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Chairman: Mr. Gustavo GUTIÉRREZ (Cuba).

Economic development of under-developed countries: report of the Economic and Social Council (A/1359)

[Item 28]*

1. The CHAIRMAN opened the discussion on the first item of the Committee's agenda: the economic development of under-developed countries: report of the Economic and Social Council.

2. Lord OGMORE (United Kingdom) described the question of the development of under-developed countries, as probably next in importance, after the question of aggression in Korea, of all the items before the present Assembly. The question of financing economic development in the under-developed countries was a vital factor in that problem and one of the utmost complexity. It was closely related with the question of technical assistance for economic development and the two could not be considered in isolation.

3. Having stressed the enormous need for technical assistance and financing of economic development in under-developed areas, and the dangers inherent in conditions of poverty, malnutrition, disease and fear, he referred the Committee to Mr. Acheson's statement to the General Assembly¹ that the United Nations had the opportunity of bringing a new hope to millions whose most urgent needs were for food, land and human dignity.

4. The Foreign Secretary of the United Kingdom had in his turn spoken of the duty of the industrially developed nations to assist the less advanced areas of the world.² That was the policy of the United Kingdom Government. It had been recently outlined in a policy statement of the British Labour Party entitled *Labour*

and the new Society which proposed that work should start immediately on the preparation of a new long-term programme—a World Plan for Mutual Aid—to succeed Marshall Aid in 1952. The object of the plan would be to attack poverty everywhere, in developed and under-developed countries alike. According to that statement, the great work had begun. The United States and the United Kingdom were already making a very large contribution to world development. The United Nations also had prepared plans for technical assistance through the Economic and Social Council. All those efforts should be merged as part of the World Plan for Mutual Aid. All the free peoples of the world would be expected to contribute to the Plan according to their ability. It would be carried out through public as well as private investments, through national as well as international action and through colonial development as well as through the United Nations. Its guiding purpose would be to help the poorer peoples to help themselves, and the extension of democratic self-government would accompany economic progress.

5. In the field of technical assistance, at its fourth session, the General Assembly had adopted an important resolution upon the recommendation of the Second Committee, which in June 1950, at the Technical Assistance Conference, had become the Charter of the expanded programme of technical assistance for economic development of under-developed countries. At the current session the Assembly had before it resolution 291 (XI) of the Economic and Social Council on the financing of economic development. Both subjects were inter-related and both presented difficulties, but the question of the financing of economic development was probably the more complex of the two. The Economic and Social Council deserved praise for the work it had done.

6. The United Kingdom representative at the eleventh session of the Economic and Social Council had pointed out that his Government had had a considerable experi-

* Indicates the item number on the General Assembly agenda.

¹ See *Official Records of the General Assembly, Fifth Session Plenary meetings, 279th meeting.*

² *Ibid.*, 283rd meeting.

ence both in the territories for which it was responsible and in others. He had explained that during the nineteenth century, the United Kingdom had been the largest investor in many foreign countries and that in the twentieth century in various ways it had been investing large sums in the territories for which it was responsible³. Six years of total war, followed by a period of continuous international disturbance, had naturally reduced the resources available for economic development abroad. Despite the remarkable economic recovery achieved by the United Kingdom since the war and the austerity it had imposed on itself, it would probably be some time before it could resume foreign lending on a large scale. Notwithstanding all those difficulties, the United Kingdom had made considerable contributions to the work of economic development.

7. The problem was not by any means new. In the nineteenth century and, indeed, in the early years of the twentieth century, it had been solved very largely by a flow of private capital from the United Kingdom and from other countries in Western Europe. According to the philosophy of those times, investors had frankly sought the highest return on their capital whether at home, in the dependent territories or in foreign countries. Since then, however, the attitude of both the capital-exporting and the capital-importing countries had changed, but the world had not yet succeeded in finding new and adequate machinery to take the place of the nineteenth century system.

8. The problems certainly had become much more acute. Since 1914 ten years of war had weakened the economies of those countries of Western Europe which had been the traditional suppliers of capital to the rest of the world. Furthermore, the economic troubles which had followed the First World War had discouraged private investors everywhere from risking their capital abroad. A further difficulty was that the returns to be expected from investments abroad were often no greater than those which might be expected from investments at home. On the other hand, the risks of investment abroad were much greater. Yet another difficulty, as far as the United States was concerned, was that a substantial proportion of the existing private capital was in trust funds and was not available for investment abroad. For all those reasons, it was obvious that the flow of private capital in relation to existing needs could not be as spontaneous as it had been in the nineteenth century.

9. A new agency, the International Bank for Reconstruction and Development, had been created in 1945 to stimulate the international flow of both private and governmental funds. The United Nations could be proud of the work done by the Bank. A significant and steadily increasing proportion of its loans had been flowing into the under-developed areas of the world; unfortunately, however, those loans still fell far short of existing needs.

10. He was sure that the Committee would agree that the first responsibility of the United Kingdom was towards its dependent territories. The United Kingdom had provided out of its Treasury a total sum of £120 million—to be spent over a period of ten years, between

1946 and 1956, for making grants and loans to colonial Governments in aid of their development programmes. Further, two publicly owned corporations had been set up for the purpose of promoting economic development. The Colonial Development Corporation had been set up in 1948 with a capital of £110 million to carry out projects for the development of dependent territories, while the Overseas Food Corporation, with a capital of £55 million, had the task of undertaking large agricultural projects outside the United Kingdom.

11. In addition to the aid thus directly financed by the United Kingdom taxpayer, colonial Governments had raised loans on the London market and private capital had moved freely from the United Kingdom to other parts of the sterling area. The amount of private capital thus involved would roughly be comparable with the amount which had moved through government channels. Many countries, which at the end of the Second World War had held considerable reserves of sterling, had since then drawn on those reserves to a greater or lesser extent. Drawings on those balances—and in 1949 alone £218 million had been released—had contributed directly or indirectly to the financing of various investment projects.

12. Those were considerable sums, but naturally they had gone mainly to countries of the Commonwealth and the sterling area and, in particular, to the dependent territories of the United Kingdom. Other countries, however, had also received financial assistance from the United Kingdom. Despite its balance-of-payments problems, the United Kingdom had permitted commercial investments outside the sterling area on a scale that was at any rate of significance to the countries concerned, although limits had had to be imposed. The United Kingdom Government had also made large contributions in the form of general credits and of grants and loans for relief and reconstruction in countries outside the Commonwealth, which, since the end of the war, had amounted to over £900 million. Not all of that could be regarded as a contribution to economic development in a narrow sense, nor had it gone in general to countries which could be regarded as under-developed in the sense in which those words had been used during the Committee's discussions. Those payments, however, had represented both a strain on the resources of the United Kingdom, and in many cases moral obligations which it could not fail to meet. Some obligations of that kind would continue.

13. Lately, on the initiative of the Australian Government, a most interesting development had taken place in South-East Asia. A conference had been held at Sydney to discuss what aid the Commonwealth countries concerned could provide for the under-developed countries in that area. That conference had been followed by meetings on technical assistance at Colombo, where a draft constitution for a Technical Assistance Bureau had been agreed upon. The third series of meetings under that plan had just been held in London. The Commonwealth Consultative Committee had discussed economic development in consultation with representatives from Burma, Viet-Nam, Cambodia, Laos, Indonesia and Thailand. The Committee had already considered the report of the Colombo meetings on technical assistance and had decided to recommend to the Governments concerned the adoption of the draft

³ See *Official Records of the Economic and Social Council, Eleventh Session, 382nd meeting.*

constitution for a Technical Assistance Bureau. It had also considered detailed economic development programmes prepared by Commonwealth countries of the area. The Committee had been impressed with the magnitude of the burden which the implementation of those programmes would place upon the countries concerned and the urgent need to increase their resources in skilled man-power and capital. The Committee had agreed that close liaison should be maintained with the United Nations agencies working in the area and that the International Bank should be kept fully informed of the position.

14. Traditionally there were two ways in which an under-developed country could finance its development. The first was by means of a foreign loan, secured by a mortgage on the country's liquid assets, usually its customs receipts. That process did not always commend itself to the public of the country concerned. The second was by exploitation of the farmers or peasant proprietors, wringing out of them a surplus which could be sold for foreign exchange. Nowadays, four finance methods were available: private investment, direct government investment, outright grants or loans at non-commercial rates and the international organization of finance such as the International Bank of Reconstruction and Development. It was clearly essential that the under-developed areas should make the maximum contribution to their own development. Some of them, which had already advanced a considerable distance along the road to development, could even now do a great deal in that respect, and they would no doubt have given careful consideration to the report on methods of increasing domestic savings and of ensuring their most advantageous use for the purpose of economic development (E/1562). The need for self-help was obvious, but it was equally obvious that progress of any kind depended largely on outside aid.

15. The difficulties experienced had been three-fold: first, capital, consumer goods and technicians had been in short supply in recent years; secondly, there had been no adequate international machinery to negotiate long-term contracts with staff, to organize and carry on research, to initiate and control pilot-schemes and central farms with satellite, co-operative and individual holdings, which was the real reason why international schemes had not hitherto had the success expected; thirdly—and that was the main problem before the Committee—development of under-developed areas required two entirely different types of finance. A country in the first stages of development needed large sums for projects which would have no direct financial return whatsoever, such as the building of roads and bridges, water supply, bush clearing, the provision of schools and hospitals. That basic work had to be done before any large-scale agricultural, industrial or commercial projects could be carried out. Private enterprise was usually unable to undertake that type of work because it offered no actual cash return, although it was essential to other work which would actually have such a cash return. Then there were projects which would have a direct, although possibly not immediate return. They included such undertakings as ranching, growing of plantation crops, large-scale agricultural projects, mining, light industries and the like.

16. Different types of financial assistance were required to meet those two types of needs. The requirements in respect of projects which had a direct financial return had been met to some extent by private investments, loans from the International Bank, and the Colonial Development Corporation in the territories of the British Commonwealth. It was quite true that the kind of help falling under that heading should be expanded, but at least a start had already been made. Very little however, had been done to meet the need for projects which would have no direct financial return, although they were the essential pre-requisite for any economic development. There was, therefore, a gap in the assistance received by under-developed countries and that gap had to be filled. Those remarks applied particularly to territories which were really under-developed and not to territories which, already developed to some extent, required finance for further development.

17. It was essential to draw a clear distinction between the two types of financial needs and to realize that projects with no direct financial return would call for a large volume of assistance from countries which were able to render such aid, and that such assistance would in fact have to be rendered either by outright gift or by loans carrying no interest. Indeed, experience showed that under-developed countries were usually unable to bear the heavy charges of capital repayment and that assistance to them generally meant an outright grant.

18. That fact had to be faced if the United Nations really wished to help the under-developed territories. He suggested therefore that the Committee should consider the problem under two headings: first, in what way could the United Nations assist the under-developed countries to obtain finance for projects which had a direct return; and secondly, how were those countries to obtain finance for projects which had no direct financial return? The solution of the first problem should not be particularly difficult, but the second would be extremely complex and would entail sacrifices for all.

19. Mr. ZOLOTAS (Greece) said that although three years had elapsed since the United Nations had begun studying the problem of the development of economically under-developed areas, it could not yet claim to have reached concrete conclusions. The subject still needed more clarification and a more realistic approach. The United Nations would fail in its task if all its studies merely ended in a few broad recommendations—it also had to indicate practical measures to achieve economic development.

20. It was now recognized by all that the economic development of under-developed areas was imperative, not only because it was a pre-requisite to raising the standard of living of hundreds of millions of people, but also because it would ensure the steady growth of world economy as a whole and help to promote equilibrium in international trade. It was clear, therefore, that the economic development of under-developed areas was not only in the interests of the under-developed countries themselves; it was equally in the interests of the developed countries which could assist in that development. Highly developed countries now realized that financial and technical assistance to the under-developed areas also contributed to the stability of their own economies and of the world economy as a whole.

21. The development of the economically under-developed areas was commonly regarded as a technical and financial problem. It should be remembered, however, that bad organization could result in a wasteful use of funds and in the deterioration rather than the improvement of the economic position. Absence of organization in the under-developed countries was one of the main obstacles to their development. Furthermore, there was an increasing trend towards bureaucracy and a lack of the necessary spirit of enterprise and initiative. There was also the lack of adequate credit institutions for the mobilization of domestic savings and their use for economic development, and the lack of adequate statistical and technical information and accurate surveys of available natural resources. If nothing was done to improve those organizational factors, technical and financial assistance would not secure sound economic development.

22. A new spirit altogether, in administration as well as in other fields, was needed to achieve rapid and sound economic development. In that connexion he wished to mention four specific points:

23. First, governmental administration should discard routine and bureaucracy and should become an organ of initiative, the more so as rapid progress in backward countries could be achieved only if the State took the lead.

24. Secondly, the organization of the banking and credit system should ensure the most advantageous use of domestic savings for the purposes of economic development.

25. Thirdly, there was need to promote the technical education and technical training of the population.

26. Fourthly, it was essential that development programmes should be well integrated into carefully balanced general economic plans, because otherwise they ran the risk of remaining a dead letter.

27. Development programmes themselves should be properly balanced and should call for investment expenditure which was within the capacity of the country concerned, including its capacity to borrow abroad, and the allocation of that expenditure to different types of projects, in accordance with an agreed order of priority.

28. The organizational side of the problem of economic development had not been entirely overlooked by the United Nations, and its programme of technical assistance included some organizational items. One such programme in its present form did not, however, adequately cover the urgent organizational needs of under-developed countries. The provision of fellowships and the organization of visiting missions were contributing factors to development, but they did not in themselves secure development. The returning fellowship holders might become bureaucrats and the planned projects remain dormant if the organizational aspect in development were neglected. There was moreover some duplication of activities between the United Nations and the various specialized agencies despite all co-ordination efforts. Finally, the non-participation of the International Bank, which had gradually become one of the chief agents of technical assistance on its own, created a regrettable lacuna in the technical assistance programme.

29. During the past eighteen months, the International Bank had been approached by some of its members for technical advice and assistance not directly related to immediate requests for loans. That combination of financial and technical aid was a new and promising aspect of the Bank's programme. Its role in technical and organizational assistance would and should increase, but it was imperative that the Bank should participate in the technical assistance programme and that its work should be co-ordinated with that of the other participating agencies.

30. The problem of financing economic development had been greatly clarified as a result of studies carried out by experts, the Secretariat and various organs of the United Nations. The constructive conclusions thus reached were included in resolution 294 (XI) of the Economic and Social Council. That resolution pointed out the primary importance of mobilizing domestic savings for development and creating conditions which would attract the participation of foreign private capital; it stated the principle that the financing of economic development should not be directed exclusively to self-liquidating projects and also that, in estimating the amount of external finance required for development projects, consideration should be given not only to the direct cost of any project but also to the increased need for foreign funds resulting indirectly from the implementation of such projects.

31. Those principles might seem self-evident. Yet, they had not been recognized as such only a few years previously, and their general recognition constituted in itself great achievement. Recommendations and principles, however, could not suffice for the effective financing of economic development. According to the Food and Agriculture Organization, the plans of under-developed countries would call for about \$4,000 million of international investment each year. What were the possibilities of meeting that amount of funds from existing investment channels? The flow of capital from private foreign sources was restricted because of the political and economic insecurity prevailing in the world and because of the unfortunate experience of private lenders during the previous two decades. A gradual improvement, however, might be achieved by the adoption, by both the lending and the borrowing countries, of measures aimed at encouraging private foreign investments. Highly developed countries might have to sustain full employment by promoting the export of capital goods by means of credits to under-developed countries. Despite all those measures, however, no considerable expansion of foreign private investments could be expected for some time to come.

32. Inter-governmental lending had been very extensive during the post-war period and represented the chief source of foreign investment, but it was used primarily to help the reconstruction of war-damaged countries. As far as the under-developed countries were concerned, the most important governmental lending institution was the United States Export-Import Bank, which had already granted them substantial credits. As its lending authority was limited to \$3,500 million and as \$2,500 million had already been lent, the remaining balance was small in comparison with the needs of the under-developed countries. It would appear that the United States Government was contemplating plans for

the direct and indirect expansion of the Bank's activities. Since the United States was the largest creditor country, such expansion would be of very great importance to all under-developed countries, the more that the lending regulations of that Bank were by far the most favourable for such countries. It should not be forgotten, however, that the Export-Import Bank was the agency of one single Government and that an expansion in its development loans could not of itself suffice to fill the gap in development financing.

33. The International Bank for Reconstruction and Development was the only international financial institution which provided funds for development. Up to 1 September 1950, it had been able to grant loans totalling \$966 million. That amount, which had been distributed over a period of almost four years, was very small when compared with the annual needs of under-developed countries. It was true that the Bank's lending capacity might be expanded if it could raise funds on the American market up to the amount of the United States subscription and if it were authorized by the major developed countries to utilize their capital subscription. As matters stood, however, a major extension of the Bank's operations could not be expected. Even if such an extension did take place, the lending capacity of the Bank would be inadequate to meet the essential capital needs of the under-developed countries. Moreover, the Bank's Constitution restricted its activities mainly to specific self-liquidating projects. The Bank had tried to adopt a more liberal policy, but the efforts of its administration to free itself from the restrictions of its Constitution had not been entirely successful.

34. As had been emphasized by the Sub-Commission on Economic Development, a series of low-yielding, slow-yielding and high-cost projects required financing at lower or at no interest rates and longer maturities than were now available. Under its Constitution, the Bank could not finance such programmes, although they constituted economic and social overhead projects.

35. For all those reasons there was general agreement that the Bank should be transformed from an institution which relied mainly on private lending into one which relied on public lending. It had been suggested that the Bank should be empowered to obtain funds by borrowing from governments and to lend to governments for general development purposes. That suggestion was based not only on the urgent needs of under-developed countries, but also on the need to establish a sound basis for international economic relations. Indeed, world economy as a whole depended largely on a substantial and steady flow of capital from the leading industrial countries. He believed, therefore, that this proposal constituted a sound basis for the solution of one of the most important and urgent problems of the world.

36. Mr. ABDEL-RAZEK (Egypt) noted the extension of activity by the United Nations and the specialized agencies in the field of economic and social development and their efforts to put into execution the continuing programme of technical assistance to under-developed areas under resolution 200 (III) of the General Assembly and the expanded programme of technical assistance under resolution 304 (IV). He added that Egypt had been one of the Member States which

had profited by the execution of the regular programme in the economic and social fields and that it had contributed to the financing of the expanded programme.

37. The last paragraph of the draft resolution contained in paragraph 6 of document A/1359 and submitted by the Council for the General Assembly's consideration recommended that requests for technical assistance which could not be financed with funds provided in the regular budget of the United Nations should be eligible for financing from the special account for technical assistance. That special account, however, was not sufficient to finance at the same time both the expanded and the continuing programmes. Therefore, in spite of the limited resources of the United Nations, the possibility should be considered of increasing the allocation for the regular programme in the 1951 budget. The General Assembly had recommended the establishment of a credit of \$539,000 for that purpose in 1950, which sum had later been reduced to \$508,420, owing to the devaluation of certain currencies. The sum provided in the 1951 budget should therefore be at least \$539,000 and the necessary savings could be secured in other chapters of the budget. Moreover, too great reliance could not be placed on the special account since it consisted largely of voluntary contributions, the volume of which would depend on the financial situation of the participating countries.

38. In the implementation of the expanded programme of technical assistance, the following essential points must be borne in mind: (a) the general principles stated in the first part of annex I to resolution 222 A (IX) of the Council must be respected; (b) the selection of experts should be made, in agreement with the beneficiary countries, before the conclusion of the agreements between those countries and the organization concerned regarding the provision of technical aid; (c) the most equitable distribution of technical assistance among recipient countries must be aimed at, taking due account of geographical distribution and of the area, population and revenue, rather than of the contribution, of the recipient countries.

39. The General Assembly and the Economic and Social Council had often emphasized the need for national and international measures to encourage foreign investment in countries which were in the process of completing their development. The United Nations recognized that a more rapid increase in the productivity of such countries was essential to increase the level of productive employment in the industrialized countries and raise the standard of living of peoples as well as to promote the development of the world economy as a whole. So far the total volume of the domestic financial resources of countries in the process of completing their development and of the foreign capital invested had not been sufficient to ensure economic development at the desired speed. An acceleration of the economic development of such countries therefore required not only more effective and sustained mobilization of domestic savings, but also a more substantial and stable contribution of foreign capital. For those reasons, the Economic and Social Council had devoted part of its eleventh session to a study of the question and had adopted resolution 294 (XI).

40. In spite, however, of good-will on the part of borrowers or lenders, there remained such obstacles as:

the impossibility of being able to count on foreign private investment for a sufficiently long period, the inadequacy of available foreign investment, whether private, governmental or international, for the financing of those projects which, although they had no direct financial return, were essential for economic development because they indirectly affected the productivity and the national revenue of under-developed countries, and the impossibility of counting on foreign financing for heavy industries. To meet those difficulties, the Economic and Social Council, in resolution 294 (XI), had recommended certain measures which Mr. Abdel-Razek analysed.

41. It was thus evident that the financing of economic development was hindered not only by inadequacy of capital, but also by lack of mutual confidence between countries and by such unproductive expenditure as expenditure on armaments.

42. He therefore believed that the only effective method of encouraging international assistance and the investment of foreign capital was to satisfy the legitimate desire of the small countries to limit foreign influence on their territory, while also providing lending countries with adequate security and reasonable profit for their loans. For that purpose, the authors of the report on *National and International Measures for Full Employment* had stressed the necessity of amending the Statutes of the International Monetary Fund and the International Bank for Reconstruction and Development so as to place at their disposal resources sufficient to enable them to expand their activities.

43. Mr. Abdel-Razek then reviewed resolution 308 (IV) of the General Assembly on full employment, and the report drawn up in accordance with that resolution. He noted, however, that the report had not studied problems relating to the interests of the small countries in detail, and that the question of unemployment in the developed countries was neither serious nor urgent at the present time. It therefore appeared, and he would be glad to receive confirmation of that point, that the principal aim of the report was to encourage certain countries to combat domestic unemployment so as to encourage their imports and favour the investment of their capital abroad so that other countries might be in a position to re-constitute their foreign currency reserves and bring about equilibrium in their balance of payments.

44. At all events, he was glad to note the adoption by the Economic and Social Council of resolutions 290 (XI) on full employment and 295 (XI) on the organization of the Economic and Employment Commission and its two sub-commissions.

45. Although not a member of the Economic and Social Council, Egypt had followed the Council's efforts and activities in the field of economic development very closely, and had devoted itself to a vast programme of reforms intended to promote the economic and social development of the country and to raise the standard of living of its people. Mr. Abdel-Razek mentioned a number of those reforms, such as the establishment of two new Ministries; the issuing of a new law on social security; the encouragement of the import of food and other basic products; projects designed to increase the agricultural productivity of the country and to promote

its industrialization; government control of credit and exchange, and encouragement of foreign trade.

46. In spite of national and international efforts for economic development, the world was still suffering from the consequences of the Second World War and was still far from achieving all the objectives of the United Nations Charter. There was still chronic disequilibrium in trade and in balance of payments. The Fund and the Bank had not yet been able to achieve the aims for which they had been established. The Havana Charter had not yet been ratified by the majority of Member States, exchange and commercial controls had therefore been maintained, with the result that in spite of the disadvantages of bilateral agreements, the majority of countries had continued to conclude them. Disequilibrium in the balance of payments, particularly in relation to dollar countries, was continually growing worse.

47. In spite of the drastic measures already taken, it appeared that the balance of payments problem could only be solved if countries could obtain goods and services outside the dollar area, or if the United States were to make possible a larger dollar contribution from those countries by a reduction in customs, tariffs and by increased investments abroad designed to foster world economic development.

48. If effective solutions which would promote multi-lateral trading agreements and meet the scarcity of foreign exchange could not be found the efforts of the various countries would necessarily turn towards encouragement of autarky and the taking of exceptional measures which would hinder world economic development and prosperity.

49. But in spite of the difficulties in the way of the swift rehabilitation of the world, people continued to have confidence in the future of the United Nations. Experience had shown that with good-will and a spirit of sacrifice the true interests of the whole world were not irreconcilable with the legitimate national aspirations of peoples.

50. He was therefore in complete agreement with the ideas stated in the last paragraph of the Secretary-General's introduction to his last Annual Report⁴ and hoped that the Economic and Social Council would continue its efforts to draw up a boldly conceived programme of mutual aid for technical assistance and international investment. He also noted that it would be difficult to implement such a programme unless it was based on the principle of equal rights and respect for freedom and until countries were in a position to diminish their unproductive expenditure and lighten the burden of armaments production.

51. Mr. STADNIK (Ukrainian Soviet Socialist Republic) said that the problem of the economic development of under-developed countries, which had been before the United Nations since its foundation, was a most urgent and vital one, affecting as it did the lives of millions of people in the under-developed countries. Improvement in the situation would be possible only if those countries ceased to be an appendage to the de-

⁴ See *Official Records of the General Assembly, Fifth Session, Supplement No. 1.*

veloped countries, mere economic outlets and sources of cheap labour. The existence of the problem was due to the policy of economic development carried on by the monopolistic capitalist countries for their own selfish interests.

52. The Charter provided for co-operation with under-developed countries to assist them in becoming economically independent and the general principles of the Charter were based on the provision that organizations giving assistance should endeavour to promote economic and political independence and to ensure a higher level of economic and social well-being.

53. Those ends could be achieved only if economic assistance was given on terms ensuring the national sovereignty of the requesting countries. The interests of demanding countries must be taken into account and economic assistance should be proffered only when requested. It should not be made conditional on demands affecting national sovereignty.

54. Economic assistance should promote the development of national industries and agriculture. That could be successfully effected only if certain government measures were taken which would create favourable conditions for the development of young industries. There had been attempts to penetrate under-developed countries for non-humanitarian purposes; the United Na-

tions must strongly oppose any efforts to exploit economic assistance for selfish ends. In that connexion, Mr. Stadnik quoted an article from *Harper's Magazine* of December 1949 by Milo Perkins, former Executive Director of the United States Board of Economic Warfare, to the effect that as a result of its agreements on capital investment with other countries the United States must send missions to investigate the possibilities of developing industries and agriculture in those countries and of purchasing strategic materials from them.

55. Such an article was indicative of the policy of world subjugation pursued by the United States under the pretext of giving technical assistance; it showed that the capitalist and monopolistic countries were attempting to strengthen their economic and political dominion over the under-developed countries by obtaining cheap raw materials and strategic materials.

56. He once more emphasized that technical assistance must have as its aim the full economic and political independence of the recipient countries. That could be achieved through judicious action by the United Nations and its organs, which were called upon to play a decisive role in strengthening the under-developed countries.

The meeting rose at 1 p.m.