

g/th

Discours prononcé par Monsieur F. DEHOUSSE,  
Chef de la Délégation belge au Conseil économique et social,  
le lundi 25 juillet 1949.

## ASSISTANCE TECHNIQUE AUX PAYS SOUS-DEVELOPPES

---

Il est assez difficile, au stade présent, de prendre position sur le problème de l'assistance technique aux pays sous-développés. Malgré les travaux d'approche dont il a été l'objet, le problème, en effet, est encore loin d'être au point. Il faut dès lors admettre, comme une vérité d'expérience, que chacun peut être amené dans la suite à modifier plus ou moins son attitude à la lumière des données recueillies.

Sous le bénéfice de cette observation, la délégation belge croit utile de déclarer combien elle apprécie l'initiative qui a été prise par le gouvernement des Etats-Unis en vue de venir en aide aux pays dont le développement économique laisse encore à désirer.

Un Conseil économique et social digne de ce nom, digne aussi de la confiance que le monde a placée en lui lors de sa création, ne peut rester indifférent au fait que de nombreux pays sont insuffisamment développés, que les populations qui y vivent n'ont pas un niveau de vie acceptable, et que ces pays gaspillent trop souvent leurs efforts, faute de connaissances techniques, voire d'instruments de production élémentaires.

Le problème de l'assistance technique a donc un intérêt humanitaire et philanthropique, qui, à lui seul, en justifierait déjà l'examen. Mais il en comporte un autre, d'un autre ordre: l'équilibre économique du monde est mis en danger par une concentration excessive de l'activité productrice dans certaines régions et l'insuffisance d'équipement et de rendement dans d'autres.

Il en résulte une menace constante de crise économique.

Même en période normale, la création de surplus exportables, d'une part, et, d'autre part, la carence des fournitures des pays sous-développés qui désireraient acheter ces surplus, constituent un obstacle aux échanges commerciaux.

Afin de remédier à ce déséquilibre fondamental, des moyens de fortune ont maintes fois été utilisés. La guerre, par exemple, a été employée, au cours de l'histoire, par des pays arriérés dont le but était de s'approprier des biens se trouvant ailleurs en trop grande abondance. Le cas récent de l'Allemagne, celui du Japon et, dans une certaine mesure, celui de l'Italie, en sont une tragique illustration.

Des méthodes plus louables, et pacifiques, celles-là, ont également été mises en oeuvre. Des pays économiquement avancés ont alloué à d'autres qui le sont moins, des crédits importants, même lorsque ceux-ci se révélaient en grande partie irrécupérables. Ces temps derniers, nous avons même eu le spectacle de dons massifs consentis par un continent à un autre à l'effet de corriger la balance entre les deux.



Pour tout esprit objectif, la cause est entendue : une situation économique saine ne pourra être atteinte dans le monde d'une manière définitive que si les pays sous-développés prennent une plus grande place dans le commerce mondial, et si les échanges peuvent se faire non plus entre puissants et faibles, mais entre peuples arrivés à des niveaux voisins d'évolution.

C'est à quoi tend essentiellement le projet dont nous sommes saisis.

Il sied donc d'en remercier les initiateurs. Une nouvelle fois, les Etats-Unis d'Amérique viennent d'administrer la preuve de leur compréhension des problèmes internationaux, et du sens qu'ils ont de leurs responsabilités. Aujourd'hui comme hier, il est possible et même probable que leur attitude soit le sujet d'âpres controverses. Qu'il soit permis à la délégation belge, qui représente un pays dont l'indépendance économique est intacte, d'appeler les choses par leur nom et l'initiative américaine, un bienfait.

Le projet dont le Conseil économique et social va traiter soumettra toutefois le Conseil à une épreuve dont il ne faut pas se dissimuler qu'elle peut être décisive pour son prestige dans le monde et, par conséquent, pour l'avenir de son action.

Pour la première fois, et sur une assez vaste échelle, nous allons envoyer, dans les régions les plus éloignées, des techniciens, des instruments de démonstration, des capitaux. C'est une forme d'activité moins commode et, en tout cas, moins académique que les études, les résolutions, les recommandations que nous avons produites jusqu'à présent. Nous allons avoir à mener à bien une expérience qui aura une répercussion directe sur les conditions de vie de millions d'êtres humains. Nul doute qu'après un certain temps, les peuples et les gouvernements nous demandent des comptes et se préoccupent du rendement des efforts que nous aurons entrepris.

Sans forcer la note et céder à l'attrait, toujours séduisant, de l'originalité, on a bien le sentiment que l'Organisation des Nations Unies ou, à tout le moins, la Coopération économique et sociale dans le cadre des Nations Unies, est arrivée à un tournant avec la proposition américaine et, répétons-le, qu'elle va peut-être jouer son sort avec le destin de cette dernière. Les esprits peu perspicaces seront seuls à le regretter ou à le craindre. Les Nations Unies vivent, depuis quelque temps, sur une équivoque, l'équivoque de leur efficacité, dont il importe qu'elle soit rompue pour que chacun voie clair et arrête désormais sa ligne de conduite en conséquence.

L'expérience que nous allons entreprendre pose, dès lors, un problème urgent et essentiel : le problème de nos méthodes, qu'il s'agira d'adapter aux responsabilités concrètes qui nous attendent.

Malgré la richesse et la valeur de la documentation qui a été mise à notre disposition, peut-être même à cause de cette richesse, il faut convenir qu'il reste encore bien des points à éclaircir, bien des nuages à dissiper pour trouver la bonne route, celle qui doit nous conduire au succès.



La délégation belge voudrait, pour sa modeste part, contribuer à ce travail de défrichement. Son intervention d'aujourd'hui n'a pas d'autre but que d'ajouter quelques suggestions à celles qui ont été formulées par le distingué représentant des Etats-Unis.

\*  
\*   \*

Et d'abord, sur quelles bases établir le programme d'action qui doit être celui du Conseil économique et social au cours de la présente session ?

Dans ce domaine, nous sommes mis en présence d'une véritable avalanche de projets aussi divers qu'ambitieux. On nous indique tant d'objectifs à atteindre à la fois, que l'on se demande, dans l'intérêt du caractère pratique de notre action, s'il n'y aurait pas lieu de procéder à une élimination préalable.

En feuilletant la documentation, je vois qu'il est question, entre autres ....., de développer la production et la distribution de l'énergie électrique - de s'occuper de l'hydraulique fluviale - d'améliorer les techniques de transport par route, par mer et dans les airs - de perfectionner les procédés industriels - d'intensifier l'exploitation des mines - d'élaborer des plans de développement - de mettre en valeur les ressources inexploitées - de propager des méthodes financières modernes - d'enseigner des méthodes d'administration publique - de perfectionner les statistiques et la cartographie - de rédiger des manuels techniques - de réaliser toute une série d'oeuvres sociales - de nous soucier de l'habitation, de l'urbanisme, de la sécurité industrielle, de l'inspection du travail, des conditions technologiques qui sont celles de la main d'oeuvre indigène. Et je ne mentionne que pour mémoire l'agriculture, la sylviculture, les pêcheries, la lutte contre les maladies infectieuses des hommes, du bétail et des plantes, l'enseignement post-scolaire technique, la diffusion massive des connaissances élémentaires, la formation des professeurs, la planification et la recherche scientifique, la création de laboratoires d'études, la protection des civilisations nationales, les soins à accorder à la santé de la mère et de l'enfant, la formation de centres médicaux, etc... C'est un catalogue complet, un programme sans lacune, ou, comme diraient les bonnes gens de chez moi, un livre de comptes à l'usage du Bon Dieu. Encore n'est-il pas sûr que le Père Eternel lui-même s'y retrouverait ! On nous invite, en somme, à transformer en quelques années la face du globe et à faire de celui-ci un nouveau paradis terrestre. Tout qui a une route à paver, une rivière à canaliser, ou des crayons à demander ne s'est pas fait faute d'y songer et d'en dresser la liste.

Si nous voulons réussir, il est manifeste que ce n'est pas dans cette voie que nous devons nous engager. Je doute, et même je nie, que notre Conseil ou l'une quelconque de ses Commissions soit en mesure de dégager d'un pareil fouillis un programme d'action précis, acceptable et réalisable. Il faudra choisir et il faudra indiquer des étapes.



On nous suggère de constituer, à la présente session, un Comité ad hoc pour étudier le problème de l'assistance technique. Je reviendrai ultérieurement sur ce sujet. Pour l'instant, je voudrais proposer que le Comité ad hoc soit chargé de déterminer les buts de l'assistance technique, plus exactement les catégories d'objectifs qu'elle aura à atteindre.

Dans ma pensée, cette liste ne concernerait actuellement que la première année d'application du plan. C'est dire qu'elle pourrait être modifiée dans la suite, selon les résultats de l'expérience. En attendant, elle indiquerait les branches d'activité auxquelles nous décidons de consacrer des fonds. Elle attribuerait à chaque branche un coefficient d'importance. Il serait souhaitable qu'elle comporte aussi la mention de la proportion entre la somme affectée à chaque objectif et l'allocation totale.

En d'autres termes, la délégation belge attend du Conseil économique et social qu'il rédige, dans les prochains jours, une sorte de Charte de l'Assistance technique, Charte qui indiquerait les cadres et les proportions. Elle ne lui demande pas d'aller au delà, elle le prie même de façon pressante de n'en rien faire en ce moment.

Chaque pays, chaque délégué doit bien se pénétrer de l'idée que la réussite de notre oeuvre est conditionnée par l'esprit de modération dont il témoignera à l'origine de nos travaux. Pour sa part, la délégation belge donnera l'exemple en ne demandant rien.

Ce n'est pas, cependant, que les domaines où pourrait s'exercer une assistance féconde fassent aujourd'hui défaut en Europe occidentale. L'Europe occidentale n'est sans doute pas une région économiquement peu avancée, mais elle a cruellement souffert de la guerre, elle a des ruines à relever, un équipement à moderniser. Je songe, entre autres, à son équipement routier, pour lequel un groupe de travail de la Commission économique de Genève a récemment établi un projet remarquable, dont l'exécution réclamera d'importants efforts. Au stade présent, notre délégation n'insistera pas davantage sur ce sujet.

Dès que le Comité ad hoc aura élagué les branches folles, la question qui devra tout de suite retenir son attention sera celle des allocations à attribuer aux différents pays bénéficiaires de l'assistance technique envisagée.

Selon quels critères les attributions auront-elles lieu ?

Il saute aux yeux qu'il ne peut être question ni d'une part égale pour chacun des pays intéressés, ni de tranches proportionnelles au chiffre de leurs populations respectives. Ce sont là des normes simplistes, démagogiques, et sans rapport réel avec les données économiques du problème.

Les préférences de la délégation belge iraient plutôt, dans cet ordre d'idées, à un système inspiré de l'expérience que les pays d'Europe occidentale ont acquise dans le cadre de l'Organisation Européenne de Coopération Economique.

Durant la première période de fonctionnement de l'OECE, les répartitions s'effectuaient sur la base du déficit de la balance des paiements. On s'est bientôt aperçu que ce régime



n'était pas satisfaisant, qu'il allait même à l'encontre de son but en accordant en quelque sorte une prime aux pays qui se gouvernaient le moins bien... On a donc changé de méthode et adopté celle des "incentives", des stimulants. Elle consiste, grosso modo, à avantager, parmi les pays bénéficiaires, ceux qui se donnent une bonne organisation monétaire, pratiquent une politique d'assainissement des prix, etc.

Ces faits ne sont un mystère pour personne. En les soulignant, nous ne poursuivons d'autre but que celui de faire bénéficier les autres pays de l'expérience qui a été et est encore la nôtre. Nous ne revendiquons pas de droits d'auteur. Nous reconnaissons bien volontiers aussi que, si le système que nous préconisons venait à être accepté dans son principe, il devrait recevoir les adaptations nécessaires.

S'agissant des pays bénéficiaires de l'assistance technique, il est une suggestion du projet américain sur laquelle nous tenons à marquer, en passant, notre accord. Dans son exposé de jeudi dernier, Mr. Thorp, a indiqué que, de l'avis de son gouvernement, les pays assistés devraient s'engager à participer pécuniairement à l'aide qui leur serait fournie. Il a cité à ce propos le chiffre de 80%. Ce chiffre, qui peut paraître élevé, n'est vraisemblablement pas définitif et ne peut certainement pas être uniforme. Le comité ad hoc aura à l'apprécier en tenant compte des situations particulières. Mais, si le taux mentionné par Mr. Thorp offre matière à discussion, il n'en est pas de même du principe qu'il consacre. Ce principe répond à l'intérêt bien compris des pays bénéficiaires, comme, d'ailleurs, aux exigences de leur dignité. Il peut se formuler ainsi: "Aide-toi, et l'organisation internationale t'aidera".

C'est, au fond, l'idée qui est à la base du Plan Marshall et de l'OECE. Elle est conforme à une saine conception de la solidarité internationale. Il ne faut pas perdre de vue non plus qu'elle permet aux pays assistés d'acquérir à prix réduit l'équipement qui leur est fourni. Ainsi, les satisfactions matérielles les plus tangibles s'unissent aux valeurs spirituelles et morales, de fameuse, mais souvent platonique mémoire.

x

x x

Fixation, au premier stade, d'objectifs limités, coopération de l'organisme d'assistance et des pays assistés: tels sont, aux yeux de la délégation belge, les principes fondamentaux qui devront présider à nos efforts.

Il reste à les traduire en réalités ce qui soulève le problème du mécanisme d'exécution, problème d'apparence administrative, mais dont l'importance ne saurait échapper à personne.

La première tâche de l'organisme exécutif auquel sera confié notre projet sera d'engager les négociations avec les pays intéressés. Plus exactement, il lui appartiendra de mettre en contact, aux fins de négociations, d'une part les pays fournissant l'aide, d'autre part les pays demandeurs.

A notre sens, c'est au cours de ces conversations que devraient être définis la nature de l'aide, son volume,



les moyens par lesquels elle serait prêtée, les méthodes de contrôle, etc. Bien entendu, ce règlement interviendrait toujours dans le cadre des instructions générales arrêtées par le Conseil économique et social sous la forme de la Charte de l'assistance technique dont j'ai parlé précédemment.

Le système des conversations bilatérales, conduites sous les auspices des Nations Unies, présenterait un avantage considérable. Il permettrait de tenir compte des détails d'application différents dans chaque cas et par là d'activer la mise en vigueur du plan.

Ainsi donc, le Conseil établirait la loi fondamentale, cependant que, dans les accords bilatéraux, seraient inscrites les mille nuances indispensables au fonctionnement de cette loi.

Si, à notre avis, la conclusion des accords bilatéraux ne doit pas être l'oeuvre du Conseil, il va de soi, en revanche, que c'est ce dernier qui doit déterminer la composition de l'organisme chargé de veiller à la gestion du plan d'assistance technique. Convenons, toutefois, que c'est là un débat dont l'issue risque de se faire attendre quelque peu, car bien des modalités peuvent être envisagées et proposées.

Allons-nous édifier un Comité permanent spécialisé ? La délégation belge incline à le souhaiter en raison même de l'ampleur du projet. Il s'agira dès lors de le doter d'une constitution adéquate. Les Nations Unies devront, en effet, démontrer qu'il est possible de mener à terme un programme de vaste envergure par leur intermédiaire aussi bien que par celui de n'importe quel mécanisme indépendant. C'est précisément là que l'opinion publique les attend et c'est ce qui donne une valeur toute spéciale à l'expérience que nous allons tenter.

Nous allons avoir à préciser ce que sera, dans le Comité permanent, la part des Etats donateurs et des Etats bénéficiaires, celle du Secrétariat, celle, aussi, des institutions spécialisées. Quelle que soit la réponse que nous apportions à ce problème, veillons, de toute manière, à laisser à l'organisme d'exécution le maximum d'initiative et de souplesse. Ne le submergeons pas dès le début sous le poids de méthodes bureaucratiques et procédurières. En particulier, ne nous adonnons pas, à son propos, à la théologie de la "coordination", chère, je le sais, aux Nations Unies, mais qui n'a produit jusqu'ici aucun résultat positif convaincant.

Certains, parmi nous, penseront peut-être qu'il existe déjà un grand nombre de mécanismes internationaux et que le moment n'est pas venu d'en créer un nouveau. Tel n'est pas le sentiment de la délégation belge. Reflexion faite, et sans minimiser les inconvénients d'une prolifération excessive des institutions internationales, nous n'apercevons pas comment le plan d'assistance technique proposé au Conseil pourrait être réalisé sans la formation d'un rouage central, donc nouveau.

Il y a bien, sans doute, la Charte de La Havane, qui contient des dispositions très étendues en vue du développement économique et de l'assistance technique. Son application nécessitera la naissance d'un organisme d'exécution semblable



à la banque de Reconstruction, et au Fonds monétaire, organisme qui constituera une sorte de Ministère international des Affaires économiques aux côtés des Ministères internationaux des Finances d'ores et déjà institués. La tentation peut être forte d'attendre, pour agir, qu'apparaisse l'organisme en question ou bien encore de ne créer aujourd'hui qu'un Comité provisoire susceptible de passer facilement la main à l'institution définitive qui s'annonce et qui gèrera la politique de développement économique.

N'oublions cependant pas que la Charte de La Havane n'est pas encore entrée en vigueur et que, de toute façon, plusieurs Membres des Nations Unies ne figurent pas parmi ses signataires.

Ce n'est qu'en face d'une mauvaise volonté dûment constatée que le Conseil pourrait peut-être tourner les yeux dans cette direction. Nous n'en sommes heureusement pas là et nous comptons bien ne pas en arriver là. Nous continuons à placer nos espoirs dans l'aboutissement d'une oeuvre collective qui ralliera tous les concours. C'est pourquoi nous nous prononçons en faveur de la création d'un Comité permanent spécialisé, Comité qui serait l'émanation directe du Conseil économique et social.

x

x

x

Une autre question à résoudre par le Conseil est celle de l'établissement d'un Comité ad hoc au cours de la présente session.

Elle présente une urgence particulière. Nous voici à moins de 3 semaines de la date primitivement envisagée pour la clôture de nos travaux. C'est un délai tout juste suffisant si l'on songe aux points nombreux et délicats que le Conseil a à trancher pour donner une suite effective à la proposition des Etats-Unis d'Amérique.

La délégation belge se permet d'insister pour que le Comité ad hoc soit rapidement institué.

Elle n'a pas de préférences spéciales pour l'une quelconque des 2 formules susceptibles de s'affronter, la formule d'un Comité plénier, où tous les Membres du Conseil seraient représentés, et la formule d'un Comité restreint, composé de quelques pays judicieusement choisis.

Un Comité restreint semble, à première vue, plus apte à nous soumettre des conclusions dans un délai rapproché. Mais, étant donné l'importance du débat, il est vraisemblable que les Etats, Membres du Conseil, qui n'auraient pas siégé au Comité restreint, tiendraient à exposer leurs vues lors des séances plénières du Conseil. Le gain de temps n'est donc qu'apparent.

En réalité, chacune des formules est bonne à la condition que les délégués sachent s'imposer la discipline nécessaire dans leurs interventions au Comité ad hoc et en Conseil. Le Règlement, le cas échéant, peut y aider ....



Pour la délégation belge, l'essentiel est que le Comité ad hoc soit créé sans tarder et qu'il puisse s'atteler, dans le courant de la présente semaine, à la lourde tâche qui va être la sienne.

x

x      x

Il resterait bien des matières encore à aborder avant d'en terminer avec l'examen, même sommaire, de la vaste question dont nous sommes saisis.

Je m'en tiendrai pour ma part aux quelques observations qui précèdent quitte à réintervenir si besoin dans le débat.

On aura peut-être remarqué que je n'ai pas soulevé jusqu'à présent le problème des crédits qui seront mis à la disposition du Conseil économique et social pour assurer l'exécution de l'assistance technique aux pays sous-développés. M. Thorp, jeudi dernier, a mentionné différents chiffres, globaux et annuels. Leur montant n'a pas manqué de surprendre quelque peu les auditeurs non avertis, qui faisaient la comparaison avec les crédits, combien plus considérables !, alloués au titre du Plan Marshall.

C'est le cas de rappeler que "comparaison n'est pas raison", en ce sens que la situation n'est pas la même des deux côtés.

Au surplus, ce serait mal saisir la signification profonde de la proposition américaine que de l'interpréter autrement que comme une tentative, une expérience. M. Thorp l'a spécifié lui-même à plusieurs reprises, de telle sorte qu'il n'est nul besoin ici d'autre exégèse que la sienne.

Et en effet, c'est bien une expérience que le Conseil économique et social va effectuer. Sur ce point, l'avis de la délégation belge est, lui aussi, dénué d'équivoque. Je crois avoir assez insisté sur cette conception qui est la nôtre pour me dispenser d'y revenir.

Précisément parce que nous allons tenter une expérience, le concours de chacun sera particulièrement indiqué.

Mon pays, vieil adepte de la collaboration internationale, vous promet aujourd'hui le sien.

Il a, derrière lui, un long passé d'assistance technique aux pays sous-développés. Un peu partout dans le monde, des spécialistes belges ont aidé des pays jeunes dans le domaine, notamment, de l'administration et des finances publiques. Faut-il rappeler la part de nos savants, de nos ingénieurs, de nos ouvriers, de nos chefs d'entreprises dans l'industrialisation de tant de pays de l'Europe orientale, du Proche, du Moyen et même de l'Extrême-Orient ? Notre expérience à nous, Belges, ne date pas d'aujourd'hui. Elle est de bien des années antérieure à la fondation de l'Organisation des Nations Unies.

Depuis quelques années, nous l'avons appliquée à l'Afrique, soit seuls, soit en coopération avec nos voisins et amis de France,



de Grande-Bretagne, et d'autres pays encore. Nous avons participé, dans ce but, à des Conférences internationales sur un grand nombre de sujets. C'est spécialement depuis 1946 que cette coopération s'est intensifiée. Elle a porté sur différents aspects des domaines économique et social, par exemple les questions sanitaires, les questions de travail, les questions de transports et des communications, les problèmes de l'éducation, etc. D'autres Conférences communes sont projetées et se tiendront ultérieurement.

Les mesures que nous avons prises de la sorte sont en parfait accord avec la Charte des Nations Unies et, en particulier avec l'article 73 (D), aux termes duquel les Membres des Nations Unies, responsables de l'administration de territoires non autonomes, expriment leur détermination "de favoriser des mesures constructives de développement, d'encourager des travaux de recherche, de coopérer entre eux et, quand les circonstances s'y prêteront, avec les organismes internationaux spécialisés, en vue d'atteindre effectivement les buts sociaux, économiques, et scientifiques, énoncés au présent article."

Nous ne nous présentons donc pas devant le Conseil les mains vides, mais avec un acquis dont nous serons heureux de faire profiter d'autres pays.

La tâche qui nous attend tous n'est ni simple ni aisée, mais elle revêt une incontestable grandeur. Par bien des côtés, elle atteste aussi le caractère progressiste qui est le sien. Personnellement, je remarque, par exemple, qu'elle postule une discipline dans les investissements de capitaux privés qui suivront, le cas échéant, l'aide technique.

Il nous faudra du temps, sans doute, pour l'accomplir dans sa totalité. Mais la coopération internationale est une longue patience et chaque pierre apportée, jour après jour, à l'édifice contribue au grand idéal qu'est l'avènement d'un monde meilleur pour tous les peuples et pour tous les hommes.

---



915

SPEECH BY THE CHILEAN REPRESENTATIVE, HIS EXCELLENCY  
HERNAN SANTA CRUZ, BEFORE THE ECONOMIC AND SOCIAL COUNCIL.  
25.7.1949.

Item 9 of our Agenda, "Economic Development of Under-developed Countries", comprises four closely connected but quite separate questions, namely:

1. The problem of economic development in general. This was specially referred to the Council by the General Assembly, and the Council is to report on it to the next Session of the General Assembly (Resolution 198);

2. Consideration of the report submitted to the Council by the Secretary-General under resolution 179 of 4 March last: "Methods of financing the economic development of under-developed countries";

3. A review of the steps taken by the Secretary-General to implement General Assembly resolution 200 establishing a programme of technical assistance for economic development; this review also being called for under resolution 200; and

4. Study of the report and proposals of the Secretary-General and the specialized agencies regarding a "Comprehensive plan for an expanded co-operative programme of technical assistance for economic development", as requested by the Council under resolution 180, also of 4 March 1949.

I have not made special or separate mention of the study of the report on the world economic situation in 1948, as I feel that this should be regarded as the necessary background for all our economic discussions. In fact, we are bound to take into consideration the data it contains in discussing and resolving not only the problems of development, but more especially, those of economic stability.

I think, Mr. President, that the importance of each of these matters, and the obligation devolving upon us to examine them all, either on the instructions of the Assembly or under the Council's resolutions, would have justified a separate discussion of each one. I maintain that any one of these four points is more important than 80% of the items on the agenda of the present session of the Council. Moreover, it may be that the greater importance or urgency or immediate interest of any one of them, may make us lose sight of our duties in regard to the others, or of the problem of economic development as a whole. The remarks I made on the day we began this discussion were intended precisely to forestall and guard against any such occurrence. But the discussion has already passed through its early stages.

The Council will forgive me, therefore, if I feel called upon to take up a considerable amount of its time today to deal with the four points in question.

1. ECONOMIC DEVELOPMENT IN GENERAL

General Assembly resolution 198 recommended the Economic and Social Council to "give further and urgent consideration to the whole problem of the economic development of under-developed countries in all its aspects". It also recommended that the Council include in its annual report to the



Assembly (a) a statement on measures already devised by the Economic and Social Council and the specialized agencies, and (b) proposals for other measures designed to promote economic development and to raise the standards of living of under-developed countries.

The Council in turn, implementing resolution 198, decided on 4 March last, to make a theoretical study of economic development and "to present to the fourth session of the general assembly an interim report covering the most urgent problems of economic development of under-developed countries, together with such recommendations as it may then be feasible to make concerning constructive action to be taken". At the same time, it requested the Secretary-General to prepare "the material needed by the Council in connection with the General Assembly's recommendations".

It is obvious, therefore, that we have to decide how we are to implement the General Assembly's resolution.

In the first place, the Council has admittedly taken measures implying a further examination of the problems of economic development and full awareness of the urgency of those problems. The most noteworthy of these measures no doubt, in view of its practical and concrete nature, is the establishment of a comprehensive plan of technical assistance, in conjunction with the specialized agencies. The Council has also decided to study the whole question of methods of financing economic development; and it has requested its regional commissions at their forthcoming sessions to give special attention to all aspects of development, including social development. Furthermore, it has approved the measures already taken recently in that connection by some of the regional commissions. As we see, the programme is a vast one, one which of course had already been initiated before the date of the Assembly recommendations: the views which at one time were expressed in the Council by solitary Members had gradually permeated the minds and convictions of almost all of them.

As I have said, we are now called upon to report to the Assembly on the activities of the Council with regard to economic development. The Secretary-General, in compliance with his instructions, has prepared for the Council document E/1345: "Measures Devised by the Economic and Social Council and the Specialized Agencies to Promote Economic Development and Raise Standards of Living of Under-developed Countries".

This document contains a full account of all the measures already taken or proposed by the Council, its subsidiary bodies or the specialized agencies, with a view to promoting or speeding up the economic development of under-developed areas. The question is, should we be carrying out the instructions of the Assembly if we merely transmitted this document as it stands? I do not think so. The document comprises a first-rate collection of material for a report; and this was what the Secretary-General was asked to prepare. On the other hand, our obligation towards the Assembly is quite different.

As will be remembered by all who took part in the discussion on the subject in the Assembly's Second Committee, both the letter and the spirit of resolution 198 make it clear that the Assembly, rightly or wrongly, felt that the Economic and Social Council was not giving sufficient



attention to the question of the economic development of backward countries, a task which it felt to be a fundamental one for the Council. Hence, it requested us to "give further and urgent consideration to the problem" and duly to report on the measures taken and proposed. In other words, the Assembly wants the Council to submit its new overall programme for the economic development of backward areas, in a co-ordinated form, bringing out its chief aims and the principal measures it proposes to take. An account of activities of varying degrees of importance, related to each other, such as is given in the Secretary-General's report, does not in my view fulfil the intentions of the Assembly. I repeat that the document is an excellent collection of material, but it does not even begin to outline a programme or plan acceptable to the Assembly.

Admittedly, in the absence of any background material other than the Secretary-General's report, pressure of time is likely to prevent the Council from preparing such a programme. Hence, the only solution is for the President and Secretary-General in the annual report on the Council's activities to devote a special chapter to this subject, in conformity with both the letter and the spirit of resolution 198. It would perhaps be useful if the Council were to give suitable directives or guidance to the President. I should like to hear the views of my colleagues on the subject. My delegation is prepared to support a resolution to this end.

Before leaving the subject, I should like to add that in my opinion the Council would not be carrying out faithfully the Assembly's resolution if it did not include in the Agenda of its next session the subject "Economic development of under-developed countries", and as a separate item the question of specific activities for promoting such development, so that the Council may have an opportunity of studying the general orientation of its work on economic development, any theoretical problems which may arise and the new world-wide, regional or local circumstances, which affect it. Some days ago the United States representative gave us a piece of practical advice - to stop talking about economic development and to do something about it. The advice will surely not go in at one ear and out of the other. Nevertheless, I should like to express my opinion that the ideas and doctrines firmly rooted in the consciousness of the peoples must constitute the essential basis for any fruitful action; and this consciousness is being formed day by day.

## 2. FINANCING OF ECONOMIC DEVELOPMENT

Technical assistance for economic development is a factor of inestimable value in promoting this development. It may even be said to be indispensable as a framework for any development programme, since it helps to determine requirements and shortages, to train personnel and to prepare the ground. Technical assistance is also essential for framing concrete plans and carrying them out.

At the same time it must be recognized that however abundant the national resources and however perfect the technique, they will not lead to the development of a country or an area without the help of sufficient capital to transform the resources into assets and into wealth, i.e. to increase productivity. This is the reason why the Council, in implementing the Assembly resolution requesting further urgent consideration



of the economic development of backward areas, simultaneously laid the foundations of a programme of technical assistance and a plan for financing economic development. In resolution 179 of 4 March last, the Council requested the Secretary-General "to prepare for consideration by the ninth session of the Council a report setting forth methods of financing economic development of under-developed areas, including methods of stimulating the international flow of capital for this purpose, paying due attention to questions of a social nature which directly condition economic development".

In document E/1333, the Secretary-General has furnished us with the report in question. Along with the report, in the form of appendices, are seven documents which have been used as a basis for the work. The most important of these are the reports of the International Bank, FAO, the Economic and Employment Commission, and the Sub-Commission on Economic Development.

The Secretary-General has taken care to collate the various opinions and conclusions on each aspect of financing, indicating the points of agreement or disagreement. It is a very fine piece of work, and it will undoubtedly be of great help to the Council and could be used as a basis for recommendations. Nevertheless, there are two significant points I should like to raise. The first is that I should have liked to see in a report of this kind a more critical analysis; I should have liked to see the Secretary-General adopting a bolder line and sketching a policy. The position and independence of the Secretary-General place him in an ideal position when asked by the Council for such a report, to put forward his views on what he considers the best and most effective measures, and still more, what aspects of the question are likely to be useful to the Council as a sound basis for recommendations to governments or to the specialized agencies. In short, when resolution 179 was drafted, the Chilean delegation felt that the Secretary-General's report should contain the kernel of a resolution to be adopted by the Council regarding the financing of programmes of economic development. My second comment has to do with all the memoranda appended to the report. In all seven, apart from slight differences, we have found nothing more than an account of the well-known classical methods for financing such programmes. We feel, however, that we are going through a new stage where there is universal awareness of the necessity for encouraging greater development of backward areas. This new awareness is seen in such bold expressions of opinion as the fourth point of President Truman's programme; in urgent appeals such as were made in the latest resolutions of the General Assembly; in writings and statements published daily in all parts of the world; in novel and far-reaching programmes like those drawn up by the United States National Planning Board, for the agricultural development of an immense tract in the southern states - plans which might well serve as a model for drawing up international programmes for under-developed countries; and finally, in the proposal of the President of the United States for an experimental plan to encourage private investment in economic development. This new stage should be accompanied by action on the part of the organs of the United Nations parallel to that being taken in the sphere of technical assistance.



Indeed all seven documents lay great stress on the necessity for increasing national savings and applying them towards economic development. In other words, they repeat the same advice given to the under-developed countries for years.

As representative of a country which has carried to the limit its domestic capacity to finance development plans, I repeat once again that this cannot be the main conclusion arrived at in international discussion on this subject. Chile has spent hundreds of millions of pesos on developing her petroleum resources, without any foreign aid; and next year her wells will begin production. She has spent over four thousand million pesos, or over \$150,000,000 on her new electric power and steel plants. She has spent millions of pesos over a number of years, on training a first-class team of engineers and technicians. She has put her public finances in order, and has adopted a very strict system for the rational use of her currency. In spite of that, without substantial help from the Eximbank in Washington and The International Bank, Chile would not have been able to complete her electrification and steel programme; and without further help from these institutions for the programmes now under consideration, we should be unable to carry out irrigation plans, which are essential to meet an urgent need for increased production of foodstuffs. Similarly without the help of private capital investment, we shall only be able to develop our immense potential resources in fisheries, forests and industry very slowly, at a pace utterly inadequate for our needs and those of the world.

The reason is that in Chile, as in all under-developed countries, the pace at which capital can be mobilized is slow, and even then it is totally inadequate to meet essential requirements. As we all know, the national wage index per head of population is extremely low in all under-developed countries. Nearly the whole income is spent on food. Mr. Mendes - France pointed out a few days ago, with his usual clear-sightedness, that the considerable increase in production of foodstuffs in the Latin American countries had not meant an increase in the export of such commodities, since they had gone to satisfy internal consumption requirements still far higher than production figures.

To this must be added two factors which the reports do not touch upon or mention only incidentally. One is that in these countries - especially countries, like Chile where there is a highly developed social consciousness - a large part of the national income has to be spent on the protection and welfare of the labour force. Economic development and the improvement of the standard of living of the people have to be dealt with simultaneously. Public health measures are called for; an emergency housing policy has to be instituted for labourers and other workers; living wages have to be guaranteed; wage earners given social security in the form of death, sickness disability and old age insurance. In Chile, where for the last 25 years we have had a very complete and progressive social legislation, national investment has been weakened by the more urgent necessity to safeguard human life. We are sorry to see that the Secretary-General's report has paid little attention to the Council's recommendation to pay "due attention to questions of a social nature which directly condition economic development". We find hardly any mention in the report of this important aspect of the problem, a particularly serious omission, since it suggests a rooted tendency to



dissociate the problem of economic development from the human factor - after all the ultimate concern of any programme of economic progress. The Council and the Assembly were particularly anxious that the social aspects of economic development should be borne in mind along with the various other aspects. And I think that the Council at its present session should in one of its resolutions reaffirm this point of view as one in conformity with a scientific and logical outlook and with a general feeling which has been expressed over and over again in the various organs of the United Nations.

The other factor, merely outlined in the memorandum prepared by the International Bank, but fully treated in the report of the Sub-Commission on Economic Development (Appendices II and IV), is the effect on economic development of foreign trade, and especially the fluctuation in the prices of exportable commodities. As the Bank puts it, "Expansion of trade and an adequate export - import price relationship are important determinants of a country's economic development". While the report of the Sub-Commission on Economic Development says that "the Sub-Commission is convinced that the dependence of a number of under-developed countries on one or two primary products for their export trade, together with the wide fluctuations in the price of these products, cause instability in the economies of these countries and wide fluctuations in the resources available for financing imported equipment and skill, and is therefore an important deterrent to their economic development". And it goes on: "The Sub-Commission is aware that continuing studies are being made of the international commodity situation, but would suggest that appropriate bodies in the Secretariat should undertake the study of the possibilities of inter-governmental commodity arrangements."

I venture to say, that experience has shown that the instability of prices of primary commodities in certain countries whose foreign trade is mainly dependent on one or two such commodities, is liable to wreck all progress achieved through any programme of economic development. The sudden drop in prices of particular raw materials may mean that such countries will not merely sink to their former level, but even below it. Add to this the fact that such countries as a rule make use of their raw material exports to service loans from abroad for their industrialization and economic development, and the seriousness of the problem is evident.

In the last few months, for example, we have seen the sudden weakening in prices of certain metals which are the fundamental exports of many Latin American countries. In Chile this weakening in the case of copper has had very serious repercussions on the country's economy and public finances. In its train has come the unfortunate necessity for going slow with certain development plans, and postponing others. Only by means of severe domestic measures, involving further sacrifices, and through the friendly and timely understanding of the United States Government, have we been able to live through this crisis without a major breakdown.

I am referring only to extraordinary, but more or less recurrent price phenomena. But it must not be forgotten that, as I said on a previous occasion, influence is also exerted by the already permanent



factor of the relation between the prices of raw materials and those of manufactured goods which, in normal times, clearly operates to the disadvantage of the former. This means a permanent loss in purchasing power and a reduction of capacity for development in countries producing such raw materials.

It must therefore be agreed that in promoting development programmes for certain countries it is necessary to protect the basic foundations of their economies. Otherwise, every step on the road to development will be taken with hesitation and will always be liable to a sudden stoppage, which may even endanger the social stability of the country concerned. Most of these dangers will naturally disappear as diversification of production in under-developed countries makes them less dependent on the exports of one or two producers. This is the final remedy which should place them beyond all danger of economic contingencies due to external price fluctuations. But until this stage is reached recourse must be had to other means.

Moreover, how can implementation be given to the International Bank's recommendation to adopt an export development policy, if we are faced with the world wide phenomenon of trade restriction caused by the inability of European countries to import, owing to the shortage of dollars and the appreciable reduction of imports by the United States, all of which is described in the "Economic Survey for 1948" submitted by the Secretary-General as "one of the most spectacular features"?

In view of all these circumstances it is difficult to agree with the statement of the International Bank "that the fullest possible utilization of domestic financial resources should be the mainstay of capital formation in the under-developed areas".

For our part we consider that international action is not only essential but of decisive importance in obtaining the necessary capital for economic development. And this action should take the following forms simultaneously:

- (a) Stabilization of primary commodity prices, through inter-governmental agreements. In this connection, it should be pointed out that Chapter VI of the Havana Trade Charter will provide adequate machinery for the conclusion of such agreements.
- (b) Measures to ensure the expansion of international trade, by increasing export markets for the products of under-developed countries.
- (c) Encouragement of the inflow of foreign capital for the execution of development plans through loans and investment.

On a former occasion, I quoted the words spoken at the meeting of the Economic Commission for Latin America at Havana, by our Minister for Economics and Trade, when defining the position of Chile regarding foreign capital:

"We believe in the necessity for initial participation of foreign capital to improve national productivity, provided that it is used for investments that increase the output of labour, making possible



the formation of national capital which can, in future, replace foreign capital for the new investments required for technical progress and the increase of population."

Any comment of mine would detract from the force of our Minister's statement.

With regard to the type of foreign capital required, we believe that in order to carry out projects essential for development such as electrification, irrigation and transport, which require large investments and are not usually very attractive to private enterprise, it is necessary for credits to be granted to governments or bodies representing them, by international or intergovernmental organizations. In such cases credit institutions should be induced to grant loans for a reasonable term, so that their service can be charged against the earnings of the new works. For this reason we also consider it necessary to ensure that investments of foreign capital not only improve the output of labour but guarantee the possibility of future repayment, which means that such capital should be invested in activities which increase production and reduce imports payable in the same currency as the credit obtained, so as to ensure regular amortization of such credit as long as the present trade conditions prevail.

There is no doubt that the participation of foreign capital is indispensable for the economic development of backward countries and areas. When opening this discussion Mr. Thorp reminded us that the amount of private capital available for investment abroad is infinitely greater than that of governmental capital. He also reminded us that it was necessary to fix conditions that would ensure its investment. In this connection it must be emphasized that the President of the United States has taken the important step of sending to the American Congress a message proposing that, as an experiment, the State should guarantee certain private investments in under-developed areas.

There has been ample discussion on the conditions required for the flow of foreign capital to under-developed countries. They have been discussed or defined in international agreements such as the Havana Trade Charter, the Treaty on Inter-American Economic Co-operation, signed at Bogotá, the Sessions of the Sub-Commissions on Economic Development and the Economic and Employment Commission, and also in the proposals of non-governmental organizations, such as the International Chamber of Commerce.

There is a more or less general consensus of opinion that the principal conditions would be as follows: for the countries receiving capital: non-discriminatory treatment similar to that accorded to domestic capital; a guarantee of the return of fair profits to the country of origin; fair and appropriate compensation in the event of expropriation; elimination of double taxation, i.e. that the tax shall be paid only in the country where earnings are produced. For the countries producing capital: respect for national laws and, as summed up by Mr. Thorp last Thursday, "due consideration for the well-being of the staff of these undertakings, fair contribution to the taxes of the local community and the conservation and development of natural resources. In short the undertaking should be conducted in such a way that investment is of mutual convenience both for the



investor and for the recipient country."

Governments might well consider the conclusion of Agreements on this bases. The "climate" is particularly favourable for them and it is sufficient to recall the repeated statements to that effect by the President of the United States, the country in which most of the available capital is located, and the declarations we have heard here on behalf of the United States Government that it has no intention of obtaining special ~~discriminatory~~ treatment for its investors abroad and that the private investments which it favours abroad will be in no danger of an accusation of imperialism.

I believe the Council now has sufficient background material to formulate and recommend the principles necessary for creating conditions conducive to the flow of foreign capital towards economic development and that it is in a position to recommend governments to conclude agreements for that purpose, indicating the bases which it considers appropriate.

But we must assume that there is capital available for investment in under-developed countries and also that the necessary conditions for investment exist. In our opinion, there is another factor to be taken into account, namely, the lack of contact or opportunity for contact between available capital and the businesses or enterprises requiring it. There are, at present, in Europe and the United States, large amounts of capital awaiting investment and also many carefully thought-out projects which give a certain guarantee of good profits. Holders of such capital are unaware of these projects and business men seeking capital must undertake long and expensive journeys to obtain it. Such difficulties could be overcome by setting up international machinery constituting a real "clearing house" between available capital and undertakings whose development or establishment is contemplated.

Such machinery would be of tremendous value in increasing the opportunities for investment and, in any case, would considerably reduce the cost of many operations requiring foreign capital.

We consider that if the Council adopts a resolution on the financing of economic development programmes, it should contain a recommendation that the Secretary-General, with the co-operation of specialized agencies such as the Bank and the Fund and interested non-governmental organizations having consultative status, should study, for the Council's tenth session the possibility of setting up such machinery as we propose.

### 3. THE PRESENT PROGRAMME OF TECHNICAL ASSISTANCE

On the suggestion of Burma, Egypt, Peru and Chile the General Assembly, by resolution No. 200, on 4 December 1948 established technical assistance services for economic development to perform the following functions:

- (a) Arrange for the organization of international teams provided



by the United Nations and the specialized agencies for the purpose of advising Governments on the study and preparation of their economic development programmes.

(b) Arrange for facilities for the training abroad of experts of under-developed countries through the provision of fellowships.

(c) Arrange for the training of local technicians, and

(d) Provide facilities designed to assist Governments to obtain technical personnel, equipment and supplies and to arrange for the organization of such other services as may be appropriate in the promotion of economic development.

For the year 1949 the Assembly allocated funds amounting to \$288,000. That sum was intended to include the financing of up to three international missions, and sixty fellowships.

The same resolution of the Assembly requests the Secretary-General "to report to each session of the Economic and Social Council on the measures which he has taken in compliance with the terms of the present resolution". In compliance with these instructions the Secretary-General has submitted his second report contained in Document E/1335 and Addenda 1 and 2.

We wish to inform the Secretary-General of our satisfaction at the work accomplished so far in this field in spite of the short time which has elapsed and the fact that the first months had to be devoted to the organization of the service. We also note with satisfaction that countries have responded to the opportunity offered them. Thus the comprehensive missions requested have exceeded the number anticipated in the budget for the current year and the candidates for fellowships exceed the number of those granted. We hope that the Secretary-General will soon take final decisions and complete the dispatch of teams of experts. The decision on fellowships seems to have been taken fairly and with due regard for technical requirements.

We are also most interested to learn that the Secretary-General has arranged to call a meeting of experts from various countries in order to discuss "prevailing practices, methods and problems involved in obtaining domestic financial assistance for economic development."

Together with his account of past activities the Secretary-General submits his programme for 1950, the cost of which amounts to \$676,000. It gives us great satisfaction to note that the United States representative has announced his country's decision to support, in principle, the increase in the budget required for new technical assistance services and has stated that in his opinion such regular activities in the field of technical assistance should be carried on within the ordinary budget of the United Nations without affecting the future of the big additional programmes we are considering. This shows that the step taken by the four countries I have mentioned has met with a firm response and solid backing. We must recall, in support of our views on this matter, that the Economic Commission for Latin America at its last session expressed satisfaction at the establishment of these services and drew the attention of Latin American



Governments to the benefits they could derive from them. We have thought fit to submit a draft resolution on this subject, on these lines, the contents of which will be explained by our delegation in due course.

#### 4. THE NEW AND WIDER PLAN FOR TECHNICAL ASSISTANCE.

I now come to the point which is of most vital concern to members of the Council, since it deals with the first really practical measure taken by the United Nations on a world scale, which is of far greater scope than could have been foreseen a few months ago: the new plan for technical assistance prepared in accordance with the instructions of this Council and based on the action taken by the President of the United States.

Certain circles have shown some disappointment at the sum to be spent during the first year. This attitude is based on a comparison with the cost of other programmes for international assistance. We view the problem from a different angle. We compare the sums now under consideration with the very modest amounts which met with opposition in the General Assembly less than a year ago. We also remember the slight response aroused in past years by urgent appeals that consideration be given to under-developed areas, and we now observe a fundamental change as shown by the marked international trend to provide the populations of the under-developed areas with greater material and spiritual well-being, not only for humanitarian reasons, but also for mutual benefit and as an essential element for the preservation of peace.

This new tendency is bound to increase and to give rise to co-operation on an unprecedented scale. Moreover we have confidence in the statement of the President of the United States that these measures are only a first step and that they are the beginning of an upward curve of private, governmental and international activity, which extends far into the future and will continue for many years.

Moreover, we cannot ignore the need to proceed cautiously in the initial implementation of a programme whose complexities and difficulties are obvious to all. It is preferable to make a modest start and to adopt a programme that can be implemented to the full. By this means, the programme can be amplified on a firm basis in the years to come, and will be guaranteed proper organization for its execution.

We cannot conceal the fact that the greatest apparent fault in the drafting of the programme lies in the proposed method of execution. In this connection we see on the one hand, a serious disagreement between the Secretary-General, and the Directors of the Specialized Agencies, and on the other, a divergency of views between the representatives of the United States and of Australia. One side favours a central fund under the control of the Economic and Social Council, or of a special committee of Governments; the other recommends special funds for the budgets of the United Nations and each of the specialized agencies, as determined by an organ of the United Nations, but permitting each agency to plan and implement its programmes. We have heard convincing reasons for both views. In principle we favour



the latter course, provided the necessary machinery can be devised and set up to obtain complete co-ordination of the various programmes and a common directing policy for them. It appears to us that the existence of a common fund administered not by a technical but by a political body, which would have to decide on the financing of each technical assistance project, would have enormous disadvantages, much greater than those mentioned by Mr. Walker in opposing the contrary solution. Among such disadvantages not the least would be the possibility of disputes between the various countries and the different agencies concerned in obtaining approval for their programmes, which disputes could not be settled in a systematic and technically satisfactory manner by a body of the kind suggested. Perhaps these disadvantages could be avoided if there was a higher technical body with executive functions.

We do not consider general agreement on the matter impossible, for if the idea outlined by the United States representative were put into final form, it would probably convince us all that the objectives of unified action and co-ordinated functions that we all desire could thereby be attained.

The Chilean delegation reserves its opinion on all other details of the programme for a later stage in the discussion, especially as regards the method of obtaining contributions from countries to the co-operative fund for technical assistance. I should only like to point out that Chile, as she had an opportunity of stating in a communication to the Secretary-General, is prepared to collaborate in a common programme of technical assistance, placing at the disposal of under-developed countries her experience and the plans being prepared and implemented for the development of production, and that she will also consider with interest other forms of co-operation in the new programme within her economic and financial resources. I should also like to state on this occasion that we are in complete agreement with the views of the United States' representative that in the programmes being prepared it is necessary to obtain due co-ordination with other non-governmental organizations working on the regional level, such as the organization of American States. The specialized agencies of this Organization, some of which have done extensive and effective work in Latin America, are already working on technical assistance in their respective special spheres. It is therefore advisable that the United Nations and its specialized agencies should not duplicate their efforts and should work in full collaboration and co-ordination with them.



9<sup>th</sup>

UNITED STATES DELEGATION  
ECONOMIC AND SOCIAL COUNCIL  
NINTH SESSION

For Release at 3 P.M. Geneva time

Geneva  
July 21, 1949  
P.R. ECOSOC No. 2

FOLLOWING ARE EXCERPTS FROM THE STATEMENT OF THE  
HONORABLE WILLARD L. THORP, U.S. REPRESENTATIVE  
IN THE ECONOMIC AND SOCIAL COUNCIL, ON ITEM 9,  
ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES.

-----

I appreciate the courtesy of being permitted to start the discussion upon the subject of economic development. Of course, the basic fact is that all our countries have a major interest in economic development. It affects the life of each country and its relationship with other countries. In the past, many of those around this table, as well as many of our alumni, have contributed to the development of our understanding of the subject, and the present discussion will likewise be valuable if it brings out the attitudes and points of view of many representatives, in the hope that our collective wisdom may lead to a constructive result.

The basic objective cannot be restated too often. It is to cooperate with the people of economically underdeveloped areas, in their own efforts to develop their human and natural resources, to increase their productive capacity, and to raise their standards of living.

Since our last meeting, we have made substantial strides forward. We now have before us for consideration the expanded program for technical assistance which we requested of the Secretary-General and the specialized agencies. I know that this accomplishment required great effort on the part of many individuals. At such meetings of the specialized agencies as have been held, the representatives of many countries have participated in vigorous and constructive discussions of the responsibilities and opportunities of these agencies. The subject has been further explored at the regional commissions. Many individual countries, both those seeking development and those in a position to assist, have clarified their thinking and some have already expanded their efforts in this field. Many private organizations and individuals have searched their experience and imagination to contribute by analysis, articles, speeches, resolutions, conferences and direct advice. This is no superficial activity, but stems from a profound realization of the importance of the problem, and the necessity for moving speedily into the sphere of greater and more effective action.

In the United States, during recent months, we have done our best to increase our understanding of the processes and problems of economic development. We have studied carefully our experience in the past with respect to technical assistance and capital investment, both at home and abroad. We have examined as best we could the need for technical assistance in other parts of the world and the practical limits which exist upon the operation of specific programs during any one period of time. We have sought out many private individuals and organizations, and others have come to us, to contribute to our body of knowledge. I suppose that well over five hundred people in our government have participated in the attempt to evaluate our past experience, and to consider the possibilities of the future.



I wish that I could tell you that this composite effort had uncovered some new and simple solution to the problem. But that has not proved to be the case. What it has done is to sharpen our knowledge and to reinforce and refine most of the general propositions which had already been developed in our earlier discussion-- the wide variety of needs; the dominant part played by the recipient country; the necessity of thinking of development in terms of long periods of time; the importance of coordination of programs; the limiting factor of qualified personnel, both foreign and local; the limiting factor of capital and management, both foreign and local; the limiting factor of social habits and institutions inherited from the past; the tremendous organizational and administrative difficulties of setting up and maintaining programs of so many types in so many areas; and the impossibility of formulating exact and complete programs far in advance. In fact, while we can have a clearly defined and constant objective, the achievement of this objective will require continual evolution in the nature of assistance given and the methods of approach.

It may sound as though the record were one primarily indicating difficulties and obstacles. The fact is that it also includes illustration after illustration of extraordinary accomplishment. In every field, health, education, agriculture and all the rest, particular projects have demonstrated that, with appropriate support from the local authorities, a small number of experts can bring tremendous benefits to large numbers of people. On the basis of this preparatory work which provides a strong, factual basis describing the importance and possibilities of economic development, President Truman submitted proposed legislation to Congress on June 24, 1949. I should like to repeat certain excerpts from his message:

"In order to enable the United States, in cooperation with other countries, to assist the peoples of economically underdeveloped areas to raise their standards of living, I recommend the enactment of legislation to authorize an expanded program of technical assistance for such areas, and an experimental program for encouraging the outflow of private investment beneficial to their economic development. These measures are the essential first steps in an undertaking which will call upon private enterprise and voluntary organizations in the United States, as well as the Government, to take part in a constantly growing effort to improve economic conditions in the less developed regions of the world.

"The grinding poverty and the lack of economic opportunity for many millions of people in the economically underdeveloped parts of Africa, the Near and Far East, and certain regions of Central and South America, constitute one of the greatest challenges of the world today....

"....assistance in the development of the economically underdeveloped areas has become one of the major elements of our foreign policy. In my inaugural address, I outlined a program to help the peoples of these areas to attain greater production as a way to prosperity and peace.

"The major effort in such a program must be local in character; it must be made by the people of the under-developed



underdeveloped areas themselves. It is essential, however, to the success of their effort that there be help from abroad. In some cases, the peoples of these areas will be unable to begin their part of this great enterprise without initial aid from other countries.

"The aid that is needed falls roughly into two categories. The first is the technical, scientific and managerial knowledge necessary to economic development. This category includes not only medical and educational knowledge, and assistance and advice in such basic fields as sanitation, communications, road building and governmental services, but also, and perhaps most important, assistance in the survey of resources and in planning for long-range economic development.

"The second category is production goods - machinery and equipment - and financial assistance in the creation of productive enterprises. The underdeveloped areas need capital for port and harbor development, roads and communications, irrigation and drainage projects, as well as for public utilities and the whole range of extractive, processing and manufacturing industries. Much of the capital required can be provided by these areas themselves, in spite of their low standards of living. But much must come from abroad.

"The two categories of aid are closely related. Technical assistance is necessary to lay the groundwork for productive investment. Investment, in turn, brings with it technical assistance. In general, however, technical surveys of resources and of the possibilities of economic development must precede substantial capital investment. Furthermore, in many of the areas concerned, technical assistance in improving sanitation, communications or education is required to create conditions in which capital investment can be fruitful...

..."Much of the aid that is needed can be provided most effectively through the United Nations..."

..."The enactment of these two legislative proposals, the first pertaining to technical assistance and the second to the encouragement of foreign investment, will constitute a national endorsement of a program of major importance in our efforts for world peace and economic stability. Nevertheless, these measures are only the first steps. We are here embarking on a venture that extends far into the future. We are at the beginning of a rising curve of activity, private, governmental and international, that will continue for many years to come. It is all the more important, therefore, that we start promptly."

In addition to the special legislation mentioned in the message,



other matters have been laid before the Congress bearing on the problem before us, the most important being a proposal to lift the existing ceilings established by legislation for the American contribution to the regular budgets of certain specialized agencies.

It is less than four weeks since the President's message with its specific proposals was sent to the Congress, and it will be considered as soon as the legislative time-table permits. In the meantime, I am happy to report that the program appears to have strong popular backing in the United States. The press and many national organizations have recognized its importance and have expressed their interest and strong support.

It is, of course, not necessary for any country to receive the signal from the United Nations or from the specialized agencies to move ahead in the field of economic development. Nor are we a necessary party to international cooperation in this field. Many multilateral and bilateral projects are in existence. Many of the underdeveloped countries have already begun practical planning and other countries have indicated in one way or another that they are looking forward to participating both in making technical assistance available and in developing a greater flow of capital. Clearly, the world seems ready for a major international cooperative effort, and the opportunity for leadership is ours in the Council.

I do not propose to take the time of the Council in discussing general principles. The facts of underdevelopment are clear. The need for action is clear. The duty of the United Nations and the specialized agencies is clear. We have had plenty of discussion about the problem in the past. At this session we should discuss action. If there are obstacles, we must find ways of breaking through them. If there are jurisdictional problems, we must see that they do not block progress. We have a job to do, and we must figure out how to get it moving promptly and effectively.

This brings us to the question: what action is required at this Session of the Economic and Social Council?

At our last Session at Lake Success this Council adopted a resolution requesting the Secretary-General, in consultation with the specialized agencies, to prepare a special report proposing an expanded program of technical assistance for economic development. This report was to contain three types of information. First, it was to present a comprehensive plan for the expanded program. Second, it was to suggest methods of financing such a program. Third, it was to recommend ways of coordinating the planning and execution of the program.

The Secretary-General's report was published at the end of May. It is a book of some 300 pages. It lists a great variety of proposals, estimated to cost a total of \$35,800,000 the first



year. I wish to express our appreciation of the research, preparatory planning and imagination which this report represents, and particularly the careful statement of objectives in the opening pages of the report.

I shall comment in their order on the three elements of the Secretary-General's report.

First, the comprehensive plan. The Secretary-General stated in his report that he was in fact presenting not one program but six separate sets of proposals prepared by six different secretariats. The Administrative Committee on Coordination did not find it possible to comment on these proposals. It did not examine them for duplications. It did not suggest omissions. It did not determine whether all these projects would bear directly to economic development. It did not determine whether all these proposals could practically be undertaken in the first year. I think it is a fair statement that this report contains a list of potential projects, but is not a finished program. In defense of the report, I should say that no guidance was given to its authors with respect to any limits within which they should work.

However, there are such limits. The United States believes that an effective and efficient program totaling nearly \$36 million could not in fact be carried out by the United Nations and the specialized agencies during the first year. Many delays will be found in expanding the supervisory staff of these agencies, in negotiating agreements with governments, in recruiting the necessary experts, and in organizing the necessary training facilities. The shortage of available technicians and training facilities at the beginning of the program would alone require a substantial reduction in the proposals of the participating agencies for the first year.

It is far easier to send to a foreign country a boatload of wheat than a boatload of technical assistance. Technical assistance must travel in the form of books or people or demonstration equipment. Procedurally, it is easier to obtain good wheat than able people. There are fewer problems in making all the necessary arrangements for a country to import a shipload of wheat than to prepare for a group of foreign advisers. It takes a larger administrative staff to look after a million dollars worth of experts, measured of course in budget terms, than an equal value of food-stuffs.

My comments are not intended to cast doubt on technical assistance, but rather to urge a careful beginning. I believe this Council should decide what is the range of possibilities for the size of next year's program. Such possibilities are controlled first, by the shortage of technicians and other limiting factors in the operation of technical assistance; and second, by the amounts of money which the member nations are prepared to contribute. I believe we have some notion of the range of possibilities. For myself, I would suggest a range from \$15 million to \$25 million. The United States believes that the United Nations and the specialized agencies could spend effectively no more than \$25 million in the first year. We feel confident that a minimum of \$15 million would be available



available from the member governments for financing the program. This gives us a range of possibilities.

The figures I am using are comparable to the \$36 million proposed in the Secretary-General's report. I believe it would indeed be a great achievement if we could spend wisely an amount of money ranging from \$15 million to \$25 million. Even the lowest figure would represent an extraordinary increase to be accomplished in a single year.

Within this range, the United States suggests that this Council should determine the basic elements in a balanced program, for recommendation to the General Assembly for consideration by a larger audience. The Council should judge the programs put forward in the report on the basis of their contribution to effective economic development. It should determine in a \$15 million program, for example, how much it is prepared to recommend for agriculture, how much for health, how much for education. This same process should be repeated for a \$20 million program and a \$25 million program.

Thus this Council would have obtained from the specialized agencies their best judgment on the technical details of a program, but would have applied its own judgment as to the best use of such resources in a balanced program for economic development, whatever the amount available in the ultimate budget.

The United States believes that such a critical review of the Secretary-General's report and the determination of priorities within the range of possibilities -- say, between \$15 million and \$25 million -- should be undertaken by a Committee on our behalf before this range of programs is discussed in plenary session. The report is too long, and the subject too technical for effective discussion without such preparation work by a Committee.

I therefore suggest that the Council create a committee on technical assistance which will sit during this session of the Council and will report back to the Council prior to its adjournment.

The membership of this committee will require special consideration. The persons who sit on this committee should be competent to discuss the details of an economic development program. The members should be available to sit full time for the next two weeks or more. And the members should be drawn from both advanced industrial countries and those which are considered underdeveloped.

Of course it is expected that representatives of the specialized agencies will meet with the Committee, and their technical judgments will be most valuable in the formulation of priorities. I cannot over-emphasize that my proposal calls for joint action between this Council and the specialized agencies.

This Committee, in the course of its discussion, would examine the proposals presented by each participating agency. They would have



have to be judged on the basis of their contribution to economic development. It would consider what proposals, in its judgment, could not be carried out effectively on the scale proposed in the first year. The final product of the committee's work would be three programs, according to the three levels of possible operation.

We would thus have a concrete set of program alternatives which could be used later this year as the basis for negotiating the funds for this program. The actual size of the program would thus be determined after the General Assembly had considered our report. But the nature of the program, its priorities and emphasis, would be clearly formulated at this meeting.

The review which the suggested committee would make, in close consultation with the specialized agencies, would indeed place the Council in a position to express a sound judgment on the scope and content of the intended program. On the basis of the considerations by such a committee, the Council would be able to propose to the General Assembly a well-considered, useful and balanced program, while avoiding the difficult fact that we here cannot possibly know what the total level of operation can be. At the same time, the Council would be in a position to advise the specialized agencies concerning the aspects of their proposed programs which would contribute most directly to orderly economic development.

The United States recognizes, as I am sure we all do, that the specialized agencies are more competent, each in its own technical field, than is this overall body in the technical field of any one of the agencies. Therefore, the final determination as to the exact projects to be carried out by each agency, within the limits of the funds made available to it, must be made by the agency itself. It is expected, of course, that the agencies will take their decisions in the full light of the Council's recommendations. Only in such way can there be assurance of a balanced program among the agencies which will be technically sound in all aspects and pointed at all times at the single objective of economic development. By thus combining the broader economic judgment of this Council with the technical competence of the specialized agencies, a sound total program can be developed and activated.

So far I have spoken only about a first-year program in 1950. The programs put forward by the specialized agencies wisely look forward to the first two years. If governments are to have the program for the second year in adequate time for consideration when their legislative bodies are considering appropriation bills, it will be necessary for us to take up the 1951 budgets at our next session in February 1950. I hope that the Administrative Committee on Coordination will review the proposals for the second year program between now and our next session, and will present their results in terms of alternative levels of expenditure.



The second problem relates to the method of establishing and collecting contributions for this program.

The Secretary-General's report presents the consensus among the participating agencies that each agency would approach its membership separately, asking for sufficient funds in a supplemental budget to undertake their technical assistance activities. This recommendation is contained in Part B, Chapter 5, of the Secretary-General's report.

There are several different possible methods of financing the programs. They are closely related to the manner in which the programs are themselves determined. If there were to be some single agency, either the United Nations or a new agency, which was to make program decisions from time to time and allocate funds to the appropriate agencies, then a single fund would presumably be established. If, at the other extreme, the specialized agencies were to have complete responsibility in determining their programs, other than mutual consultation, completely separate budgets would be the proper form of financing.

The method of developing the programs which I have suggested provides for a determination of allocations of various levels of contributions through review by ECOSOC of the proposals of the participating agencies, and subsequent approval by the General Assembly. This method of developing the programs postpones the determination of what can be expected on the contributions side and therefore what size of program is appropriate, presumably until the time of the General Assembly. If the ECOSOC should adopt the programming procedure which I have suggested, then the appropriate procedure for financing would need to be somewhat different from that suggested in the Secretary-General's report.

While I do not believe that it is appropriate to discuss this point in detail until after we have decided on the question of how to deal with the program problem, it may be helpful if I sketch briefly some thoughts on the subject. It has seemed to us that negotiation and commitment of contributions might best be accomplished at a general technical assistance conference sponsored by the United Nations and called by ECOSOC under the General Assembly supplementary rule. The conference might be held during or directly after the General Assembly session, once the report on technical assistance had been adopted. All governments belonging to any agency participating in the program would be invited.

The essential element is to have present at the same time and place representatives of all interested governments to negotiate



and commit funds. The conference would take as the basis for its action the reports of ECOSOC and the General Assembly, both as to total over-all program and the proposed proportionate share of each agency. The final act of the conference would record the global amount of all contributions, the total amount of contributions to each agency, the total amount of contribution agreed to be contributed by each participating government, and the undertaking of the participating governments to pay their contributions to the agency to which pledged.

In considering the problem of financial procedure, there are certain considerations which must be kept in mind.

First, the procedure should be the one which would yield the most funds. Second, it must tend to enforce the basic decisions as to the allocations among the several agencies. Third, it must provide a suitable working relationship between the UN and the specialized agencies.

I believe this subject of the appropriate method for determining contributions can best be discussed by this Council, and does not require any preliminary committee work.

I now turn to a third topic in the Secretary-General's report, namely, the method of coordination for this program.

The report recommends that coordination among the various specialized agencies and the United Nations in carrying out the program would be provided by a Technical Assistance Committee, working under the Administrative Committee on Coordination. The TAC, like the present ACC, would be made up of representatives of the various participating agencies. The proposed Technical Assistance Committee has the support of my government.

The United States believes that this Committee will be particularly useful in assuring the prompt exchange of information among the United Nations agencies, as well as among individual governments engaged in similar programs. It also affords a continuing point of consultation among the participating agencies.

But the United States is uncertain whether a committee composed only of representatives of participating agencies should be the only group to examine and screen the program before it is presented to this Council. I am not prepared to make any suggestions at this time for a permanent arrangement. But I suspect that the kind of working committee which I am recommending in this Council to review the first year program will also be helpful in future years.

There is one area of necessary coordination not mentioned in the report, namely, that with other intergovernmental organizations such as the Organization of American States. Already, close working relationships have developed in some fields, notably, between the Pan-American Sanitary Bureau and the World Health Organization. Any definitive plan must provide for this type of coordination as well as those discussed in the Report.



In addition to the major report which I have been discussing, we also have before us three reports from the Secretary-General on measures already taken or proposed by the United Nations and the specialized agencies to give technical assistance for economic development within the framework of their ordinary budgets and activities. I shall reserve detailed comment on these reports until a later time. Two of these reports (E/1335 and E/1345) deal with the record of technical assistance projects prior to 1950 and should, in my opinion, be included in the Council's report to the General Assembly which we are required to make under the Assembly's Resolution 198(III). In the view of the United States, these regular activities in the field of technical assistance should continue to be provided for in the regular budgets of the UN and the specialized agencies, regardless of the outcome of the additional programs which we are chiefly considering here. As to the third document (E/1335/Add.1) reporting action of the Secretary-General in proposing an increase to \$676,000 in the provision for technical assistance under General Assembly Resolution 200 (III), I will limit myself at this stage to saying that the United States approves the increased amount and to suggesting that the document should be referred to the committee which I have proposed for reviewing the other technical assistance programs.

In its discussions on economic development, the Council has always considered the two major aspects of this subject: technical assistance and capital investment. We have before us a comprehensive report of the Secretary-General on the function, importance and origins of capital for financing economic development, as well as the reports on technical assistance which I have already discussed. As the quotation from President Truman's message of June 24 made clear, our work in the United States has also taken into full account both aspects of our problem.

The adoption of improved techniques alone can in many situations lead directly to increased well-being. Full achievement of our economic development objectives, however, is closely tied to the mobilization and utilization of new capital. Expert road builders capable of using the most modern methods are wasted without the essential heavy equipment. A collection of skilled industrial workers is ineffective unless capital moves in to put tools in their hands.

Fundamentally, there is only one source for such new capital. It is the part of the world's current output which is not consumed immediately, but is utilized to make possible greater production and consumption in the future. There must be some inducement for people to save rather than consume their product. There must be conditions to prompt the movement of these savings into productive investment rather than /into unproductive hoards.



However, capital flows through many intermediaries. It may be mobilized through private or public institutions, both in capital-importing and capital-exporting countries. It may come through international institutions such as the International Bank. There has been too great a tendency to consider these various channels as mutually exclusive. Rather, they are in considerable measure complementary means of financing development and each should be used fully in those activities to which it is best suited.

We must accept as a principle that, over time, local capital must play a dominant role in the development of underdeveloped areas. Tentative estimates presented by the FAO and included in the Secretary-General's report to this conference - data prepared largely by the underdeveloped countries themselves - indicate that 80% of their immediate development financing needs would come from the underdeveloped countries themselves. It is our belief that this overall percentage is certainly not a high estimate. However, there are limits to the extent to which investment, whether private or public, can come from local resources in any particular underdeveloped country: the margin for savings is small and the inflationary dangers great. These difficulties and dangers must be balanced against the disadvantages of incurring debts which must be serviced in foreign currencies.

It has frequently been argued that there is a dearth of foreign investment funds. Few would deny that a larger flow of international finance would have been advantageous during the recent past. But I wonder whether this has been due more to an inherently short supply of investment funds than to the fact that there have not been adequate inducements to attract foreign capital into effective uses in underdeveloped areas. Thus, there are large, lendable resources in the International Bank. And these resources can be expanded. While we can all agree that the International Bank has moved slowly in its approach to development financing, and while we all welcome recent evidence of an accelerated rate of lending, I think there is truth in the Bank's claim that this record is partly the result of a shortage of projects thought through to the point where they are ready for foreign financing. Similarly, the Export-Import Bank in the United States has resources sufficient to meet a greater demand than is currently before it.

Most important, there is reason to believe that, at least in the United States, large quantities of investment funds are potentially available from private sources, particularly in the form of direct investment. As citizens of a democratic free enterprise economy, we in the United States are particularly convinced of the special contribution which private investment can make to development in underdeveloped countries. Such an investment brings with it not only capital goods but techniques, organizational and managerial experience which assure their



most effective use. Moreover, the volume in which it could be available far exceeds that which could be anticipated from governmental sources. In 1948, well over \$40 billion was newly invested by private United States sources at home and abroad. The vast bulk has, of course, gone into domestic investment but the total gives some measure of the large pool of private investment from which funds could be attracted to contribute to development abroad - if conditions existed for inducing this flow.

In calling to your attention these large sources of private investment funds, I am well aware of the frequent charges that have been made about the iniquities perpetrated through private investment abroad. While I believe that the record, accurately evaluated, shows that these iniquities have been exaggerated, I reiterate the clear intention of my Government that the private investment abroad which it favors will not be susceptible to the charge of imperialism. The U.S. expects private investors to give due regard to the welfare of persons dependent on their enterprises, to contribute their fair share of taxes to the local community, to conserve as well as to develop local resources, and to conduct their enterprises so that the investment will be of mutual benefit to both the investor and to the recipient countries. It is not our intent to seek special, discriminatory treatment for our investors in foreign countries.

The U.S. for its part will continue to promote foreign investment for economic development by supporting the activities of the International Bank and the Export-Import Bank in fields appropriate to public financing. It will continue to seek to improve the climate for private foreign investment by negotiating mutual assurances of fair and equitable treatment with countries desiring to admit foreign capital. It will continue actively to negotiate conventions to relieve investors of the burden of double taxation. In addition, proposed legislation, which will permit us to guarantee U.S. private capital newly invested in productive enterprises abroad against some of the risks peculiar to such investments, may well remove some of the deterrents to international private capital flow. The United States Government is also studying possible changes in US tax laws, which may further encourage the flow of such capital abroad.

It is against this background that I express optimism about the availability of foreign capital for investment abroad. It seems that there is now little need for debate on the advantages and disadvantages of one or another method of securing such capital. There is rather need for specific action to increase the effective demand, to provide the conditions which will move more of this capital into underdeveloped areas. Much of this action must be taken by the underdeveloped countries and the technical cooperation program will facilitate such action. It will help create an environment conducive to increased private capital flow. It will facilitate the preparation



and presentation of projects for foreign public financing or for intergovernmental financing.

It is always important to appreciate that the technical cooperation and capital investment processes which I have been discussing are cumulative. As the program develops in the future, additional qualified technical personnel will become available, additional experience will be gained, and methods of disseminating information will be improved so that the technical cooperation aspects of the program may be expanded. The investment aspects of the program will in most cases develop progressively after technical assistance has made the necessary surveys, trained the necessary personnel and in general prepared the way for developments requiring capital investment. As other existing obstacles are eliminated, investment can rise substantially to meet the needs and take advantage of the opportunities. The principle of compound interest, namely, that capital increases productivity so that more capital can be created, will inevitably increase the supply of investment funds in the future, if an effective demand is present.

In the long run, the program also should lead to the result that more and more countries will be in a position to contribute to the total effort, both in technical assistance and capital investment. This will be particularly true as the initial impetus and capacity in various fields is transferred from foreign technicians to newly-trained local experts, and as local communities develop ways and means of forming and usefully employing capital. No country has a monopoly on either of these essentials, and the cooperative effort can accomplish far more than separate individual efforts.

However, our problem today is not the long-range future, but the program for the first year. I hope that my suggestion of a special committee to work on the problem of programs will commend itself to the other members of the Council, and that it can get to work as quickly as possible.