



Friday, 9 March 1951, at 10.15 a.m.

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President: Mr. Hernán SANTA CRUZ (Chile).

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

The representatives of the following specialized agencies:

International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization.

Statement by the observer representing the League of Arab States

1. The PRESIDENT recalled that the Council had empowered him (460th meeting) to invite the representative of the League of Arab States to attend the current session as an observer, and with the consent of the Council gave him the floor.

2. Mr. YARUR (League of Arab States) thanked the Council on behalf of the organization he represented for having authorized him to attend the present session as an observer. He pointed out that since its creation six years ago, the League of Arab States had always given a great deal of thought to the problems with which the Economic and Social Council was concerned, for they were problems that must be solved if world peace was to be maintained. The League had set up a special committee to study those problems.

3. At its session which had just been held at Cairo, the League of Arab States had adopted important decisions encouraging co-operation between its member States and accepting international co-operation in the economic development of the under-developed coun-

tries. The League of Arab States was therefore particularly interested in following the work of the Council, largely devoted as it was to problems of capital importance to the League's members.

4. In conclusion, he expressed the hope that the results of the work done at the present session would be proportionate to the Council's great responsibilities in the building up of a free, just and prosperous world, a task in which the Arab States would be glad to collaborate.

Expanded Programme of Technical Assistance: report of the Technical Assistance Committee (E/1920, E/1920/Add.1 and E/C.2/288) (*continued*)

Financing of economic development of under-developed countries (E/1876, E/C.2/287 and E/L.153) (*continued*)

Report of the International Bank for Reconstruction and Development (E/1873 and E/1873/Add.1) (*continued*)

[Agenda items 5, 6 and 7]

5. Mr. PARKINSON (Canada) said the problems which the Council had just begun to study would no doubt remain on its agenda for several years. The problem of the economic development of the under-developed countries was probably the most continuing and urgent of all economic problems facing the Council. He recalled that previous sessions of the Economic and Social Council had been especially concerned with the maintenance of economic stability in the industrial countries. Actually, the two problems were closely linked, for only the maintenance of a high level of production in the industrial countries could enable them to provide the assistance necessary for economic development. However, fears on the subject of economic stability had somewhat abated, and — in spite of what

certain countries had hoped — no economic crisis had occurred since the end of the war. Thanks to the progress achieved particularly in control techniques, there was no reason to fear the return of a serious crisis like that of the thirties. On the contrary, there had been a steady increase of civilian production in the industrial countries since 1945, especially in the last few years.

6. Progress in the under-developed countries had admittedly been slower, since those countries could not accumulate out of their own savings the capital necessary to their further economic development and the influx of foreign capital had so far been insufficient. However, the financing of economic development during recent years had been fairly encouraging. First of all, there had been a growing recognition of the fact that it was the obligation of the industrialized countries to assist the under-developed countries. That theoretical consideration had been translated into practice by the loans of the International Bank for Reconstruction and Development, which, during the last few years, had granted loans for development to a value of about 500 million dollars; and by the preparation of programmes of technical assistance. There had also been a very great expansion of inter-governmental assistance in the form of loans or grants, particularly by the United States which during the years 1946-1949 had produced an export surplus of 30 thousand million dollars, a large part of which had been used for such purposes. The greater part of that assistance had doubtless been given for the reconstruction of Western Europe, but indirectly it had also benefited the under-developed countries, for it had resulted in increased purchases of raw materials from those countries by the countries of Western Europe. It had also enabled the latter to provide financial assistance for the economic development of the under-developed territories, particularly those in their own political orbit, as in the case of the dependent territories of France, Belgium and the United Kingdom.

7. He drew the Council's particular attention to the Colombo Plan of assistance for the economic development of South and South-East Asia, in which seven members of the Commonwealth, as well as other countries in the region concerned, were participating. The plan provided for the investment over a period of six years of capital to an amount of about 5,000 million dollars, about 2,000 million of which were to be drawn from the domestic resources of the countries to be developed and about 3,000 million provided by foreign aid in the form of grants and loans. Canada, for its part, would contribute to the execution of that programme. An appropriation for the first year of operation had just been requested in Parliament in Ottawa.

8. The Colombo Plan was a plan based upon co-operation and, further, recognized the necessity of applying new methods of financing, a necessity which had been indicated by several members of the Council. The plan was of particular significance in the first place because it recognized that it was indispensable to have recourse to grants to ensure the economic development of certain countries which were too poor to assume the burden of additional external debt. Incidentally, the industrialized countries had indicated their intention of granting

assistance under the plan regardless of the new burdens they might have to bear as a result of rearmament.

9. Considering next the *Fifth Annual Report* of the Bank, he said that it would be wrong to base an evaluation of the assistance the Bank might give to economic development on the volume of the loans it had hitherto granted. In the beginning its activity had necessarily emphasized reconstruction loans. Later, it had been hampered by lack of experience both on its part and on the part of governments requesting loans. Those governments were only now gradually beginning to draw up more comprehensive development plans which the Bank required as a prerequisite to the study of specific loan projects. It might therefore be assumed that in future years the International Bank would be in a position to increase the amount of its financial aid considerably, provided of course that the difficulties caused by rearmament did not retard its operations.

10. He was glad to note the statement by the President of the Bank (459th meeting) to the effect that the Bank thought it would be able to obtain without difficulty all the capital it needed to finance useful enterprises. The Bank had clearly succeeded in persuading the capital market of the United States of the necessity of private investment in the under-developed countries which was a considerable achievement. The Bank's report also made it clear that it was beginning to address its appeals for funds to other markets than the United States. Thus, it was about to sell Bank bonds to a value of 10 million dollars in Canada. Apart from the financial aid it gave, the Bank had also done useful work by promoting the establishment of national development corporations and by giving to many borrower countries technical assistance provided by its missions.

11. With regard to the Expanded Programme of Technical Assistance, the Technical Assistance Administration appeared to have begun in the right way. It was probably too soon to assess the results of that programme and the Technical Assistance Committee had been right to defer its examination of the results thus far achieved. Nevertheless, possibilities of action in that field seemed considerable. It was, however, indispensable to ensure effective co-ordination by taking all necessary measures to avoid duplication, as Canada was trying to do in a small way by establishing a central agency for the co-ordination of its own technical assistance activities. He agreed with the decision of the Technical Assistance Committee to postpone a decision on the allocation of funds under the expanded programme until the thirteenth session of the Council.

12. He then referred to a tendency in some quarters of the Council to consider the utilization of private foreign capital for the financing of economic development as either impossible or undesirable. He recalled the immense contribution made to the economic development of his country by external capital. As an example, between 1900 and the beginning of the First World War, Canada had imported each year an average of 200 million dollars in foreign capital, which had stimulated its economic development without giving rise to the exploitation of its population or the loss of its national sovereignty or the assumption of an im-

possible debt burden. It was possible that in other countries conditions for the investment of private capital might be less favourable than in Canada. Nevertheless, it scarcely seemed justified to exclude *a priori* the substantial possibilities of assistance to economic development in that form.

13. It had also been stated in the Council that there was a tendency for foreign private capital to be invested only in the extractive industries, the products of which were exported and did not bring any substantial advantages to the national economy. He noted that, as had recently been shown in the case of Chile, foreign capital investment did not confine itself to one particular branch of activity. Besides, the investment of such capital in the extractive or export industries need not be disadvantageous to an economy. Canada itself was continuing to develop its production of raw materials for export, which did not prevent its population from having a high standard of living.

14. He recognized that in spite of the undeniable progress already made in so far as financial assistance to under-developed countries was concerned, the amount of such assistance was still inadequate in relation to the needs. In view of the position in which some of the poorest countries found themselves, it was probably necessary in some cases to provide for assistance in the form of grants rather than loans. The Council should study that question too, and generally should engage in a review of the entire problem. Fresh studies by expert groups might ultimately be essential; nevertheless, the Council would be wrong to disperse its efforts by setting up new committees for this purpose before knowing the result of those already under way.

15. His delegation had no very definite opinion with regard to the joint draft resolution submitted by the delegations of Chile, India, Mexico and Pakistan (E/L.153), involving the formation of a new committee. The Economic, Employment and Development Commission, however, would shortly submit its report to the Council which would also have before it the report prepared by the group of experts appointed under Council resolution 290 (XI) to study employment and under-employment in the under-developed countries and the measures required to reduce it. Those reports would probably not deal directly with the problem of financing development, but they would nevertheless provide very useful information on the subject. It therefore appeared advisable, as the Belgian representative had suggested, to wait for those reports and then decide what further steps should be taken at the next session of the Council.

16. He concluded by quoting the last sentence from the Colombo report, which stated that it was impossible to abandon the inhabitants of the under-developed countries to poverty. That was the best definition of the work still to be done by the Council.

17. Mr. NOSEK (Czechoslovakia) recalled that questions relating to the economic development of the under-developed countries, the financing of that development and other related subjects had been under consideration since 1946 by various organs of the United Nations, particularly the Economic and Social Council,

Many resolutions had been adopted on the subject; but except for some progress in the matter of technical assistance nothing had so far been done which could be regarded as effectively assisting the economic life of the under-developed countries or contributing to an improvement in the living conditions of their populations. On the contrary, the existing situation showed that, in all probability, technical assistance would remain a purely theoretical gesture without concrete results.

18. Industrialization was fundamental to economic development. Consequently, attention should be given not only to indigenous national industries but above all to the creation of suitable conditions for the establishment of heavy industry, and of metallurgical and chemical industries, etc. There were very few under-developed countries in which such conditions could not be attained. The financing of economic development should be accompanied by technical assistance, and should therefore be based on carefully prepared development plans in which industrialization formed the essential element.

19. During all the discussions on the development of under-developed countries, the capitalist countries had stressed the importance of financing by foreign capital. What that meant was that those countries considered the natural resources of the under-developed countries as an excellent means of solving the colonial Powers' difficulties in connexion with their balance of payments, as a means of securing the expansion of the countries more advanced industrially and financially, as a new source of profits for the capitalist monopolies and as a basis for a new economic, political and military campaign against the national liberation movements. There was no longer any justification at the present time for that traditional attitude which was supported by the conviction that every foreign capitalist was protected by his country's flag; such an attitude was contrary to all the principles of international co-operation stated in the United Nations Charter.

20. In considering the question of financing the economic development of the under-developed countries, the different degrees of development of those countries and the differences in their administrations should also be taken into account. It was obvious that only independent and sovereign countries were in a position to plan their national economies in such a way that they could develop free from foreign interference. Not all of the under-developed countries, however, had yet acquired independence; and millions of human beings were still living under the yoke of foreign Powers whose only thought was to exploit them economically. Thus the financing of the economic development of those countries was essentially subordinate to the interests of the exploiting countries, or more precisely to the interests of the monopolies which dominated them. While in some particular cases such exploitation might help to improve the economic position of the indigenous populations, it would be found, when all was considered, that the only ones who benefited from the improvement were a small minority which had placed its services at the disposal of foreign capital.

21. It was apparent from the above considerations that the methods of financing economic development

could not be determined by identical criteria for all countries: each individual case must be judged with due regard to existing economic and political conditions, whether the country concerned was a sovereign State or a Non-Self-Governing Territory.

22. In seeking to obtain the financial means necessary for economic development, a primary effort should be made to secure the maximum use of domestic financial resources. That was the only way of ensuring from the beginning that development would take account of the country's needs, resources and the general interests of its national economy. If those conditions were observed, foreign investments could be considered only as supplementary.

23. Industrialization was the first step towards the abolition of economic backwardness and a steady improvement in the living conditions of the population. It should be based on the expansion of already existing industry, the development of sources of power, a raising of agricultural productivity by mechanization and an increase in the cultivable area, the improvement of transport, and the development of public health, education and social services. All those activities must be conducted in accordance with a programme carefully prepared in advance.

24. In that connexion, his delegation found itself obliged to criticize the current loan policy of the International Bank for Reconstruction and Development. That policy, by which the Bank granted loans only for certain projects and when it was assured of substantial profits, implied the danger that assistance would be given only to enterprises which did not fall within the general framework of planned production and which were consequently liable to hinder the completion of the general programme of economic development.

25. In drawing up plans for economic development, particular account must be taken of local conditions. In some regions it was logical and easy to develop heavy industries, refineries, etc; in others it was preferable to concentrate on light industries; and in others again attention should be turned to agricultural production and forestry.

26. In every case, economic development must take into account such human factors as public health, care for mothers and children, nutrition, anti-epidemic campaigns, etc. From the economic point of view, such a policy required the co-ordination of legislative and administrative measures to ensure their effectiveness in the development of the people as a whole and of its working capacity. The mobilization and professional training of labour was closely related to the policy just stated: one of the essential tasks was to obtain a sufficient number of workers for the newly established industries and to give them an adequate training. They must be assigned to certain branches of industry and given specialized work in such a way that the objectives of the plans were attained as economically as possible. In most under-developed countries a sufficient pool of labour was available. All that was needed was to give them the necessary occupational training; and that should be the function of technical assistance. In

that connexion it should be pointed out that countries with a planned economy could provide an excellent example in the matter.

27. The preceding analysis showed that such extensive and varied tasks could not be carried out by private enterprises whose essential aim was to accumulate profits. The essential condition for a development programme was that it should be prepared, executed and supervised by the public authorities.

28. In the free economy systems, economic development was considered solely from the viewpoint of financial capital, which was regarded as the only judge of the way in which material resources and labour should be used. In countries with a planned economy, on the other hand, the main concern was to make the maximum use of material resources and labour; financial policy was designed solely to ensure fulfilment of the plans by allocating a certain portion of the national income to investments and another portion to consumption requirements. The very purpose of the plan was a systematic improvement in the people's standard of living. An increase in the national income depended on increased production, maximum utilization of the labour available and heightened productivity.

29. There was necessarily an interval between the time when the investments were made and the time when their effects were felt in increasing production and national income. During that interval, it was particularly necessary to avoid drawing on a larger proportion of the future national income for the purpose of financing industry. The necessary financial means must be obtained by mobilizing all available sources, care being taken to avoid any measure which might cause inflation. Only part of the financial means could be provided by short-term bank credits, and development would be financed chiefly by long-term credits under conditions depending on the economic position of the country concerned. The banks had a particularly important part to play and their development must be carefully controlled. People's banks and co-operatives should play an important part in the accumulation of savings. Growing savings, combined with industrial profits and direct loans, which should be regarded as an additional source, should be the principal means of financing economic development.

30. In every case, the conditions under which savings were achieved must be closely watched. If the increase in savings was not sufficient to satisfy development needs, an attempt might be made to obtain loans, provided the danger of inflation was guarded against. More often, a large part of the necessary financial means could be obtained by the repatriation of capital deposited abroad. Foreign companies might also be compelled to invest their profits in domestic industry. In some under-developed countries there were individuals or groups financially very powerful whose financial means might provide a substantial share of the funds required for the development programme. In short, the under-developed countries must centralize for their development programmes all the financial means they had available.

31. It was apparent from the foregoing that the main

source of financing should be the domestic economy itself, the evolution of which determined the rate of growth of industry. Foreign trade would always remain a substantial national source of funds. Such trade was important because it made it possible to obtain capital goods until such time as they could be manufactured on the spot; it also made it possible to obtain certain raw materials indispensable to the economic development and industrialization of the country concerned. The foreign trade of an under-developed country must be so organized as to enable it to be effectively administered and supervised; and that entailed certain measures such as exchange control, restrictions on non-essential goods, etc. Free exchange was possible for highly developed countries because of their economic and financial superiority, but it was inconceivable for countries which were in process of development.

32. It should be noted that foreign trade was always less favourable for under-developed countries than for industrialized countries. The difference in prices between raw materials and manufactured goods was always borne by the economically weaker party: the under-developed countries had to pay much more for their imports than they received for their exports.

33. During the debate on the world economic situation, the delegations of the USSR, Poland and Czechoslovakia had stressed the harmful repercussions of the war economy at present adopted by the United States and other capitalist countries. Those repercussions affected particularly the standards of living of the working classes and international trade.

34. To show the pernicious effects of a war economy on the under-developed countries, he quoted extracts from the *Economic Report: Salient Features of the World Economic Situation 1945-1947* his quotations being taken from the introduction to part III, chapter 5. His conclusion was that the ever-widening gap in the capitalist world between industrialized countries and colonial or semi-colonial countries was leading to increasing poverty in the under-developed countries and to their growing economic dependence on countries which had a monopoly of capital.

35. It had been frequently emphasized that only industrialization would enable the under-developed countries to solve their population problems, increase their agricultural production and improve their standards of living. Despite that well-known fact, industrialization was nowhere being undertaken or promoted as it should be.

36. During the Second World War, some under-developed countries had built up foreign currency reserves by the sale of raw materials and foodstuffs. Those reserves were, however, much less substantial than might be thought; for most natural resources were in the hands, not of native proprietors, but of foreign companies whose profits had not benefited the countries concerned. It had not been possible to make appropriate use even of the reserves thus formed: they had either been blocked, or, owing to the shortages resulting from the war, they had been used for buying articles of no value for economic development.

37. Practically nothing had been done for the economic development of the under-developed countries, except for the sending of missions, commissions and experts. The Colombo Plan was a striking example: it provided for investments up to 1,868 million pounds sterling over a period of six years; so far, however, it had secured only a negligible fraction of that amount; moreover, only 10 per cent of the total was allocated to industrialization. The under-developed countries included in the Colombo Plan would be a source of raw materials for the industrial countries. In that connexion, he quoted an excerpt from the *Manchester Guardian* of 4 January 1951, according to which Malaya's tin and rubber industries had yielded more dollars to the United Kingdom than had that country's exports to the American continent.

38. It was not surprising, under those conditions, that the Non-Self-Governing Territories were struggling for their national independence and that the metropolitan Powers were brutally repressing any liberation movements. The current armament policy served only to aggravate the situation. The capitalist countries were striving to increase to the greatest possible extent the production of strategic raw materials, unmindful of the effects of such a policy on the under-developed countries.

39. It could not be denied that the price of the raw materials exported by those countries had risen; at the same time, even assuming that the profits resulting from that rise remained in the countries concerned, there was some question whether the latter would receive, in exchange for their raw materials, the equipment and goods indispensable to their economic development. The Czechoslovak delegation was convinced that the answer to that question was negative. As a matter of fact, all the raw materials necessary for industrialization were currently reserved for armaments production; civilian consumption was restricted. In support of that statement he quoted an article by Richard Le Blond published in *The New York Times* of 2 January 1951 and one by Jean Cattier published in the *New York Herald-Tribune* of 29 December 1950.

40. Under those conditions, there could be no hope that the under-developed countries would obtain the tools and equipment absolutely essential to their plans for industrialization, however modest those might be. The populations of those countries, however, continued to increase, with a corresponding reduction in the standard of living. The Second World War had opened a breach between the advanced capitalist countries and the under-developed ones; the present armament policy would only widen the breach, to the profit of the monopolies and the owners of mines and plantations.

41. In conclusion, he made some observations on the report of the International Bank for Reconstruction and Development. The Czechoslovak delegation had already had occasion to reveal the discriminatory policy of the Bank with respect to applications for loans; it was obliged to assert that that policy had not changed. The recent loan of 100 million dollars to Australia showed that the Bank was interested only in those countries which served the political and economic expansionist policy of the United States and the other

signatories of the North Atlantic Treaty. Although in its report the Bank attempted to refute that allegation, the list of approved loans was uncontrovertible evidence: it showed that the will of the United States always prevailed and that loans had been refused whenever they had been against the interests of United States capital.

42. The list of projects for which loans had been granted showed that the projects were always isolated ones ensuring clear profits, rather than over-all programmes for a planned development of under-developed countries, for which, however, the Bank had been established. Further, the Bank, under the influence of Anglo-American interests, had evolved a complex system of control over loans which was nothing more nor less than a systematic interference in the internal affairs of borrower countries. That policy was contrary to the Articles of Agreement of the Bank and should be condemned.

43. Mr. CHANG (China) recalled that the problem of the under-industrialized areas had been envisaged as early as the second session of the Council and had been before the Council and the Assembly ever since that time. Attention had frequently been called to the problem of capital investment and financing for economic development. Money, machines and materials were indispensable for economic development, but one should never lose sight of the motive force behind them, namely men. Especially at the initial stages, the kind of technical assistance which was needed most was scientific knowledge and technical skill. Men must readapt themselves so that they might better master their environment, material and social, and improve their situation.

44. In that connexion, he emphasized the need for adequate preparation of visiting technicians. As pointed out in the second report of the Technical Assistance Committee (E/1920/Add.1):

“The Committee also agreed to the recommendation of a representative that the report should contain information on the preparation and training of experts, with special reference to paragraphs 2, 3 and 5 under the heading ‘Standards of Work and Personnel’ in Annex I of resolution 222 (IX) of the Economic and Social Council.”

45. He could scarcely stress that aspect of the problem too strongly, and he regretted that it had not been brought up before. Through the acquisition of modern science and technology, peoples in the under-industrialized countries were hoping to improve their living conditions, to augment their sense of independence and dignity, and to rid themselves of an inferiority complex. However, it was imperative to study the matter closely and to approach the problem of education for industrialization in a different manner than in the conventional way. It was not enough to set up a few professional or industrial schools where scientific and technical subjects only were taught. All education, at all levels and in all spheres, must be transformed. The prevalent distinction between those who worked with their minds and those who worked with their hands was at the core of the problem of educational readapta-

tion. It had been said that the study of that aspect of the problem should perhaps be left to UNESCO, but obviously that aspect of education affected all realms of assistance, because the primary objective of that assistance was to ensure the independence of the local populations. Thus, when men were assisted in their various practical projects their readaptation should never be overlooked.

46. Returning to the problem of formation of experts, he referred to paragraph 6 of the part of Annex I to document A/983 on “Co-ordination of Effort”. It was there stated that training programmes should be the subject of co-operative action among participating organizations. He stressed the crucial importance of that part of the Council’s work, and suggested several topics which might be considered for the training of experts:

(a) International significance of the under-industrialized areas in the world. (b) Common characteristics of the under-industrialized areas. (c) Cultural contacts before the Industrial Revolution. (d) Conditioning circumstances of industrialization. (e) Patterns of industrialization. (f) Cultural changes and educational re-orientation. (g) Creative approach to industrial education. (h) New educational tools. (i) Spread of industrialization and international economic exchanges. (j) Standards of living and art of living.

47. He thought that courses under those topics would increase the experts, sympathetic understanding of the cultural backgrounds and specific needs of the countries to be assisted.

48. The PRESIDENT called upon the representative of the International Co-operative Alliance.

49. Mr. ODHE (International Co-operative Alliance) was glad to state that several of the specialized agencies represented on the Technical Assistance Board—the ILO, the FAO and UNESCO—were actively participating in the propagation of the principles and practices of co-operation by giving advice on their application in under-developed countries. The ILO had accorded high priority to technical assistance in the co-operative field. The Asian Regional Conference held in Ceylon the previous year had adopted a series of resolutions of immediate practical value for furthering the progress of the co-operative movement in the Far East and in the under-developed regions of the world in general. Special mention should be made of the work in that field by the FAO and UNESCO, which had published handbooks and offered advice on methods of education, training and the types of propaganda to be used.

50. The ICA did not think, however, that the specialized agencies could accomplish that task alone. Certain aspects of the problem could be solved only with the active participation of the co-operative movement itself. Some of the difficulties related to the Technical Assistance Programme as a whole. In the plan for an expanded co-operative programme through the United Nations and specialized agencies, it was pointed out that half-hearted efforts would only increase social tension and engender waste of human and natural resources. The report submitted to the

Thirty-Second Conference of the ILO had also emphasized that any assistance rendered must be adapted to the needs and resources of the recipient countries and should not be granted for a development which the countries concerned could not continue after assistance had come to an end. That advice applied equally to the field of co-operation. The co-operative movement, however, could not alter the material and cultural conditions in the under-developed countries overnight. The measures to be taken must be elaborated and implemented so as to encourage a spirit of independence in enterprises organized on a co-operative basis and to do away with the need for recourse to an artificial support, the withdrawal of which might rapidly endanger the structure on which so many hopes had been set.

51. They must resist the temptation to launch out into undertakings having no real contact with the immediate needs and the capacity of assimilation of the population. In all countries where co-operation had developed for more than half a century, the process had begun with the masses of consumers and small producers who had adjusted their efforts to the needs and resources at hand. The beginnings had been very difficult, but constant efforts had borne regular fruit not only in the form of material benefits but also by strengthening the consciousness of dignity, responsibility, self-confidence and initiative fostered by democratic participation in the management of the enterprises. The International Co-operative Alliance held the view that the specialized agencies concerned might take international action with the objective of promoting co-operative association in the under-developed countries with the collaboration of the ICA and its national organizations. The specialized agencies concerned had excellent expert services at their disposal to advise governments on the elementary or special education required or on the legislation needed to place the co-operative organizations in a fair position in relation to other forms of enterprise, and on the amount of supervision to be exercised over the co-operative organizations in the interests of the national economy without encroaching on the principle of self-management. He was glad to be able to state that the United Nations and the specialized agencies had recognized that ICA participation was indispensable. At the request of the United Nations Secretariat, the ICA had appealed to all its national organizations and had been able to provide 50 experts drawn from three continents and highly qualified in specialized fields relating to all branches of co-operative enterprise.

52. Education and appropriate training were the very foundation of the co-operative movement in the under-developed countries. The best example of that kind was perhaps that of Antigonish University in Canada. Many other institutions established by wholesale co-operative associations and national organizations had for many years been receiving students from under-developed areas. International exchanges of young people, experts and specialists had been going on for many years and had made it possible for the more advanced organizations to help the others to develop. He was convinced that such activities within the framework of the ICA would fit in perfectly under the appropriate part of the Technical Assistance Programme and contribute to its

implementation. In a resolution adopted at its last Congress in Prague, the ICA had been one of the first international organizations to recognize the great importance of concerted international action for the promotion of the economic development of under-developed areas. The Executive Committee of the ICA had recently decided to submit suggestions to UNESCO regarding the establishment of one or more international schools in order to give selected students from the co-operative organizations in the under-developed countries complete orientation courses on the principles and practices of co-operative organizations. Those students would thus become familiar with the Technical Assistance Programme and on returning to their countries could contribute effectively to make its promises a reality.

53. At the eleventh session of the Council, the ICA representative had had occasion, during the debate on the financing of economic development (384th meeting), to stress the importance of co-operative banks and credit associations from the viewpoint of the accumulation of capital and savings among the rural populations in the under-developed countries. Many co-operative credit or insurance institutions in those countries had obtained excellent results on the national level in a relatively short time by building up considerable resources for technical improvements in agriculture. They had thus done pioneer work as regards co-operation in agriculture. Since that time, the ICA had continued to concern itself with the problem. Its Executive Committee had recently decided to submit to the appropriate specialized agency a suggestion that a study should be made of the origins and development of co-operative banking societies and insurance companies and of the facilities they offered for the economic development of the under-developed countries. The ICA considered such action essential to the solution of the problem of the formation and mobilization of the national capital needed to carry out development projects. In countries where the people were very poor and where saving had not become a habit, such organizations would be of special importance in that they would encourage the people to save. The proposed study should provide a maximum of practical advice on the organization of such co-operative banking societies and insurance companies and on the way in which they could be fitted into the existing banking system so as to avoid duplication. The ICA offered its full co-operation in that study.

54. It had often been pointed out that co-operative organizations offered great advantages to countries which had scarcely begun to emerge from the pre-capitalist stage of their development, for it enabled them to benefit by the experience and the scientific knowledge acquired by the capitalist countries over many years. It then became possible to combat or correct those elements in the capitalist system which were detrimental to the public welfare and to economic and social progress in general. If co-operation was introduced early enough into countries which were in the pre-capitalist stage, it could mitigate or prevent certain unfortunate consequences of the industrial revolution.

55. A general improvement in standards of living and a lessening of the differences in living conditions in the various countries of the world were indispensable to the maintenance of lasting peace and understanding between the peoples of the world. Such an aim could be achieved through the general application of the principles incorporated in the Technical Assistance Programme. That was why the ICA could not but give that programme its wholehearted support.

56. Mr. OWEN (Assistant Secretary-General in charge of the Department of Economic Affairs), speaking as the Chairman of the Technical Assistance Board, wished to state, in reply to a criticism made by the French representative, that at that early stage of TAB's work there was still room for improvement in the procedures established for providing current information on activities under the Expanded Programme of Technical Assistance. The suggestions contained in the report of the Technical Assistance Committee would certainly contribute to a better and fuller presentation of reports of TAB to TAC. He wished to assure the Council, however, that every organization participating in the Technical Assistance Programme, whether it was the United Nations or any of the specialized agencies, communicated the requests it received from governments to TAB. Moreover, those requests were noted in lists circulated monthly to members of TAC.

57. With regard to information on the agreements concluded, TAC had not asked to be kept constantly informed of those agreements, which were merely mentioned in TAB's regular reports. Nevertheless, he believed that TAB would arrange to circulate to members of TAC monthly lists similar to those covering the requests received, and mentioning the agreements that had been concluded.

58. Mr. McDOUGALL (Food and Agriculture Organization) pointed out that the presence of permanent delegations at the United Nations Headquarters in New York enabled governments to be kept better informed on United Nations activities in the field of technical assistance than on the work of the specialized agencies. He thought it would be advisable to remedy that situation and he could assure the Council that the FAO would make every effort in that direction.

59. Moreover, he did not quite understand the French representative's criticism (461st meeting) regarding the recruitment of experts. The recruitment of first class experts was one of the most difficult problems the specialized agencies had to face. That was why they did not hesitate to avail themselves of any help which governments were prepared to give. The French Government had been particularly helpful. Although the Expanded Programme of Technical Assistance had been instituted only recently, the FAO had already received 41 requests from governments and had concluded agreements for technical assistance with 27 governments. Under those agreements the FAO was to recruit 115 experts. It had already engaged 53 experts from 16 different countries. Seventeen of them were

from the United States and the United Kingdom, 5 from France and an equal number from the Netherlands.

60. Dr. KAUL (World Health Organization) recalled that the French representative had criticized (461st meeting) the regionalization of his organization and the excessive decentralization of the WHO's activities, as well as the powers of its regional directors and the control of funds. He (Dr. Kaul) pointed out that the operation of the expanded programme followed the same procedure as that adopted for the regular programme. Decentralization of the WHO's activities had been carried out in accordance with its Constitution. He feared, therefore, that there had been some misunderstanding in the matter. As the Council was well aware, problems of health, perhaps more than any other economic or social problem, varied considerably from one region to another, so that they could be dealt with more effectively on a regional basis. Moreover, before the WHO had been established, there had been some regional co-operation in the field of health. Taking those facts into account, the WHO Constitution had devoted a full chapter to regional arrangements. That chapter made it a responsibility of the WHO to establish regional offices. The Constitution, however, ensured the integration of all regional activities within the global programme of the organization, and the functions of the regional committees were laid down in the Constitution. The decentralization, therefore, did not mean that there was any lack of control over the activities of the regional offices or the funds of the organization.

61. The French representative had also reproached the WHO for not having publicized the Technical Assistance Programme sufficiently to governments. The WHO, however, had furnished detailed information to the governments directly concerned. By the end of 1950, the WHO had received eighty-four requests for technical assistance, of which twenty-eight had been approved and twenty-nine were under consideration.

62. With regard to the recruitment of experts, the WHO was constantly seeking the aid of governments, and both the Director-General and the regional directors were in close touch with the Ministries of Health of the governments concerned. As the expanded programme was still in its initial stages, the WHO had not as yet recruited many experts. It was attempting, however, to obtain the necessary technical personnel from governments. The number of such experts was limited, and they would become even scarcer as the multilateral and bilateral programmes grew. It was clear that the success of the programme depended to a large extent on the quality and number of the experts available.

63. Mr. ABELIN (France) thanked the representatives of the FAO and the WHO for the explanations they had given and noted with satisfaction the Assistant Secretary-General's assurance that the lists of agreements concluded under the Technical Assistance Programme would be circulated regularly.

The meeting rose at 1.20 p.m.