



## CONTENTS

Page

|   |     |
|---|-----|
| Annual report of the Economic Commission for Asia and the Far East (E/2374, E/2398, E/2399, E/2400, E/L.504 and E/L.505) ( <i>continued</i> ) | 175 |
| Application of Afghanistan for membership in the Economic Commission for Asia and the Far East (E/2350/Add.3 and E/L.501)                     | 179 |

**President:** Mr. Raymond SCHEYVEN (Belgium).

*Present:*

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Egypt, France, India, Philippines, Poland, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Venezuela, Yugoslavia.

Observers from the following countries: Afghanistan, Brazil, Chile, Czechoslovakia.

The representative of the following specialized agency: International Labour Organisation.

**Annual report of the Economic Commission for Asia and the Far East (E/2374,<sup>1</sup> E/2398, E/2399, E/2400, E/L.504 and E/L.505 (*continued*))**

[Agenda item 5]

1. Mr. JUNG (India) referred to two factors which influenced developments in Asia and the Far East. On the one hand there was the conflict between communism and the opposite ideology and, on the other hand, there was the conflict between colonialism and nationalism. In considering the report of ECAFE (E/2374)<sup>1</sup>, the Council should bear in mind that it dealt with countries and peoples which had recently undergone tremendous changes. Some of the countries in the region had attained their independence within the past seven or eight years and China, one of the leading countries of the area, had undergone a vast political, economic and social revolution. Although ECAFE itself was not to blame, its discussions had been marked by a glaring lack of realism owing to the absence of the representatives of the People's Republic of China. Their absence from the Commission, from the Economic and Social Council and from the United Nations as a whole might be due to political tensions, and he had no wish to embark on a political discussion, but the fact remained that the vast country of China exercised a predominating influence on the political, economic and social life of the whole area and the absence of its representatives lent an air of complete unreality to all discussions concerning the economic development of the region. He emphasized that all his subsequent remarks were subject to that one over-riding consideration.

2. He associated himself with other speakers who had congratulated the Commission not only on the production of a very valuable report, but also on the most useful work it was carrying out in a number of varied fields. He fully agreed with the Commission's general findings regarding the economic situation in Asia and the Far East as set forth in paragraphs 141 to 147 of the report. He laid particular stress on paragraph 145 of the report which dealt with the proposals for an international finance corporation and for the establishment of a special fund for grants-in-aid and long-term loans to the under-developed countries. The paragraph also emphasized that the Commission had rejected the view that foreign capital was essentially of an exploitative character. That paragraph was indeed the key to the whole report and dealt with the most vital problem affecting the whole region. As this delegation had stated before, in the Second Committee<sup>2</sup> and in the General Assembly<sup>3</sup> the Indian Government welcomed the proposal for the establishment of an international finance corporation. For reasons which were known to the Council, he was precluded from discussing the proposal for the establishment of a special fund, although in principle his Government favoured the idea.

3. With regard to the Commonwealth Finance Corporation, which was also referred to in paragraph 145 of the report, he said that India was by its own voluntary choice a member of a commonwealth which it regarded as a useful body representing political, economic and social co-operation between a certain group of countries. Consequently, the Indian Government welcomed the establishment of the Commonwealth Finance Corporation and hoped that it would soon become a reality, not only as regards the collection of the necessary capital, but also from the organizational point of view.

4. The whole question of those three funds led naturally to a discussion of the rôle which the international flow of capital must necessarily play in the development of the under-developed countries. His country believed that, in principle, the wealth and resources required for the development of a country must be found within the country itself. India's five year plan was based on that philosophy and on the understanding that India itself must make the maximum effort to build up its economy within its own resources. However, owing to the pressure of ideas from outside and the low standard of living within the under-developed countries, the time factor was of great importance in their economic development. What was needed was not so much a long-term academic programme but the attainment of a realistic programme within a measurable distance of time. Consequently, the under-developed countries had to look beyond their purely local resources and they required foreign assistance for certain specific projects, such as the establishment of basic industries.

5. There were various plans for such assistance in the region of Asia and the Far East. India had experience

<sup>1</sup> See *Official Records of the Economic and Social Council, Fifteenth Session, Supplement No. 6.*

<sup>2</sup> See *Official Records of the General Assembly, Seventh Session, Second Committee, 197th meeting.*

<sup>3</sup> *Ibid., Plenary meetings, 411th meeting.*

of the Colombo Plan, of assistance from various United States agencies given under certain specific agreements and of loans from the International Bank. All such assistance had been given within the limits of certain specified agreements and, in some cases, India was also able to give assistance as well as receive it. In all its experience, India had never found foreign assistance to be of an exploitative character. Exploitation depended on the will of both the giver and the receiver and, had there been any suggestion of exploitation, India would never have accepted the assistance.

6. He very much regretted the attempt made to resuscitate the old problem of the security to be offered to foreign investors in the under-developed countries. The whole question had been discussed exhaustively and settled quite unequivocally in the Second Committee and subsequently in the plenary meeting of the General Assembly. It was therefore unfortunate that two organizations, one in a statement and the other in a communication to the Council, should have raised the matter once more. When the delegation of Uruguay, supported by that of Bolivia, had submitted a draft resolution to the Second Committee regarding the nationalization of economic resources<sup>4</sup> it had been felt by some delegations, including his own, that the resolution was, perhaps unwittingly, rather too far-reaching. The delegations submitting the revised draft resolution had made it quite clear that there was no question of the expropriation of property and that the conduct of the various governments concerned was sufficient guarantee of their intentions. His own delegation had introduced amendments<sup>5</sup> in order to avoid any possible misunderstanding which might have arisen from the original wording and he was therefore surprised that the question had been raised yet again. The resolution adopted by the General Assembly, while asserting the right of countries to exploit their own natural resources, also contained an implicit assurance that, in the exercise of their right, Member States would have due regard to the need for maintaining the flow of capital in conditions of security, mutual confidence and economic co-operation among nations. If the exporters of capital found that assurance inadequate they would have to examine the local legislation and customs before deciding whether or not it was safe to make an investment in the country concerned.

7. In his own country, the question of nationalization as such had not arisen. India had always believed in the need to encourage the flow of capital to the under-developed countries and its own legislation included every possible form of encouragement for foreign capital investments. Should any expropriation occur, the Constitution provided fully for fair compensation. The under-developed countries were convinced of the importance of the international flow of capital and they felt that, in present circumstances, there was no question of monopolistic tendencies or of exploitation. Subject to that reservation, they had no intention of expropriating the property in which foreign capital was invested.

8. He then made various detailed comments on the text of the ECAFE report. In the first place, he drew attention to paragraph 146 of the report which stated that: "Whilst aware of the dangers of deficit financing for the purpose of economic development, the Commission recognized that, under certain conditions, and

within certain limits, deficit financing might be appropriate". He fully endorsed that paragraph and pointed out that, owing to the low *per capita* income and the small volume of real savings, the under-developed countries might often have no other recourse but to resort to deficit financing in order to increase their production. The whole report must therefore be viewed in the light of the probability that many of the countries in the area would have to resort to deficit financing.

9. With regard to the section on industry and trade (paragraphs 154 to 161), he welcomed the establishment of the Working Party on Financing of Economic Development in Asia. At the same time, however, he emphasized the need for greater co-operation between the Working Party and the Colombo Plan Consultative Committee.

10. Turning to the paragraphs dealing with the mobilization of domestic capital (paragraphs 45 to 49), he expressed his support, in principle, with the statements in paragraph 46 and welcomed the holding of a seminar on agricultural development finance. That was a particularly important problem since the questions of tenancy and land tenure could not be effectively settled in democratic countries without some provision for financing. He also welcomed the establishment of a working party on financing of economic development which would ensure continuity and concentrate on fiscal measures for economic development with special reference to taxation policies.

11. In connexion with technical assistance activities in the region (paragraphs 171 to 173), he fully agreed that the agencies providing technical assistance should also provide the equipment required by their experts.

12. On the question of trade between ECAFE countries and Europe (paragraph 50), he said that India had concluded useful trade agreements with many European countries during the past few years. He agreed that those trade relations should be developed but the Commission should bear in mind the fact that Japan was re-emerging as an industrial area and that the ECAFE countries should consider procuring some of their capital equipment from Japan. In the same spirit, he welcomed the emergence of the Federal Republic of Germany and felt that the United Nations should take into account the fact that both countries would require markets for their industrial products.

13. Finally, he emphasized that India attached great importance to the problem of land reform. He hoped that his remarks on that subject would be transmitted to the secretariat of ECAFE. The countries of Asia and the Far East were living with practices which had survived from the past and had no place in the modern world. The problem of the rapidly growing population was also of the utmost importance. There should therefore be an attempt to change the whole basis of the agrarian economy and the Commission might also profitably consider the question of population control. However much the countries of the region might do to increase their resources, they were unlikely to be able to keep pace with the growth of the population. That was not only a problem for the distant future but might also become acute in the fairly near future. The countries of the region were already doing their best to reform their agrarian structure. India, for example, would be able to make its food production outstrip the growth in the population for a limited period, but that would not provide a solution for the long-term problem.

14. Turning to the draft resolution submitted by ECAFE for action by the Council, he said that the

<sup>4</sup> *Ibid.*, Second Committee, 231st to 238th meetings, and Annexes, agenda item 25, documents A/C.2/L.165 and Rev.1.

<sup>5</sup> *Ibid.*, Plenary meetings, 411th meeting, see also document A/L.143.

Indian delegation would support parts A and C. With regard to part B, he did not wish to enter into a political discussion, but felt obliged to say that the proposal appeared somewhat premature. Owing to certain differences, some of the most important countries in the world, inhabited by millions of people, were excluded from membership of the international organizations. That fact gave an air of unreality to the proceedings of those organizations. There seemed to be a certain lack of proportion in treating with so much urgency the question of the admission of units which some Member States did not regard as being fully responsible for their own international relations and at the same time continuing to exclude such countries as the People's Republic of China. India had no desire to discriminate against the people of the areas in question, and would welcome them as members of the regional commission if that were constitutionally possible.

15. Moreover, as the USSR representative had pointed out at the previous meeting, the Council should be consistent. It had voted against the proposal to admit certain European States which were not Members of the United Nations to ECE, and should hesitate to take a different course with regard to the Asian countries. He strongly urged the Council to suspend judgment on the question of the admission of any of the countries concerned as full members of ECAFE. If the majority of the members of the Council took a different view, he would ask for a separate vote to be taken with regard to each country and would abstain from voting on some of them, largely for constitutional reasons but also because he considered that the admission of certain countries while other more politically, economically and socially important countries were excluded would create a lack of balance.

16. Mr. KOTSCHNIG (United States of America) deplored the tone of the remarks made by the USSR representative at the previous meeting, which had furthermore been so much at variance with the facts as not to deserve detailed refutation. For example, he had insinuated that there were two conflicting forces in the ECAFE region on the one hand the Powers that sincerely tried to promote the political independence and economic development of the countries in the region, and on the other the "colonial Powers", among which he included the United States, whose aim was to dominate those countries and to exploit their people. To prove that that was a travesty of the truth it was only necessary to point to the Colombo Plan, to the United Nations technical assistance programme and the various efforts made by certain Western countries to accelerate the economic development of the region, and to contrast with those activities the fact that the USSR had offered nothing but empty words to help the Asian countries.

17. He had been particularly struck by the lack of esteem shown by the USSR representative for the countries in the region, which he had entirely ignored in drawing his distorted picture of the two conflicting forces, as if they had no voice in their own destiny. Such an attitude was insulting, not to the so-called colonial Powers, but to the countries which were making such a valiant effort to help themselves. The Indian representative had already made it clear that those countries were self-reliant and that they regarded the work being done as a truly co-operative effort.

18. The USSR representative had described the Republic of Korea, Cambodia, Laos and Vietnam as puppets. Mr. Kotschnig drew the Council's attention

to General Assembly resolution 195 (III), adopted by an overwhelming majority, which declared that the Government of the Republic of Korea was the only lawful Government in Korea, and to resolution 620 (VII), which expressed the General Assembly's opinion regarding the position of Cambodia, Laos and Vietnam. Those resolutions, democratically arrived at, were evidence that the great majority of Members of the United Nations were in favour of the admission of those States. Hence politically speaking, there could be no objection to their admission to ECAFE.

19. He did not agree with the Indian representative that the proposal showed a lack of proportion, since neither Cambodia, Laos nor Vietnam had attacked the United Nations, and those countries were therefore in a different category from the Chinese People's Republic.

20. Nor did he agree that the proposed action would be inconsistent with what had been done with regard to the European countries, since the proposal in that connexion had been that all the European associate members should be admitted, including a large number of countries on which the General Assembly had not adopted any favourable resolutions.

21. Mr. GARREAU (France) observed that, ever since the establishment of the regional commissions, France had been in favour of an extension of the right to vote, and seeing that ECAFE itself had decided in favour of such an extension he thought the Council should give the proposal favourable consideration. The request had been approved by ECAFE by a large majority, a resolution having been presented by one of the most important Asian delegations, that of Pakistan, and supported by the French representative. The Council was not competent, in view of the nature of that body, to discuss the question whether Cambodia, Laos and Vietnam possessed the necessary political qualifications. He would, however, point out that the General Assembly resolution to which the United States representative had alluded recognized that each of those three countries fulfilled the requirements of Article 4 of the Charter, and that on 19 September 1952, ten members of the Security Council had voted in favour of their admission<sup>6</sup>. The fact that the three countries were signatories to international treaties was a proof of their complete political and economic independence. They were already full members of many of the great international institutions and signatories to important international conventions. They had diplomatic representation in many countries and were recognized by more than thirty States.

22. For all those reasons the French delegation was in favour of the admission of the three States as full members of ECAFE.

23. The attacks on those countries by the USSR representative were of a purely political nature and irrelevant to the Economic and Social Council's discussion. He noted that the USSR representative was vehemently attacking Laos at a time when that country was suffering from armed external aggression. He drew attention to that coincidence.

24. Furthermore, with reference to the remarks of the Indian representative that the admission of the greatest possible number of members was desirable, he pointed out that the difficulty arose from the fact that certain Far Eastern countries had been stigmatized as aggressors by the United Nations itself.

<sup>6</sup> See *Official Records of the Security Council, Seventh year, 603rd meeting*.

25. Mr. BIRECKI (Poland) had been surprised to hear the United States representative object to the term "puppets" being applied to some of the Far Eastern countries, the more so as during the general debate on the world economic situation he had not protested when a number of representatives had described the situation in their countries in terms of the harm done to their economies by American activities. The French-United States draft resolution was yet another attempt by the latter country to take advantage of United Nations organs to further its own ends.

26. On the basis of the speeches made during the general debate, it was evident that ECAFE had done nothing to prevent the exploitation of the Far Eastern countries by the capitalist countries, and chiefly by the United States, but on the contrary served as its tool.

27. A further criterion of ECAFE's usefulness was the extent of its activities. In that connexion there was a strange phenomenon—the People's Republic of China, a country with enormous potentialities for economic development and collaboration with other countries, was not a member. Despite any arguments to the contrary, that was neither right nor logical.

28. An attempt was being made to represent Cambodia, Laos and Vietnam as self-governing and independent States, and in support of that argument allusions had been made to treaties they had signed with France. The truth was, however, that they were neither self-governing nor independent, and the proposal to admit them as full members of ECAFE should be rejected.

29. The PRESIDENT appealed to the members of the Council to refrain from criticizing countries which were not represented there and were therefore not in a position to defend themselves.

30. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) regretted that the co-operative spirit which had thus far characterized the Council's debates had given way to recrimination as a result of the new challenges thrown out by the representatives of the United States and France. Obviously, those two delegations were not satisfied with the deliberately vague wording of ECAFE's controversial draft resolution B which would have admitted to full membership in the regional commission "those associate members who are responsible for their own international relations". In an attempt to by-pass the problem it presented, and with malice aforethought, they had introduced their very explicit draft resolution (E/L.504), thus making the debate in the Council much more difficult.

31. By so doing, they had reopened a matter which had been the subject of prolonged debate at several previous sessions of the General Assembly: the divergence of opinion between those Members which like the USSR, had consistently upheld the principle of universality and therefore supported the simultaneous admission to membership in the United Nations of a number of States with different political and economic régimes, and those Members, led by the United States, which discriminated against some and favoured others for membership. The United States position had not resolved the problem of admissions, for such an attitude could never resolve a problem requiring international co-operation; it could only result in stirring up animosity.

32. It was also regrettable that the French representative had deliberately indulged in a type of demagoguery that was not consonant with French tradition in linking the USSR's objections to admitting Laos to full mem-

bership in ECAFE with the events now taking place in that country. The responsibility for the trouble in Laos rested squarely on the régime in power. That puppet régime, foisted on the country by the French, should not be confused with the people of Laos and the civilization built by that people. The people and the civilization needed no protection from French colonialism. The USSR fully respected that people, as it respected the people of Cambodia, whose King had recently predicted that France's intentions would be wholly discredited if it pursued its present policy in his country. Its respect for all peoples, however, did not mislead it into believing that the puppets placed in power by France were the true representatives of the peoples of Laos and Cambodia. After decades during which French colonialism had wrought destruction in those countries, it was not seemly for the French representative to pose as a defender of their civilization or to pretend that he was unaware of the USSR position on their individual applications for membership to the Organization, a position adopted and clarified long ago.

33. Moreover, the French representative's attempt to prove the consistency of his Government's position by arguing that the puppet States of Indo-China deserved full membership in ECAFE because they had not, like the People's Republic of China, been guilty of aggression was ill-advised. In the first place, the subject had no place in the Council's discussion and would not have arisen if the United States representative had not broached it. Secondly, it was a subject better left alone; history would show who had been the aggressor, and the French representative could not hope to convince the people of Asia and the Far East on the question.

34. It would be wiser to adopt the realistic attitude of India. It was, for example, inconceivable that at the very moment when the United States was negotiating the exchange of sick and wounded prisoners with the North Korean Government, the United States representative should maintain that the only government in Korea was that of South Korea. Surely, a recognition of sovereignty was implicit in the very act of negotiation.

35. Surprisingly enough, although reference had been made to the Colombo Plan and other arrangements affecting one sphere of ECAFE's activities, there had been no mention of United States technical assistance under President Truman's "Point Four" Programme. The nature of United States technical assistance apparently was such that not all governments were prepared to accept it. Burma and Indonesia, for example, had declined United States aid. The real reason was that far from offering genuinely disinterested assistance, the United States was using its aid programme to camouflage its campaign to exert pressure on recipient governments, put its own people in power and exercise economic domination. It might succeed to a greater or lesser extent, but those aims remained basic to its aid policy. The very same motives characterized its European aid programme, and the people of Europe recognized that fact, judging from a comment in the London *Daily Herald* on the recent remarks of Secretary of State Dulles. In short, the United States also offered "qualified" aid to the United Kingdom and France, countries far more capable of defending their own interests than the under-developed nations of Asia and the Far East. The USSR was proud to say that it did not provide aid on such a basis. The assistance it provided was founded on the principle of the equality



of States and respect for their political and economic sovereignty.

36. If the United States and France truly believed that States which were responsible for their own international relations deserved membership in United Nations bodies, it was difficult to understand why they had denied admission to Italy, Finland, Switzerland and a number of other applicants. They had done so solely because they had refused to renounce their discriminatory attitude towards other applicants, in particular the countries of Eastern Europe, whose requests for admission figured in the same all-inclusive group. The USSR rejected the method of discrimination against some and favouritism towards others as a violation of the principles of the United Nations Charter. Similarly, while it conceded that some of the States listed in the joint draft resolution submitted by France and the United States, like Ceylon, deserved membership in ECAFE, it did not believe that the problem could be resolved by isolating any such applicants. It would therefore vote against the draft resolution.

37. The report of ECAFE (E/2374) unfortunately did not reflect the position of the USSR delegation on most of the important issues discussed during the Commission's ninth session. That was a serious defect: it did not improve the report and it betrayed the majority's fear to place on record a description of the actual economic situation in the area.

38. The PRESIDENT said that the general debate on item 5 (annual report of the Economic Commission for Asia and the Far East) was closed, but recognized the right of delegations to speak on ECAFE's draft resolution B and on the draft of France and the United States to amend it (E/L.504), before the vote was taken at the following meeting. He asked delegations to vote on ECAFE's draft resolutions A and C (E/2374).

*Draft resolution A was adopted by 16 votes to none, with 2 abstentions.*

*Draft resolution C was adopted by 16 votes to none, with 2 abstentions.*

*The debate was adjourned.*

**Application of Afghanistan for membership in the Economic Commission for Asia and the Far East (E/2350/Add.3 and E/L.501)**

[Agenda item 31]

39. The PRESIDENT called on the observer from Afghanistan.

40. Mr. LUDIN (Afghanistan) thanked the Council for placing on its agenda the question of Afghanistan's admission to membership in ECAFE, and expressed his country's appreciation to the Indian delegation for moving the draft resolution which would have that effect (E/L.501). Afghanistan's economic problems were similar to those confronting the other countries of the same region: its principal objective was to improve the standards of living of its people by raising their economic productivity, with beneficial effects on the welfare of the entire area. As a member of ECAFE, it hoped to gain by an exchange of experience and knowledge on a reciprocal basis with a view to achieving that common purpose. It solemnly promised to carry out the duties and responsibilities which such membership implied. He hoped the Council would act favourably on Afghanistan's application.

41. Mr. EL-TANAMLI (Egypt) felt that Afghanistan's request could not possibly be the subject of debate and suggested an immediate vote on it.

42. Mr. LÓPEZ (Philippines) believed that the association of Afghanistan in the work of the Council through its membership in ECAFE would be of mutual benefit. The Philippines, as a member of both organs, strongly supported its promotion to full membership.

43. Mr. MORALES (Argentina) confirmed his country's sympathy for the people of Afghanistan and pledged his support of the Indian draft resolution (E/L.501).

44. Mr. TANGE (Australia) expressed gratification concerning the Afghanistan representative's offer of co-operation in the future activities of ECAFE. Australia, as a member of that regional commission, wished to reciprocate that offer by assuring Afghanistan of the prospects of a constructive association in the work of the commission. He strongly supported the Indian proposal.

45. The PRESIDENT put the Indian draft resolution (E/L.501) to the vote.

*The draft resolution was adopted by 17 votes to none, with 1 abstention.*

46. The PRESIDENT, on behalf of the Council, congratulated Afghanistan upon its accession to full membership in ECAFE.

The meeting rose at 5.35 p.m.