



CONTENTS

Page

Economic development of under-developed countries: report of the Economic and Social Council (A/1345 and A/1359) (<i>continued</i>)	39
---	----

Chairman: Mr. V. V. SKOROBOGATY (Byelorussian Soviet Socialist Republic)
(*Vice-Chairman*).

Economic development of under-developed countries: report of the Economic and Social Council (A/1345 and A/1359) (*continued*)

[Item 28]*

1. Mr. DAVIN (New Zealand) said that his delegation had studied with considerable interest chapter II of the report of the Economic and Social Council¹ on the economic development of under-developed countries. That report was a most useful document for countries which were not represented on the Council.

2. He believed that while the progressive achievement of economic development in under-developed countries was of crucial importance for the well-being of millions of people, the possibilities for immediate practical action by the United Nations in that field should not be over-estimated. Although the United Nations and the specialized agencies could give valuable information and advice on various economic and social problems, it was for the national governments themselves to exercise the energy, determination and persistence necessary to apply that advice. By granting fellowships and scholarships, the United Nations was helping governments to secure the necessary trained personnel to carry out their plans.

3. Given sound technical plans and a competent personnel to carry them out, under-developed countries would need much capital, particularly foreign capital, to finance projects for economic development. The needs of under-developed countries for capital were so vast and the prospect of return so remote and difficult to estimate in terms of money that it would be difficult for the International Bank for Reconstruction and Development to provide the necessary capital while at

the same time adhering to the normal banking principles laid down in its Articles of Agreement. Although there had been striking examples of grants of capital by individual countries such as the United States and the United Kingdom, there was little evidence that, apart from the machinery of the Bank, action through the United Nations by way of the direct grant of capital to under-developed countries was as yet a practical possibility.

4. Referring to the statement made by the United Kingdom representative (119th meeting) on what the United Kingdom had done by way of assistance for colonial development and in supplying investment capital to the sterling area, he said that the New Zealand Government had recently been represented at the London meeting of the Commonwealth Consultative Committee on South and South-east Asia. His delegation had been most favourably impressed by the economic development programmes of the under-developed countries in that area. The meeting had not confined its attention to the countries of the British Commonwealth, but had also endeavoured to study the problems of other countries in the area, because it realized that poverty, like peace, was indivisible and that there was no point in trying to raise living standards in commonwealth countries if poverty was left unresolved in neighbouring non-Commonwealth countries.

5. The problems facing South and South-east Asia were typical of the problems of all under-developed countries. The area in question was rich in natural resources but most of its people lived in great poverty. The situation had become worse because the flow of capital from Europe had now dwindled almost to nothing. Furthermore, the dislocation and actual devastation resulting from the war and the political disturbances of the post-war period had increased the disorganization of production and transport of food-

* Indicates the item number on the General Assembly agenda.

¹ See *Official Records of the General Assembly, Fifth Session, Supplement No. 3*.

stuffs and raw materials. Because of that disorganization and of the steady increase of the population, the main problem was still the supply of food. Throughout the area poverty, undernourishment, illiteracy and a high mortality rate were still the rule rather than the exception.

6. The aim of the six-year plans examined by the Commonwealth Consultative Committee was to achieve the minimum essential development which would give the initial impetus to enable the countries to carry on the work of economic development largely by their own efforts; the most difficult task for an under-developed country was to carry through the early stages of development; once the process was under way it became cumulative. Much work had already been done in the countries concerned, and in framing their programmes they had been guided by past experience, including only those projects which they could complete within the six years, if given an adequate supply of capital and trained personnel from overseas. All those programmes, with one exception, concentrated on the expansion of agricultural production, the development of transport and communications and the provision of electric power. That accounted for 70 per cent of the expenditure proposed. Only about 10 per cent had been allocated to industry, and 18 per cent for the building of schools, hospitals and houses. The need for housing, health and education facilities was everywhere urgent, but governments had had to weigh the advantages of the development of production on the one hand and the extension of social services on the other. It was obvious that an expansion of productive capacity would directly increase the national income, whereas the extension of social services would place increased burdens upon revenue.

7. It seemed, for the time being at least, that schemes of that kind should be left to the initiative of individual countries or groups of countries and that United Nations action in regard to the supply of capital would be best directed to giving under-developed countries full information and advice on the means of securing or attracting foreign capital from likely sources.

8. The New Zealand delegation wished to express its support for the action taken during the past year in that field by the Economic and Social Council and for the resolutions which the Council had adopted.

9. With regard to the financing of economic development, his delegation was in agreement with the conclusions of the Council as expressed in resolution 294 (IX), particularly the conclusion that, in addition to domestic savings, there was need for an expanded and more stable flow of foreign investments. It also endorsed the recommendations that governments should establish conditions likely to encourage participation of foreign private capital, that private lending from the more developed countries should be encouraged by their governments, and that the principle of untied lending should be increasingly observed in all government-controlled or supported foreign lending. His delegation had also noted the assurance given by the International Bank for Reconstruction and Development that it would "examine the size, composition and financial implications of a borrowing country's investment programme as a whole, as well as the details of selected projects".

10. His country could give valuable help in the field of technical assistance. In that connexion, he was glad to note the work done in providing technical experts to various countries and granting fellowships. New Zealand was one of the host countries which made facilities available to fellowship holders.

11. His delegation agreed with the draft resolution proposed by the Council to the General Assembly (resolution 291 A (XI)) that requests for technical assistance which could not be financed with funds provided under the regular budget of the United Nations for 1951 should be eligible for financing from the special account for technical assistance for economic development. His country had been able to offer a contribution of \$126,000 for that programme. The total sum available, namely about \$20 million, would represent a substantial contribution to the training of skilled personnel and the provision of expert assistance for economic development. Special praise was due to the United States for its generosity in that field.

12. The machinery for the administration of the programme appeared to be working satisfactorily. He agreed with the view generally recognized by the Council that the expanded programme of technical assistance should be centrally administered to ensure the proper co-ordination of requests for assistance and the best use of the knowledge and experience available throughout the world.

13. The existence of bilateral or regional programmes of technical assistance should not affect the eligibility of recipient countries to receive technical assistance requested from the United Nations and the specialized agencies; the assistance provided through such bilateral and regional programmes would be complementary to and not a substitute for the assistance provided through the United Nations and the specialized agencies.

14. Mr. KHOSROVANI (Iran) said that, in addition to the pledges embodied in the Charter, two other considerations compelled Member States to promote the development of under-developed countries: first, the universal desire to eliminate the basic causes of war and, second, the general recognition of the fact that economic stability and full employment could be achieved and maintained only in an expanding world economy. It was imperative to bridge the gap between the standards of living in the developed and under-developed countries not only because of the frustration felt by the peoples of the backward countries, but also because economic weakness and low standards of living were a potential cause of unrest and wars.

15. Heartening though it was to see the attention of the world focused on that problem, it was essential to guard against too much verbal enthusiasm without positive action, so as not to over-estimate what had been done or what could reasonably be expected from the existing programmes of assistance for under-developed countries. Indeed very little had been done for the financing of economic development. Resolution 294 (XI) of the Economic and Social Council represented a very important step forward, but there was still a long way to go. The Council itself had recommended that the problems involved should be kept under constant study and review.

16. The Council had emphasized the importance of domestic savings; it should be realized, however, that the national *per capita* income in under-developed countries was so low that even if the most effective methods of saving were adopted, the domestic capital thus available would still fall far below the requirements of economic development. It was nearly always essential that foreign financing should supplement whatever resources could be made available by domestic effort. That was the reason for the Council's recommendation that governments should take all the necessary steps to encourage the participation of foreign private capital in their economic development schemes.

17. It should be emphasized that the decrease in the flow of private foreign capital in recent decades had not been due merely to want of reasonable guarantees for the safeguard of that capital. The main reason was that in most under-developed countries the cream of the projects had, so to speak, already been skimmed. During the past century, foreign investors had sought and exploited various projects in non-European countries with hardly any regard for the welfare of the inhabitants. Vestiges of that type of investment could still be seen here and there, but conditions had changed. Non-intervention in domestic affairs and the strict observance of the social rights of the inhabitants had become essential prerequisites to the acceptance of foreign aid. Those conditions, as well as the low-yielding character of the projects and the fact that foreign exchange could not be provided for quick repayment and regular payments of interest, explained the decline in the flow of private foreign investment.

18. Any economic development aimed at raising standards of living had to start with, or at least include, projects in such fields as transport, public health, education and housing, which were seldom self-liquidating and certainly did not attract private capital from abroad. If undertaken by domestic financing alone, they could lead to acute inflation. Consequently it was the duty of the more developed countries to assist under-developed regions whose natural resources had in the past played such an important part in the industrialization of the former. Such assistance should not be granted as mere gratitude but because it represented a sound economic policy and because it was essential to the securing of world prosperity and peace.

19. Although it might be possible to increase somewhat the flow of private capital, the early stages of economic development would have to be financed from other sources of capital, namely, governmental loans and loans from international institutions. Partially-developed countries might be able to attract foreign capital and to meet the exacting conditions of some of the international institutions. Under-developed countries, however, had been experiencing great difficulties in obtaining loans for financing basic projects which were so essential for creating conditions likely to attract private investment. There was thus a vicious circle which could only be broken by a substantial liberalization in the terms and conditions which must be met to secure loans from existing international sources or by the creation of some new sources in that field.

20. It was difficult to foresee how far the International Bank would be permitted to go by its Board of Direc-

tors in adopting a more liberal policy. The French representative had said that the Bank had shown greater boldness in financing the reconstruction programmes rather than economic development programmes. It should be remembered however that the beneficiaries of reconstruction programmes were mostly developed countries which owned larger shares in the Bank with correspondingly greater influence on its policies. The Bank should adopt a more sympathetic and understanding attitude towards under-developed countries and relax its strictly commercial standards when appraising their credit standing.

21. In addition to the expansion of existing international institutions, there was obvious need for the creation of some other international machinery, as suggested by the Sub-Commission on Economic Development, or for the establishment of foreign lending programmes, as advocated by the group of experts in their report, *National and International Measures for Full Employment*. The initiative in that field should naturally come from the more advanced countries.

22. He believed that the Expanded Programme of Technical Assistance would soon start bearing fruit and that the United Nations would do its utmost to make that programme successful. There was need for a broad interpretation of the relevant resolutions of the Assembly, because although economic development problems were similar in their widest aspects in all under-developed countries, the solutions depended on the particular circumstances and conditions of each country concerned. Hence, there was need for great flexibility and elasticity in the implementation of the technical assistance programmes. In that connexion he welcomed the appointment by the Technical Assistance Board of liaison officers to certain countries. They would be able to co-ordinate various requests for technical aid in different fields and harmonize efforts at the source, as well as advise governments on the type of assistance that could be made available under the expanded programme.

23. It should be realized, however, that technical assistance alone could not always achieve its aim unless it was accompanied by financial aid enabling full use to be made of the advice and knowledge made available under the programme. Detailed plans and preparations of projects led nowhere if local resources were not supplemented by outside financial aid. Indeed, even administrative or land reforms might require such expenditure as to make their execution impossible without financial assistance. Iran, for instance, had prepared a seven-year plan for developing its natural resources and improving its economic and social conditions. The preparation of that plan alone had cost the Government considerable sums in foreign currency, yet its implementation was being held up by lack of financial assistance from outside.

24. The problem of economic development could only be solved by united and resolute efforts on the part of all. Considering that after the Second World War, Europe, despite all its technical knowledge and its high standard of living, had been unable to reconstruct its economy by itself, under-developed countries could not be expected to achieve decent standards of living without substantial outside assistance. He trusted that practical measures and appropriate action by the Assembly would soon give life to the principles embodied in the resolution of the Economic and Social Council.

25. Mr. ROY (Philippines) indicated that the Expanded Programme of Technical Assistance for economic development promised to become one of the positive achievements of the United Nations. A modest beginning had been made by the pledge of some \$20 million for the programme by States which had participated in the Technical Assistance Conference.

26. He drew attention to the Secretary-General's remarks in the introduction to his annual report for 1949-1950 with regard to the economic and social needs facing the peoples of Asia and Africa.² Recent events had thrown into relief the dramatic need for technical assistance in one particular section of the globe. Analysing the pattern of economic development of Asian countries, he suggested that the problem was one of achieving a proper balance between agricultural production and industrial development. His delegation felt that the aim should be an increase in agricultural production, designed to earn foreign currency and solve existing food deficits, and a gradual industrialization which would make the country less susceptible to fluctuations in the international market.

27. He drew attention to the possibilities of intra-regional technical assistance as a suitable complement to the United Nations programme and the "Point Four" Programme, and commended the work of the Economic Commission for Asia and the Far East.

28. He quoted the substance of a resolution approved by the Baguio Conference in 1950, which emphasized the need of approaching the problems of the countries of the Far-East from an over-all viewpoint. Social, cultural, educational and health factors were part of the fabric of economic development of a country and must be given their due share of attention in any plans for economic development. In that connexion, he was glad to note the nature and scope of activity in the United Nations international fellowship programme, and hoped that continuing attention would be paid to that important field.

29. Technical assistance was, however, only part of the solution. There still remained the problem of financing economic development. Economic development, together with technical assistance, should make it possible to improve the living standards of under-developed countries, thus permitting a corresponding increase in the living standards of industrialized countries.

30. In order to attract foreign capital, he thought it was essential to offer inducements to foreign investors. His government had taken due account of the principal prerequisites to the free flow of investment capital, and had passed laws designed to encourage investment of foreign capital. He briefly analysed those laws.

31. The importance of direct private investment should not, however, be subordinated to the equally important function of public international financing, for which the agency directly responsible was the International Bank for Reconstruction and Development. While recognizing the limitations under which the Bank must unavoidably work, he urged that it should adopt a more vigorous and constructive approach to the problems of under-developed countries and suggested that,

in the long run, a more liberal and humane approach might pay greater dividends than a cold cash balance.

32. Since the primary purpose of the Bank was "to assist in the reconstruction and development of territories of members" he felt that its main attention should be devoted to countries which were both war devastated and under-developed.

33. His delegation fully agreed with the Greek representative's observations regarding the scope of the Bank's activities (119th meeting). Should it not prove possible to expand the Bank's terms of reference, however, his delegation would support the Pakistan view (121st meeting) that a new United Nations agency might be established to finance economic programmes for the development of under-developed countries.

34. With reference to the recommendation by the group of experts, in *Methods of Financing Economic Development in Under-developed Countries*, that primary emphasis should be laid on the mobilization of domestic savings, he stated that it was futile to expect substantial domestic savings in a country where the masses had a sub-marginal existence, and he associated himself with the Australian representative's remarks (120th meeting) on the necessity of breaking that vicious circle.

35. The relatively small importance of Asia and Africa as receivers of foreign capital during the inter-war period was indicated in the report—*International Capital Movements During the Inter-War Period*. The fact underlined the imperative need for a flow of foreign investments on a wider geographical basis.

36. Pointing out that the Special Committee on Information transmitted under Article 73 e of the Charter had, that year, decided that the following year's discussions should be devoted primarily to the economic aspect of information received from Non-Self-Governing Territories, he indicated that it was his delegation's intention to present, at the appropriate time, a draft resolution on that subject, for the Committee's consideration.

37. Mr. DICKEY (Canada) said that he had been struck by the fact that almost without exception previous speakers had referred with approval to the attention which the United Nations had paid to the subject of economic development, particularly with regard to the under-developed countries.

38. The recent launching of the Expanded Programme for Technical Assistance represented a great achievement; its full fruits would not be enjoyed for some years but it was reasonable to expect early benefits in many areas. It was eminently satisfactory that so many nations had been represented at the Technical Assistance Conference in June 1950 and that they had all made important contributions to the financial backing of the programme.

39. He was sure that everyone regretted that several countries in Eastern Europe had so far remained aloof from participation in the Expanded Programme. Those countries claimed great advances in the economic development of their economies. They had not, however, found it possible to make any contribution to the special account. That was the more regrettable since they had

² See *Official Records of the General Assembly, Fifth Session, Supplement No. 1*.

voted for General Assembly resolution 304 (IV). They had subsequently characterized the whole programme as a project of American imperialism. Canada could not share that view and felt that the Committee could afford to disregard that suggestion, since it was obviously intended to divert attention from the fact that the Cominform countries had refused to contribute to the programme. In any event it was now clear that those who were interested in the healthy development of world economy could not look to the Soviet Union and its satellites for co-operation. On the other hand a number of States had contributed to the special account although they were barred from membership in the United Nations by the Soviet Union's veto.

40. After lengthy discussions, the Expanded Programme of Technical Assistance had been given its final form at the Conference in June. The programme would still have to be proved and further projects should not be initiated too hastily. For its part, the Canadian Government was firmly convinced of the value of the programme, though its delegation would not be slow to make constructive criticisms or to suggest improvements.

41. Consideration had already been given to arrangements to ensure an adequate flow of funds to finance the economic development for which technical assistance would prepare the way. The problem was of a continuing nature and no final solution should be expected immediately. The Economic and Employment Commission, which had been reorganized by the Council at its eleventh session (resolution 295 (XI)), should be left to make appropriate recommendations on any action required by the Council or by the General Assembly. The Commission was now composed of experts from eighteen different countries representing all shades of economic opinion, and its recommendations were bound to have considerable weight.

42. He hoped that the representative of the International Bank for Reconstruction and Development would clear up the misunderstandings which apparently existed in connexion with the Bank's practice with regard to loans for non-self-liquidating projects.

43. Several delegations had intimated that they would submit draft resolutions to the Committee. His delegation would comment on them at the appropriate time; it felt, however, that Council resolution 294 (XI) went as far as was feasible at the present time. The next step would be for the Economic, Employment and Development Commission to consider the needs and resources available for financing economic development and report thereon to the Council at its twelfth session.

44. Mr. RODRIGUEZ FABREGAT (Uruguay) said that the economic development of under-developed countries was one of the greatest responsibilities of the United Nations and the manner in which the problem was being treated gave rise to considerable hope. The General Assembly had been dealing with the problem in its various aspects since 1946 and had adopted a number of resolutions on it, and, as a result, the Economic and Social Council had devoted much attention to the question. The problem had also been dealt with at the Technical Assistance Conference and the United Nations Scientific Conference for the Conservation and Utilization of Resources.

45. He drew attention to several important questions dealt with in the report and recommendations of the Economic and Social Council. Those questions and the Council's treatment thereof, the availability of financial resources for development, the nature of the assistance to be given to under-developed areas, United Nations action under resolution 200 (III) and resolution 306 (IV), the nature of each government's contribution, the direction and extent of international collaboration, and the work of UNSCCUR, constituted ample material on which the Committee could work.

46. As the Indian representative had stated (122nd meeting), the problem of economic development had two technical aspects: the provision of a programme of technical assistance and the financial resources required for its application. There was, however, a third aspect of major importance, namely, the human aspect, which must be constantly borne in mind in connexion with all forms of economic development. Humanitarian principles, requiring as they did an improvement in standards of living, were at the basis of President Truman's "Point Four" programme. Poverty provided fertile soil in which social ferment and revolution might flourish; the Universal Declaration of Human Rights indeed found its strongest support in the Expanded Programme for Technical Assistance. It indicated a new dimension in the work of the United Nations, that of human solidarity. In that connexion, he quoted the statements made by the President of Uruguay with reference to his country's financial contribution to the Expanded Programme of Technical Assistance, and at the inauguration of the session of the Economic Commission for Latin America recently held in Montevideo.

47. The contribution of Uruguay to the Expanded Programme could not be defined in monetary terms alone. Its fundamental contribution was the opportunity it provided for the study of the economic and social evolution of a functional democracy which had been able to resist all totalitarian pressures. His country's contribution to the plan for technical assistance assumed three forms: (a) scholarships for study of Uruguayan institutions and public services; (b) technical instruction by Uruguayan experts in other countries; and (c) provision of seeds, pedigree stock, etc.

48. He stressed that of those three forms, the most important was perhaps the opportunity to study from a living model the evolution of a country which some fifty years previously had been in the position of the under-developed countries which now required technical assistance. Uruguay had passed through two great cycles: a cycle of social reform, beginning in 1905, and a cycle of economic reform which had begun in 1912. He briefly described the important economic and social changes which had taken place, quoting figures with regard to illiteracy, infantile mortality, working hours, wages, etc. In spite of almost non-existent natural resources, Uruguay had succeeded in developing its economy, its system of transport and communications, and its social services. In that connexion, he indicated the value, for the country's development, of the extensive system of transport and communications which owed its initial existence to foreign capital but which had later been nationalized. The transference of such services from foreign to national ownership had been

achieved without violence or infringement on the rights of others.

49. He also briefly reviewed social legislation in Uruguay, with regard to minimum wages, family allowances, unemployment insurance and similar matters.

50. Evoking vividly the lamentable conditions under which more than half the world's population was forced to live, and stressing that it was the object of the Expanded Programme of Technical Assistance to alleviate such conditions, he referred to the various United Nations activities which supplemented that programme and indicated his country's faith in its successful implementation.

51. Mr. DUVIEUSART (Belgium) stressed the heavy responsibilities of the Second Committee: it had to formulate the economic policy of the United Nations, and economic prosperity was the very foundation of peace throughout the world.

52. The Economic and Social Council and the Second Committee had been quite right to concentrate on two basic problems: the problem of economic development, which was bound up with the economic solidarity of nations, and the problem of full employment within each State.

53. There were two basic aspects to the problem of economic development: technical assistance and financial assistance.

54. He emphasized the fact that the Council resolution dealing with technical assistance had gained unanimous approval. Belgium was wholeheartedly in favour of the conclusions reached by the Council and anticipated good results now that the functioning of the machinery for technical assistance had been perfected. His country was prepared to receive students and to submit lists of experts. That programme would be equally beneficial to all countries, not only to those requesting help, but also to those giving it.

55. There had not been, however, the same unanimity with regard to conclusions of the resolution dealing with financial assistance.

56. Belgium naturally agreed wholeheartedly with the principle of economic and financial assistance. It was dependent upon international trade, perhaps more than any other country in the world, for its trade balance amounted to about 80,000 million francs, while its national income was in the region of 240,000 million francs.

57. Nevertheless, it was important to adopt a realistic approach to the question of financial assistance, and he wondered whether the Committee could approve the Council's resolution and whether that resolution would really suffice. It might perhaps, be better to set up new agencies to carry out financial assistance.

58. Parts A and D of the resolution called upon the Economic, Employment and Development Commission, the International Monetary Fund and the International Bank for Reconstruction and Development to carry out certain studies. Part B contained advice to nations requesting assistance, particularly to help them stabilize their banking systems. That was a timely suggestion.

Part C dealt with methods likely to increase the international flow of capital.

59. The aim of the resolution was that national plans should be drawn up and studied; once again, therefore, part of the work it recommended could be described as study. Nevertheless those suggestions were appropriate since, by asking States to prepare economic plans, the Council tended to further its study of the requirements and projects of the countries requesting assistance.

60. It was also important to consider the available resources of the countries which might give financial aid and, in that connexion, he regretted that the countries of Eastern Europe, with, in particular, the Czechoslovak delegation acting as spokesman, had confined their contribution to verbal criticism and had given no concrete financial aid whatsoever.

61. With that reservation, he was prepared to accept the Council's resolution. It would, of course, be essential to take each nation's available resources into account, to consider their position with regard to the balance of payments, their domestic requirements and any commitments they might have.

62. Belgium, for example, had had to rebuild following the destruction wrought by two wars. It was making moderately good progress with a ten-year public works programme and had also prepared a ten-year plan for the economic and social development of the Congo. With that reservation, Belgium would faithfully discharge its obligations, particularly towards the International Bank for Reconstruction and Development.

63. The representative of Pakistan had proposed (121st meeting) the establishment of a new international financial agency which would issue bonds and might thus grant loans at the rate of 2 per cent. Such a rate of interest was naturally desirable, but he doubted whether the creation of a new agency would necessarily achieve that result.

64. Although the Belgian Government had done its utmost to promote a low rate of interest on loans; although Belgium's budget had been balanced for the past three years; although it had also achieved stability in its balance of payments; and although a cautious policy had been followed with regard to investment plans, the fact remained that only recently the consolidated 4 per cent State securities were still being quoted in Belgium at 89.20.

65. A realistic approach should therefore be adopted whenever an attempt was made to assess the possible results of appeals for funds and international investments, all the more so since the world situation made it imperative for all nations to make great efforts for the maintenance of peace.

66. Mr. van Zeeland had recently told the General Assembly that peace could only be achieved through the equilibrium of armaments.³ The financial resources which were used for defence purposes were not available for consumption and investments. Nevertheless, the free nations would do their utmost to carry out their defence programmes without causing too great a

³ See *Official Records of the General Assembly, Fifth Session, Plenary Meetings*, 281st meeting.

reduction in consumption and investments. They would try to organize international relations in the economic field within the framework of the United Nations.

67. It was to be feared, however, that the international tension might prejudice the work of financial assistance. The United Nations should undertake to place all available national resources at the disposal of the financial assistance programme as soon as defence commitments became less urgent. Financial assistance should remain one of the principal objectives of the United Nations and its achievement would crown the Organization's efforts for peace.

68. Mr. BAKR (Iraq) stated that the Technical Assistance programme was rousing great hopes among millions of people who had become aware that the conditions contributing to their low standards of living were not unalterable. Those peoples, who had become aware of their rights and potentialities, might, if left unassisted, employ their hitherto dormant energies and resources to promote an upheaval that would have far-reaching repercussions throughout the world. It was for the advanced countries, working through the United Nations, to ensure that those energies and resources should not be allowed to go to waste.

69. After a long historical period of sleep, Asia, the cradle of civilization, had awakened and was seeking to build a new civilization worthy of the old. He felt sure that Asia, Africa and the other under-developed regions would contribute to increasing the sum of human welfare and prosperity.

70. The development of the under-developed areas was one of the most important problems confronting the United Nations. Considerable preliminary work had been accomplished by the Organization itself, the specialized agencies and individual Member States but much more remained to be done and greater resources should be directed to that end. A country by country study should be undertaken to ascertain the special characteristics of each economy. Interesting studies had been prepared on the financing of economic development but they were no substitute for an individual survey of each country. The survey should not consist in studying each country in isolation but within the broader framework of its relations with the other countries of the area and with the rest of the world. Particular attention should be paid to development plans which were likely to be of immediate benefit to the country or region and those plans should be initiated at once. The flow of foreign capital into the country,

in relation to its own economic resources should also be studied.

71. There appeared to be general agreement that domestic savings in most under-developed countries were very low and unequally distributed. His delegation, however, believed that the initial development of certain basic projects must not be made contingent on the development of domestic financial institutions or increased domestic savings for which a considerable time would be required. Financial institutions comparable to those in the well-developed countries did not spring up overnight; in many instances they were the outcome of a certain degree of economic development. The report by the Food and Agriculture Organization rightly pointed out that initial development must attain a certain minimum speed before it became self-generating and cumulative. The initial impetus might be provided by international financial institutions if they extended substantial loans to projects likely to facilitate further development. Together with an expansion of the activities of existing international institutions, such as the International Bank, Iraq believed that there was room for a great many other similar institutions. In Iraq, for example, there were vast and almost untouched resources which could be developed; his country had already arranged for a loan through the International Bank to finance a flood-control scheme on the River Tigris.

72. The time had passed when statesmen were wont to consider that the development of the under-developed countries would deprive the manufacturing countries of their markets. It was now realized that such development would benefit not only the inhabitants of the areas concerned but the whole world, since the development of under-developed areas would increase their demand for goods from other countries.

73. Any technical assistance programme must consider both the agricultural and industrial aspects of development; if the agricultural aspects alone were stressed development would be painfully slow and might never reach the level desired. Agriculture and industry must be developed hand in hand.

74. In conclusion, Mr. Bakr emphasized that scientific methods should be employed in developing the under-developed countries. To permit extraneous considerations to influence development along scientific lines would only lead to further disillusionment among the peoples of the under-developed areas, which was obviously dangerous to international peace and security.

The meeting rose at 1.55 p.m.