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AGENDA ITEMS 12, 28, 29 AND 30

Report of the Economic and Social Council (chapters II, IV, V (sections II-V), VI (paragraph 489) and VIII (paragraphs 650 and 651)) (A/4820 and Corr.2, A/4911) (continued)

Economic development of under-developed countries (A/4820 and Corr.2) (continued):

(a) Industrial development and activities of the organs of the United Nations in the field of industrialization;

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(a) Strengthening and development of the world market and improvement of the trade conditions of the economically less developed countries: report of the Economic and Social Council (A/4885, E/3519, E/3520 and Add.1, E/3530);

(b) Improvement of the terms of trade between the industrial and the under-developed countries: report of the Economic and Social Council

Questions relating to science and technology (A/4820 and Corr.2) (continued):

(a) Development of scientific and technical co-operation and exchange of experience: report of the Secretary-General (A/4904, E/3515);

(b) Main trends of inquiry in the natural sciences, dissemination of scientific knowledge and application of such knowledge for peaceful ends: report of the Economic and Social Council (A/4898)

GENERAL DEBATE (continued)

1. Mr. GUESSOUS (Morocco) said that economic problems, although of vital importance to the whole world, affected particularly a number of countries which had recently regained their sovereignty. The collapse of colonialism had laid bare its inherent economic flaws and the international community was having to pay the price of that system which had never sought to further the interests of the subject peoples. Aid would have to be based on concerted national planning, so that it would benefit as many people as possible. The United Nations and the specialized agencies were making praiseworthy efforts in the fields of research and technical assistance. The report of the Economic and Social Council (A/4820 and Corr.2), for example, provided information and studies which would perhaps have been impossible without international co-operation.

2. In an attempt to solve economic problems, the United Nations had created a number of banking and financial institutions. However, those institutions had proved to be excessively complex and their services

were too costly. Furthermore, it had been shown that the servicing of debts was causing a deficit in the balance of payments of the under-developed countries. The system should therefore be simplified, especially as those countries would be making increasing use of United Nations organs to obtain economic assistance. It was understandable that peoples who had recently regained their sovereignty, sometimes at a considerable sacrifice, did not wish to mortgage it again. It was important that international aid should be channelled through the United Nations and that the recipient countries should play an active part in the management of the funds.

3. The Moroccan delegation supported the principle of the decentralization of the United Nations economic and social activities, recommended in General Assembly resolution 1518 (XV). In view of the multiplicity of the tasks to be carried out, the instruments available to the Organization should be as close as possible to the areas concerned. Furthermore, the Economic and Social Council should have more members from the African continent, since United Nations aid should be planned in close co-operation with the recipient countries. The Moroccan delegation supported the creation of an international development fund and welcomed the specific proposals made by the Government of the United States, which it hoped would be emulated by others.

4. One of the principal obstacles to the development of the under-developed countries was the disparity between the prices of commodities and those of manufactured goods, which resulted in a continual decrease in the national income of the primary exporting countries, thus preventing them from implementing their plans and using their own resources to achieve balanced development. Each country should rely on its own resources to promote its economic recovery, if it was to be politically independent in the true sense of the word.

5. That principle, and the principle of equality, together with a certain disequilibrium in the economic and social structure inherited from the former régime, had prompted the Moroccan Government to draw up its plans for 1958-1959 and 1960-1964. They provided for the training of cadres and skilled personnel, by the creation of teachers' training colleges, vocational and technical training centres, a school of engineering and universities at Rabat and Fez. After five years of independence, 50 per cent of the children were attending schools, despite a population increase of 2.5 per cent. However, that process was limited by the possibilities of the economy and the desire to reconcile quantity and quality.

6. The 1960-1964 plan gave top priority to reforming the systems of land tenure and farming. The reforms were required because of the need for an expansion of agriculture, based on an increase in and a diversification of products, and for a better distribution of agricultural income. The Land Office, the Agricultural Centre and the National Irrigation Office were dealing with the modernization of farms and farming methods, and the farmers themselves were actively participating.

7. The establishment of basic industries would give new impetus to the industrial sector, which had considerable possibilities but which was suffering from the hasty expansion carried out during the post-war period. Direct State intervention would be necessary and an office had therefore been established which was study-

ing the establishment of a plant to produce steel and ferro-manganese and the processing of various ores and chemicals. The authorities did not intend to eliminate private enterprise, especially in the processing industries, but merely to provide it with more stable conditions for production. The investment code recently promulgated granted substantial customs, fiscal and financial advantages to the private sector and entitled the foreign investor to retransfer his capital in the event of liquidation, without restrictive time limits. The plan also provided for reforms in the structure and techniques of government departments. A balance was to be established between public income and expenditure. Under the plan, production would increase at an annual rate of 7 per cent, while consumption grew at the rate of only 5 per cent, so that the resulting savings would reduce the country's foreign capital requirements.

8. Even greater progress had been achieved in the social field. Although Morocco's revenue was relatively small, education and the health services were free, being covered by the general national budget. So far as labour legislation was concerned, Morocco had ratified almost all the ILO conventions. The organic law of the country guaranteed freedom of assembly, expression and movement. At the beginning of 1961, 22,000 million francs had been appropriated for social security.

9. In order to safeguard the new industries, the Government was forced to resort to customs protectionism which, in addition to its usual disadvantages, was encountering opposition from Morocco's European trade partners. Most African trade was still conducted with the former metropolitan countries and one way of providing international assistance to the less industrialized countries would therefore be to abandon the principle of reciprocity. However, in point of fact protectionism extended only to the industries catering for domestic consumption. Another obstacle to industrialization was the smallness of the domestic market as regards the number of consumers and their purchasing power. Yet mass production made it possible for goods to be produced at low cost.

10. As a lasting solution to the problem of economic and social development, neighbouring under-developed countries should form economic groupings. It was significant that the world's two great economic Powers, the United States of America and the Union of Soviet Socialist Republics, were federal unions and that Western Europe was attempting to achieve the same end through the Common Market. However, the former colonial Powers wished to retain their hold over the under-developed countries, although the latter were prepared to forget the past and engage in international co-operation. Those Powers were continuing to establish customs unions in their favour with their former colonies and the Balkanization of the smaller countries was also continuing. What the Under-Secretary for Economic and Social Affairs had called "the proliferation of small nations" was an anti-economic phenomenon, designed to frustrate development and based on the eternal principle: divide and rule. If the former colonialist countries still nurtured the ambition to rule, the United Nations would lose its effectiveness and prestige, and the entire responsibility would lie with neo-colonialism.

11. Mr. AMADOR (Mexico) said that the economic development of the under-developed countries was the common denominator of all the items before the Com-

mittee. The bulk of humanity lived in those countries and international co-operation for their benefit formed an integral part of the basic concept of human solidarity. In his recent report to Congress, the President of Mexico had stressed that general development without sacrifice of freedom was the basic aim of the Mexican people. The President had also welcomed the achievements of the Inter-American Economic Conference at Punta del Este, a new and important stage in Latin American economic co-operation.

12. Land reform was still a primary concern of his Government. As the Mexican Finance Minister had pointed out at Punta del Este, his country had always striven for the rational development, distribution and settlement of land. In its Declaration to the peoples of America the Punta del Este Conference had emphasized the importance of over-all land reform programmes and the need to replace latifundia and minifundia by an equitable system of land tenure. That need was again stressed in the report of the Economic and Social Council (A/4820 and Corr.2, para.118).

13. In his report to Congress, President López Mateos had quoted figures to show the advances made in agricultural production and land resettlement in Mexico. On 10 September 1961, the Inter-American Development Bank had announced its approval of a loan which would enable Mexico to complete four large irrigation projects. The participation for the first time of European banks—in addition to United States banks—in a loan of that kind revealed growing confidence in the operations of the Inter-American Development Bank and in Mexico's credit.

14. Another important aspect of economic growth of deep concern to Mexico was industrial development. Mexico welcomed the fruitful work done by the Committee for Industrial Development at its first session and the establishment within the Secretariat of the Industrial Development Centre. His delegation hoped that the Centre's activities would be properly coordinated with those of the regional economic commissions and agreed with the United States representative that it should not be a place for abstract studies. As the report of the Committee for Industrial Development (E/3476/Rev.1) observed, the industrialization of the under-developed countries was handicapped by unfavourable terms of trade and excessive price fluctuations.

15. In the last two decades Mexico had achieved balanced growth in agriculture and industry: the former had expanded by 223 per cent, the latter by 225 per cent. As the Mexican Finance Minister had pointed out at Punta del Este, equilibrium between those two sectors was a matter of the highest national priority.

16. Like the other primary producing countries, Mexico was preoccupied with such international trade problems as the strengthening of the world market, the improvement of the under-developed countries' terms of trade, the elimination of artificial restrictions and the avoidance of sharp price fluctuations. When faced with the choice of importing capital or consumer goods, the under-developed countries generally had to opt for the latter, with consequent adverse effects on their development. In the matter of exports they had no real choice at all: either they sold their primary commodities at world market prices or suffered the consequences—often disastrous—of a trade decline.

17. At the Punta del Este Conference the Mexican Finance Minister had advocated the establishment of

remunerative primary commodity prices, the suppression of restrictive trade practices, the adjustment of the production and demand structures in producer and consumer countries and the introduction of international compensatory financing. The trade policy thus outlined found an echo in the report of the Economic and Social Council (A/4820 and Corr.2, para.128), the report of the Commission on International Commodity Trade (E/3497, para.40), the report of the Secretary-General on trade relations between under-developed and industrially advanced economies (E/3520 and Add.1, para. 42) and the suggestions of the Committee for Industrial Development on foreign trade under the heading of its report (E/3476/Rev.1) entitled "Financing of industrial development".

18. As noted in the report of the Economic and Social Council, the outstanding problem confronting Latin American countries was "the difficulty of reconciling a higher rate of economic growth with a reasonable degree of internal and external stability" (A/4820 and Corr.2, para.110). Mexico was doing its utmost to overcome that difficulty and the fruits of its efforts could be seen in the significant advances it had made along the path of economic development. In 1960, the national product had increased by 5.7 per cent over 1959. As the President had reported to Congress, the Mexican peso was firm both at home and abroad. In 1961, public investment had been 25 per cent greater than in 1960, while in 1960 foreign private investment had reached a figure of \$83 million, an increase of \$9 million over 1959. As reported by the Mexican Finance Minister in his Punta del Este speech, the Mexican Government had made great efforts to build an infrastructure which would facilitate national economic and social development. Nevertheless, the Minister had continued, Mexico still had a population which increased at one of the highest rates in the world (3 per cent per year) and an average income level (\$300 per caput per year) which was still low.

19. The Mexican people were sparing no effort to accelerate their rate of economic growth. They knew by experience that economic development was a painful process. But it was also a source of joy because it led to prosperity, social welfare, cultural achievements and the full enjoyment of human dignity.

20. Mr. BREIVIK (Norway) said that a particular responsibility was incumbent upon the economically advanced countries to make full use of their resources in economic and technical co-operation with the less developed countries and that Norway had been considering how it could make a greater contribution to international efforts in that respect. The question required full consideration and action when national policies were drawn up. Emphasis had been placed on the importance of adequate planning of development projects in the countries receiving assistance, but there should also be more long-term planning at the national level in the contributing countries. With that aim in view, a special working group set up in Norway had submitted a report suggesting the main lines of the national programme of foreign aid. The report, which would be submitted for consideration by Parliament, recommended a gradual and substantial increase in assistance to the less developed countries, in anticipation of a general expansion of such assistance from all the industrialized countries. In view of the growth of the national economy over the past decade, it was considered that Norway should assume increasingly greater commitments. The major part of the contributions would be channelled through the United Nations,

as was the wish of the developing countries themselves. So long as United Nations assistance programmes continued to be financed by voluntary contributions, Member States would have to be prepared to increase their contributions to meet the almost unlimited need for funds. Although there was currently a preference for multilateral aid, it was expected that bilateral or regional projects would play an important role in the future and Norway should prepare itself for further action in that respect. Indeed, the greater part of its international aid had already been devoted to bilateral projects, which should preferably be implemented in co-operation with the United Nations. Norway envisaged in particular new bilateral projects which might be suitable for co-operation among the Scandinavian countries, for example in the fields of education and health.

21. Steps had already been taken to make foreign assistance a regular feature of Scandinavian co-operation. The report had also recommended that public funds should be made available through regular appropriations in the annual State budgets and should be fixed at a certain proportion of the annual national income. Since Norway was a capital-importing country, it had limited possibilities of supplying the developing countries with private capital. However, it could provide some capital goods and engineering services that might assist in their economic reconstruction. The public authorities might take steps to facilitate the flow of capital, goods and services to developing countries by establishing special schemes of financing and public guarantees, and further consultations on the subject would be held between Government officials and representatives of private enterprise.

22. However, aid as such could not solve the problem completely. Adequate measures should be taken as soon as possible to improve the terms of trade of the underdeveloped countries. In addition, many of the primary producing countries had correctly adopted a policy of industrialization, as a result of which it would in the future be necessary to provide markets for their manufactured goods. That would necessitate not only a readjustment in the existing trade policy and regulations of the economically more advanced countries, but ultimately a new international division of labour. A spirit of co-operation and sacrifice would have to prevail, if a result was to be achieved which would benefit all concerned.

23. Mr. KAKITSUBO (Japan) said it was encouraging to note that the world economy as a whole had recovered from the uncertainty of a year ago and had entered a period of steadily rising activity. The economy of the United States had shown a noticeable upsurge since the beginning of 1961 and Western Europe as a whole had maintained the trend towards economic expansion. In South-East Asian countries, where economic development plans were being seriously implemented, the international payments situation had shown no sign of improvement; however, increased economic activity in the industrial countries would in due course be reflected in the improvement of their commodity trade.

24. The problem of economic development had been discussed for many years inside and outside the United Nations, and it had become clear that the best solution lay in the diversification or industrialization of the economies dependent on the production of a nar-

row range of primary commodities. It had also been widely recognized that the first requirement for achieving such economic transformation was the formulation of plans for balanced development. It was therefore gratifying that the establishment of economic planning institutes under the auspices of regional economic commissions, such as that recently recommended for Asia by the Conference of Asian Economic Planners, was now being given serious consideration.

25. Japan had been establishing long-term development plans for some time, and was now in the first year of its plan to double national income in ten years. Under that plan, emphasis would be placed on the expansion and improvement of public facilities, such as roads, harbours, and housing; geographical redistribution of industrial plants; more weight to industry; a shift in emphasis, within industry, from light to heavy and chemical industries and, within agriculture, from grain-growing to livestock; and an expansion in scientific and technological training facilities. As a result of the increasing rate of capital investment and the decline in the labour supply due to a sharp drop in the birth rate after 1947, Japan's economy in 1970 would approach the pattern of the Western economies. That trend might furnish material for studying the implications of demographic factors in economic development.

26. The success of Japan's economic plan, based predominantly on a private enterprise economy, would, of course, be influenced by many factors, including the trend of international trade. Although the Japanese economy had enjoyed high rates of growth since mid-1958, that growth had brought with it balance of payments difficulties. The greatly increased capital investment to modernize production facilities to cope with intensified foreign competition expected from the forthcoming liberalization of import restrictions in Japan accounted also for such payments difficulties. His Government was endeavouring to cope with those difficulties not through import restrictions but through the restraint of domestic demand and the promotion of exports. Despite the current payments difficulties, it had accelerated its programme of import liberalization, and hoped that other Governments would appreciate its sincerity in doing so and would take correspondingly liberal trade measures. In that connexion, he appealed to those members of GATT which were still denying application of most-favoured-nation treatment or adopting similar restrictive measures against imports from Japan to remove such measures as soon as possible.

27. Although great progress had been made in recent years by the advanced countries in providing financial and technical assistance to the less developed countries, in the sense of responsibility for such assistance and in their efforts to co-ordinate it, it was doubtful whether those countries fully realized that they could assist the developing countries as much or more by adopting liberal trade policies. His delegation endorsed the conclusion reached in the Economic Survey of Europe in 1960 (E/ECE/419) that the advanced countries must give liberal consideration to their trade policies towards developing countries. It also shared the view expressed in the Survey regarding the need for the early removal of the restrictive measures imposed by some advanced countries on so-called low-cost products, and hoped that the countries concerned would make every effort to effect the orderly but early abolition of such restrictive measures.

28. In that connexion, his delegation welcomed the increased concern of GATT with the problems of developing countries. In particular, the activities of GATT's Committees II and III and the proposal to extend technical assistance to developing countries in such fields as customs administration, and import policy, had a direct bearing on the work of the United Nations and were matters of concern also to those States Members of the United Nations which were not parties to GATT. It would therefore be desirable for the Secretariat to give greater attention to GATT's activities and to report regularly thereon to the Economic and Social Council and the General Assembly. His delegation also considered that a closer relationship should be established between the United Nations and GATT and felt that the time had come to re-examine the implications of the proposal, made by GATT and endorsed by the General Assembly (resolution 1156 (XII)), to reorganize GATT into the Organization for Trade Co-operation and to establish a formal relationship between it and the United Nations.

29. His delegation was deeply appreciative of the work done by the Secretariat in connexion with the improvement of trade relations between under-developed and industrially advanced countries, including the Secretary-General's report on the subject (E/3520 and Add.1), and hoped that the Secretariat would continue to make a study in depth on the measures designed to promote the trade relations between the two areas. In that connexion, it might be useful for the Secretariat to review, if necessary with the assistance of experts, the operation of the existing international commodity agreements and the trading principles embodied in the provisions of GATT.

30. If the coming decade was really to be the United Nations Decade of Development, it seemed necessary to strengthen and streamline the activities of the United Nations in regard to economic and social development.

31. There was a great need to intensify United Nations work in the study and research on the techniques of planning and programming for industrialization and economic development, necessary financial and administrative measures, marketing of products, etc., as well as in the provision of advice and convening of seminars on those matters. The Committee for Industrial Development, as well as the Industrial Development Centre established within the Secretariat, which his delegation hoped would be able to begin operations as soon as possible, should be fully utilized for that purpose. Since the regional economic commissions, notably ECAFE and ECLA, had been carrying out useful work bearing on industrial development, it was essential that the Centre should have full

information on that work and on similar activities of the specialized agencies and IAEA. As information and experience were collected at the Centre, it might become necessary for the Inter-sessional Working Group of the Committee for Industrial Development to hold *ad hoc* meetings to help promote the solution of problems relating to policy and co-ordination matters. His delegation believed in the usefulness of co-ordination, control and guidance at the Centre for the solution of problems which took different expressions on the regional level.

32. His delegation also supported, in principle, the decentralization of United Nations activities designed to ensure their efficiency, economy and effective execution and shared the view that the role of the regional economic commissions should be strengthened in matters and projects relating to the respective regions. However, in promoting such decentralization, care should be taken to avoid the fragmentation of United Nations activities. United Nations Headquarters, under the guidance of the Economic and Social Council, should be in a position to exercise effective control over, and co-ordination of, the activities of the regional commissions. Moreover, it should be borne in mind that the administrative measures for decentralization would have to vary according to the different conditions obtaining in the various regions.

33. In view of the unquestioned importance of assistance in the pre-investment field and the limited resources of the Special Fund, his delegation felt that thought should be given, in the case of large-scale pre-investment projects of the Special Fund, to the possibility of adopting a formula similar to the consortium arrangement currently used by IBRD. Large-scale projects in which many countries had a common interest might be jointly financed from the resources of the Special Fund which served as a sort of catalyst, and those of such advanced countries or other institutions as were willing to assist at the Special Fund's invitation. Such an association of bilateral assistance with the Special Fund might help to promote the co-ordination within recipient countries of bilateral and multilateral assistance and to mobilize resources not available to the Special Fund but available for bilateral aid for pre-investment activities. The adoption of such an approach would also contribute to the expansion and strengthening of the Special Fund's activities and to the enhancement of its prestige, and would serve to test out its potentialities for financing pre-investment assistance.

The meeting rose at 1 p.m.