

TWO HUNDRED AND FORTY-FIRST PLENARY MEETING

Held at Flushing Meadow, New York, on Wednesday, 16 November 1949, at 10.45 a.m.

President: General Carlos P. RÓMULO (Philippines).

Economic development of under-developed countries: report of the Second Committee (A/1064) and report of the Fifth Committee (A/1072)

1. Mr. SMOLYAR (Byelorussian Soviet Socialist Republic), Rapporteur of the Second Committee, presented the report of that Committee and the accompanying draft resolutions (A/1064).

2. The PRESIDENT pointed out that the Second Committee had submitted four draft resolutions for adoption. The Fifth Committee had submitted a report (A/1072) on the financial implications of draft resolutions A and B of the Second Committee. Unfortunately Miss Witteveen, Rapporteur of the Fifth Committee, was not able to attend the meeting. The report had, however, been circulated and was before the Assembly for its information.

3. Mr. SANTA CRUZ (Chile), Chairman of the Second Committee, stated that the decision which the General Assembly would take with regard to the four draft resolutions before it in the development of the under-developed countries would represent the culmination of the co-ordinated activities of the various United Nations bodies entrusted with the achievement of the economic and social objectives of the San Francisco Conference.

4. At the suggestion of some economically weak countries, the General Assembly by its resolution 198 (III) of 4 December 1948, had instructed the Economic and Social Council to give urgent consideration to measures designed to hasten the economic development of backward areas, to submit proposals for appropriate solutions and to report to the Assembly on the progress it had made in its work. Moreover, by its resolution 200 (III) of the same date, the General Assembly had established in the Secretariat a service of technical assistance for economic development.

5. The Economic and Social Council had succeeded in accomplishing its task with an efficiency which augured well. That was due to the recognition on the part of the leading countries, faced with those problems and aspirations, of their joint responsibility for taking concrete measures of international co-operation. The Economic and Social Council, in laying the foundations of the new expanded programme for technical assistance had had the valuable collaboration of the United States, which had been the first practical expression of point 4 of President Truman's programme. The expanded programme of technical assistance was therefore the first concrete result submitted by the Council to the General Assembly in accordance with the instructions which the Assembly, at its third session, had given to the Council.

6. Mr. Santa Cruz did not intend to comment in detail on the programme proposed by the Economic and Social Council¹ and approved by the

Second Committee². The complete unanimity with which it had been greeted in the Committee showed that the provisions regarding the organization and administration of the programme and the provisions laying down the principles which were to govern the granting of technical assistance were worthy of the support of the fifty-nine nations represented at the General Assembly. It should be emphasized, however, that the programme was the product of the technical skill of the United Nations Secretariat and of the specialized agencies, as well as of the technical and political knowledge of the organs of the United Nations. Mr. Santa Cruz was confident that draft resolution A submitted by the Second Committee would be unanimously approved.

7. He also hoped that the programme would elicit the financial and technical co-operation of all countries, failing which it would be nothing but a castle in the air. Moreover, he was sure that the implementation of the programme would prove so successful in the first year that it would be possible to extend its field of action to satisfy the enormous need for advancement in technical knowledge that existed in all the under-developed countries.

8. The Assembly would be called upon in addition to vote on draft resolution B of the Second Committee, also originating in the Economic and Social Council, expanding the programme of technical assistance established by the General Assembly in resolution 200 (III) and making it permanent.

9. Mr. Santa Cruz pointed out that when resolution 200 (III) had been discussed at the third session of the Assembly, the misunderstanding, indifference and even opposition existing in many quarters had had to be overcome. One year later, nobody even thought of protesting against the fact that the budget for that programme had had to be doubled and that an experimental plan had been transformed into a permanent service of the United Nations.

10. The Department of Economic Affairs of the Secretariat had made successful attempts to ensure that the services created by the Assembly fulfilled the purposes which that body had had in mind when creating them. Mr. Owen, Assistant Secretary-General, had earned the gratitude of Member States. Mr. Santa Cruz, in his capacity as Chairman of the Economic Committee of the Economic and Social Council and of the Second Committee, which had studied the programmes of technical assistance, wished to add a special word of appreciation for Mr. Weintraub, who had proved the perfect secretary of both organs and at the same time had directed the Secretariat's technical assistance services with praiseworthy equanimity and understanding.

11. Technical assistance was indispensable for establishing the basis of any programme of economic expansion, since it helped to determine

¹ See *Official Records of the Economic and Social Council*, Fourth year, Ninth Session, Supplement No. 1, resolution 222 (IX).

² For the discussion on this subject in the Second Committee, see *Official Records of the fourth session of the General Assembly*, Second Committee, 88th to 103rd and 113th meetings.

needs and deficiencies, to train workers and to improve general conditions.

12. It should also be recognized, however, that the most extensive natural resources and the most perfect technique could not ensure the development of a country or an area if it did not have sufficient capital to convert those resources into goods and wealth, in other words, to increase productivity. The Council, therefore, in carrying out General Assembly resolution 198 (III) which asked it to deal immediately with the economic development of under-developed areas, was simultaneously laying the foundations for a programme of technical assistance and for a plan for the financing of economic development.

13. In Economic and Social Council resolution 179 (VIII) of 4 March 1949, based on a draft submitted to the Council by the Chilean delegation, the Council had asked the Secretary-General to prepare a report setting forth methods of financing economic development of under-developed countries, including methods of stimulating the international flow of capital for that purpose, paying due attention to questions of a social nature which directly conditioned economic development.

14. The Secretary-General, at the ninth session of the Council, had presented the report requested of him, which he had drawn up with the cooperation of two specialized agencies, the International Bank for Reconstruction and Development and the United Nations Food and Agriculture Organization¹.

15. The Council, however, had devoted its main activity during that session to a study of the plan for technical assistance and had not been able to give detailed consideration to that important factor in economic development; neither had it had an opportunity to examine the Secretary-General's report in detail. Nevertheless, the Council had facilitated the later examination of the report by requesting the Secretary-General, in its resolution 222 (IX), to carry out various studies on specific problems of financing development programmes.

16. The Chilean delegation had had the privilege of submitting in the Second Committee a draft resolution which formed the basis of the Committee's draft resolution C. In that draft resolution it was recommended that the Council should continue to give urgent attention to the problems affecting economic development; it expressed the Assembly's hope that the Council would be able to present to the following session of the Assembly recommendations on methods of financing that development.

17. Mr. Santa Cruz recalled that, during the discussion in the Economic and Social Council the previous summer², he had emphasized the need for a new and bold approach to the problem of financing economic development, such as had been applied in the case of technical assistance.

18. Private investment was essential and desirable, on condition that it was effected with due respect for the sovereignty of the countries where it was made and that it was designed to increase the productivity of those countries. Mr. Santa Cruz was therefore in favour of measures which would encourage that type of investment and

create the conditions under which such investment could be made more frequently and for the benefit of the countries where the capital was invested.

19. Investors, however, did not appear very eager to run risks in countries in which they did not enjoy the same security as they might have in their own countries.

20. Moreover, for understandable and logical reasons, public financial assistance, either in the form of loans from one Government to another, or loans from international or governmental institutions had been granted to a really appreciable extent only in Europe. Throughout the rest of the world, such assistance had been limited in scope and had been subject to stricter conditions than was desirable if real progress in the field of economic development was to be achieved. In reality, the financial assistance received by under-developed countries was small in comparison with what Europe had obtained for purposes of reconstruction and development.

21. It was to the under-developed countries that the programme of technical assistance should be applied. Loans hitherto granted to promote economic development had gone to only a few countries and had had limited objectives. In some cases, the terms and period of amortization had not been adapted to the special characteristics of the development programmes of the countries concerned.

22. It should not be forgotten that at times of crisis and unemployment the highly industrialized countries had concentrated their efforts on creating employment by means of special public works and other measures which departed from the classic economic pattern.

23. Mr. Santa Cruz hoped that United Nations action in that great joint undertaking would continue to develop in that atmosphere or understanding, of work and of mutual respect which augured so well for the future.

24. Mr. CHANG (China), recalling resolution 217 (III) of 10 December 1948, whereby the General Assembly had proclaimed the Universal Declaration of Human Rights, stated that that action grew in significance as time passed. The Assembly was about to take another step in the historical march forward in the interest of human welfare. Technical assistance to the economically under-developed countries, when effectively implemented and wisely executed, should mark a turning point in human history. Instead of the exploitation of the weak by the strong, instead of condescension on the part of those who were fortunately situated towards those who were less fortunate, and instead of contention among the highly industrialized for the control of the less industrialized countries, a new outlook was being presented to the peoples of the world.

25. The most crucial issue of the problem before the Assembly was whether that effort would be successfully carried out. The first step forward must be taken resolutely. That step and the Universal Declaration of Human Rights would live in the annals of man as the two outstanding achievements of the United Nations in the social and economic fields.

¹ See document E/1333 and E/1333/Corr.1.

² See *Official Records of the Economic and Social Council, Fourth Year, Ninth Session, 307th meeting.*

26. The Chinese delegation was extremely gratified that proper attention was to be given to the economically under-developed areas. On 4 June 1946¹, during the second session of the Economic and Social Council, Mr. Chang himself had had the honour of contributing a statement on the universal significance of economically under-developed countries. For over three years the problem of under-industrialized areas had been continuously before the Economic and Social Council. The Chinese delegation was particularly pleased that the Council's recommendations concerning the initial measures to be undertaken had been submitted to the General Assembly for final approval. Emphasis had been laid on the question of the money, machines and material needed for economic development; the men involved, however, must not be forgotten, the human beings who were both the sponsors and the beneficiaries of the proposed measures must never be neglected.
27. Scientific knowledge and modern technical skills were involved in technical assistance to the peoples of the under-developed areas. That technical assistance must be given through well qualified experts and it was of particular importance that those visiting technicians should be properly trained before they undertook their important tasks. The success of the whole endeavour depended on properly prepared visiting technicians. It was for that reason that the Chinese delegation had proposed paragraphs 2, 3 and 5 of the Guiding Principles for Standards of Work and Personnel in Economic and Social Council resolution 222 (IX).
28. Technical assistance was, after all, only a way of helping the economically under-developed countries to achieve economic, political and social independence. Mr. Chang urged that the welfare of man should be, as it were, the beacon guiding each and every measure of the Assembly's co-operative endeavour.
29. Mr. BELAÚNDE (Peru) said that the establishment of the Economic and Social Council and the importance accorded in the debates of the United Nations to the Second Committee complied with the wish of the authors of the Charter that attention should be paid to world economic and cultural solidarity, as well as to juridical matters.
30. On behalf of the Peruvian Government, Mr. Belaúnde affirmed his enthusiastic support for the draft resolutions on technical assistance, economic development and international commercial policy.
31. He recalled the history of Peru and the Americas to show the need for technical assistance and generous economic aid to many countries.
32. At a time when Latin America had not known political freedom, it had enjoyed a certain economic independence, because the industrial revolution had not yet occurred. Spain had introduced many industries into Latin America. Peruvian cloth had been exported from the viceroyalty of Peru to other parts of Latin America. Peru had exported wine to Nicaragua and received from it wheat, maize, pitch and timber. Lima had manufactured articles of glass and porcelain, tiles and watches, and had cast cannon and bells. A merchant fleet had been built in Peruvian shipyards, and at the time of the Napoleonic invasion of Spain, Latin America had exported gunpowder to the Peninsula.
33. The industrial revolution, which had taken place in England in the eighteenth century and had extended in the nineteenth century to the continent of Europe and the United States, had been based essentially on the exploitation of the great coal and iron deposits, twin factors to which the world owed its industrial progress. There would have been no industrial revolution if coal and iron deposits had not been found together in England, in Lorraine and in the Ruhr and, in vast quantities, in the United States. But in Latin America there had been no possibility of exploiting that combination of coal and iron.
34. The vast coal deposits, water power and iron ore that were to be found in various parts of Latin America must be exploited; for example, the coal of Chimbote and the iron of Marcona, both in Peru.
35. The population of Peru had increased, and its needs could not be met only by imported products. The development of transport by means of road construction and aviation had brought about a migration of the rural population to urban centres. In the towns, the standard of living was higher than previously. That had resulted in a corresponding demand for manufactured goods, which could not be made by hand, since hand-made goods were unable to compete with products made in other countries by highly developed machinery and methods of mass production. Those articles must be paid for by exportable commodities. And exports had not increased. The exports from the Latin-American countries did not balance the growing demand of those countries for imported products.
36. The countries of Latin America therefore required an economic development corresponding to their political independence. But that did not mean a nationalist policy of autarky as had been advocated by List in Germany. The economies of the various Latin-American countries were fortunately complementary to each other and to many European countries, so that the development of one country did not harm the others but, on the contrary, meant increased trade. It would be paradoxical if, in a period of political freedom, they were to be subjected to a system of colonial economy. Moreover, it was obvious that greater industrial development would mean a higher standard of living and full employment for the population in each country. Mr. Belaúnde cited possible fields of action in Peru: the development of 400,000 hectares of irrigated land on the coast, land fertile in products necessary to world economy; the development of oil production; the development of neighbouring deposits of coal and iron; the utilization of one of the most important waterfalls in Latin America, the Cañón del Pato. The increased exploitation of forests should also be mentioned, a field in which Peru, like Brazil, occupied an important position, for Peruvian colonists had built large towns similar to the Brazilian towns in the Amazon basin.
37. Peru required specialized technical assistance only in certain specific cases because, fortunately, Peruvian engineers had demonstrated their unquestionable competence.
38. With regard to private capital, the traditional policy of Peru was to give safeguards to invest-

¹ See *Official Records of the Economic and Social Council, First Year, Second Session, 7th meeting.*

ment and not to impose any form of discrimination. The Constitution placed foreigners and nationals on an equal footing.

39. As to assistance by Governments and international bodies, the Peruvian delegation reminded the Assembly that shortly after the Marshall Plan had been announced, it had stated that a Marshall Plan should be set up for Latin America, which had been subjected to the disturbances consequent upon the Second World War. If Latin America were assisted, developed and brought to full economic maturity, with high living standards promoted by reforms based upon social justice, it would be an example to mankind and one of the pillars of international peace.

40. For all those reasons the Peruvian delegation would vote for the draft resolutions before the Assembly.

41. Mr. COMPTON (United States of America) stated that his delegation would vote in favour of the first three of the four draft resolutions before the Assembly.

42. With regard to draft resolution C, to which the representative of Chile had especially referred, he would say only that the United States Government well understood the importance and, in many respects, the urgent need for financing, and would wish to help in a constructive consideration of the problem.

43. With regard to draft resolution D, on economic development and international economic and commercial policy, the United States delegation asked that a separate vote should be taken on the last part of the last paragraph, from the words "taking into account the discussion which took place" to the end of the paragraph.

44. The reasons why the United States delegation was opposed to that part of the draft resolution had been fully explained in the discussions in the Committee and Mr. Compton would not repeat them. If that part were deleted as a result of a separate vote, the United States delegation would vote for the remainder of the draft resolution, which contained a wholesome recommendation to the Economic and Social Council. In the event that it were retained, the United States delegation would vote against the draft resolution as a whole.

45. With regard to draft resolution A on an expanded program for technical assistance, it was well known that the United States Government was greatly interested in practical ways of encouraging and promoting the economic development of under-developed countries and that it desired to take a substantial part in the expanded programme of technical assistance through the United Nations and the specialized agencies, as proposed in that resolution. It had taken an active part in the consideration of those matters in recent months and hoped that the programme would meet with the approval of all the other Governments.

46. The United States delegation had had the privilege of opening the discussion on economic development at the ninth session of the Economic and Social Council a few months earlier. Four weeks had been devoted to the discussions of the proposed programme in the Council, and more

recently another four weeks had been spent upon it in the Second Committee of the General Assembly.

47. The results of the discussion had, in Mr. Compton's opinion, been particularly encouraging. During the opening discussion in the Economic and Social Council, the United States representative had urged that, after so much discussion of the problem in the past, the time had come for action, that obstacles must be eliminated and jurisdictional problems not allowed to stand in the way of progress.

48. The action of the Economic and Social Council had been prompt and vigorous. It had recommended a definite plan of action, with considerable detail. Its recommended plan admittedly included many compromises, but they were wholesome compromises of mutual accommodation. The course of action thus formulated was workable, it was fair and reasonable.

49. The United States delegation regarded the draft resolution A in the same spirit. It had noted the earnest and hopeful interest in the programme manifested in recent weeks by so many of the Members which regarded their own countries as under-developed. The United States was eager that the Assembly should proceed to work on that useful programme rather than embark upon a further discussion of its details.

50. It had been remarked with satisfaction that the final vote in the Second Committee on draft resolutions A and B, on technical assistance, had been unanimous. If unanimity among the United Nations was a rarity, it was at least significant in connexion with a programme which, in time, could contribute so much to strengthening the foundations of world peace.

51. Mr. Compton wished to confine his remaining remarks to the action which, if draft resolution A were adopted, the United States delegation hoped would be taken to put the programme into effect as promptly as practicable. There would, of course, be need for action by the Secretary-General, by the Member Governments and by the specialized agencies.

52. The draft resolution called for a conference to raise funds for the expanded programme, and the Secretary-General was empowered to set the date for that conference. He had announced in the Second Committee that he would do so after consultation with Governments. Presumably he would begin those consultations immediately, even while the Assembly was in session, and it was to be hoped that he would convene the conference at the earliest possible time.

53. The Secretary-General would have two other responsibilities in advance of the conference.

54. Paragraph 9 (a) of resolution 222 A (IX) of the Economic and Social Council on technical assistance provided that the contributions should be made by Governments in such forms and subject to such conditions as might be agreed between the Secretary-General, after consultation with the participating agencies, and the contributing Governments.

55. That was an immediate responsibility. Governments would desire information from the Secretary-General regarding the forms and conditions of contributions. The Secretary-General

* See *Official Records of the Economic and Social Council, Fourth Year, Ninth Session, 303rd meeting.*

would no doubt wish to discuss that aspect of the programme with Member Governments as soon as he had had time to consult the participating agencies.

56. Draft resolution A invited all Governments to make as large voluntary contributions as possible. In that connexion the Secretary-General could be assistance. Most Governments, including the United States, required affirmative legislative action before funds could be made available for payment into the special account for technical assistance. Such legislative action should be sought by all Governments as promptly as possible. The Secretary-General, in his conversations with Governments regarding the timing of the technical assistance conference and the conditions for contributions, would do well to urge the earliest practicable legislative action where such action was necessary.

57. With regard to the position of the fourteen nations which, although not Members of the United Nations, were members of the specialized agencies and were to be invited to attend the technical assistance conference, it should be noted that their Governments had not been represented in the debates in the Council, in the Second Committee or in the General Assembly. Many of them, however, took a deep interest in the programme. It might be helpful if the Secretary-General were to prepare a brief report, together with the relevant documents, for the information of those Governments. It was to be hoped that their interest in the programme would not be diminished because they had not participated in the formulation of the programme.

58. It was the hope of the United States that each Government, including those of underdeveloped countries, would contribute to the special account according to its ability. Every country was more advanced than its neighbours in some field of economic development. Each country could no doubt provide training facilities or expert advice in some line of economic endeavour.

59. If every recipient country was also a contributor to the fund, there would be a minimum of sensitiveness about seeking technical assistance. It was precisely because the programme was a co-operative pooling of wits, wisdom and skills in economic development, in which all the countries were able to participate, that all might give as well as receive. Some, of course, would be able to give much more and some much less. But the United States Government hoped that all might participate.

60. One point regarding contributions might warrant special mention. As had been made clear in the discussions in the Economic and Social Council and the Second Committee, when a Government which received technical assistance paid for in its own currency and used in its own territory incurred expenses in connexion with the services it received, such expenses did not constitute a contribution to the special account itself. Contributions to the special account would express a willingness on the part of the participating Government to share in encouraging the economic development of other nations in addition to its own.

61. With regard to the organizations, including the United Nations itself, which were to partici-

pate in the expanded programme, the Assembly, by adopting the draft resolution, would take the necessary steps to enable the Secretary-General of the United Nations to participate in the programme. Under the arrangements proposed by the Economic and Social Council, however, which were confirmed in the draft resolution, each participating specialized agency would take the preliminary steps necessary to establish its eligibility to receive funds. The United States delegation hoped that those steps would be taken promptly.

62. Each such agency, to be eligible, was required by the draft resolution to adhere to the guiding principles formulated by the Economic and Social Council; each must authorize its Director-General to accept moneys and credits from the special account, to exercise the necessary controls and to account for its expenditure. Each agency was required to agree to report to the Technical Assistance Committee of the Council through the Technical Assistance Board. Those requirements were important for the business-like administration of the programme and the maintenance of a uniform basic policy.

63. There were five specialized agencies whose participation was provided for by the specific terms of resolution 222 A (IX) of the Economic and Social Council. On 13 October 1949, the General Conference of the United Nations Educational, Scientific and Cultural Organization, meeting in Paris, had adopted a resolution designed to meet the requirements of the programme. The Council of the International Civil Aviation Organization was stated to have taken similar action, and it was expected that the Assembly of that organization would take further qualifying action at its forthcoming session. The United Nations Food and Agriculture Organization was currently holding its annual conference in Washington and two other agencies—the World Health Organization and the International Labour Organisation—would shortly hold meetings of their respective governing bodies to deal with the question. The United States delegation hoped that the eligibility of the specialized agencies would thus be promptly established.

64. The United States assumed that each eligible agency, as well as the United Nations itself, would receive from Governments more requests for technical assistance than could be fully and promptly met with the personnel and funds likely to be available. Each participating organization might be compelled, therefore, to reject, or at least defer, some requests. Such decisions should no doubt be based primarily on a determination of the type or condition of technical assistance which would contribute most to economic development.

65. The Economic and Social Council at its ninth session had not formally prepared any guides or criteria by which each participating organization might determine priorities in the administration of the technical assistance services. The United States delegation suggested therefore that it might be generally helpful if the appropriate body of each participating organization would prepare, for the information of all interested Governments, a statement which, in general terms, might indicate the types of technical assistance likely, at the outset at least, to make the greatest possible contribution to economic development.

66. The United States Government was glad to have had a share in the initiation and formulation of the expanded programme for technical assistance in the economic development of under-developed countries. It had high hopes in the ultimate usefulness of such international co-operation. The United States was confident that the programme, carefully planned, properly administered, and widely used among nations which were willing to help themselves to the extent of their own resources, would add to the prestige of the United Nations and eventually to the strength of its Member nations, to the welfare of peoples everywhere, and to the assurance of lasting peace.

67. MR. KARMARKAR (India) said that one of the important features of the current session of the General Assembly had been the consideration of the vital question of the economic development of under-developed countries, under the terms of General Assembly resolution 200 (III). It would be remembered that the resolution had been the result of the recommendation of the Sub-Commission on Economic Development at its second session. The Indian delegation wished to express its appreciation of the work of that Sub-Commission, of the Economic and Social Council and of the Secretariat in adequately formulating the subject for discussion and necessary action. The various aspects of the question had been thoroughly debated from many points of view, both at the eighth and ninth sessions of the Economic and Social Council and in the Second Committee during the current session of the General Assembly. Mr. Karmarkar wished to draw attention to a few particular considerations relating to that issue.

68. The delegation of India heartily welcomed the expanded programme of technical assistance as approved by the Economic and Social Council and then by the Second Committee. Technical assistance was an imperative need in any scheme of development of under-developed countries. The expanded programme provided for such assistance in ample measure. It was obvious that the countries receiving such assistance would have to exert themselves to the utmost to create conditions for its full use. The Indian delegation, while promising full co-operation in the execution of that programme on behalf of the Indian Government, wished to state, however, that the current situation in India and the problems which had arisen after the recent devaluation might make it difficult for that country to make the financial contribution it would have liked to make.

69. One point had been rightly emphasized both in the resolution of the Economic and Social Council and at various stages of the discussion. The question was being considered from the point of view not only of the benefits accruing to the under-developed countries, but also of the economic prosperity of the world as a whole. The full development of the under-developed areas was also in the interest of the industrially advanced countries. The day was past when a large mass of humanity supplied raw materials and relatively few persons made profits by selling their manufactured goods to those producers of primary commodities. It was necessary to think in terms of uniform, all-around economic development of all the regions of the world. Such development was bound to take the shape of large-scale industrialization in the under-developed countries. It was therefore necessary to think in terms of a

mutually co-operative scheme of balanced economic progress in general. It was from that point of view that the Indian delegation looked forward to the full co-operation of the industrially advanced countries in the very progressive measure to be taken under the auspices of the United Nations. The Indian delegation viewed with particular appreciation President Truman's statement to the General Assembly on 24 October 1949 (237th meeting).

70. It also viewed with appreciation the action already taken by the Secretary-General under General Assembly resolution 198 (III) and looked forward to the successful operation of the expanded programme of technical assistance as endorsed in draft resolution A which was before the Assembly. The importance of aid by means of investment of capital in all schemes of economic development had been rightly emphasized. While every country must do its part to utilize all its own economic resources for its development schemes, it was obvious that the domestic resources in under-developed countries were not adequate for the purpose. Carefully canalized foreign capital was required. It was natural that receiving countries should be anxious to make sure that such capital investment was not accompanied by needlessly irksome conditions.

71. The war had left a legacy of economic difficulties to the whole world. War devastation in some countries and serious economic dislocation in others had been among the principal problems confronting the world immediately after the war. The industrially advanced countries had made good progress towards recovery, partly because they had adequate means for such recovery and partly because they had received foreign aid. Some of the under-developed countries had not yet been able to recover from the serious post-war economic dislocation, for the simple reason that their means of production were not capable of further expansion without the necessary aid by way of capital goods and investment capital, though their industrial potential had been and continued to be quite promising.

72. Those regions could not proceed with the execution of plans of long term development until they emerged from their immediate difficulties. A ready supply of capital goods which would enable them to carry out their development schemes and of such other goods as would help them in relieving inflationary pressure would come as a positive aid towards their economic development. The Indian delegation looked forward to appropriate consideration and action in that regard in the ensuing meetings of the Economic and Social Council and other cognate bodies. It shared in the general satisfaction at the unanimity displayed on a highly important issue. The United Nations had had a good record in the economic field, and the credit should go to the co-operative spirit of the Member States and to the highly efficient Secretariat which had aided them by intelligent study and analysis. It was to be hoped that such willingness among Member States to agree might spread to other controversial issues and thus enable the United Nations to achieve its principal objective of international well-being in all spheres of human life and endeavour.

73. The Indian delegation felt that the adoption of the draft resolutions would constitute a historic step in the life of the United Nations, and

sincerely congratulated the President and the General Assembly on their unanimous resolve to work out a scheme so important to the economic well-being of the whole world.

74. Mr. LAPIE (France) noted with satisfaction that the programme before the General Assembly had the twofold merit of having been adopted unanimously by the Second Committee and of being fraught with practical consequences for the future of the world. France, like other nations, welcomed that programme enthusiastically.

75. The words "programme of technical assistance to under-developed countries" might seem somewhat mysterious to the general public, but what they designated was perfectly clear. They meant that attention had once more been called to the fact—and before an august body—that there was inequality among men and among nations. What had struck the members of the Economic and Social Council most, however, had been the seriousness of that inequality, which especially affected certain geographical regions.

76. The recognition of that inequality was not new. There had always been advanced nations and backward nations, peoples at the peak of civilization and peoples who had lagged behind. Throughout the centuries attempts had been made to do away with inequality, but almost always the motive had not been social or humanitarian but, on the contrary, the desire for exploitation.

77. Thus, after the industrial revolution, capital had been invested in what had been considered new countries for the purpose of profit rather than in order to raise the standard of living or the level of civilization of those peoples. And when the countries of Europe had embarked upon colonization, their purpose, at least in the beginning—France at any rate no longer had the same motives—had been far more a desire to obtain raw materials than to bring a new civilization to the indigenous inhabitants.

78. In both cases, which were the main cases of contact between the advanced and the under-developed countries, every nation had sought to exploit under-developed countries for its own individual benefit. The programme of technical assistance, on the contrary, represented a great joint effort on the part of all nations to help less developed countries to raise themselves by their own means to the level of the more advanced countries.

79. It was not a case of separate national enterprises and profits, but of a disinterested world enterprise. It was not a case of a world policy of capital investment, but primarily of a pooling of intelligence, techniques and discoveries with a view to permitting the peoples of under-developed countries to benefit from the invention of modern science.

80. In connexion with the draft resolution submitted to the Assembly, Mr. Lapie felt obliged to mention a point which might lead to misunderstanding and on which the United States representative had very rightly commented. The last part of the third paragraph of draft resolution D obviously reflected a certain confusion which was quite understandable at the end of discussions on complicated matters. It emphasized the "necessity of protective customs tariffs" for the national industries of under-developed countries. Such protective customs tariffs might, of course, be an im-

portant factor in the creation and development of some national industries. Mr. Lapie was criticizing not the proposal itself, but the emphasis laid on words which might perhaps better be omitted. That emphasis was unnecessary; the problem of the relationship between economic development and protective tariffs had been discussed for months on end, at several conferences, in London, New York, Geneva and Havana, and was dealt with fully and, he would have thought, finally, in the Havana Charter and in the General Agreement on Tariffs and Trade. The text of the draft resolution, the general tenor of which was clear, was complicated unduly by the unilateral presentation of a problem both complex and, in the final analysis, already settled.

81. France would bring its assistance, the assistance of a good workman, to a task which opened wide perspectives and of which the four draft resolutions were only the beginning. The tradition of France was one of unselfish endeavour. In the course of centuries it had, in the political field, given the world a number of key-words which had been accepted by everyone and which had enabled each country to rebuild its political institutions with its own means and by its own efforts. It had not imposed its political views and doctrines on anyone. All other nations had interpreted the word "Liberty", a word made famous by the French Revolution of 1789, in accordance with their wishes and their own conscience. At a time when the United Nations was preparing to give effect, in the field of international economics, to the other two words of France's device, "Equality and Fraternity", France would not stand aside. France was emerging from the war period in which it had suffered grievous hurt, but it was engaged in reconstruction; despite great carnage, its population was increasing; its industrial production, notwithstanding initial weaknesses, was also increasing; its research material was growing and its scientists and experts were becoming more numerous with every day that passed. France was therefore in a position to act. It would place at the disposal of all mankind its intellectual potential, its universities and its technical institutes. It would open its doors to students and experts.

82. In that connexion, Mr. Lapie recalled that the detailed reply¹ which the French Government had made on 28 March 1949 to the Secretary-General's request gave a specific and precise list of the services which France was ready without delay to contribute in the field of international technical assistance. The effort required was undoubtedly and primarily an intellectual effort in which certain specialized agencies such as UNESCO and the International Labour Organisation would play an essential part. In the work of making the best use of the results obtained, France would certainly assist other nations by its tradition of collecting and co-ordinating ideas and cultures.

83. The Assembly should embark with enthusiasm upon the path laid down for it, a path which led to a happier future for the nations. But a clear view of the responsibilities of the United Nations was also essential.

84. Its main responsibility was to take due account of the influence of economics upon politics. It would not be possible for certain countries to

¹ See document E/1335.

improve their standards of living or to pass, for example, from an agricultural to an industrial stage of development without social or political modifications necessarily taking place and being anticipated. At the same time, it should be clearly understood, in connexion with the foregoing remarks, that the proposals of experts on the technical progress of an under-developed country should never lead to undue interference by more advanced countries in the general policy of other countries. The boundaries in that question would often be indistinct and difficult to maintain. The United Nations and each individual country should be aware of that. The United Nations must make sure that selfish considerations never returned to cast a shadow over a magnificent undertaking accomplished by the community of nations.

85. Mr. ELIZALDE (Philippines) recalled that his delegation had taken an active part in the debate on the question of economic development of under-developed countries in the Second Committee and had given its wholehearted support to the draft resolutions recommended to the General Assembly for approval.

86. As the President of the Assembly had correctly observed, the discussion concerned one of the noblest efforts towards international economic co-operation ever made. It was based upon the recognition of the fact that the common interest of the peoples of the world in respect of their well-being and living standards took precedence over the political disputes which divided them. Complete agreement had been reached on such immediate questions as the provision of more food for the hungry, more opportunities for work for the unemployed and the achievement of ever-increasing productivity. The ultimate aims of the United Nations were peace and political stability; it was therefore essential to lay the foundations for social and economic stability, which were also the foundations for political stability. That was a slow process but, if the programme succeeded, as the Philippine delegation believed it would, it would represent a steady and courageous advance in a field where such advance was feasible, in anticipation of subsequent political settlements.

87. The programme was based upon the recognition that the more highly developed countries must assist the less developed ones in order to bring about a co-ordinated plan for a more balanced world economy; that must eventually result in more general prosperity and the prevention of unbalanced trade, which, as was well known, was frequently the result of international friction. Such had been the spirit which had called the United Nations into being. The delegation of the Philippines welcomed the fact that such a magnanimous spirit had been invoked on that occasion and that all other delegations had responded favourably.

88. Mr. HAKIM (Lebanon) said that the four draft resolutions recommended by the Second Committee were among the most important of the current session, perhaps even of any session of the General Assembly. Viewed together, they represented a big step forward in the implementation of Article 55 of the Charter. Their aim was to promote higher standards of living and conditions of economic and social progress and development.

89. The most important was draft resolution A on the expanded programme of technical assist-

ance for economic development of under-developed countries. The Second Committee had adopted it unanimously, and Mr. Hakim hoped that the General Assembly would do likewise. The draft resolution endorsed resolution 222A (IX) of the Economic and Social Council, which set forth the arrangements for the administration of the programme of technical assistance and its guiding principles. Furthermore, it provided that a conference on technical assistance should be convened to approve the financial arrangements of the programme.

90. Draft resolution B related to the regular programme of technical assistance by the United Nations and provided for increased appropriations to expand the activities of the United Nations.

91. Draft resolutions C and D dealt with the studies of the Economic and Social Council on questions pertaining to economic development, in particular the problem of the financing of economic development and questions of international economic policy in its relation to economic development. The Council was called upon to proceed with intensive studies of those difficult problems and to make appropriate recommendations for their solution.

92. The decisions which the General Assembly would take on the draft resolutions would constitute a turning point in the activity of the United Nations, for they provided for the launching of an enterprise of assistance for under-developed countries which might grow in time and become a powerful force for improving the living standards of peoples throughout the world.

93. Economic development in under-developed countries was certainly one of the major world problems. The already tremendous gap in economic development between the developed industrialized countries and the under-developed agricultural countries was widening all the time. The under-developed countries should advance along the path already followed by the more developed countries. That was essential not only for themselves, but also for the economic stability and prosperity of the world as a whole.

94. They could not, however, accomplish that great task of development single-handed, and hence had to be helped by the more developed countries which would find in the economic development of under-developed countries an opportunity to expand their own economies and to maintain their own economic stability. Notwithstanding their great economic achievements, the industrialized countries were still in need of expanding their economies; indeed, even in the most developed country in the world, poverty had not yet been completely eradicated. Recent information had revealed that in 1948, at a time when the United States had reached the height of its post-war prosperity, there had been 8 million families or individuals in that country with a cash income of less than 1,000 dollars a year.

95. The greatest problem of the industrialized countries, however, was the lack of economic stability, which manifested itself in a periodical decline in production and large-scale unemployment. They had not been able to control the business cycle and to prevent the occurrence of economic crises. The two problems of economic stability and economic expansion were fundamentally linked and had to be considered within the frame-

work of the development of world economy as a whole. Mr. Hakim was firmly convinced that the ability of the industrialized countries to continue to expand their economy and to maintain economic stability, thus abolishing both poverty and unemployment, depended on the achievement of an expanding world economy in which the economic development of under-developed countries would play a major part.

96. At that stage of the consideration of economic development in the United Nations, concrete action was to be taken only in the field of technical assistance. Technical assistance was certainly of great significance and would yield important benefits to the under-developed countries where the methods of production were very primitive. In many such countries, methods of cultivation had not advanced for two thousand years, technology was at a very low level and mechanical processes were almost unknown. Stupendous efforts would be needed to introduce the advanced technology resulting from modern science into countries where modern science was almost non-existent. By making available to the under-developed countries the technical knowledge and processes of modern production, the United Nations would be rendering a very valuable service.

97. The technical assistance programme, however, was only a first step in the solution of the vast problem of under-development. Technical knowledge should not only be transmitted to the under-developed countries but it should also take root in the processes of production, if it were to yield the desired results of higher standards of living. For that purpose, it would be necessary to effect fundamental changes in the system of production itself. The technical assistance programme, as envisaged at that stage, was insufficient to yield the desired results. In the first place, technical assistance must be given directly in the field of production and not only indirectly by means of surveys, recommendations and plans. Furthermore, even when introduced in the processes of production, technology, as such, was not enough. It was necessary to provide capital for investment in productive enterprises in which the new technology would find its application. The programme of technical assistance in the form envisaged would therefore solve only one aspect of the problem. There remained the other aspect, namely, the financing of economic development. The Economic and Social Council was to give its full attention to that problem during the following year, but unless it were able to provide correct solutions, the programme of technical assistance would fail to produce the expected results.

98. Turning to the possible solutions of the problem of financing economic development, Mr. Hakim stated that there was general agreement that the capital resources of the under-developed countries should be mobilized for productive investment. But it was also generally recognized that those resources were small and that other sources should be found for capital investments from the more developed countries. There was scope for large-scale financing by the International Bank for Reconstruction and Development. The International Bank had so far done very little in helping the under-developed countries; it could do much more by mobilizing available capital in the advanced countries and expanding its development loans to meet the numerous requests it received.

The needs were so great, however, that the International Bank would not have sufficient resources to meet them all.

99. It had been said that private capital would become available to fill the gap. Mr. Hakim had serious doubts about the ability and the desire of private capital to meet the needs of under-developed countries. It might be willing to take the risk in certain profitable fields of investment, but in most fields private capital was reluctant not only to take reasonable risks but also to consider moving to distant and unknown territories. Finally, there were many difficulties in the world economic situation which impeded the international movement of private capital. Mr. Hakim concluded, therefore, that new concepts and new arrangements would be needed if the requirements of the under-developed countries for capital investment were to be boldly met.

100. The United Nations was at the beginning of the road leading to the economic development of under-developed countries. There were many difficulties and obstacles ahead. There were problems of practical implementation and administration to be solved. Every effort should be made to overcome those difficulties and to ensure the success of the enterprise. The United Nations could not afford to disappoint the people who had set their hopes on its success and, despite all difficulties and obstacles, it should go forward boldly towards the achievement of the great task laid down for it in the Charter.

101. Mr. ANZE MATIENZO (Bolivia) said the four draft resolutions submitted by the Second Committee were of such importance that no country, great or small, could disregard them.

102. The concerted action proposed by the draft resolutions showed the generous desire of industrialized countries with a high economic and social level to offer the under-developed countries the fruits of their knowledge and experience in the form of technical assistance. It also showed that the under-developed countries were fully conscious of the duty to achieve harmonious progress in the world in order to improve man's moral and material condition.

103. Economic interdependence was such that no country could remain indifferent to the development of another country; on the prosperity or misfortune of one depended the prosperity or misfortune of all.

104. Mr. Anze Matienzo stated on behalf of his delegation that he would vote in favour of the draft resolutions; he wished, however, to emphasize certain fundamental points.

105. The Bolivian delegation felt that certain well-defined and fundamental principles should be laid down which would strengthen confidence in the new type of capitalism which was emerging. That capitalism was characterized by the social functions which capital was assuming, without detriment to private interests which were still the mainspring of economic development. Mr. Anze Matienzo hoped that the statement of those principles would dispel the mistrust felt by the under-developed countries towards the capital of industrialized countries, a mistrust resulting from the fact that, in former days, capital had been used for purposes of imperialistic exploitation.

106. It should be recognized, on the other hand, that capital distrusted the outbursts of premature

or exacerbated nationalism which were exploited by totalitarian demagoguery, whether nazi-fascist or communist, and which obstructed economic development in certain countries.

107. The basic principles governing the utilization of capital under the new form of capitalism could constitute the foundations for an agreement to which States could voluntarily subscribe.

108. That step would seem to be the natural concomitant of the programme of technical assistance which would lead to a study of the possibilities of economic development. Such development would be financed with available capital. The financing would be effected by various methods; at times it would be undertaken by the State by means of loans; at other times it would be undertaken by private investors who would be given sufficient guarantees and would not be subjected to discriminatory measures.

109. Mr. Anze Matienzo felt that it was essential to reconcile those methods of financing in order to carry out the great joint undertaking. The State, using funds derived from loans, would have to equip areas or establish public services. Foreign capital investments could then be put to effective use in the development of the country and the improvement of the economic and social conditions of the population. Such co-ordination, first within a country and then at a regional level, between a number of countries, would finally result in the development of the whole world for the greatest happiness of all mankind.

110. The representative of Bolivia wished, in conclusion, to emphasize a point which he felt to be of the greatest importance. The United Nations would provide technical assistance to the countries which requested it; that was an admirable example of respect for the sovereignty and inde-

pendence of nations. It would be advisable, however, that the United Nations organ responsible for the co-ordination of technical assistance should utilize the sources of information and the research bodies of the United Nations as well as the studies undertaken by the regional economic commissions. It would thus be in a position to give Governments a general picture which would enable them to have a sufficiently extensive grasp of the economic conditions and factors prevailing throughout the world. Each Government could then decide to give priority to the development of a particular sector of its economy, the choice depending on whether that sector offered most advantages or was most suitable for the development of foreign trade. It would thus be able to adjust itself more easily to an organized world economy by avoiding, as far as possible, a competition seriously detrimental to the progress of certain regions.

111. The United Nations organ responsible for co-ordinating technical assistance should likewise encourage particular types of production which were of vital importance to some countries; countries which did not have the same need for those products could concentrate on other fields of production, according to the excellent maxim of live and let live.

112. When the four draft resolutions of the Second Committee were put to the vote, Bolivia would support them, thus associating itself with the hopes of the world; it did not forget the realities and difficulties inherent in the ever-perilous play of interests, but it was prepared to do its best to transform those hopes into reality.

113. The PRESIDENT declared the list of speakers closed and adjourned the discussion until the afternoon meeting.

The meeting rose at 1.05 p.m.

TWO HUNDRED AND FORTY-SECOND PLENARY MEETING

Held at Flushing Meadow, New York, on Wednesday, 16 November 1949, at 3 p.m.

President: General Carlos P. RÓMULO (Philippines)

Economic development of underdeveloped countries: report of the Second Committee (A/1064) and report of the Fifth Committee (A/1072) (concluded)

1. Mr. TEJERA (Uruguay) said that for countries whose only wealth lay in the vitality of their institutions and the general culture of their inhabitants, it was of fundamental importance that the problems affecting general world harmony should be adequately settled. Among the factors exercising the greatest influence on the general destiny of human society were economic conditions.

2. The General Assembly had before it draft resolutions emanating originally from the Economic and Social Council, the Chilean delegation and the Cuban delegation, the latter having been amended by the Polish delegation. If the draft resolution submitted to the Second Committee by the Uruguayan delegation had been accepted, it would not have been necessary to discuss customs tariffs specifically, because general economic har-

mony, a product of the co-ordination of separate national economies, would have made it possible gradually to eliminate all barriers to international trade. Since, unfortunately, that had not been the case, the Uruguayan delegation had considered the amendment submitted by the Polish delegation to be adequate and had voted for it.

3. A settlement of the world economic problem was of primary importance to all nations and an undertaking in which all countries were involved. Economic activity was meaningless unless it was directed towards the service of man, just as the wealth resulting from such activity was not an end in itself.

4. In the modern world, the interdependence of nations was displayed throughout the world in striking fashion. Centuries before, it would have been possible for some tremendous war or terrible catastrophe to take place in one part of the world, while areas far distant from the scene of the tragedy would not have suffered in the least from the upheaval. But times had changed. Methods of transport and communication and the chain of interests that linked all parts of the