



Saturday, 10 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 Monetary Fund, World Health Organization.

United Nations Programme of Technical Assistance: report of the Secretary-General (E/1893 and E/L.149) (*concluded*)

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 and E/C.2/287) (*continued*)

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

[Agenda items 4, 5, 6 and 7]

1. The PRESIDENT called on the Council to continue the general debate on items 4, 5, 6 and 7 of the agenda.

2. Mr. KATZ-SUCHY (Poland) pointed out that the question of the economic development of under-

developed countries had been for several years on the agenda of various organs of the United Nations. In spite of all the discussions and publicity, it had to be recognized that the results achieved were insignificant and fell far short of what many had hoped for. It might therefore be asked why, after so many conferences and unanimous decisions, the Council was exactly where it had been when it started, with no prospects of moving beyond that point.

3. On 15 August 1949, the Economic and Social Council had adopted resolution 222 A (IX) setting forth the principles that should guide the United Nations in all its activities in the sphere of economic development. That resolution had been adopted unanimously by the General Assembly at its fourth session and had become General Assembly resolution 304 (IV). According to those principles, economic development was not an end in itself. It must serve the economic, social and political advancement of the countries concerned, raise the standard of living of their population and strengthen and develop their economic and political independence.

4. Experience had shown that greater output did not automatically bring with it a higher standard of living for the population and that the increase of economic activity need not go hand in hand with economic and social progress. In accordance with the spirit of the Charter, the economic development of under-developed countries was closely linked with such general measures as agrarian reform, a better distribution of the national income and social and cultural progress.

5. The question of economic development and technical assistance had been included in the agenda of various organs by the under-developed countries themselves. The concern shown by the United States and certain other countries in connexion with that problem

was, however, a very recent phenomenon. The United States could not claim the initiative in that field nor could it show that its way of approaching the problem would serve the interests of the populations of the under-developed countries.

6. The explanation of the growing interest of the United States in that question lay in the recent developments in that country's economy, which had become a war economy. The United States was endeavouring at the same time to find new outlets for its capital and ever larger sources of raw materials needed for the building up of the war machinery which would enable it to launch a third world war. The problems of economic development and technical assistance were to be subordinated to those two aims. It was easy to see why the United States wanted to use the United Nations as a screen in its search for new investment markets and new sources of supplies. Most under-developed countries, particularly those of Latin America and South-East Asia, were becoming more and more opposed to colonial policies and methods. The aim had been to replace such policies and methods, under cover of the United Nations, by so-called inter-governmental action which would enable the United States monopolies to continue to expand safely and easily without opposition on the part of the recipient countries.

7. The aim of President Truman's "Point Four" Programme was to facilitate the export of United States private capital under the pretext of promoting the economic development of under-developed areas. In fact, the aim was to make the various countries of the world financially dependent on the big United States corporations, to the detriment of the standard of living of the peoples of those countries. To realize that, it was enough to consider a statement made by Mr. Bogdan, Director of Finance of Ford International, who had said that governments must be made to understand that investments made under "Point Four" must be principally based upon the profit motive, for corporations must not be expected to apply humanitarian or social standards.

8. To bear out his statement, Mr. Katz-Suchy quoted figures illustrating the difference between the profits made by certain United States companies on the home market and on the foreign market. Those figures showed that the earnings of capital investment abroad were three or four times as large as those of capital invested in the United States. In 1948 the total reported yield on American private and public investments abroad had been 1,900 million dollars, out of which 1,552 million dollars had been profits on direct investments. During the third quarter of 1950, profits on investments in Latin America had amounted to 155 million dollars as compared with 78 million dollars for the corresponding period in 1949. The figures quoted did not take into account profits locally reinvested. The profits of individual corporations had increased to the same extent, by almost 100 per cent in some cases.

9. If the programme of technical assistance to under-developed countries was really to be successful and serve the interests of their peoples, it was essential to depart from the policy adopted by the United States Government. The principles of the Charter and those

of resolution 304 (IV) unanimously adopted by the General Assembly must be respected. It was not enough to take administrative steps which did not take account of the special conditions prevailing in each country or of the true reasons for the under-developed economy of certain regions. Only a very careful analysis of the problems to be solved would show what methods should be followed, in both the domestic and the international fields, to eliminate the reasons for backwardness and accelerate economic development.

10. It should be emphasized that the under-development of countries was due to the existing contradictions between the productive forces and the relations of production, and also to the disproportion between resources and industrial output. That situation also existed in the industrial capitalist countries, but not in such an acute form.

11. The memorandum by the Secretary-General on the financing of economic development of under-developed countries (E/1876) gave the impression that the major problems of those countries had been successfully solved and that the only problem still outstanding was how to find funds for economic development. A study of the memorandum showed, however, that its conclusions were false and that they did not provide any concrete solution. The memorandum, in fact, merely emphasized the role of the International Bank for Reconstruction and Development and the importance of private investments. It did not deal with the possibilities of increasing domestic savings and of using internal resources for economic development.

12. An examination of the situation in under-developed countries showed that their economic backwardness was not due to a lack of resources, manpower or the means of creating capital. More than half the population of the world lived in those countries which were characterized by low productivity, a low *per capita* income and a marked discrepancy between the national revenue derived from industries and that derived from agriculture. Most under-developed countries had enough natural resources to permit full development. Unfortunately those resources were inadequately utilized, or, if they were utilized, it was in the interests of foreign companies which took no account of the needs of the indigenous population. Those countries had long been deprived of their political and economic independence; and their economic structure had been so determined by the Powers on which they were dependent that they supplied those Powers with cheap agricultural produce and raw materials and purchased manufactured goods from them at a very unfavourable rate of exchange. The result was that the under-developed countries were very sensitive to all the fluctuations in the economic situation of the countries on which they were dependent.

13. The history of the last 150 years showed that the economic development of the Powers of Western Europe, and later of the United States, had been largely made possible by the exploitation of the under-developed countries, particularly the colonies. That exploitation had been marked, in particular, by the export of capital invested only in those branches of economic activity which were of direct interest to the

exploiting Power. No industry had been established, for the under-developed countries had been regarded as an excellent market for the manufactured products of the metropolitan Powers.

14. He drew attention to the economic and political relations between the United States and the countries of Latin America. Although the latter had abundant supplies of the raw materials and resources necessary for the development of industry, they were all in complete dependence on the United States, whose Government intervened, when it thought necessary, to defend the interests of American companies at the expense of the peoples of Latin America. By way of example, he mentioned the pressure placed on the Bolivian Government to prevent it from increasing taxation on the tin companies, Ambassador Patterson's action in Guatemala, and the contracts concluded with Venezuela on the extraction of iron. The seizure of the resources of Latin America by the United States was being speed up from year to year: direct investments had risen from 2,999 million dollars at the end of 1945 to 4,789 million dollars at the end of 1949. Latin America derived no economic or financial benefit from them.

15. The economy of the United States having recently become a war economy, the countries of Latin America would have to supply even greater quantities of essential raw materials, and their development would have to be along lines which would allow United States war production to be increased. Thus, they would be deprived of their raw materials without receiving in return the opportunity to develop their industry or replace their outworn equipment. The war economy would oblige the countries of Latin America to give up some of their industries, as had already happened in Cuba and Brazil. As a result of inflation and rising prices, sometimes combined with wage-freezing, the shortages were felt mainly by the working classes.

16. The situation of the countries of Asia was no better than that of the countries of Latin America, as was shown by the report of the Economic Commission for Asia and the Far East (E/1717).¹ In most countries of Asia, the population was under-nourished; industry had not yet reached the pre-war level; and the terms of trade were more unfavourable than before the war.

17. The main difficulties of the under-developed countries could not be solved by foreign investments. It had been shown on many occasions that such investments tended to work against the expansion of local industries and constituted at the same time an interference in the domestic affairs of States owing to the political conditions which attended them. Economic development, therefore, must be based on the utilization of national capital resulting from a complete reform of the distribution of the national income, a reform which would raise the people's standard of living and, consequently, create internal markets for the national industry.

¹ See *Official Records of the Economic and Social Council, Eleventh Session, Supplement No 9*.

18. The economic problems of the under-developed countries could not be resolved by over-publicized small-scale activities. Consideration of the second report of the Technical Assistance Board to the Technical Assistance Committee (E/1911) showed that work was still at the preparatory stage, and that the essential principles proclaimed by the Economic and Social Council and the General Assembly were already being ignored. The report attempted to represent very limited measures as extensive and far-reaching actions. In that connexion, he referred to the technical assistance given to Costa Rica (mentioned in paragraphs 59-62); and to Lebanon (mentioned in paragraphs 146-148). What had been done for those two countries, for example, in no way justified the satisfaction that had been expressed.

19. The "efforts" so much vaunted by the representative of the United States were ridiculous when compared with the needs of the under-developed countries as noted in the unanimously adopted resolution of the General Assembly. The Polish delegation had cooperated actively in drawing up the Expanded Programme of Technical Assistance; it had voted with other delegations to give that programme the vitality and the economic and social importance that were desirable; but it had fought against all attempts to transform the programme into an instrument of expansion for foreign capital.

20. The Secretary-General's report on the Technical Assistance Programme (E/1893) contained very little information on the execution of the programme. The few examples given, however, showed clearly that since the so-called integration of the two programmes a number of new elements had made their appearance. He felt some concern when he noted the emphasis placed on problems of governmental organization in the section in the Introduction entitled "Future lines of work". Without even having read the report of the Bolivian mission, there could be no doubt that the mission had attempted to infringe the sovereignty of Bolivia by proposing something that might be understood as international control of the government. That showed that the allegedly independent expert advice might have dangerous political implications and lead to increased foreign control under the pretext of encouraging investments. The Bolivian mission had been referred to in the report as an example of what should be done in the future. He thought that it showed, on the contrary, what must be avoided. If the principles laid down by the General Assembly were to be respected, groups of experts must be established only at the request and with the approval of governments. Some of the experts should come from under-developed countries.

21. He drew attention to the statement submitted by the Council of the International Chamber of Commerce (E/C.2/256/Add.1), for it showed precisely what was to be avoided in the execution of the United Nations programme.

22. Throughout the discussion of the problem of the economic development of under-developed countries, the Polish delegation had maintained that the primary

condition of success was the abolition of all forms of colonial and semi-colonial exploitation and the suppression of foreign political and economic domination. Economic development must be conceived and carried out by the peoples concerned with the aim of raising their standard of living and strengthening their independence. It must therefore be based on a programme prepared at the governmental level and providing for both short-term and long-term objectives.

23. By economic development, the Polish delegation meant primarily industrialization. Industrialization was necessary, for example, in the Far East, where the population was very dense and at the present time was engaged in agriculture. Furthermore, agriculture itself must be reformed by changes in the system of land tenure and in forms of production. The use of better methods of farming combined with a fair distribution of land would result in an improvement in the people's standard of living. Agricultural progress and technique depended on mechanization, the use of fertilizers and certain other conditions, which all in turn depended upon the development of industry. In the under-developed countries, therefore, there was a close link between industrialization and increased agricultural productivity.

24. To ensure the economic development of the under-developed countries, the pattern of their foreign trade must also be changed: they must cease to be a source of cheap raw materials and foodstuffs. Such a change would obviously constitute a threat to the interests of the international monopolies, who would consequently be opposed to any genuine undertaking leading to the industrialization of the countries concerned and a change in the structure of their economies. That opposition was already visible. It was evident in arguments such as those pointing to the harmful effects of industrial development on agriculture and the importance of private investment as opposed to planning and local government control.

25. In conclusion, he said that the question of the economic development of the under-developed countries could not be treated in economic terms alone: account must also be taken of the political and social situation, for real progress would be achieved only if conditions were established which would allow the under-developed countries to pursue their political, social and economic advancement simultaneously. The United Nations must take account of existing conditions in the under-developed countries, as well as of the aspirations of their peoples. Those peoples should be free to determine their own destiny, free from all foreign interference in their domestic affairs and from any political and economic domination. They must adopt policies which would enable them to resolve the contradictions that characterized their economic, political and social structure. That was a problem of vast importance, and it must be treated with all the seriousness it deserved: the United Nations could not permit itself to deviate from the basic issues to problems of secondary importance or tendencies contrary to the principles of the Charter.

26. Sir Ramaswami MUDALIAR (India) did not share the views of those representatives who had

asserted that in five years the United Nations and the Economic and Social Council in particular had done almost nothing to improve conditions in the under-developed countries. Comparing the spirit in which the current programme was being undertaken, and even the results which has already been achieved, with the total failure of the attempts made before the war, he concluded that considerable progress had in fact been made. In that connexion, the most significant advance was that governments realized their responsibilities. It was for the Economic and Social Council to see that that realization was translated into action.

27. He therefore agreed with the representative of Canada (463rd meeting) that there was no reason to be unduly pessimistic. Time was short and the task to be accomplished was an immense and urgent one because of the desperate situation in which many countries were placed. The Economic and Social Council, however, had begun the execution of its task, which was to help the less fortunate peoples of the world to improve their standard of living and ensure their enjoyment of human rights. Progress had been slower than had been hoped at the outset due to obstacles arising out of the political situation. The Economic and Social Council, however, bore no responsibility for that delay and need not therefore attempt to find any excuses for its action.

28. He then replied to the argument raised by some representatives, among them the Polish representative, who had said that foreign capital was not a useful contribution to economic development inasmuch as the investment of such capital was made contingent upon conditions of a political or military nature and rendered the country borrowing the money liable to colonial exploitation. In the past when the situation in that respect had been different from what it was at the present time and when it had really been possible to talk of colonial exploitation, of which his country had been one of the victims, no one had protested against that exploitation more than he had. That chapter in history, the period of colonialism, had come to an end, however, and should be forgotten. At the present time a spirit of good-will and friendship governed the relations between India and the United Kingdom. It was impossible to build a better world for the future without acting in that spirit of good-will and forgetting old grudges. It was useful of course to remember past experience in such matters, particularly when it was a question of controlling the activity of foreign capital, but countries like India which had just attained their independence were not likely to forget those lessons.

29. Sir Ramaswami then considered the "Point Four" programme and asked first why the Polish representative always referred to the "so-called Point Four programme". It was alleged that conditions of a political and military nature were attached to assistance granted under that programme. The representative of Poland himself, however, had just quoted the statements of Mr. Bogdan to the effect that investments of private capital should be made on the basis of purely commercial considerations. He also wondered whether the Polish representative had meant to say that countries which had accepted aid under the "Point Four"

programme had been compelled to submit to political and military conditions. On 28 December 1950, India had signed an agreement with the United States for technical assistance under the "Point Four" programme amounting to \$1,500,000. Yet no one was unaware of the fact that during the last few months the United States Government had not been particularly satisfied with the attitude taken by the Indian Government. To be fair to both the Contracting Parties it should be said that during the negotiations relating to assistance under the "Point Four" programme, there had never been any question of political or military conditions.

30. He emphasized the importance and urgency of the question of the financing of economic development. It was very distressing for the representatives of the under-developed countries constantly to be raising that problem in the Council, to be describing the tragic situation of their peoples and to be asking that the situation should be remedied. They were compelled to do so, however, because of the seriousness of the situation which did not concern their countries alone but affected the maintenance of peace throughout the world. It was essential to try to give the masses of the world the minimum standard of living to which every human being was entitled and thus to offer them reason to hope for a better life. That was the Council's most urgent task.

31. The President of the Bank had said (457th meeting) that economic development was indispensable to the maintenance of peace, for aggression was bred on want. There were several forms of aggression which threatened international peace and the world could not defend itself against them merely by piling up armaments. In order to maintain peace it was also essential to eliminate want and to ensure a better standard of living and the enjoyment of human rights for the peoples of the world. The Twenty Year Plan for the maintenance of peace prepared by the Secretary-General (E/1900) who had suggested that a United Nations economic reconstruction agency should be set up, came to the same conclusions and stressed the need to raise the standard of living of the majority of mankind who lived in conditions unfit for human beings.

32. The Economic and Social Council had taken those considerations into account in its action and particularly in the establishment of the Expanded Programme of Technical Assistance. That programme had been admirably conceived and could be expected to achieve a great deal. He noted the criticisms of the Technical Assistance Programme which had been made by the Polish representative and expressed the hope that, in future, the Polish contribution to that programme would not be confined merely to advice and criticism.

33. He then turned to the Colombo Plan which was a joint programme of action for all the countries of South and South-East Asia. He quoted the Indian Government's statements regarding that plan to the effect that if the external financial assistance contemplated therein were not forthcoming, the result would be an inflationary pressure in India which would discourage savings and compel the government to reduce its imports, retard economic development, increase taxes and tighten economic controls. The result of all those

measures would be to reduce foreign trade and to increase unemployment and to prevent any rise in the standard of living which could not fail to have a harmful effect on political and social stability. His government proposed to draw on the internal resources of the country and to devote a considerable sum, namely 2,000 million dollars, to economic development over a six-year period.

34. He recalled the conclusions of the Colombo Plan to the effect that the countries in the region would themselves provide the greater part of the funds necessary to finance their development. However, without external aid, they could not continue that development at the rate necessary to avoid a catastrophe. It was therefore essential to help them, for the peoples of South-East Asia could not be abandoned to poverty and despair. He pointed out that those conclusions, which were those of responsible statesmen, showed the importance and urgency of the problems of financing economic development.

35. He noted that his observations on Africa had been harshly criticized by the Belgian representative and — to his astonishment — by the French and United Kingdom representatives also. He had been particularly surprised to hear the United Kingdom representative say (457th meeting) that the establishment of an economic commission for Africa was subject to the consent of the governments concerned in that area. Sir Ramaswami pointed out that Articles 73 and 74 of the Charter conferred special prerogatives with regard to the Non-Self-Governing Territories of Africa on the United Nations, and he expressed the hope that when the question arose in a more concrete form, the governments concerned, whose progressive spirit he recognized, would abandon their objections.

36. He explained why it appeared to him particularly necessary to establish an economic commission for Africa. That continent was rightly called the dark continent, not because of the colour of its inhabitants, but because of conditions which prevailed in it. For example, a former Governor of the Belgian Congo had recently stated at Boston that cases of cannibalism still occurred there. However, the most serious feature of the situation in Africa was the absence of any enlightened public opinion. The Prime Minister of a Member country of the United Nations in that continent had gone so far as to state that he would be glad if the United Nations Charter were scrapped and to deplore the granting of a limited right to vote to the indigenous inhabitants of the Gold Coast by the British Authorities, a measure which he considered a threat to the supremacy of the white race. The same country was exerting pressure on other governments in the region to induce them not to carry out the reforms they had promised. That policy was leading the continent of Africa to a catastrophe which might engulf the whole world. His suggestions with regard to the establishment of an economic commission for Africa had been made in a spirit of friendly co-operation.

37. In New Delhi there was a magnificent palace on the walls of which was the inscription: "If there be a paradise on earth, it is here". The masses of the population in the under-developed countries lived in such

conditions that they must say: "If there be a hell on earth, it is in our hovels". It was the duty of the United Nations to deliver the major part of humanity from that hell.

38. He recognized that the rearmament policy was probably necessary to preserve peace and discourage aggression, as was indeed provided for in the Charter. However, rearmament would not solve all the problems connected with the maintenance of peace. At present there were two forces in the world. The first was seeking to exploit poverty and discontent, to awaken Utopian hopes and to arouse violence everywhere. The second drew its inspiration from the Charter, it was built on hope and confidence and sought to provide decent living conditions for all humanity. The Council should do everything to encourage and stimulate the action of that force and thus pave the way for a true peace.

39. Mr. CORLEY SMITH (United Kingdom) merely wished to explain that his delegation's reply to the Indian representative's proposal could not be interpreted as a sharp criticism. This reply reflected a difference of opinion with regard to the solution proposed, but neither the words nor the tone could be qualified as "sharp".

40. Mr. BORIS (France) pointed out that while the Indian representative had gained the impression that the French delegation's reply was a harsh criticism of his proposal, he had admitted that such an impression did not devolve from the summary record of the meeting but from a newspaper in Spanish.

41. Actually, his delegation's criticism had not been aimed at the Indian representative's speech but at the Secretariat report the latter had quoted. The passage on production and investment problems (E/1910/Add.1) quoted by the Indian representative contained the statement that profits on the capital invested were transferred abroad and not reinvested in the country. His delegation—like those of the United Kingdom and Belgium—had objected to that passage in the report. It had shown that France had made a great investment effort and had quoted figures showing that that effort was comparable to the total investments made during the same period in the rest of the world by the Bank. The steady surplus of exports from France to its Overseas Territories since the Second World War was sufficient proof that the allegation in the report was incorrect as regards those Territories.

42. For the rest, there was no doubt a difference of opinion between the Indian representative and the French delegation regarding the establishment of an economic commission for Africa, but that difference had shown itself merely in an exchange of purely objective arguments.

43. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) recalled that at the meeting of 9 March the United States representative had stated (464th meeting), without producing any proof, that the amount and duration of the armament expenses which his country would have to meet would be determined by the policy of the Soviet Union.

44. He was scarcely surprised by that statement. It was indeed obvious that the United States, while engaging for the benefit of capitalist monopolies in an armament race prejudicial to the interests of the workers, was seeking to escape responsibility for it. Nevertheless, everyone knew that the peoples of the Soviet Union who were pursuing their peaceful labours could in no way be considered responsible for the armaments race.

45. Mr. KATZ-SUCHY (Poland) wished to clear up the misunderstanding between himself and Sir Ramaswami Mudaliar. He had referred to the so-called American "Point Four" programme because the title of that programme did not correspond to its true objectives. He understood that India should have a lively memory of the colonial oppression it had suffered, which was probably one of the principal reasons for the attitude it had assumed and for its opposition to the policy of the monopolies. He explained that, in the speech he had previously quoted, Mr. Bogdan had emphasized the social and humanitarian objectives of the investment of private capital.

46. He quoted a statement from an American periodical to the effect that the principles invoked must be adapted to the evolution of events. That statement was a striking confirmation of the opinion he had expressed on "Point Four".

47. Mr. QURESHI (Pakistan) thought it might be helpful if his delegation made some further comments on the matters under consideration. He recalled that the representative of Czechoslovakia had stressed the fact that only 10 per cent of the credits provided for under the Colombo Plan were destined for industrial development. Without mentioning the other countries that were to participate in the plan, he would cite certain figures relating to Pakistan. The total cost of the Pakistan development programme under the Colombo Plan amounted to 2,600 million rupees. Of that total, the following percentages were allotted for development of the various branches of the economy: agriculture, 32 per cent; transport and communications, 20 per cent; fuel and power, 18 per cent; industry and mining, 19 per cent; housing, health and medical, education, technical training and water supply, 11 per cent.

48. Mr. Qureshi pointed out that the major portion of the credits was reserved for agricultural development, since 80 per cent of the population of Pakistan lived on agricultural production. Important irrigation projects and anti-waterlogging measures would be undertaken, and it was estimated that 6 million acres of land would benefit from those measures. Moreover, improvement of the system of water distribution would allow 4 million acres to come under double cropping. Such measures, combined with distribution of improved varieties of seeds and fertilizers and the partial mechanization of agriculture, would permit an increase in agricultural production, over present production, by the following percentages: cereals, 17 per cent; oil-seeds, vegetables, sugar cane, fruits and tea, 86 per cent, making a total food crop increase of 34 per cent; jute, tobacco and cotton, 14 per cent. The total increase in agricultural production in 1957 would be 33 per cent.

The rise in the production of rice, which would amount to 500,000 tons, would enable that production to meet the needs of Eastern Pakistan. The execution of the programme would bring about a lowering of the prices of essential foodstuffs and should raise the standard of living.

49. Turning to the question of hydro-electric power, Mr. Qureshi stressed the crucial importance of that type of power in a country which had limited resources of oil and coal. Without adequate production of electric power, it would be difficult to carry out the programmes of industrial and agricultural development. Pakistan's electric power potential was from 5 to 6 million kilowatts, as against a present installed capacity of only 9,600 kilowatts. Pakistan had a population of 82 million, and its rate of consumption of electricity per head was among the lowest in the world. The construction of new hydro-electric and thermal stations would make it possible to increase production by 256,000 kilowatts. That supplementary production would furnish the power needed for the pumping and irrigation installations, the new jute and cotton mills and the new machinery to be used in modernizing the mines. It would also enable Pakistan to cease importing electric power from India. The Government of Pakistan was also taking steps to increase the output of coal.

50. In connexion with transport and communications, he stressed the need for improving Pakistan's railway system. The country's railway installations had suffered greatly, both during and after the Second World War, owing to excessive use and inadequate maintenance. The development plan provided, in particular, for the repair and replacement of worn-out installations and rolling stock. It also provided for an improvement in the network of roads and telecommunications, and the development of the port of Chittagong. The excessive use to which the port had been put during the war had made extensive repairs necessary. At the time Pakistan had achieved its independence, the port's handling capacity had been no more than 600,000 tons per year; it had now reached 1,800,000 tons. Credits amounting to 130 million rupees had been provided, to extend the facilities of the port and enable it to handle 4 million tons a year.

51. With regard to industry and mines, he emphasized the fundamental importance of factories for the processing of jute and cotton, and the manufacture of paper. In point of fact, although Pakistan was a major producer of jute, it did not possess a single jute mill. Since the national economy was to a large extent dependent upon the demand for that commodity, the government considered it essential that measures should be taken to make possible the manufacture of jute products which could compete successfully with substitutes. The plan contemplated the establishment of six jute mills, which would produce 130,000 tons of jute a year, a volume of production which would be sufficient to meet Pakistan's own requirements and leave a margin for export. The government regarded the cotton industry as equally important. At present, Pakistan produced only 100 million yards of cotton goods annually, while its consumption was 700 million yards. The plan provided for the construction of twenty-four

mills, which would make it possible, at the end of the six-year period, to meet the demand created by an annual consumption of 17 yards per head without importing more than 150 million yards. He recalled the extent to which his country had suffered as a result of the war, and pointed out that the measures contemplated would merely restore production to its pre-war level. The plan also provided for the construction of a paper mill which would utilize local raw materials and would be capable of producing 30,000 tons of paper annually. The total cost of the programme for development of the jute, cotton and paper industries was estimated at 390 million rupees. The plan further provided for a general geological survey of the country to determine its mineral wealth.

52. In the matter of social services, the sum of 180 million rupees had been set aside under the plan to supplement the amounts allocated for such services from the revenues of the provincial and municipal governments. That sum would cover the cost of housing, construction, expansion of health and medical services and expansion of educational facilities. The plan provided for the construction of housing for refugees, the development of new residential areas, and the establishment of 600 rural and 600 mobile dispensaries, 120 hospitals, 4,460 new primary schools, 1,456 middle schools, 400 high schools and 17 teachers' training colleges. Furthermore, the sum of 90 million rupees had been set aside for the establishment of technical institutes and research laboratories, and for the creation of scholarships for study and research abroad. He observed that while the Pakistan development programme might appear a modest one, it had the virtue of having been established on a realistic and practical basis. He then drew attention to the implications of the economic development of under-developed countries and the magnitude of the resources required in order to achieve any perceptible improvement of the standard of living of the populations of those countries. The rise in income was evidently closely related to the amount of capital invested. At the end of the war, a group of industrialists had evolved a plan known as the Bombay Plan, which showed that in order to raise the *per capita* income from 65 to 130 rupees, it would be necessary to spend 30,000 million dollars, at the pre-devaluation rate.

53. In his view, the manner in which problems of economic development and its financing were being discussed at present was reminiscent of the way in which certain enthusiasts had endeavoured to solve India's economic problems during the 1930's. Those persons had attempted to reconstruct the rural economy by improving the breeding of livestock, and by alleviating the situation of the peasants by providing them with quinine and mosquito nets to protect them from malaria. They had forgotten only one thing: the peasants had no means of buying the quinine and mosquito nets.

54. The delegation of Pakistan had been deeply moved by the statement made by the President of the United States in presenting the budget for 1952 to the Congress. The President had declared that the peoples of the under-developed countries must be given faith in

their future, faith that their problems were not going unnoticed and that steps were being taken to solve them. At the eleventh session of the Economic and Social Council, the United States delegation had stressed the need for economic development, and the delegation of Pakistan appreciated the efforts made by the Government of the United States to study the problems entailed by such development. Nevertheless, he wished to point out the possibility that the great Powers might not be fully aware of the exact implications of the promises they had made. He did not wish to be so presumptuous as to advise the United States concerning what should be done to carry out its promises, but he felt, nevertheless, that more would have to be done than was being done at present. He was well aware that the United States had abundant resources at its command; but he also knew that those resources were not inexhaustible. A choice must be made; and the choice might be between a comfortable automobile for the average American citizen and a truck to carry passengers and goods in a remote area of the Far East. It was possible that the economic development of under-developed countries might have to be achieved at the expense of the highly developed countries, for world resources were inadequate when compared with world needs. It might prove necessary to institute some sort of rationing of capital and materials, such as had been imposed during the war, if the development of the under-developed countries was to be ensured. Referring to the operations of the Export-Import Bank, he pointed out that out of the total of 1,000 million dollars distributed in the form of loans by that Bank, 333 million had been granted to Canada, a country having one of the highest standards of living in the world, and 260 million dollars had been assigned to Europe and the same amount to Latin America, while Asia, an area where the standard of living was the lowest in the world, had received only 157 million dollars. Similarly, the loans granted to Asia by the International Bank for Reconstruction and Development amounted to only 6 per cent of the total loans furnished by that organiza-

tion. He was glad to note that in the case of loans by that Bank, the situation had improved since May 1950.

55. In conclusion, he recalled that in view of the gravity of the situation, urgent measures were required; any delay might be fatal. For that reason, the delegation of Pakistan favoured the establishment of an *ad hoc* committee of experts consisting of government representatives for the purpose of studying appropriate methods of financing the development programmes of the various under-developed countries.

56. The PRESIDENT stated that item 6 of the agenda would be referred to the Economic Committee; he decided to put to the vote the joint draft resolution submitted by India, Mexico and the United Kingdom (E/L.149) relating to item 4 of the agenda. He observed that, in accordance with the request of the USSR representative, the two paragraphs of the draft resolution would be voted on separately.

The first paragraph of the draft resolution was adopted unanimously.

The second paragraph was adopted by 14 votes to 3, with 1 abstention.

The draft resolution as a whole was adopted by 14 votes to none, with 3 abstentions.

It was decided that the draft resolution proposed by the President (E/L.160) relating to item 5 would be voted on at the next meeting.

57. The PRESIDENT then proposed that the Council should adopt a draft resolution on item 7 taking note of the report of the International Bank for Reconstruction and Development.

58. Mr. KATZ-SUCHY (Poland) stated that he would abstain in the vote on such a resolution.

The draft resolution proposed by the President was adopted by 15 votes to none, with 3 abstentions.

The meeting rose at 1.40 p.m.