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**President: Mr. Juan I. COOKE (Argentina).**

## Present:

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

Observers from the following countries: Chile, Indonesia, Netherlands, Poland and from the League of Arab States.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Bank for Reconstruction and Development, International Monetary fund, World Health Organization.

**Non-governmental organizations: (b) Review of non-governmental organizations: report of the Council Committee on Non-Governmental Organizations (E/2551) (concluded)**

[Agenda item 20 (b)]

1. Mr. TSARAPKIN (Union of Soviet Socialist Republics) wished to comment on the statement made by the United States representative when the latter had requested that consultative status in category B should be withdrawn from the Women's International Democratic Federation.

2. Contrary to that representative's assertion, the Federation's report (S/2203) had not been prepared merely by a group of members of the Federation; it was the joint work of a very representative group of members and non-members of that Federation.

3. He could not accept the United States representative's allegation that the Women's International Democratic Federation had, for propaganda purposes, given a false picture of the economic and social situation of certain countries, by stating for example that women had no rights in the colonial and dependent countries. It was presumptuous to term that statement a distortion of the truth. The representatives of the Administering Authorities in the Trusteeship Council were the first to recognize that state of affairs, although they regretted it and hoped that action would be taken to remedy it. Hence it was the United States which was falsifying the facts for propaganda purposes.

4. The United States of America also claimed that the Federation had slandered the United Nations, but the United Nations did not seem to share that feeling, since the Commission on the Status of Women had adopted, at its seventh session, a special resolution in which it had expressed regret that the Women's International Democratic Federation could not take part in its work because the representative of that Federation had not received the visa authorizing her entry into the United States.<sup>1</sup>

5. Thus the false accusations made by the United States were obviously only a clever and typical manoeuvre on its part to incite the members of the Council against the Federation in order to rally a majority which would enable it to have its Government's point of view accepted as that of the United Nations. But the United Nations must not become an institution in the pay of the United States. It must maintain its universality and remain an organization in which all governments were represented and a forum in which the most diverse views were put forward.

6. To withdraw consultative status from the Federation in question, which represented 140 million women in sixty different countries, on the pretext that it had dared to raise its voice in defence of the Korean people subjected to the bombing attacks of United States planes and to speak on behalf of peace would be to show discrimination and vindictiveness.

7. He therefore requested that paragraph 1 of the draft resolution in the report of the Council Committee on Non-Governmental Organizations (E/2551) should be deleted and that the Women's International Democratic Federation should be kept in category B.

8. Mr. SAKSENA (India) thought that withdrawal of consultative status from a non-governmental organization was a much more delicate matter than granting it such status and one which demanded great care and reflection. Such an act might give rise to feelings of bitterness and vengeance and might cast discredit on the United Nations.

9. The WIDF had been granted consultative status in category B in 1947. It could be presumed that at that time its credentials had been carefully examined and had been deemed to comply with the standards prescribed by the Council. Its status could therefore not be withdrawn unless it no longer fulfilled the required conditions. The Federation had been concerned with the improvement of the welfare of women and children and it had never ceased to act in conformity with the purposes of the United Nations. No doubt the Federation had sometimes drafted outspoken reports on certain matters which might have displeased some Member States, but he felt that indulgence should be shown in the face of a certain violence of language and account should be taken of the fact that the reports were drafted by women, who were occasionally given to impulse, as everyone knew.

<sup>1</sup> See *Official Records of the Economic and Social Council, Sixteenth Session, Supplement No. 2, chap. I, para. 9.*

10. He therefore requested the Council to act with great circumspection and not to deprive a non-governmental organization of its right to criticize, which was one of the fundamental rights which the United Nations tried to preserve. The Council could postpone consideration of the matter until the following year.

11. Mr. KOS (Yugoslavia) explained that he in no way supported the Women's International Democratic Federation, the entire activities of which were at the service of USSR policy, as was proved by the decision taken by Moscow to exclude the Yugoslav Women's Federation from the WIDF.

12. Nevertheless the principle that the United Nations was a universal organization which grouped countries with different political régimes and ideologies and not an association of States holding the same views should be respected.

13. Even if the WIDF was regarded as being under the control of the Soviet Union, that was not sufficient reason for depriving it of its consultative status in category B. Such action would conflict with the principles of the Charter.

14. Mr. ADIL (Pakistan) pointed out that, contrary to the allegations brought to the notice of the Council by the United States representative, in the report of the Women's International Democratic Federation that Moslem women did not enjoy the right to property, Islam had expressly recognized that as a right of women for over 1,300 years. Under Islamic law, men and women were given equal rights and that was true of Pakistan.

15. Mr. EL-TANAMLI (Egypt) thanked the Pakistan representative for his explanation, which the United States and USSR representatives had not seen fit to make, although they had examined the report in detail. He recalled that only the previous year, the Egyptian representative in the Trusteeship Council had made a statement on that subject in denial of the assertion.

16. With regard to the withdrawal of consultative status from the Women's International Democratic Federation, he thought that the principle of the universality of the United Nations should be respected. He would vote therefore against the draft resolution.

17. Mr. TSARAPKIN (Union of Soviet Socialist Republics) thought that the Pakistan and Egyptian statements were a good illustration of the success of United States diversionary tactics, the aim of which was to sow discord and create hostility towards the Women's International Democratic Federation. It was clear that the Federation's report was directed at neither Pakistan nor Egypt, but at all those countries where women did not yet enjoy equal rights, and where it could not be denied that there still remained much to be done in that field.

18. Turning to the slanderous statements by the United States representative, which were later taken up by others, to the effect that the Women's International Democratic Federation was under the control of the Soviet Union, he pointed out that the Federation's membership covered a variety of religions, political opinions and social classes, and that it was waging a struggle for peace, which was not a Communist monopoly, but rather the sincere desire of the whole of mankind.

19. It was unthinkable that the United States of America should demand the withdrawal of consultative status

from that non-governmental organization for the sole reason that it had aroused its animosity. The Council should act with the greatest caution and not turn the United Nations into an American organization from which all those who were not acceptable to the United States would be excluded. The only just decision would therefore be to keep the Women's International Democratic Federation in category B.

20. The PRESIDENT put to the vote the draft resolution submitted by the Council Committee on Non-Governmental Organizations to the Economic and Social Council (E/2551).

21. Mr. EL-TANAMLI (Egypt) asked for a vote by division on the two paragraphs of the operative part.

*Paragraph 1 of the operative part was adopted by 9 votes to 5, with 4 abstentions.*

*Paragraph 2 of the operative part was adopted unanimously.*

*The draft resolution as a whole was adopted by 10 votes to 3, with 5 abstentions.*

22. Mr. TSARAPKIN (Union of Soviet Socialist Republics), speaking on a point of order, pointed out that the annex of the NGO Committee's report (E/2551) listed three organizations, the Nouvelles équipes internationales and the two Pax Romana organizations, whose activities he thought did not conform to the purposes of the Charter and had nothing in common with them.

23. Mr. EL-TANAMLI (Egypt) observed that the Council had not been asked to express its opinion on the annex just mentioned by the USSR representative. If it had, the Egyptian delegation would have been obliged to make reservations in respect of certain non-governmental organizations included in that list.

## **Economic development of under-developed countries**

[Agenda item 3]

### **GENERAL DEBATE (continued)**

24. Mr. HSIA (China) said that he would confine himself to making general observations on certain aspects of the questions raised by item 3 of the Council's agenda, and he reserved the right to discuss those questions more fully in the Economic Committee.

25. He would first of all consider sub-items (a) and (b) of item 3, which were closely connected and could be dealt with at the same time.

26. The United Nations document on *Relative Prices of Exports and Imports of Under-developed Countries*<sup>2</sup> showed that from 1876 to 1938 the terms of trade of under-developed countries showed a secular downward trend. Superimposed upon that secular trend, there were fluctuations which appeared to be of a cyclical nature. Since 1938, conditions had improved for primary producing countries, but the situation had become more complicated after 1948, although the over-all improvement which was evident since 1938 seemed to have continued. The favourable movement had become more rapid in the second half of 1950, and the climax had been reached a year later in the second half of 1951; from that time on, terms of trade had begun to deteriorate, and during the first half of 1952 they had declined

<sup>2</sup> United Nations Publication, Sales No.: 1949.II.B.3.

to the level of the first half of 1950. On the basis of more recent but incomplete data it appeared that the trend had become more favourable. But it was possible that it would once again reverse itself after some time, and he wondered whether, rather than being a secular trend, it was simply a cyclical fluctuation, in which case it would sooner or later be followed by a downward trend.

27. Apart from the secular trend and cyclical movements, random fluctuations in terms of trade, such as those that had occurred in 1950-1952, should be considered. The net effect of those changes seemed to have been beneficial to primary producing countries, since they had tended to lead to a "boom" rather than to a depression. However, the strength of those fluctuations had prevented the countries concerned from working out their economic development plans, and dislocations of an enduring nature had resulted.

28. Consequently, both now and in the future, steps must be taken to prevent or rectify any undesirable trends in the terms of trade, to stabilize the prices of certain commodities, and to mitigate the dislocations that might be caused by those fluctuations.

29. Countries had a rather restricted field of action in the matter, since on the one hand it would be difficult for them to adapt themselves to secular changes in the terms of trade, and on the other, they did not possess the necessary resources to deal with major random fluctuations. However he thought that it was possible to cope with cyclical movements, and he agreed with the group of experts that in this difficult and complex field, no action which would help towards the right result was to be despised, even if it were in itself incomplete and of limited effectiveness. Before multi-commodity buffer stocks could be created, the main reliance would have to be placed on international single-commodity agreements and on the creation of buffer stocks on the national level. The functions of the Trade Stabilization Commission, which was proposed in the report of one group of experts entitled *Commodity Trade and Economic Development* (E/2519), should be to keep constant watch over the price situation and to promote the conclusion of international agreements on price stabilization.

30. Passing to agenda item 3 (c), he was glad to note from the Secretary-General's report, entitled *The International Flow of Private Capital 1946-1952* (E/2531), that the majority of long-term foreign capital investments during the post-war period came from private sources. According to that report, since 1946 the average annual net total of private long-term investments made by industrialized countries had been 1,500 million dollars, and the annual amount of those investments might have been over 2,000 million dollars during the last few years. The United States Government's long-term investments had reached an annual total of 885 million dollars, exclusive of its contribution to the International Bank for Reconstruction and Development and the International Monetary Fund. The loans granted by the International Bank were far below the total of private long-term capital investments, and averaged only some 265 million dollars a year.

31. It was gratifying to note that the United Kingdom, Switzerland, France and Belgium had reappeared on the international scene as net exporters of capital. It was those countries, together with the United States of America, which had to a greater or less degree contributed to the economic development of China before the Second World War.

32. Finally, a third encouraging fact revealed by the Secretary-General's report was the growing number of countries which, while they were capital importers, showed a keen interest in making investments abroad. They included Canada, Germany, Italy, Argentina and Denmark.

33. Apart from such favourable observations however, the report also revealed certain disturbing aspects of the international flow of private capital. In the first place, that flow was inadequate; the annual total of 2,000 million dollars was only about half the amount of private capital available between 1920 and 1930, and the demand for capital had increased and was more acute than ever before. Secondly, there was an uneven geographical distribution of private foreign capital. Little capital had been invested in the independent countries of South-East Asia. In some under-developed Asian and African countries, a definite outflow of long-term private capital had been witnessed. The obstacles to the movement of private capital towards the South-East Asian countries were the comparative poverty of those countries in natural resources and the political insecurity prevailing there as a result of war and the threat of war. None of the measures proposed in the report seemed adequate to remedy that state of affairs.

34. With regard to land reform, it was obvious from the document entitled *Progress in Land Reform* (E/2526) that the principal objective of the land reforms applied in many countries had been to enable farmers to own land. Though some countries had made much progress in that respect, much still remained to be done in others, particularly the Asian countries.

35. He described the stages of application of the reforms in China, and the circumstances in which the State had bought up private land to sell it to farmers.

36. Outlining the recommendations made to the Secretary-General by his Government in its reply to the questionnaire on land reform, he said that its main proposals had been that the United Nations should: first, prepare and adopt a declaration on land reform, similar to the Universal Declaration of Human Rights; secondly, set up a committee on international action for the promotion of land reform; thirdly, set up machinery for technical consultation and training; fourthly, establish a special land reform fund to provide necessary financial assistance to Member States, either directly or indirectly, for the purpose of effecting land reform, and fifthly, sponsor regional conferences on land reform to be held periodically.

37. Mr. NUÑEZ PORTUONDO (Cuba) said that his delegation did not think it should conceal its anxiety at the fact that, in most of the under-developed countries, economic progress fell short of the needs of the inhabitants; a good many of those countries were passing through a period of depression which could not leave conscientious members of the Council unconcerned. Indeed, the Economic and Social Council could not remedy all the economic ills which beset the world; it was an advisory rather than an executive organ, and its principal means of helping the under-developed countries was the valuable studies it undertook. But it should be noted that, generally speaking, world opinion, which was ill-informed of the exact working of the Council and of the limits set to its influence, tended increasingly to view its work with scepticism and to lose the hopes it had placed in it.

38. His delegation had already echoed those feelings—which were those of the large majority of Cubans—at

the 726th meeting of the Council's preceding session. It had then warned the Council against the mistake and danger of trying to solve the essentially human problems which faced the under-developed countries and called for varied and immediate solutions by purely mathematical formulae, and it had pointed out that such an attitude was liable to give rise to a general atmosphere of disappointment, of which democracy's opponents would not fail to take advantage to suit their own ends. His delegation would adopt the same attitude when taking part in the present debate and submitting general observations.

39. In the first place, it wished to pay a public tribute to the group of five experts who had produced the report *Commodity Trade and Economic Development* (E/2519), which would certainly be a great help in solving the problems with which it dealt. Quoting from General Assembly resolution 623 (VII), in compliance with which the report had been prepared, he pointed out that, from the outset, the experts had stressed the difficulty of giving precision to the meaning of such words as "fair" and "equitable" as applied to prices and commercial transactions: in that connexion, the group, as its members themselves had admitted, had been presented with a complex problem. It should be congratulated for having succeeded, after making a detailed analysis of the two main trends of opinion which had become apparent in the General Assembly, in reconciling apparently irreconcilable opinions and formulating the principles, which his delegation endorsed in a general way, in paragraphs 7 (a), (b), (c) and (d) of its report.

40. With regard to paragraph 24, concerning fluctuations in proceeds from exports which were particularly serious for specialized primary producing countries, he pointed out that Cuba, whose tobacco had rightly acquired a world-wide reputation, might develop the cultivation of that plant if customs barriers, State monopolies and excise duties did not have disastrous effects both for Cuba, whose export trade suffered, and for the smokers throughout the world who were compelled to buy poor quality tobaccos at prohibitive prices.

41. He then read out paragraph 27, the last two sentences of paragraph 28 and the last sentence of paragraph 29, by which he had been particularly impressed, and unreservedly subscribed to paragraph 51.

42. In chapter 4 of the report, the experts had recalled how the purpose of commodity agreements had been defined in the Havana Charter; in the same connexion, they had mentioned the 1953 International Sugar Agreement, to which Cuba was a party. That chapter also contained a judicious analysis of the proposal for the establishment of international buffer stocks, which his delegation had sound reasons to believe would not be effective.

43. In paragraph 128 of the report, the experts had stated it was "not, perhaps, beyond imagination to conceive of a world in which nations attempt to stabilize prices and export proceeds, regulate production at particular levels, and arrive at a mutually desirable relation of primary product prices and other prices by means of a maze of bilateral contracts". Cuba was satisfied with the understanding on sugar quotas it had reached with the United States; although not fully in compliance with Cuban aspirations, the understanding nevertheless safeguarded the interests of both States, which were united by traditional bonds of friendship.

44. After having pointed out in paragraph 273 that there was at present no effective international procedure for discussing and proposing action on the general

problem of stabilization and that, through the absence of an international trade organization, a gap had arisen in international organization, the group of experts had proposed in paragraphs 274 to 279 that the Economic and Social Council should establish an inter-governmental commission, the Trade Stabilization Commission, which would be advisory and not executive. His delegation wished to reserve its opinion on that proposal. It did not doubt that the organization considered would play a very useful part, but it wondered what the reaction of public opinion would be to the establishment of yet another commission, in addition to the many existing international organizations. Furthermore, it should not be forgotten that the commission would bring together countries which differed greatly from one another in social organization, political structure and the principles on which their commercial activity was based, and which certainly did not take the same view on how world economic problems should be solved. In the circumstances, would the commission really be able to fulfill the task expected of it? His delegation had felt that it ought to inform the Council of those doubts, but wished to state that they were not based on any firm conviction: nothing would please it better than that they should be dispelled.

45. He thanked the Secretary-General for placing such useful information before the Council in the reports submitted in virtue of Council resolution 427 (XIV) (E/2455) and General Assembly resolution 623 (VIII) (E/2438). It was difficult to comment in a general debate on the facts given, for they were essentially statistical and could not be considered one by one; he would therefore simply draw the Council's attention to table 10 of document E/2455 on United States terms of trade, in order to point out that the data on sugar, Cuba's main export product, showed that Cuba was in an unfavourable position.

46. The Secretary-General was also to be congratulated on his two reports to the Council on the international flow of private capital, namely: *The International Flow of Private Capital 1946-1952* (E/2531) and "International Flow of Private Capital for the Economic Development of Under-Developed Countries" (E/2546). He was particularly interested in the Secretary-General's observations on the main tendencies of the flow of capital (E/2531, chapter 2). The Cuban delegation had long urged the Council to adopt a resolution for the encouragement of fiscal measures to stimulate the flow of private capital to finance the development of the under-developed countries. Such a resolution would be based on resolution 3 (IV) of the Economic Commission for Latin America, which the Council itself had implicitly ratified in adopting its resolution 368 (XIII). The Cuban representative at the sixteenth session of the Council had mentioned all aspects of the problems in his statement in Geneva on 3 July 1953 (710th meeting). There was therefore no need to reopen the question in a general debate, which required delegations to express their ideas rather than examine in detail the problems before them.

47. The Cuban delegation had likewise taken note of the Secretary-General's reports on land reform namely: *Rural Progress through Co-operatives* (E/2524) and *Progress in Land Reform* (E/2526). He reaffirmed his belief that international action was the only useful way of helping the under-developed countries. His Government, replying to the Secretary-General's questionnaire (E/2526, part III), had said that Cuba was ready to co-operate in any international action designed to put a stop

to the exploitation of labour, which was not only an outrage on civilized standards but also a form of unfair competition, in that it penalized countries whose workers were paid a fair wage.

48. He was prepared to assist in the drafting of constructive resolutions, and he appealed to the members of the Council to show unity of spirit and a will to international co-operation in order that all countries, advanced and retarded alike, might together fulfil the obligations laid upon them by the United Nations Charter.

49. Mr. KOS (Yugoslavia) considered that the different problems connected with the economic development of the under-developed countries, such as those of stabilization of the prices of raw materials, foreign capital investments, and land reform, were in fact very closely linked.

50. The under-developed countries were all primarily agricultural, their methods of cultivation were technically backward, and their productivity was low. Land reform was the necessary first step towards their economic development; but increased production could only result from the industrialization and modernization of agriculture, for which large-scale investment was required.

51. It was only reasonable, too, that the under-developed countries should wish to maintain at a high level, without great fluctuations, the prices of the raw materials which they exported, in order that they might accumulate the capital necessary for the execution of such programmes. But the instability of their incomes from exports resulted from the excessive rigidity of their economies, and industrialization was the only remedy.

52. The sole solution, then, appeared to be to resort to foreign capital. In order to attract foreign capital the under-developed countries would be obliged to adopt a more flexible system of exchange controls and to relax their economic restrictions. But the deficit in their balance of payment had forced them to limit their outflow of capital, and they would have to adopt a number of restrictive measures if they were to speed up their economic development.

53. The obstacles to the economic development of the under-developed countries were therefore considerable, but the Yugoslav delegation could say from the experience of its own country that they were not insurmountable. Although there might be some doubt whether the measures proposed would be effective, appreciable economic progress had already resulted from the efforts of the under-developed countries themselves and from the assistance given by the international community.

54. With regard to land reform, the Secretary-General's report entitled *Progress in Land Reform* (E/2526) revealed that perceptible progress had been made in a great number of countries.

55. A just distribution of land based on the principle that the land belongs to the tillers was the social prerequisite for economic development. Redistribution of land alone, however, would not increase agricultural productivity. The Secretariat's report rightly pointed out that land reform must be part of a general policy of economic development. A redistribution of land could not itself solve the problem of the concealed unemployment which hindered agricultural development in a great number of countries. The sole solution lay in a policy of

industrialization. Furthermore, the modernization of agriculture demanded the construction of factories to manufacture fertilizers and agricultural machinery.

56. The parcelling-out of land itself, however, created a technical problem of some magnitude because it was more difficult to use fertilizers and modern equipment on small plots than on large. The formation of co-operatives might perhaps overcome that difficulty. In that connexion the Secretariat's report on *Rural Progress through Co-operatives* (E/2524) contained some interesting information. He regretted, however, that greater prominence had not been given to the experiments carried out in certain new countries in the course of economic development—for instance, Israel.

57. Perhaps none of those solutions, however rational, would in fact increase productivity sufficiently to meet the needs of an accelerated economic development. A large part of the arable area of the world was not under cultivation. Its exploitation was another requisite for the economic development of the under-developed regions, and for that purpose large-scale capital investment would be required to finance irrigation and soil-conservation programmes. International co-operation in that direction would be essential.

58. While the problem of land reform was primarily national, that of the stabilization of the prices of raw materials was the direct consequence of the present economic structure of the world. It had been very thoroughly studied in the report entitled *Commodity Trade and Economic Development* (E/2519).

59. A study<sup>3</sup> made by the Contracting Parties to the General Agreement on Tariffs and Trade had shown that in the last twenty years world industrial production had increased much more rapidly than world production of raw materials, and that at the same time international trade in basic commodities had expanded much more slowly than trade in manufactured goods. In general, therefore, world industrial production was developing far more rapidly than world trade in raw materials. The main reasons were technological progress, enabling a more rational use of raw materials; the increased production of synthetic materials; and the efforts of some countries to increase their domestic production of raw materials for reasons of national security. That appeared to be a long-term trend, and it would therefore be most unwise for the under-developed countries to attempt to base their future prosperity solely on their exports of raw materials.

60. However, the experts who had drafted the report on commodity trade and economic development had given little attention to long-term trends but had concentrated on the problem of short-term fluctuations in the prices of raw materials and on the means of avoiding the harmful consequences of those fluctuations—two very closely-linked questions.

61. Short-term fluctuations were due to the fact that the production of the countries producing raw materials was excessively rigid while world demand for primary products, on the other hand, was extremely unstable. In other words, the lack of diversity in the economies of the producer countries prevented them from transferring part of their production to the home market when world demand declined; in addition, those countries lacked reserves of foreign currency and were therefore unable to pay for the imports they needed.

<sup>3</sup> *International Trade, 1952, Geneva, June 1953.*



Thus, every reduction in world demand for raw materials resulted in a fall in prices. The only possible solution of the problem therefore lay in a diversification and a balanced development of the economies of the producer countries.

62. An analysis of the long-term trends in the prices of raw materials again revealed that the disparity between world industrial production and international trade in raw materials was another consequence of the economic structure of the under-developed countries. The industrialization of those countries would inevitably lead to increased consumption and production of raw materials. Any solution designed simply to stabilize the prices of raw materials in relation to those of manufactured goods would tend to perpetuate the existing international distinction of work and present world economic relations, which were themselves the causes of the fluctuations.

63. The group of experts proposed three alternatives. The first was bilateral and multilateral agreements covering one or more commodities, with the establishment of buffer stocks. The second alternative was contracyclical and compensatory lending by the International Monetary Fund or other international agencies. The third alternative was the adoption of national measures, possibly co-ordinated through an international body. The experts had also studied the proposal to create a commodity reserve currency scheme, but had refrained from taking any position on that point.

64. The only specific recommendation which had come from the group of experts was the setting-up of a trade stabilization commission to study the problem more thoroughly. The Yugoslav delegation favoured the establishment of such a commission because it felt that the problem was too complicated for direct study by the Council and that a permanent commission would be able to submit practical recommendations to the Council for the gradual solution of the problem of stabilizing trade in raw materials.

65. The third part of agenda item 3 concerned measures to stimulate the international flow of capital. He wished to emphasize from the beginning that the Council had to deal with only one special aspect of that problem, namely the part that the flow of international capital played in the economic development of under-developed countries. In that connexion, the United Nations Secretariat had prepared a very interesting study entitled *The International Flow of Private Capital, 1946-1952* (E/2531). From the data available it was apparent that in the post-war period the United States had become the greatest world exporter of private capital; moreover, the quantity of such capital was still very small and most of it went to developed countries while the remainder was invested in the oil industries of some countries in Latin America and the Middle East. Private capital was not interested in vast areas that were still under-developed and shunned public utilities, although such undertakings were essential for the economic development of under-developed countries.

66. To stimulate the flow of private capital to under-developed countries, the business circles of creditor countries usually recommended: first, the abolition of the present system of double taxation; secondly, the assurance of free transfer of profits, either through bilateral agreements or by establishing general convertibility of currencies; and thirdly, guarantees to foreign capitalists by governments of either debtor or creditor countries that they would not suffer losses from nation-

alization measures. The effectiveness of such measures depended, of course, on the reason for the limited flow of private capital: if the limitation were attributable to low differential profits in the first case, or to currency restrictions in the second, or to political insecurity in the third, then such recommendations would be helpful; but if the root of the problem lay elsewhere, then neither the measures proposed, nor even the adoption of an international code on private investment, would contribute to the solution of the problem.

67. The consideration to be borne in mind above anything else was that world conditions today were wholly different from those of the nineteenth century. The number of colonies and Non-Self-Governing Territories was constantly on the decrease. The governments of the under-developed countries themselves laid down their economic policies, which included various trade and exchange restrictions. Under-developed countries, in endeavouring to base their political independence and national security soundly on a healthy economy, did not wish to remain producers of raw material but sought to diversify their production as much as possible. As a result they sought foreign capital no longer to develop extractive industries but to finance the diverse enterprises envisaged in their economic-development plans. On the other hand, foreign capitalists did not wish to increase their investments until certain restrictive measures taken in the national interest were rescinded.

68. In view of such conditions it was not right to attribute the changes in the economic climate of under-developed countries to xenophobia. The reason was not xenophobia but, first, the unpreparedness of private capital to accept the authority of the governments of under-developed countries and, secondly, the gulf separating the interests of capitalists from the objectives of the economic policy of under-developed countries. That was why the Yugoslav delegation did not think that the situation could be easily set right by giving international guarantees or adopting an international code on investment. In its view the flow of private capital would increase only when foreign capitalists were prepared to comply with conditions imposed by the national interests of borrowing countries. That conviction explained why the Yugoslav Government had always urged the United Nations to seek new ways to international economic co-operation and had spared no efforts to facilitate the establishment of a special United Nations fund for economic development.

69. Mr. BAUDHUIN (Belgium) congratulated the authors of the report entitled *Commodity Trade and Economic Development* (E/2519). It was a remarkable document both for its clarity and for its useful recommendations. It examined all the possible methods of stabilizing the prices of raw materials, including the most novel schemes, some of which called for the creation of reserves. In that connexion he would, as an economist, hesitate to recommend the financing of commodity stock by issuing paper currency.

70. Belgium was interested in the question of raw materials for various reasons. First, it was fully aware of the problems of under-development, since it was making a very great effort of its own in the Belgian Congo, where a plan costing a thousand million dollars was in course of execution. Secondly, it was a consumer of raw materials: its agricultural production met only approximately three-quarters of its food requirements, and it imported large quantities of such raw materials as textile fibres and oil for processing in its industries.

Finally, it was itself a producer of raw materials in the Congo, a fact which explained the active part it had taken in the negotiation of commodity agreements: it had been among the first countries to ratify them.

71. Therefore Belgium could only welcome any step that would stabilize the prices of raw materials—i.e., stabilize what was generally referred to as fair and equitable prices. However, like the experts, it was aware of the risks in any action contrary to the basic laws of world economy. It emphasized that increased productivity would inevitably lead to a decline in prices but that the interests of raw-material producers would not suffer thereby.

72. Having said that, the Belgian delegation was all in favour of the proposal of the experts to authorize an

inter-governmental body to study the development of the problem of world market prices. In its view the proposed commission should be given a strictly limited task. It should be expressly instructed to keep up to date the documentary material necessary for the study of all possible international measures to cope with violent price fluctuations and ensure the supply of raw materials. One of the commission's special functions should be to encourage international consultations; and it should be required to report periodically to the Secretary-General. It was difficult at the present stage to define precisely the nature and the functions of the new body. Nevertheless, the Belgian delegation wished to express at once its agreement in principle while indicating the boundaries within which solutions should be sought.

The meeting rose at 5.55 p.m.