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**Chairman:** Mr. Blasco LANZA D'AJETA (Italy).

## AGENDA ITEMS 12, 28, 29 AND 30

<i>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)</i>
<i>Economic development of under-developed countries (A/4820 and Corr.2) (continued):</i>
(a) <i>Industrial development and activities of the organs of the United Nations in the field of industrialization;</i>

- (b) *Establishment of a United Nations capital development fund: report of the Committee established by General Assembly resolution 1521 (XV) (A/4878, E/3514, E/AC.6/SR.305-309);*
- (c) *Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General (A/4906, E/3556);*
- (d) *Land reform: interim report of the Secretary-General (A/4850)*

*Questions relating to international trade and commodities (A/4820 and Corr.2, E/3452/Rev.1, E/3466, E/3468, E/3486, E/3497) (continued):*

- (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. ILBOUDO (Upper Volta) said that economic problems were of particular importance for the developing countries, since they possessed abundant natural resources which they were unable to exploit because they lacked technical skills and scientific knowledge. In addition, those countries were forced to depend for the necessary capital upon external aid and support from the industrialized countries, which were taking advantage of their position to thwart their development.

2. The people of Upper Volta were prepared to co-operate, on a basis of equity and justice and without distinction of any kind, with all nations which could help them to overcome under-development and to progress from a subsistence to a modern economy. Headway had been made in solving the problem of aid to the developing countries by the creation of specialized bodies for that purpose, but measures should be taken to hasten a solution. Anything which might delay or hinder development was to be condemned, such as war, international rivalry and competition and po-

litical, economic or racial imperialism. Imperialism was gradually disappearing and it was encouraging to note that the former colonies of Africa and Asia were being admitted to their lawful place in the United Nations. However, colonialist domination still existed in so-called Portuguese Guinea and Angola, and the right of the Bantu and Zulu populations to their ancestral land was being denied. It was therefore the duty of all nations to use every possible means to root out imperialism and colonialism.

3. Mr. PARTHASARATHI (India) said that the statements so far made in the Committee presented a sombre picture of the prospects for the future development of the under-developed countries, although they also reflected an increasing awareness of the importance if not the magnitude and urgency of the problem. It was evident that concerted action would be necessary to achieve international co-operation and integration on a new basis which would ensure a fair sharing of the material abundance of the world.

4. The central problem facing the world community was the ever-widening gap between the standards of living of the few advanced countries and the many under-developed countries. India's case was illustrative: in the decade since 1949, during which the Indian people had made a supreme effort to mobilize their resources and had received valuable external assistance, India's per caput income had increased by only 20 per cent, from \$53 to \$63, while the per caput incomes of the United States, the United Kingdom and Canada had increased by 48 per cent, 29 per cent and 75 per cent, respectively. The figures relating to other under-developed countries showed the same pattern of ever-increasing inequality. That was a position which the peoples of the world refused to accept as inevitable. The goal of international action must therefore be to give the under-developed countries substantial help in achieving self-generating and self-sustaining economies, and it was with that end in view that in resolution 1522 (XV) the General Assembly had expressed the hope that the flow of international assistance and capital would be increased to one per cent of the combined national incomes of the economically advanced countries.

5. The Secretary-General's report on the international flow of long-term capital and official donations, 1951-1959 (A/4906) showed that the net flow of capital to the under-developed countries in the period under review had been approximately 0.6 per cent of the combined domestic product of the developed countries, or 0.8 per cent if contributions to international financial agencies were included. Moreover, those figures included items like defence support and contingency funds, as well as administrative expenses in colonial territories, which, like interest payments and profits repatriated from the less developed countries to the developed countries, should be excluded from the net flow of long-term capital. It was worth noting also that there were still great variations in the contributions of individual advanced countries and in the geographic distribution of the flow of capital. In any rational scheme of international aid, the flow of capital among different countries should reflect the genuine relative needs of the developing countries on the basis of their population and per caput incomes and their ability and willingness to make good use of the assistance offered.

6. The terms on which assistance was offered were as vital as the quantum of assistance. It was obvious

that, if the developing countries were to achieve self-sustaining growth in the near future, they should not be burdened with excessive debt charges and repayment obligations. An international financial institution which would supply funds to developing countries in the form of grants or at low rates of interest had been a long-felt need. The International Development Association had been set up to meet that need, but the funds at its disposal were inadequate and an early and sizable increase in its resources was urgently required. The same need had led to the General Assembly's decision, at the fifteenth session, to establish in principle a United Nations capital development fund. However, the Committee established for the purpose had been unable to draw up the statutes of such a fund because of the attitude adopted by the advanced countries, and had requested the Assembly to extend its mandate so that it could finish its work. His delegation felt that that should be done and appealed to the representatives of the advanced countries to extend their fullest co-operation to the Committee. It was difficult to believe that the advanced countries which were spending \$100,000 million a year on armaments were not in a position to divert one per cent of their national incomes to ensure the economic independence of the under-developed countries, to raise their pitifully low levels of living and to lay the foundations of a new world order based on material abundance and ordered progress.

7. While external assistance had a vital part to play, the bulk of the capital needed for development should normally come from the mobilization of the resources of the developing countries themselves. The main source of foreign exchange for those countries was their export trade, and if they were to achieve self-sustaining growth soon, they should be enabled to increase their exports, both traditional and new, to the advanced countries. Such an expansion of trade was possible, however, only if the advanced countries removed the barriers to trade which they had put up. Moreover, in view of the importance to the developing countries of finding markets for their manufactured goods, decisions by the advanced countries designed to accelerate the absorption of such goods would, as the Under-Secretary for Economic and Social Affairs had pointed out (717th meeting), represent a major global benefit, acquired at what could be considered a minimal sacrifice.

8. The loss of revenues and instability caused by the fluctuations in the prices of primary commodities and the continued movement of the terms of trade in favour of the industrialized countries had done great harm to the developing countries, and many delegations had stressed the importance of finding a solution to that problem. His delegation shared that view and would support constructive proposals on the subject.

9. There was increasing awareness in the developing countries that the full mobilization of internal resources and a new outlook of change and technological progress called for a programme of planned development. India had completed two five-year plans, involving a total outlay of \$24,000 million, and had begun a third five-year plan providing for an expenditure of nearly \$22,000 million. It was hoped that, by the end of the fourth plan, under which an outlay of \$28,000 million was planned, India would have reached the stage of self-sustaining growth. Although friendly countries had given India generous assistance, more than three fourths of the total cost of the first two plans had been met from domestic sources. The

proportion of internal resources in the total outlay of the third and fourth plans would be four fifths.

10. The growing appreciation of the need for regional consultation and co-operation in the under-developed parts of the world was a welcome trend. In that context, the importance of giving greater initiative, powers and resources to the regional economic commissions was obvious, and his delegation supported the view that practical administrative action should be taken to implement the policy of decentralization already decided upon, while centralized control was retained over policy, finances and recruitment.

11. His delegation welcomed the proposal by the United States that the 1960's should be designated the United Nations Decade of Development, and was in general agreement with the programme outlined by the United States representative (718th meeting). India believed firmly in the full utilization and expansion of the activities of the United Nations in the various fields of technical assistance. However, a greater effort was called for if the challenge of the times was to be met. The United Nations was the conscience of mankind and no more important or urgent task faced it today than the liberation of humanity from the evils of hunger, disease and poverty.

12. Mr. BINDZI (Cameroun) said that, although all acknowledged the gravity of the world situation, there were differences of opinion about the remedy to be applied. The representative of Austria had mentioned (723rd meeting) the influence of industrialization on human behaviour, and his remark could also be applied to universal understanding and the change in human relationships. Nations should consider themselves not as adversaries, because they had adopted different economic systems, but as contributors to the common destiny of the human race. The regional and local regrouping which was taking place throughout the world was an expression of that concept of solidarity, to which the United States of America and the countries with centrally planned economies owed their present stage of development. In view of the Alliance for Progress concluded at Punta del Este and of the progress achieved in the Communist world, including mainland China, and in the Republic of China, Europe should not be criticized for embarking on reorganization. However, that reorganization should not be allowed to prejudice the interests of other countries, and Europe should renounce all autarkic and outdated concepts from a previous economic era, of which certain nations had borne the consequences.

13. Although Cameroun was primarily concerned with its own development, it was participating in all efforts to create a prosperous and peaceful Euro-African group, pending the advent of a universal union. The country had been arbitrarily divided and sub-divided but, as a result of the efforts of the population to achieve unity, the Federal Republic of Cameroun had been founded on 1 October 1961. The unity was not complete, however, because the Northern Cameroons had been incorporated in the Federation of Nigeria, as a result of a decision by the United Nations,<sup>1/</sup> which had been misled by its Commissioner. The unification had been not only political, but also economic, and had led to a substantial increase in exports, in particular cacao, bananas, coffee, timber and rubber. The country was grateful

to the United Kingdom and Nigeria for their co-operation in establishing temporary measures for the period preceding January 1962, when economic integration would take place. Agreement had been facilitated by the prospect of the United Kingdom's entry into the European Economic Community, of which Cameroun was an associate member.

14. The economy of Cameroun was based on diversified production, including exports of tropical products and a number of minerals. Its trade balance had always shown a surplus, which in 1959 had amounted to \$26.5 million. However, efforts to expand exports were hindered by the high cost of services and invisible items, resulting in a deterioration of the terms of trade. In order to face that situation, Cameroun had been forced to seek wider African co-operation and had joined the African-Malagasy Organization for Economic Co-operation. It had never been the intention of the member countries to set up a marginal group, separate from the other African States, and the Organization was open to all. It was hoped that it would be the first step towards an African common market. Cameroun was prepared to participate in any commodity agreement, along the lines of the International Coffee Agreement.

15. Cameroun had become an associate member of the European Economic Community at its own wish and on the understanding that it reserved the right to consider any new methods for the stabilization of prices and the promotion of world trade. Its association had opened up new prospects of production and marketing and provided new sources of supplies. In fact, the country had always pursued a liberal trade policy, without granting specific advantages to particular areas, as was proved by the statistics of its exports to the principal European countries, the United States and the Soviet Union. It was paradoxical to deplore the deterioration in the terms of trade of the primary producing countries and, at the same time, to regret the fact that the European Economic Community, under pressure from the associate countries, had introduced pricing arrangements which were described as an encouragement to uneconomic production. However, until agreement was reached to stabilize prices of certain commodities and until the poorer countries had become sufficiently industrialized, there would be no other means of offsetting the deterioration in terms of trade.

16. Many representatives had referred to bilateral and multilateral aid. The inadequacy of the latter was acknowledged, and the creation of a United Nations capital development fund was being discussed. In addition, the proposal by the President of the United States regarding the United Nations Decade of Development was welcome. Considerable attention should be devoted to the multilateral aid, in view of the criticisms which had been made of the utilization of the resources available within the United Nations.

17. Bilateral assistance, however inadequate it might be, could also play an important role. Cameroun was strongly opposed to the granting of assistance on terms which were incompatible with the sovereignty of the under-developed countries and denounced the partisan tendency characterizing bilateral aid throughout the world. The great Powers granted aid only when they hoped to win over the recipient countries. The interest shown by the Soviet Union in Cuba and that shown by the United States in Viet-Nam and Laos were not merely chance phenomena. That form of

<sup>1/</sup> See General Assembly resolution 1608 (XV).



"ideological" assistance was prejudicial to the development of the countries concerned. In Cameroun, for example, agricultural production had been disrupted because of the terrorizing of workers. The smaller industrial countries could do much to help the developing nations and the technical and scientific assistance mentioned by the representative of Austria could be most valuable. There were in fact three categories of countries: the wealthy industrialized countries, the developing countries and those on the threshold of industrialization. An order of priority should be drawn up with the last-mentioned group heading the list. The only chance for survival lay in the sharing of prosperity and well-being.

18. Mr. AHMED (Sudan) said it was hard to divorce consideration of the problem of economic development from the disheartening realities of the current political scene. That did not mean, however, that the great economic and social efforts of the United Nations or the devotion of the Secretariat had been wasted. On the contrary, the bleakness of the political outlook should furnish an added incentive to increased effort, for the economic and social disparity between the peoples of the world was one of the sources of the world's unrest, and economic and social development was one of the roads which would lead to political stability and eventually to international peace.

19. Although Africa was only one of the great under-developed regions of the world, it had recently received increased attention because of its political awakening and the great number of newly independent African countries.

20. Among the greatest and most immediate needs of the entire under-developed world were investment capital and technical assistance. Though it had been increasing, the total volume of that aid fell far short of the minimum requirements of the under-developed countries, and was still below the minimum of one per cent of the combined gross national product of the advanced countries set by the General Assembly as the desirable target. It was therefore puzzling to hear that the sources of capital had grown in number to a confusing and perhaps undesirable degree. While it was true that unnecessary duplication and lack of co-ordination could hamper the flow of international capital, the increase in the sources of finance was in itself a healthy development. That was one reason for the ardent support his delegation had given to the establishment of yet another body for international economic assistance—the United Nations capital development fund—and for its regret that the Committee established for that purpose by the General Assembly had been unable to fulfil its task because of the refusal of the prospective donor countries to accept the idea of extending some capital assistance through multi-lateral channels.

21. The foreign aid channelled to the newly independent countries could best be described not as a form of charity but as an obligation from the point of view of the capital-exporting countries and a right from the standpoint of the recipient countries. On the other hand, it must be regarded not as a substitute for national efforts but as a means of stimulating and supplementing them. His Government welcomed assistance from international organizations and from friendly nations, irrespective of their social and political systems. At the same time, it encouraged private investment while relying on domestic sources

to finance the major parts of its development programmes.

22. It was hardly possible to speak of the financing of economic development without referring to international trade. The World Economic Survey, 1960 (E/3501/Rev.1) had clearly shown the deterioration in the position of primary producers in world trade. That was indeed a grave situation which called for immediate action on the part of the United Nations. The situation was at least partly a result of the commercial policies of some of the highly industrialized countries and of the regional economic groupings they had established. As the President of the Sudan had said, the developed countries might be justified in following any policies they believed would strengthen their own economies through co-ordination or economic integration, but could not be justified in using those policies as a guise to preserve old or to create new monopolies, or to indulge in economic discrimination between countries of one region or one continent. Such economic groupings were not and could not be purely economic; they shielded certain political objectives which the Sudan opposed and they would tend to disrupt regional co-operation in other areas.

23. Fluctuations in commodity prices which, more often than not, were due to artificial barriers and to the general policies of the importing countries, were another obstacle to the economic development of the less developed countries. The situation called for speedy action on the part of Governments and inter-governmental, regional and private organizations.

24. In his delegation's view, industrialization was the key to economic development and must be viewed as an integral part of the development process. The increased attention being given to the matter by the United Nations was therefore gratifying and his delegation would continue to support all measures designed to increase the powers of the Committee for Industrial Development. It also welcomed the establishment of the Industrial Development Centre, not only as a clearing-house for research, but also as a co-ordinating agency for industrialization methods and approaches and a dynamic centre for fruitful consultations and planning.

25. The decentralization of United Nations activities and operations and the increased utilization of the regional economic commissions decided upon by the General Assembly and the Economic and Social Council were further steps forward. However, his delegation considered that decentralization could not be limited to the mere transfer of administrative and financial powers from Headquarters to the regional commissions, but must entail a careful reorganization on a broader basis, the redistribution of operational activities and a revision of functions and responsibilities. The Economic Commission for Africa was undoubtedly in the best position to serve the African continent if it was given the means and authority to do so. However, the Commission still suffered from limited means and from the inadequate representation of Africans among its staff.

26. Mr. NESTEROVICH (Byelorussian Soviet Socialist Republic) said that his delegation shared the concern expressed by numerous representatives of under-developed countries concerning the colonialist domination of their economies. He agreed that the United Nations should find a rapid solution to that problem. The Byelorussian SSR strongly sympathized

with the desire of the under-developed countries to achieve political and economic independence.

27. Since the October Revolution of 1917 the Byelorussian Soviet Socialist Republic had made unprecedented strides in its economic development. Despite the destruction of the Second World War, it had continued to achieve enormous successes in both industry and agriculture. Aggregate industrial production in 1961 would represent an increase of more than 40 per cent over 1958. Industrial production in 1960 had been 4.3 times as great as in 1940. The prospects for the economic development of the socialist countries were even greater since the twenty-second Congress of the Communist Party had adopted a programme of communist development under which, during the next twenty years, industrial production would increase 9.3 times as compared with 1960. On the completion of that programme the Soviet peoples would enjoy the highest living standards in the world.

28. The United States had proposed that the 1960's should be known as the United Nations Decade of Development. The economic and social development of the under-developed countries must indeed be accelerated but, if the coming decade was to be a genuine decade of development, the economic and social consequences of colonialism must be eliminated. Unfortunately, the United States proposal did not recommend effective measures to achieve that aim. The general debate had showed that, if the primary needs of the under-developed countries were to be met, it was above all necessary to remedy the unequal terms of trade in raw materials and in manufactured goods, to stabilize primary commodity prices, to increase deductions from the profits of foreign monopolies for the benefit of the under-developed countries, to liquidate inequitable economic agreements and to alter the whole pattern of trade between the capitalist and under-developed countries. Many representatives had described how the unfavourable terms of trade had resulted in enormous losses for their economies. The representative of Lebanon had said (728th meeting) that the industrial countries were taking away in trade on the one hand what they were giving in aid on the other. And the general consensus of opinion was that the assistance given by the Western countries barely covered the losses suffered by the primary producing countries as a result of fluctuations in the prices of their exports. If the 1960's were really to be a United Nations decade of development, those basic injustices should be remedied.

29. Another evil that must be eradicated was the exploitation of the under-developed countries by private foreign capital. In his statement (725th meeting) the Tunisian representative had proved conclusively that private investors impoverished rather than enriched the under-developed countries. The benefits of private foreign capital had, of course, been defended by the United Kingdom and the United States representatives. The former, for example, had said that the United Kingdom had borne heavy sacrifices in order to assist the under-developed countries. But the interim report on the international flow of private capital, 1959-1960 (E/3513) showed that the United Kingdom had extracted in profits far more than it had invested in the under-developed countries. The United States representative had said (718th meeting) that it would be "almost sinful" not to make the maximum use of private foreign capital. But, between 1946 and 1959, for every dollar which the United States had invested in the under-developed countries it had

extracted two-and-a-half dollars in profits. The peoples of the under-developed countries had every right to demand the return of the riches which had been plundered from them by the Western Powers over the centuries.

30. Since the thirteenth session of the General Assembly, the Byelorussian delegation had repeatedly proposed that the Secretariat should make a special study of the possibility of increasing deductions and payments from foreign companies for the benefit of countries whose natural resources were exploited by foreign private capital. However, the Secretariat had as yet done nothing. It was obvious that the Western Powers wanted to maintain the hegemony which their capitalists exercised over the under-developed countries. For example, Iraq had been trying for more than three years to break the stranglehold which United States, United Kingdom, Netherlands and French oil companies exerted over its economy. It was only fair that the profits of such companies should be redistributed for the benefit of the exploited countries.

31. Another way of helping the under-developed countries was to train their nationals. The whole experience of the technical assistance programmes showed that the dispatch of international experts would not solve the problem. It would be much better to use the money spent on experts for the direct training of local personnel. Nor could the problem be solved by sending so-called volunteers from the United States to the under-developed countries. Even former President Eisenhower had recently described the United States Peace Corps as a childish experiment, and had said that many of its members did not even know what an under-developed country was.

32. A further source of financing for the under-developed countries would be the savings achieved as the result of general and complete disarmament. In accordance with General Assembly resolution 1516 (XV), the Headquarters Secretariat and the secretariats of the regional economic commissions should carry out a study of the economic and social aspects of disarmament. His delegation also hoped that the draft declaration on international economic co-operation submitted by the Soviet Union at the fifteenth session of the Assembly (A/4648, para. 48) would soon be adopted.

33. It was extremely regrettable that the economic surveys published by the United Nations Secretariat, which should be comprehensive and objective, were in fact one-sided and biased. They ignored the achievements of the socialist countries and of Byelorussia, in particular. The occasional references to the Byelorussian Soviet Socialist Republic were completely distorted. For example, the Economic Survey of Europe in 1960 (E/ECE/419) misrepresented Byelorussian industrial progress and completely failed to recognize that its industrial production had expanded forty times since 1913. The economic surveys dealt only with secondary questions and disregarded such acute problems as the effect of the arms race upon economic development. The Secretariat gave the impression that the over-inflated war economies of the Western Powers were unavoidable and sought to defend them. There was no mention of the adverse effects of armaments expenditure on the economies of the under-developed countries. Indeed, in some cases military assistance was cited as an economic advantage. In fact, the participation of certain countries in military blocs perpetuated their economic

backwardness and did immense harm both to themselves and to their neighbours. A Turkish Government official had pointed out that since 1938 Turkey had linked its fate with the West and that the consequent burden of national defence had seriously threatened its economy.

34. Both in the world economic surveys and in the surveys of the various regions the Secretariat was inspired by bourgeois theories. It ignored Marxist-Leninist theory and the practice of socialist construction, in particular the theory and practice of socialist planning and reproduction and the socialist social system; and it distorted the aims and tasks of socialist production. The Secretariat did so because the socialist countries' experience in economic development aroused great interest in the under-developed countries. The concepts and evaluations of Marxist ideology (which was followed by more than one third of the human race) and of the under-developed countries' economists and sociologists were invariably neglected

by the Secretariat and its collaborators. The Secretariat was dominated by a single ideology—that of capitalism. Why did the United Nations, which claimed to be a universal organization embracing socialist, neutralist and capitalist countries, take only bourgeois ideology into account? The Secretariat's approach to the practical tasks confronting it was governed by the pro-Western orientation of the vast majority of its members. That was the only explanation for its attitude, which was often downright hostile to the socialist countries and to the under-developed countries' aspiration to complete economic and political freedom.

35. Mr. KARAKOYLU (Turkey) pointed out, in reply to the representative of the Byelorussian SSR, that defence did indeed weigh heavily on the Turkish economy, but that was because the Turkish people felt that their freedom and integrity were more important even than economic development.

The meeting rose at 5.50 p.m.