, and that the United Nations should take further action to solve them, and consider all proposals made with that end in view. But the Council should be careful not to overreach itself. There were certain things it could do, and others it could not. If the Council adopted a course to which the Powers responsible for administering the African territories were opposed, he very much doubted whether it would be doing as much good as it could do by following a compromise course to which those Powers agreed; for their co-operation was essential to the improvement of conditions in Africa. Since some members of the Council had indicated that they would not be in a position to participate in the work of the suggested economic commission for Africa, it was hardly desirable to set up the *ad hoc* committee for which the Philippines draft resolution provided,

although it would be useful to make further studies of the economic situation in Africa. Unlike some representatives, he considered that that would be adequate at the present stage. Widespread dissemination of facts often stimulated the action desired. The additional studies he advocated should be undertaken by first-class experts in the Secretariat and, while proper attention should be paid to their cost, they should be commensurate with the great importance of Africa's economic problems. That was why his delegation had submitted its amendment to the Philippines draft resolution. That amendment incorporated the Indian amendment, and he hoped that it would result in the Council's reaching an agreement acceptable to the vast majority, if not to all, of its members.

16. Mr. ARKADIEV (Union of Soviet Socialist Republics) said that, since the Council had held a very detailed discussion on the *Review of Economic Conditions in Africa* (E/1910/Add.1/Rev.1), there were grounds for expecting it to take practical decisions on the present occasion, capable of serving as a basis for efforts to improve the present deplorable economic situation in Africa. In taking that decision, the Council must take into account the facts that the colonial territories in Africa were simply being used to supply raw materials required by the metropolitan countries; that they had no engineering or chemical industry; that most of their economies were unbalanced since they depended on the production of only one or two commodities; that United States capital was ousting Belgian, United Kingdom and French capital in such a way that the material resources and the indigenous population of Africa were being subjected to even greater exploitation than in the past; that the purpose of United States monopolists in Africa was not to raise the standard of living of the population, but to reap large profits; and that the so-called "plans" of the Administering Authorities would have the effect of making the colonial territories of Africa even more dependent on the metropolitan countries and United States monopolists.

17. Measures must be taken to improve conditions in Africa; carefully-worked-out recommendations as to how to do so had been submitted to the Council; his delegation agreed with the recommendation of the group of experts set up by the Secretary-General that an economic commission should be set up for Africa. His delegation was prepared to accept the Philippines draft resolution as one of the preparatory steps which must precede the setting-up of the commission, provided paragraph 4 was deleted, since it was irrelevant, and provided his delegation's amendment (E/L.191), was adopted, so as to make provision in paragraph 6 (d) for the Secretary-General to consult the representative and consultative organs of the local population of the territories in question. It would be a great mistake for the Secretary-General to ignore the opinions of the local population when making the recommendations called for by the draft resolution, for due account should be taken of all the various customs and economic and social conditions in African territories, in order to ensure that the economic, cultural and social development of those territories proceeded along the right lines. Due account should be

taken of the indigenous population's complaints, such as those contained in the petitions to which the Czechoslovak representative had referred during the general debate.

18. Apart from the deletion of paragraph 4, the Swedish amendments did not reflect the aims which the Council should pursue. As amended by the Swedish proposals, the draft resolution would be of no help to the indigenous population of Africa; it would merely consist of a request to the Secretary-General to continue reporting to the Council on economic conditions in Africa. The Special Committee on Information transmitted under Article 73 (e) of the Charter was able to discuss Africa's problems, but it could not take practical measures to assist the economic development of the region. Such measures could, however, be taken by an economic commission for Africa, and the measures for which the Philippines draft resolution provided would help to prepare the way for such a commission.

19. He welcomed the important addition proposed by the Indian delegation (E/L.188). Indeed, it was most important that special attention should be paid to the economic situation of the non-white population of Africa which formed the great bulk of the continent's population and at present consisted entirely of colonial or semi-colonial peoples. The Soviet Union delegation also supported the Indian amendment, since it was in favour of improving the standards of living of Africa's non-white population.

20. The final attitude of his delegation to the Philippines draft resolution would depend on the fate of the amendments proposed to it and on the composition of the *ad hoc* committee for which the draft resolution provided, but he could state at once that his delegation was in favour of the principles of the draft resolution as submitted by the Philippines delegation with his delegation's amendments and the amendment proposed by the Indian delegation.

21. Mr. CHARLONE (Uruguay) supported the Philippines proposal, as amended by the Indian delegation. He reminded members of the Council that his delegation had always been in favour of regional studies of economic and social problems and stressed that if the proposal to establish an *ad hoc* committee were adopted, the question of its composition would have to be considered. In his delegation's view, only countries enjoying full autonomy and Powers administering African territories should be represented on such a committee. The solution adopted should be acceptable to as many members of the Council as possible.

22. He understood that a new formula was proposed and he would welcome information and the views of the Philippines and Indian representatives regarding it. He would support it, provided it commanded the support of the majority of the delegations.

23. Mr. KATZ-SUCHY (Poland) said that, during the general debate, a full description had been given of the true conditions in Africa: it had shown that little had been done to improve the conditions in which the indigenous population lived, that the standards of living there were extremely low, and that the militarization of the

economies of the metropolitan countries entailed a risk that they would become even lower. Despite the natural wealth of Africa, the standard of living of the indigenous population was far lower than that which the States which had subscribed to the United Nations Charter had pledged themselves to promote. The fact that members of the Council had devoted more time to discussing conditions in Africa than to examining the situation in the Middle East, showed that stronger action on African problems was required from the Council. The Council must take practical steps to improve conditions in Africa.

24. For those reasons he welcomed the Philippines draft resolution, the main purpose of which was to consider factors bearing upon the establishment of an economic commission for Africa, a step which his Government had advocated on a number of occasions in United Nations bodies. He considered that the adoption of the draft resolution would be a desirable preliminary step towards the solution of Africa's problems. The area and population of Africa were large enough to warrant United Nations action corresponding to that taken by the United Nations regional economic commissions in other continents.

25. It was most important that the composition of the *ad hoc* committee proposed by the authors of the draft resolution should be such that its work would be in the true interests of the African population. So far, its composition had not been settled, but the suggestion in the draft resolution that it should be composed of equal numbers of Administering and non-administering Powers was a very dangerous one; for if it were adopted, and if one only of the non-administering Powers sided with the Administering Powers, there would be a bloc preventing the *ad hoc* committee from taking any decision of real value to the African population. As the general discussion had shown, the present deplorable situation in Africa was largely due to the policy of the metropolitan Powers which paid more attention to their own interests than to those of the territories they administered and considered Africa merely as a region for producing raw materials for industrialized countries; indeed, it was, in fact, contrary to the interests of the metropolitan Powers to raise the standards of living of the indigenous population in Africa. He would appeal to the Philippines delegation to consider re-drafting the provision in its draft resolution relating to the composition of the *ad hoc* committee which should be such as not to allow the metropolitan Powers to form a voting bloc.

26. The Polish delegation warmly supported the addition proposed by the Soviet Union delegation; it was most important that the representative and consultative organs of the local population of the territories in question should be consulted. There were precedents for doing so, created by United Nations organs, and in particular by the General Assembly.

27. The Polish delegation was opposed to the Swedish amendment. Indeed, its adoption would eliminate the most important part of the Philippines draft resolution, and would mean that the Council's discussion had been of only academic interest, that no practical measures would have been taken, that no change would have

occurred, and that the only United Nations body which would have any responsibility for improving conditions in Africa would be the Trusteeship Council, which had on a number of occasions been severely criticized for not taking adequate action.

28. The Polish delegation also supported the Soviet Union amendment proposing that paragraph 4 of the draft resolution should be deleted; it was not prepared to agree, before the activities of the regional economic commissions of the Council were reviewed, that they had performed "valuable functions". His Government had always judged the regional economic commissions on the work they did.

29. The Polish delegation also supported the Indian amendment; it was important that particular attention should be paid to the economic conditions of the native inhabitants and the non-white population, in view of facts brought out in the general debate, such as the fact that the non-white inhabitants formed the overwhelming majority of the population or, in particular, the fact that, in several African territories, expenditure per head on the education of European children was many times greater than expenditure per head on the education of non-European children.

30. The Polish delegation considered that the adoption of the Philippines draft resolution with the Soviet Union and Indian amendments to it would constitute a valuable step towards the solution of Africa's problems, provided the composition of the *ad hoc* committee was satisfactory. Its final opinion on the draft resolution would depend on that point, since the committee's success or failure would depend on its composition. Poland would on no account participate in the work of the committee if its composition were such that Powers which might wish to prevent it from taking any action in the real interests of the African population, were in a majority.

31. AZMI Bey (Egypt) said that he would reserve his delegation's position until the compromise proposal in question was known. For the time being he would state his delegation's standpoint on the basis of the documents circulated.

32. The draft resolution submitted by the Philippines delegation represented, in his view, the first display of practical interest by the United Nations in the continent of Africa as a whole; but he considered the Swedish amendment to be negative.

33. As to the composition of the proposed *ad hoc* committee, he requested the Council to bear in mind that Egypt, being an African State, had a direct interest in such a committee, although the report of the group of experts treated his country as belonging to the Middle East and it itself claimed to be a Mediterranean Power. The words of Herodotus, that Egypt was a gift of the Nile, remained true, and the Nile was an African river.

34. Egypt was represented in the United Nations Councils for Libya and Somaliland, and was present in the Sudan. Egypt's social and cultural structure was akin to that of the whole of Mediterranean Africa and the African territories situated on the Atlantic and Indian Oceans. His country, moreover, was called upon

to render assistance to the other African countries and its religion and language made its presence indispensable in a committee which would deal with social, cultural and economic questions affecting the African territories.

35. Mr. STERNER (Sweden) believed that the Council was in some difficulty because of the fact that all its members desired that agreement should be reached by a large majority in order to be of greater help to the African peoples. He had submitted his amendment with that consideration in mind, but after attentively following the debate and holding informal consultations with other delegations he had come to the conclusion that a somewhat different formula would stand a better chance of winning general acceptance.

36. He would therefore suggest that the following text be substituted for paragraphs 4 and 5 of the Swedish amendment:

"Considering that continued study and analysis by the Economic and Social Council of the economic problems of Africa would help in the task of raising both the level of economic activity and the standard of living in the area and in strengthening the economic relations of these countries and territories among themselves and with other countries of the world,

"Requests that the Secretary-General continue to report to the Economic and Social Council, as a part of the annual *World Economic Report*, on economic developments in Africa, with special attention to the following factors:

- "(a) The economic condition of the indigenous inhabitants and the non-white population;
- "(b) The measures being taken under the United Nations Programme of Technical Assistance.
- "(c) The measures being taken by the specialized agencies under other programmes;
- "(d) A review of action in the development of internal resources and in the expansion of educational and social services;
- "(e) Measures of co-ordination as between the governments of the countries which are prepared to co-operate in regard to matters mentioned in the foregoing paragraphs."

37. The PRESIDENT, assuming that the Council would prefer to discuss the new Swedish proposal once it had been circulated, ruled that further consideration of item 2 (a) of the agenda be deferred until the next meeting and invited representatives to take up item 4 (a) and (b), together with item 3.

Economic development of under-developed countries (E/1986, E/2007 and Add.1 to 5, E/2024, E/2029 and Add.1, E/2047 and Add.1, E/2061):

- (a) **Methods of financing economic development;**
- (b) **Report of the group of experts appointed by the Secretary-General under Council resolution 290 (XI), paragraph 22, on measures for the**

economic development of under-developed countries.

Report of the Economic, Employment and Development Commission (sixth session) (E/2006) (continued)

38. Sardar BAHADUR KHAN (Pakistan) reminded members of the Council that the important problem of the economic development of under-developed countries had been under consideration by the United Nations and its various organs for the past three years and that, by its resolution 400 (V), the General Assembly had recommended that the Economic and Social Council consider practical methods, conditions and policies for achieving the adequate expansion and steadier flow of foreign capital and pay special attention to the financing of non-self-liquidating projects. The group of experts appointed by the Secretary-General had come to the conclusion in its report entitled *Measures for the Economic Development of Under-developed Countries* (E/1986) that unemployment and under-employment would be reduced in the under-developed countries only through economic development. In general, his delegation agreed with the recommendations of the group of experts. His Government was at the present time studying plans for creating new opportunities for employment by setting up such new industries as would use the raw materials available in the country and so contribute to increasing the agricultural yield. An agricultural inquiry committee had been created for that purpose. Constant efforts were being made to increase production by the mechanization of agriculture and the increased use of fertilizers. Nor had his Government forgotten the urgent need for better facilities for education and research. Plans had been set up for a scientific and industrial research organization, and steps were being taken to implement interim and long-range educational plans. Last, but not least, his Government was endeavouring to stimulate private saving by offering attractive terms and facilities to the small investor.

39. He had drawn attention to those measures in order to emphasize the fact that the economic development of a country depended primarily on the efforts of the country itself. But, taking into account the fact that domestic financial resources were limited, it was impossible to avoid the conclusion that the economic development of the under-developed countries could be accelerated only through an increased and steady flow of foreign capital. While he fully agreed as to the necessity for stimulating domestic savings and making the fullest possible use of domestic resources, it would, he thought, be admitted that those countries required increased external financial assistance. Though aware of the help that was being offered through various agencies, he was not sure that it was sufficient to achieve the objective of expansion.

40. Was it not time, after so many studies had been made on the subject, that practical steps be taken by the Council to accelerate the pace of development? The under-developed countries should certainly put their internal finances in order, but that would not in itself suffice, and the responsibility of taking measures for

defence must not lead governments to lose sight of their responsibilities for the economic development of under-developed countries. As the world's standard of living had risen, so had the gap between the highest and the lowest been widened. The task now was to close it. Planning, though very necessary in the under-developed countries, must be supplemented by external financial assistance.

41. The fact that the Economic Committee had not wholly appreciated the urgency of the problem was clear from paragraphs 8 and 16 of the draft resolution which it had recommended for adoption by the Council (E/2061). The emphasis in those recommendations was rather on review and study than on action. Surely the studies which had already been made during the past two years could serve as basis for devising practical methods capable of producing results on a much larger scale in the shortest possible time? The International Bank for Reconstruction and Development should, he felt, grant more liberal loans at more reasonable rates of interest, not only for the implementation of so-called productive schemes, but also for general development and non-self-liquidating projects, provided the latter made a positive contribution to a country's economy. The fact must be faced that some countries could not achieve speedier progress if the only capital at their disposal was in the form of loans with reasonable prospects of repayment. What was needed was capital in the form of very-long-term loans at low rates of interest. Was the Bank prepared to make such loans? If not, the Council should surely consider other methods of making capital available instead of merely suggesting further studies. Certain countries received welcome assistance under bilateral agreements, but the setting-up of an international agency for giving financial assistance on a wider scale was imperative. In his view, assistance from such an agency should supplement the assistance derived from bilateral arrangements.

42. The foregoing considerations led him to the conclusion that the draft resolution submitted by the Economic Committee must be radically amended in order that the agency referred to in its paragraph 8 should be set up and start functioning with the least possible delay. If, on the other hand, members of the Council felt that the external financial assistance being given to the under-developed countries was sufficient, they should say so frankly.

43. Furthermore, although foreign investors should have reasonable freedom in managing their enterprises, opportunities should be provided for the training of local personnel and for their association in management. Local capital, wherever it was available, should also be utilized. He would add that his country applied no restrictions to the remittance of profits except those arising from such foreign exchange controls and policies as were normally applied to remittances. His country welcomed the investment of foreign capital for industrial and economic purposes, provided no special privileges were claimed. Finally, he would once more draw the Council's attention to the shortage of capital equipment which threatened the development programmes of the under-developed countries. If their aspirations were to

be fulfilled, the flow of supplies of equipment must be speeded up.

44. Mr. CHARLONE (Uruguay) would have liked more time to study the previous speakers' statements, but, owing to the turn taken by the discussion, he found it necessary to explain without delay the grounds and scope of the amendments submitted by his delegation (E/L.199) to the draft resolution contained in the report of the Economic Committee (E/2061).

45. Generally speaking, the Uruguayan proposal expressed his country's confidence in the part played by private capital, under a free economy, in the development of under-developed countries. Past experience had, however, shown Uruguay that such confidence must have its limits.

46. The conditions obtaining in his country were very favourable to the investment of private capital, as there was no discrimination against foreign, as compared with domestic, capital. Property rights were guaranteed by the Constitution, which went so far as to lay down the principle of prior and equitable compensation in case of expropriation, a more satisfactory formula than that suggested in the report. Moreover, there was no exchange control in Uruguay. However, in spite of those extremely favourable conditions, private capital invested in the economic development of Uruguay during the last three years, had amounted to only 8 per cent of the revenue obtained from exports.

47. It was because of its conviction that such capital could play a much more important part in economic development that the delegation of Uruguay had submitted its amendments.

48. The amendment to paragraph 6 (b), concerning the elimination of double taxation, was based on the ideas expressed during the discussion on the Fiscal Commission's report. The delegation of Uruguay considered that the formula in the draft report submitted by the Economic Committee might work to the detriment of domestic capital, which would not be on a footing of equality with foreign investments.

49. In paragraph 6 (c), the Uruguayan delegation specified the purposes for which foreign capital investments should be utilized. The under-developed countries needed capital in order to enable them to acquire the modern equipment and techniques necessary for economic development, as, for instance, provided for in the agreement concluded between the Governments of Uruguay and of the United States of America.

50. The Uruguayan delegation proposed that, in paragraph 7 (b), the words "adequate assurances" should be substituted for the words "further assurances". It might so happen that certain countries felt unable to provide "further assurances", on the ground that the "assurances" already supplied were satisfactory. Uruguay, for her part, was already affording foreign capital the same guarantees as domestic capital; hence there could be no question of any further assurances.

51. With regard to the proposed amendment to paragraph 8, his delegation hoped that the proposed international finance corporation would support and supple-

ment the action being taken by existing agencies. It was important to bear in mind the lack of confidence shown at the present time, on both national and international grounds, by private capital. The finance corporation in question would constitute the best means of remedying that lack of confidence and of directing private capital towards productive investments, for it was a fact that private capital, left to itself, was often invested in enterprises which were unimportant so far as economic development was concerned.

52. The measures contemplated in the draft resolution of the Economic Committee were not sufficiently effective—that at any rate was the view of countries whose national income barely sufficed to meet essential needs. The countries in question were unable to promote economic development with the facilities at present available to them. For its part, the International Bank for Reconstruction and Development could, under the terms of the Bretton Woods Agreements, grant loans only for profitable investments.

53. In paragraph 11, the Uruguayan delegation asked that the assistance given to under-developed countries which were not in a position to raise capital themselves should be supplemented by grants-in-aid intended, in particular, to provide an initial impetus to capital investment for economic development. Aid of that nature was essential to countries where the low level of national income made it impossible to earmark domestic capital from savings for the purpose of financing economic development. Hence the Uruguayan delegation's proposal went further than the Economic Committee's draft. That was a particularly important point in the Uruguayan proposal. The primary recipients of aid must be countries whose level of national revenue was particularly low and which did not possess the resources necessary for raising capital.

54. He thought that agreement could be reached with regard to the methods of attaining the end in view. Either the establishment of new agencies equipped with new funds could be considered, or some existing organization—for example, the Bank—could be entrusted with the administration of such new resources, the countries which made the resources available having the right of supervision; or again the possibility might be considered of making direct grants-in-aid available within the framework of the Bank. The Bank's capital, which should be 10,000 million dollars, had been falling ever since the Bank had been set up, owing to the fact that certain countries which had taken part in the Bretton Woods Conference had not ratified the Agreements. Nevertheless, the funds at the Bank's disposal still amounted to several thousand millions. The signatories of the Bretton Woods Agreements might be asked to amend the terms of the Agreements with a view to certain sums being utilized for assistance purposes. It must, after all, be remembered that reconstruction needs had been met largely through the efforts of the United States of America.

55. The Secretariat should seek the advice of the specialized agencies, especially the Bank, ascertain the

views of governments, and submit to the Council the specific proposals for which it had been asked, especially in regard to the situation of the under-developed countries. Under existing economic conditions, the sheet

anchor of those countries was "human capital", to be constituted by workers freed from fear and poverty.

The meeting rose at 12.20 p.m.