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Annual report of the Economic Commission for Asia and the Far East (E/2553, E/L.594, E/L.595) (*concluded*).. 141

*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, Israel, Philippines.

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.

**Annual report of the Economic Commission for Asia and the Far East (E/2553, E/L.594, E/L.595) (*concluded*)**

[Agenda item 6]

1. Mr. ADIL (Pakistan) congratulated the Secretariat of the Economic Commission for Asia and the Far East (ECAFE) on the new form of presentation of the *Economic Survey of Asia and the Far East, 1953*,<sup>1</sup> but had a number of comments to make on the substance, particularly with regard to his own country.

2. The statement on page xi of the survey that acreage restrictions on both cotton and jute had been imposed in Pakistan was incorrect. No restrictions had, in fact, been imposed on cotton. Furthermore, he pointed out that the deterioration in Pakistan's terms of trade (p. xii) was due not solely to the fall in cotton price. It was also due to the fall in jute prices and, contrary to the statement on pages xiii and xiv, subsidies had not been abolished.

3. It was also incorrect to say that Japan was the main market for cotton from Pakistan (p. 8), as the pattern of exports for cotton changed every year.

4. He also pointed out that the increasing diversification of production was providing Pakistan with a measure of protection against the fluctuations of international trade. It was therefore no longer appropriate to refer to the instability of Pakistan's economy, as had been done on page 11.

5. With regard to defence outlays (p. 13), he pointed out that they should not be compared with the current

central expenditure, but with the general budget, i.e., with public expenditure as a whole; it would then be seen that the percentage was much lower than that given in the Survey.

6. With regard to government investment (p. 23), he pointed out that despite the amounts invested in the manufacturing industries, investments for agricultural development were still in first place.

7. Referring to chapter 16, on Pakistan, he said that, contrary to the statement on page 103, a fairly large sector of industry was financed by private capital and that the Pakistan Industrial Development Corporation was working in close co-operation with private capital. With regard to cotton exports (p. 104), the situation was entirely satisfactory, and any impression that it depended on the Japanese importers was erroneous.

8. It was stated on page 109 that the Government of Pakistan had chosen to rely on direct control and price-fixing to maintain stability, rather than on fiscal and monetary measures directed towards a general contraction of demand. He was prepared to give a list of all the monetary and fiscal measures adopted by his Government to maintain the country's economic stability, and he pointed out that an economic policy directed towards a general contraction of demand could not create conditions favourable to economic development. Pakistan was endeavouring by every possible means to increase production and had to that end taken several measures which were mentioned in the survey.

9. Finally, with regard to the Pakistan Government's policy of shifting agriculture into food production for the domestic market (p. 109), he pointed out that there was no need to fear that agricultural exports would suffer as a consequence. The Government was still anxious to maintain, if not to increase, the level of agricultural exports; both the Pakistan Industrial Development Corporation and the Planning Board, when preparing their programmes, took into account the needs of the domestic market and the necessity of maintaining the level of exports.

10. Mr. MISHRA (India) congratulated ECAFE on its work in the past year and on the very illuminating report which it had submitted to the Council. In that region, composed of independent nations and nations in the process of achieving full independence, the Commission, under its able Executive Secretary, Mr. Lokanathan, had become a highly effective instrument of international co-operation. It had become a kind of parliament of Asia, where the various countries of the region could compare their ideas and co-ordinate their efforts.

11. He had attended the Commission's tenth session and had been deeply impressed by its work. After the annual session, the Commission had held regional conferences on national income and on low-cost housing, a seminar on public enterprises in the industrial sector, and a training centre for railway officials. The main discussions at the tenth session had been on the eco-

<sup>1</sup> United Nations Publication, Sales No.: 1953. II. F. 8.

conomic situation in Asia, and on economic development and technical assistance in that region.

12. With regard to the first question, the Commission had had before it the *Economic Survey of Asia and the Far East, 1953* and a special study entitled "Economic Development in Mainland China, 1949-53".<sup>2</sup> It had taken special note of the objectivity of those studies and had emphasized that the Secretariat should continue to retain complete independence in its interpretation of the various economic developments in the countries of the region.

13. The Commission had expressed its concern over the continued slow rate of economic development of the countries in the region and the threat to their economies represented by the violent fluctuations in the prices of their major exports. The *Economic Survey of Asia and the Far East, 1953* pointed out that the economy of most of the ECAFE countries had been largely dominated in the last two years by very sharp fluctuation in commodity prices, affecting not only export earnings but also the whole tempo of economic activity. While the Indian delegation did not share the view expressed in some quarters that the region was passing through an economic crisis, it feared that unless some action was taken to remedy the violent fluctuations in the prices of raw materials, the situation might deteriorate.

14. In this connexion, he wished to clarify some misapprehension which might have arisen from his delegation's stand with regard to the proposed trade stabilization commission. As the parties to the General Agreement on Tariffs and Trade (GATT) would meet in October to review the functioning of the Agreement and would perhaps consider the adoption of trade stabilization measures at that conference, the Indian delegation felt that the Council should not take a final decision on the proposal at the present stage, but agreed that the Council should continue to study the problem and take any action necessary to meet urgent situations that might arise. In that connexion, he drew attention to the Commission's observation favouring the adoption of all practicable measures making for the stability of prices of primary products. The Commission had felt that multilateral trade should be encouraged, and that as far as possible, international commodity agreements of a long term character should be concluded for the major exports of the region.

15. It was apparent from the Commission's report (E/2553) that although the situation had improved since the end of 1953, the decline in the prices of primary commodities had caused a decline in the export earnings of the under-developed countries, which were thus finding it very difficult to finance their development programmes. The Indian Government had taken the necessary steps to ensure that the fall in export earnings did not affect the progress of its five-year plan. An Estate Duty Act had been passed recently, and the Government had just floated a national plan loan which would be used for economic development purposes.

16. There had been some disturbing developments in trade between Europe and Asia. Asian exports in 1952 had dropped to about 10 per cent of world exports, as against about 15 per cent in the pre-war period, although Asian imports had remained at a level of 12 per cent

of world imports. It was doubtful whether there would be any increase in exports to the United States, which in 1952 had represented 19.3 per cent of Asia's total exports. Western European imports from Asian countries (excluding Japan) had declined about 31 per cent as compared with the pre-war level, while the exports of Western European countries to Asia had increased by about two-thirds since 1938. It was for the leading European trading countries to consider what action should be taken to remedy that situation. European countries could perhaps reduce their dollar imports of raw materials and purchase more from Asian countries. Asia could certainly increase its exports of fats, oil seeds, tobacco and cotton to Europe, especially if it managed to increase production and reduce costs. However, the development of trade between Asia and Europe presupposed considerable European financial assistance, both public and private, to Asia, and the adjustment of tariffs, price policies and ocean transport charges. With regard to capital movements, he was sorry to say that United States investments in the region had fallen from \$620 million in 1951-52, to \$400 million in 1952-53.

17. During the discussion on the international flow of private capital, his delegation had pointed out at the 767th meeting that private capital was attracted to countries where returns were high, rather than to the under-developed countries of Asia and the Far East. It seemed that the industrialized countries were not sufficiently conscious of the stakes involved in the experiments undertaken in the countries of South-East Asia. Those countries were trying to continue economic planning with the processes of democracy and had already achieved some measure of success. They realized that the mainstay of their economic development programmes would have to be their own resources, but there were political and administrative as well as economic limits to domestic financing. The question was whether international economic co-operation would enable them to succeed in their democratic experiments in economic planning, and whether the economy of the under-developed countries could be integrated in the world economy.

18. According to the report *Measures for the Economic Development of Under-Developed Countries* (E/1986), assuming an annual transfer from agriculture of 1 per cent of the total working population into non-farm employment, the capital required would be \$15,270 million a year, of which 70 per cent would be needed for Asia. The under-developed countries would require a total of \$19,000 million a year, and a 2 per cent increase in *per capita* income would require an annual capital import of over \$10,000 million, a little over 2 per cent of the national income of Western Europe, Australia, the United States and Canada. The report had also suggested that the International Bank should, within five years, set itself an annual lending target of not less than \$1,000 million a year to the under-developed countries, and that, if that proved impossible, the United Nations should re-examine the question of the establishment of an international organization for the provision of an adequate amount of loan capital to the under-developed countries. In that context he pointed out that the Commission had expressed the hope that there would be no further avoidable delay in the establishment of the Special United Nations Fund for Economic Development and an international finance corporation. The Commission had also pointed out that capital formation could be encouraged through com-

<sup>2</sup> See *Economic Bulletin for Asia and the Far East*, Vol. IV, No. 3. Bangkok, November 1953, pp. 17-31.

munity development programmes utilizing voluntary labour. That policy had been followed in India where millions of people had enthusiastically taken part in the construction of roads, reservoirs and canals. It was imperative that efforts of that type should be made in all Asian countries where a large part of the population was under-employed. ECAFE might usefully give further consideration to that idea.

19. In considering the possible effects of a recession in the industrialized countries on the economies of the countries of the region, the Commission had correctly suggested that it could be staved off if the industrialized countries increased sufficiently their exports of capital to the under-developed countries in order to provide outlets for their products and enable the under-developed countries to maintain their rate of development.

20. The under-developed countries of Asia and the Far East also needed the technical assistance of the industrialized countries. The Commission had reaffirmed the importance of the United Nations Expanded Programme of Technical Assistance, but felt that the assistance received by the countries of the region did not meet the needs of their economic development, even at the present low rate. In that connexion he drew the Council's attention to the possibility that some of the techniques perfected in other Asian countries such as Japan might prove very useful to the under-developed countries of the region. In some cases the production techniques of the industrialized countries were based on the use of coal and oil and were not adapted to the needs or the resources of the under-developed countries of the region. It would therefore be necessary for advanced countries to carry on researches for techniques suited to the needs of those countries.

21. His delegation attached great importance to regional technical assistance projects and expressed the hope that ECAFE would be able to co-operate more actively with the Technical Assistance Administration in the planning and execution of regional projects. It hoped that the Council would support the Commission's recommendation that regional projects should be a permanent element in the planning and allocation of funds of the technical assistance programme. In that connexion he asked the Council to take special note of resolution 11 (X) adopted by the Commission at its tenth session (para. 218 of E/2553).

22. The Commission had also expressed the view that high priority should be given to the expansion of agricultural production, which was one of the prerequisites of industrialization, but had emphasized that efforts to industrialize should be stepped up as industrialization did not automatically follow an increase in agricultural production. In that connexion, it had suggested that the development of cottage and small-scale industries would be necessary to provide increased employment opportunities for the unemployed or under-employed population.

23. Pointing out that India's five-year plan was based principally on those considerations, he said that the industrialized countries looked at the problem of the industrialization of the under-developed countries in a somewhat distorted perspective. They thought that the under-developed countries should follow the development processes they themselves had followed, disregarding the fact that the world had changed considerably since the nineteenth century.

24. In his view, the countries of the region, which were poor in capital but rich in manpower, must develop their basic capital industries in order to increase their production capacity, and also encourage types of activities such as cottage and small-scale industries which employed abundant labour. In the under-developed countries where there was no social security, distribution of incomes depended primarily on the distribution of employment. Unlike the industrialized countries, the under-developed countries could not concentrate on increasing productivity alone. They had also to take steps to provide employment for the greatest possible part of their population. As countries in process of development were highly sensitive to inflation and as most of the countries in the region had depleted foreign exchange earnings, they should select industries in which investment would produce a quick and substantial return and which would not require too much skilled labour or too many imported materials.

25. The Commission had been active in many fields, including industry and trade, inland transport, and flood control and water resources development. Much of that technical work was accomplished by subsidiary bodies, including standing committees, sub-committees and working parties. The Commission also worked in close co-operation with the Governments of member States and with the specialized agencies, thereby avoiding duplication of work. It also maintained contact with the other regional commissions, in particular with the Economic Commission for Europe (ECE). Its collaboration with ECE had enabled it to undertake an important study on trade between Asia and Europe, which might lead to practical action for the expansion of trade between those two continents. In that connexion, he drew attention to a resolution for the promotion of inter-regional trade adopted at the last session of ECE.

26. His delegation wholeheartedly supported the proposal (E/L.594) to admit Afghanistan within the geographic scope of the Commission, as it was only natural that Afghanistan should be treated as a part of the region in question, with which it had many close historical, political, cultural and economic ties.

27. In conclusion, he pointed out that underlying the economic and political diversity of Asia there were powerful unifying and co-ordinating factors. India attached the greatest importance to economic co-operation in the region and was prepared to do everything within its power to contribute to its prosperity. The countries of Asia and the Far East should join in an effort to create an atmosphere of hope and confidence. The building of a new Asia was a stupendous task which called for courage and unshakable faith.

28. Mr. PSCOLKA (Czechoslovakia) said that his delegation had always stressed the importance of the broadest participation of the countries directly concerned in the regional economic commissions of the Economic and Social Council.

The basic shortcoming of ECAFE lay in the fact that the People's Republic of China, though one of the most important countries of Asia by reason both of its size and population and of its political and economic position, was not represented on that body.

29. The People's Republic of China maintained diplomatic relations with most of the other countries of Asia, such as the USSR, India, Indonesia, Burma, Pakistan and Afghanistan, and those countries were becoming

increasingly aware that the Commission's work was being restricted and paralysed by the absence of the People's Republic of China. That shortcoming was the more regrettable in view of the People's Republic of China's growing economic development and the fact that the Korean armistice, by relaxing the tension in Asia and the Far East, enabled the countries of that region to co-operate more closely with one another and with the rest of the world.

30. At its tenth session ECAFE had noted the efforts made by the Asian countries to accelerate their economic development but it had also pointed out the numerous difficulties that they faced in the endeavour. Most of them had undergone upheavals which had put an end to foreign exploitation and inaugurated an era of unprecedented economic and social development. However, although most of those countries had achieved independence since the war, they still had to throw off the heavy burden that they had inherited from the colonial Powers, which had turned them into sources of raw materials and which continued to exert considerable influence over them since they had not changed their policy in respect to them.

31. The economic development of those countries depended basically on their export earnings. Violent price fluctuations of raw materials on the world market naturally had serious repercussions on their economy. The decline in the prices of the principal raw materials since 1951 and the drop in the volume of exports from the ECAFE countries had caused a considerable decline in the revenue used to finance their economic development. Paragraphs 177, 181 and 183 of ECAFE's annual report for 1953 (E/2553) clearly described that critical situation.

32. In view of those circumstances, the ECAFE countries had sought private capital to finance their development. Foreign investors, however, as experience had repeatedly shown, were interested solely in the profits on their investments and were not at all concerned with the genuine economic development of the under-developed countries. They exacted various concessions from the under-developed countries with a view to creating a "favourable climate" and invested their capital predominantly in raw material production, which afforded them the highest returns, thereby further aggravating the lack of balance in the economic structure of the countries concerned. In any case, private capital played an insignificant part in the financing of the economic development of the under-developed countries.

33. The principal concern of those countries, therefore, must be the stabilization of their export earnings. Such stabilization was impossible, however, so long as their exports were directed towards the capitalist market, which was unstable, subject to crises and influenced by speculation, discriminatory practices and political pressure. They should therefore extend their economic relations with countries that had planned economies, which were not subject to crises and were in a position to conclude long-term agreements. One of the first steps in that direction would be the renewal of traditional relations with the People's Republic of China and the expansion of existing relations with the USSR and the peoples' democracies.

34. Most of the under-developed countries of the ECAFE region were fully aware of those facts, as could be seen from paragraphs 178 and 204 of the Commission's annual report (E/2553), and it was regrettable

that the People's Republic of China was debarred by the discriminatory policy of certain countries from co-operating in the Commission's work.

35. Since 1949, when it had driven out both foreign and domestic exploiters, the People's Republic of China had achieved remarkable results in economic development. Industrial production which, in 1949, had dropped to 56 per cent of the highest pre-war level, had risen to 126 per cent in 1952. The agrarian reform had resulted in a similar increase in agricultural production, and the People's Republic of China had increased its trade with the USSR and the peoples' democracies.

36. The countries of the ECAFE region were becoming increasingly aware of the importance of the People's Republic of China as a market and were showing a growing desire to expand their trade with it. Trade between the People's Republic of China and Japan, India, Indonesia and Ceylon had already brought positive results. The example of Ceylon, in particular, illustrated the advantages that the countries of the region could derive from expanded trade relations with the People's Republic of China. In that connexion, he said that Czechoslovakia was willing, as it had been in the past, to expand its trade relations with all countries, including the countries of Asia and the Far East, on the basis of long-term trade agreements. It was willing to furnish those countries with agricultural machinery and capital goods in exchange for their export commodities. It was also willing to send them any technicians that they might need to assist in the operation of such machinery.

37. As to technical assistance granted under the auspices of the United Nations, Czechoslovakia was glad to be able, for the first time, to participate in the United Nations Expanded Programme of Technical Assistance and was ready to consider the requests of Asian countries for various forms of technical assistance. In the course of the five-year plan and Czechoslovakia's rapid industrial development, Czechoslovak technicians had acquired a wealth of experience which they were willing to impart to the countries of the ECAFE region.

38. In conclusion, he expressed his delegation's firm conviction that the obstacles standing in the way of the economic development of certain under-developed countries of Asia and the Far East could be overcome only through the normalization and development of international trade and through increased economic and technical co-operation among nations.

39. Mr. RIFAAT (Egypt) appreciated the efforts and the constructive work of ECAFE and noted with satisfaction that countries in the area were fully conscious of the opportunity afforded by the Commission for closer and growing economic co-operation.

40. The Egyptian delegation thought that the Commission should concentrate on helping countries in the region to develop their natural resources and to achieve a larger degree of industrialization, for only a few of them had yet made progress in that direction.

41. The countries of the region had done a great deal to attract foreign capital by creating conditions favourable to investment. Capital-exporting countries should encourage them further and, as recommended by the Commission, provide them with the necessary investment capital, capital goods and technical assistance.

42. He hoped that measures would soon be taken to promote a favourable trend in the terms of trade of under-developed countries in Asia and the Far East in order to accelerate the tempo of their economic development.

43. The Egyptian delegation would vote for the Pakistan draft resolution (E/L.594) concerning the inclusion of Afghanistan in the geographical scope of ECAFE.

44. Mr. HSIA (China) also welcomed the Executive Secretary of ECAFE and thanked him and his colleagues for the important work they had been doing in Asia.

45. The Commission's annual report (E/2553) indicated the thoroughness with which it was dealing with the numerous problems before it. It also showed that the close co-operation between the ECAFE secretariat and those of ECE and the Technical Assistance Administration (TAA) had been a very fruitful one; and it would probably be desirable for ECAFE to establish a similar relationship with the secretariat of the Economic Commission for Latin America (ECLA), especially in the matter of trade and migration.

46. From the procedural point of view it was interesting to note that the standing and *ad hoc* subsidiary bodies of ECAFE had dealt with a large number of problems in their respective fields and that the secretariat had submitted findings and recommendations to the governments concerned. That division of labour had enabled the Commission to concentrate on the broad lines of policy while the subsidiary bodies dealt with technical problems. That seemed an excellent method and should be continued.

47. So far as technical assistance was concerned, it was gratifying to note the number of projects initiated by the Commission and its desire to increase its co-operation with the specialized agencies. TAA was to be congratulated on its work in Asia and the Far East, yet the Chinese delegation shared ECAFE's disappointment at the delay, due to lack of finance, in the establishment of the training centre for water resources development. The matter should be referred to the Technical Assistance Board (TAB) and form the subject of tripartite consultation among the ECAFE, TAA and TAB secretariats. He hoped that in the Commission's next annual report some progress made in that direction would be indicated.

48. Most of the countries in Asia and the Far East were overpopulated; accordingly, he welcomed with great interest the suggestion made in paragraph 193 of the ECAFE's report that the International Labour Organisation (ILO) should be asked to make a study of migration in Asia. It was to be hoped that the suggestion would be acted on in 1954.

49. Though aware of the importance of industrialization to Asian and Far Eastern countries, his delegation considered that the first object should be to expand the production of primary commodities and to develop cottage and small-scale industries which for the moment remained the chief sources of income in those countries.

50. Japan had invited the Commission to hold its next session at Tokyo. The Commission had accepted that offer in line with the recommendation of the Advisory Committee on Administrative and Budgetary Questions that the Commission should hold alternate sessions elsewhere than at Bangkok.

51. Reviewing the resolutions adopted by ECAFE at its tenth session (para. 218-219 of the report (E/2553)) he approved in particular the recommendation contained in resolution 11 (X) that the Council should make regional technical assistance projects a permanent feature of its technical assistance programme. Such a decision would help the ECAFE countries to formulate integrated economic development plans and to pool their resources for the greater benefit of all concerned. He hoped that the Council would at its current session accede to the Commission's wish as expressed in resolution 12 (X), to admit to membership in ECAFE those associate members which were responsible for their own international relations, especially the countries which had demonstrated their willingness to join in a common effort to uphold freedom and the principles of the Charter. On the other hand, he had certain misgivings concerning resolution 13 (X), which in effect involved the admission to membership in ECAFE of countries which as yet were only associate members, not an amendment of the rules of procedure; it was logical and proper that only full members should hold important offices in the Commission. The only draft resolution which was, strictly speaking, before the Council for action was that reproduced on page 23 of the report, whereby the Council was to take note of the ECAFE annual report and of the programme of work and priorities contained therein. His delegation supported and would vote for that proposal.

52. He wished to add some comments on the economic situation in the province of Taiwan and the mainland of China. To begin with, the last paragraph of the introduction to chapter 8 of the *Economic Survey of Asia and the Far East, 1953* needed correction. According to the economic review for January and February 1954, published by the Bank of China in Taiwan, the increased deficit had been caused partly by military and partly by administrative reasons. Furthermore, the need to borrow funds for the purpose of increasing production had tended to favour inflationary pressures.

53. The *Economic Bulletin for Asia and the Far East* published by ECAFE in November 1953 had contained an article entitled "Economic Development in Mainland China, 1949-53". The Chinese representative in ECAFE had already made some comments on that document, and it now seemed necessary to offer the Council a word of caution, as the French representative had already done at the 776th meeting, lest the impression be created that the economic situation in mainland China was exceedingly favourable. It would have been pleasant if that were the case, and the Chinese people were living as happily and contentedly as the document might suggest; but due weight should be given to the footnote on page 17 of the *Bulletin*, which stated that the information in question had been taken from official and semi-official sources and that the figures referring to production and other changes were relative and not absolute. Everyone knew what that meant under such a dictatorial régime as that which now controlled mainland China. The recovery between 1949 and 1953 might appear impressive to someone unaware of that fact that, in China, the Second World War had lasted until 1945, to be followed by a civil war from which the country by 1949 had not completely emerged. Accordingly, the economic situation had reached its lowest point in that year and it was scarcely surprising that some progress should have been made since then. It would be sufficient to mention that in 1949 steel production in main-

land China had amounted to only 17 per cent of pre-war production. That being so, even if the figures given by mainland Chinese official sources were correct, the achievements of the régime had not been so remarkable as one might be tempted to believe.

54. Finally there was the astonishing fact mentioned on page 29 of the *Bulletin* that the Peiping régime had succeeded not only in balancing its budget but even in achieving budget surpluses in 1950, 1951 and 1952 of 2 per cent, 19 per cent and 16 per cent respectively. One might well be astonished at such results produced by a Government which had concurrently been engaged in a war of aggression and had been maintaining more than a million soldiers in Korea. He was not questioning the good faith of the ECAFE secretariat, which had probably been as puzzled by those figures as he himself was; but he could only accept them with a grain of salt, for all the evidence suggested that the people of mainland China were living under privation and economic hardship.

55. Mr. TSARAPKIN (Union of Soviet Socialist Republics) stated that the USSR had a very particular interest in the work of ECAFE because it operated in a region in which most of the under-developed countries of the world were concentrated. The USSR was therefore anxious to take an active and constructive part in the work. He pointed out, in that connexion, that at the tenth session of the Commission, the USSR had offered to conclude long-term contracts with Asian and Far-Eastern countries for the purchase of primary commodities in those countries in exchange for Soviet-produced goods at prices fixed over a long period, with the possibility of payment in national currencies. The USSR had also stated that it was prepared to consider, within the framework of the United Nations technical assistance programme, concrete requests from individual countries of the region for technical assistance in different fields. It had invited representatives of Asian countries to enter its territory for the purpose of studying in the Soviet Union the technical assistance opportunities open to them. Those proposals had aroused great interest among ECAFE members in spite of the efforts of those wishing to disparage them, and the majority had insisted that they should be mentioned in the Commission's report. The USSR delegation noted with satisfaction that they had indeed been mentioned.

56. The Commission's report as a whole accurately described economic conditions in Asian and Far-Eastern countries, and to that extent it was an excellent document. Nevertheless, it contained no information about China and, furthermore, contained passages which the USSR regarded as unacceptable, especially those attributing exaggerated importance to the role of private capital in the development of under-developed countries. Such passages clearly reflected not the point of view of Asian and Far-Eastern countries, but rather that of certain capital-exporting countries outside the region. Elsewhere, the report faithfully echoed the dissatisfaction felt in Asia about the tempo of economic progress, the low level of imports of capital goods and the slow progress of industrialization. Those were important admissions, and they meant that the Council should look at the situation very closely to see what action should be taken to encourage economic development in those countries.

57. At the previous meeting, the French representative had seen fit to comment critically on economic condi-

tions in China. He had persistently referred to the Chinese people's democracy as *Le Chine continentale*, which was quite improper at an international gathering like the Economic and Social Council. If China were properly represented on the Council, the USSR delegation would not have been constrained to reply to those criticisms. But in the absence of a qualified representative, he (Mr. Tsarapkin) felt bound to clarify the position. The People's Republic of China had made remarkable progress. In the wake of land reform, 116 million acres of arable land, with the necessary livestock and equipment, had been distributed among more than 300 million agricultural workers who now, for the first time in Chinese history, owned the land they farmed. That had resulted in an increase in agricultural production, which in 1952, had exceeded the yield of the best harvests of previous years by 17 per cent. Cotton production had risen by 52 per cent above the pre-war level, and comparable progress had been made on the tea and mulberry plantations. That improvement in agriculture could be said to have led to a virtual social revolution. Famine was a thing of the past and the Chinese people were no longer in want. The engineering and metallurgical industries were working to full capacity, which was a phenomenon unknown before. The vast economic progress had enabled the People's Republic of China to embark in the month of February 1953 on the implementation of its first five-year plan.

58. The French representative had expressed doubt concerning China's ability to succeed without foreign aid. But China was receiving very substantial assistance from the USSR and the other peoples' democracies, which had by a variety of means and on the most favourable terms possible, contributed towards China's recovery. In 1952, for example, China had received a very substantial credit which had enabled it to obtain the machinery and equipment necessary for the construction of hydro-electric stations, the utilization of its mining resources and the development of its railway network. Moreover, numerous Soviet experts had gone to China, while Chinese technicians were receiving professional training in USSR factories and industrial plants. Furthermore, under an agreement concluded in 1953, the Soviet Union Government was to participate, between 1953 and 1958, on conditions extremely favourable to China, in the establishment or development of 141 large undertakings, such as metallurgical combines, hydro-electric stations, collieries, oil refineries, plants for processing non-ferrous metals, and tractor and motor vehicle factories.

59. Such were the effects of Soviet assistance and co-operation. Those incontrovertible facts should be compared with the blockade policy pursued by the United States and the other Western Powers, who could not forgive China for carrying out a programme of industrialization without their aid and who were making every effort to hamper that programme. Yet it was a remarkable paradox that the blockade policy was having an effect diametrically opposed to that which its authors expected, for it was driving China to press on with its industrial development. That was a perfectly normal consequence, since every under-developed country longed to carry out its industrialization as speedily as possible. And the sincerity of the developed countries could be judged by the effectiveness of the assistance which they gave to the under-developed countries; in that respect, the prices which American financiers

sought to impose on Chile for copper transactions provided a striking example.

60. In any event, none could dispute that the People's Republic of China had become a stabilizing factor in Asia and the Far East. It was undeniable that a new Power had been born, and that without it the problems hindering world economic development could not be solved. The time had, therefore, come for the Council to display sufficient courage to solve once and for all the question of the participation of the People's Republic of China in the work of ECAFE. The five countries which occupied a predominant position in that part of the world were India, Pakistan, Indonesia, Burma and China; yet China was the only one which was not a member of the Commission. The other four countries, however, maintained direct relations with China and did not recognize the remnants of the Kuomintang clique in exile in Formosa. That being so, China's absence was anomalous, and the situation, created solely through the wish of a Power foreign to Asia and indifferent to the area's paramount interests, could not continue. It was imperative that the Economic and Social Council should decide to admit China to ECAFE, and that it should do so during the current session.

61. In conclusion, he stated that his delegation would be pleased to support the Pakistan proposal (E/L.594) that Afghanistan should be included within the geographical scope of ECAFE.

62. Mr. LOKANATHAN (Economic Commission for Asia and the Far East) thanked the members of the Council for their interest in the work of ECAFE. The members of the Commission would certainly read very carefully the record of the Council's debates, bear in mind the opinions expressed during the discussion, and appreciate the Council's support.

63. In reply to the comments of the United States representative during the 776th meeting, he said that no statement of estimated expenditure had been submitted in 1954 because the work programme would not involve any additional cost. It would, in any event, be very difficult to prepare a separate estimate of expenditure for each project.

64. He thanked the Pakistan representative for his frank criticisms. At the time when the ECAFE secretariat had prepared the *Economic Survey of Asia and the Far East, 1953*, it had tried to keep in touch, as far as possible with the Governments concerned, so that the survey would be based to the fullest possible extent on verified data. Even closer contact would be maintained in the future. Nevertheless, it was the secretariat's duty to interpret that data and to draw its conclusions. And interpretation was a subjective and extremely delicate function; the Pakistan representative himself had apparently misinterpreted the manner in which the secretariat had analysed the Pakistan policy on public investments. However, the Pakistan representative could rest assured that the ECAFE secretariat would maintain a still closer liaison with the Pakistan Government and would not advance, in its reports and surveys, opinions not derived from an exhaustive examination of every item of information at its disposal.

65. He would not fail to communicate the kind words spoken by the members of the Council to his colleagues, who would be highly gratified.

66. Mr. HOTCHKIS (United States of America) pointed out that it was not through the veto of the United States that communist China had not been admitted to ECAFE, as the USSR representative had alleged. The question of the representation of China had been settled by the members of the Commission, according to the wish of the majority. It was, nevertheless, fortunate that communist China, which employed war as an instrument of foreign policy, was excluded from the United Nations, where it did not belong.

67. Mr. ABELIN (France) said that the USSR representative had placed a purely subjective construction on the statement he (Mr. Abelin) had made at the previous meeting. He had not intended to minimize what mainland China might have accomplished, but to stress that vast and lavish investments might have very regrettable social consequences, especially if financed by heavy fiscal charges on a humble population largely composed of small landowners. Similar statements had been made by the French representative to ECAFE, and the USSR representative had not disputed them.

68. He pointed out that *Chine continentale* was the only possible translation of the expression "mainland China", used in the *Economic Bulletin for Asia and the Far East*.

69. His delegation had never doubted that the Soviet Union was giving financial assistance to mainland China. Nevertheless, large-scale industrialization required correspondingly large-scale financial assistance. In that respect, it was permissible to doubt whether, under existing conditions, China was receiving the most favourable possible assistance towards its economic development.

70. Mr. TAFAZZAL ALI (Pakistan) thanked the Executive Secretary of ECAFE for his assurances concerning closer co-operation between the Pakistan Government and the ECAFE secretariat. He was certain that when the Commission had more complete information, its reports would be completely satisfactory and would not even lend themselves to different constructions.

71. The PRESIDENT declared the general discussion on the annual report of ECAFE closed. He called for a vote on the three draft resolutions before the Council (E/L.594, E/L.595, E/2553, para. 219).

72. Mr. HOTCHKIS (United States of America) requested that the vote on the draft resolution proposing an amendment to paragraph 6 of the terms of reference of ECAFE (E/L.595), should be deferred until the conclusion of the debate on agenda item 8, to which it was closely related.

*It was so decided.*

73. Sir Alec RANDALL (United Kingdom) explained that he had not opposed that decision because he did not wish to delay the Council's work. He nevertheless adhered to his position, as stated at the 776th meeting, on the substance of the question.

74. Mr. TAFAZZAL ALI (Pakistan) introduced the draft resolution proposing that Afghanistan should be included within the geographical scope of ECAFE (E/L.594). Pakistan maintained very friendly relations with Afghanistan, as the two States were neighbours and had a common social, cultural and religious

outlook and common traditions. At the tenth session of ECAFE the representative of Afghanistan had stated that his country desired to be included in the Commission's geographical scope. The Commission had conceded that Afghanistan's problems and economic objectives had much in common with those of the countries in the ECAFE region, and had expressed the hope that the Council would consider the question at an early date. The various delegations had seemed favourably disposed to the request for admission. For that reason, the Pakistan delegation hoped that the draft resolution

which it had had the honour to submit would be adopted unanimously.

75. The PRESIDENT put to the vote the draft resolution submitted by Pakistan (E/L.594).

*The draft resolution was adopted unanimously.*

76. The PRESIDENT put to the vote the draft resolution submitted by ECAFE (para. 219 of E/2553).

*The draft resolution was adopted unanimously.*

The meeting rose at 5.30 p.m.