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Economic development of under-developed countries (continued):

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(c) Methods and techniques for carrying out a study of world economic development: report of the Secretary-General and comments thereon by the Economic and Social Council (A/4489, E/3379, E/3379/Add.1-6);

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GENERAL DISCUSSION (continued)

1. Mr. Lychowski (Poland) said he intended to concentrate on the long-term problems of the world economy, the importance of which had been reflected in nearly all the speeches made in the plenary meetings. It was more than ever essential to examine those problems in detail within the Committee, not only because its sixteen new members expected from the current debate some suggestions to help them formulate their future economic policies but also because meetings of the Economic and Social Council held at the ministerial level during its session constituted the first timid attempt to co-ordinate different national economic policies and to promote concerted international action in different economic fields.

2. The three main questions confronting the Committee were the following: first, what was, in exact terms, the current long-term trend of the world economy and, within that economy, what was the situation of the less developed part of the capitalist world? Secondly, should the United Nations embark upon some new course of action in view of that trend or, as some Members suggested, limit its activities in the economic field to their existing scope? Finally, if the need for a new policy were recognized, what measures should be taken in order to obtain the desired results?

3. To obtain a realistic appraisal of the current long-term trend of the world economy, it was essential not to overlook, as the Secretariat often tended to do in its surveys, the basic truth that mankind was living in a world that was split both economically and politically. The world economy comprised a socialist sector, an industrialized capitalist sector and an under-developed capitalist sector. A close examination of the development of those three sectors revealed two fundamental trends: the growth of per caput national product was more rapid in the socialist sector than in the two capitalist sectors combined and it was much greater in the industrialized capitalist sector than in the under-developed capitalist sector. Between the pre-war period and the middle fifties, the value of the per caput national product had increased by some 80 per cent in North America, by some 25 per cent in Western Europe, but only by about 7 per cent in Latin America, whereas it had declined by 8 per cent in South and South-East Asia. An analysis of the situation showed that the gap between the under-developed countries and the rest of the world was continuously growing. Solely in order to reduce that gap and restore the under-developed countries to the place they had occupied in the world economy during the thirties, the per caput national product of the Latin American countries would have to rise by approximately 50 per cent and that of the countries of South and South-East Asia by no less than 73 or 74 per cent. The numerous changes which had taken place since the war within the

industrialized capitalist sector had done nothing to improve the situation of the under-developed capitalist countries. While the share of the highly developed capitalist countries in world manufacturing production had decreased as a result of the industrialization of the socialist countries, the share of that production accruing to the under-developed countries was probably less now than it had been thirty years previously.

4. The development of the world economic situation therefore revealed that thousands of millions of dollars should be spent on the diversification and the expansion of production in the under-developed countries. However, the Governments and the influential political groups in the highly developed capitalist countries refused to accept the idea that the development of the under-developed countries was a problem involving the whole world economy. They reduced the problem to the narrow issue of "assisting" the less developed economies, doing nothing to change their own economic policies, which continued to be aimed solely at establishing closer and closer links among the highly developed countries themselves, as witness the recent establishment of the European Economic Community. Even international agencies like IMF, IBRD and, to a large extent, GATT were concerned essentially with economic relations between the developed countries. The expansion of their agricultural production and their technological progress led those countries to turn their backs on the rest of the world. Hence they refused to consider economic problems—and particularly the relationships between the three sectors of the world economy—in a global manner, a fact which explained the proliferation of "international" agencies in their sector and the absence of any programme embracing the whole world economy. That was why the United Nations still played such an inefficient role in the economic field.

5. In that connexion, his delegation deplored the contradiction inherent in resolution 782 (XXX) of the Economic and Social Council. It was obvious that exchanges of views between responsible economic leaders of the three sectors of the world economy were not only "useful" but essential for promoting the economic and social development of the under-developed countries, a problem which concerned the world as a whole and which could be solved only if the three sectors united their efforts and adopted a joint policy.

6. If they were to overcome their economic backwardness, the countries which had been exploited for more than two centuries must be given the means to develop. A country could acquire those means from abroad either on a commercial basis or in the form of assistance. The less-developed countries had so far been unable to take advantage of the first method because the international division of labour in the capitalist world had deprived them of the benefits of industrialization and had, moreover, limited their scope even in the production of raw materials, a large share of which the industrialized countries had arrogated to themselves. That state of affairs was further aggravated by the fact that the developed countries were visibly reluctant to increase, and in some cases to maintain, the level of their raw material and foodstuff imports from the under-developed countries, whereas they tended to increase their imports from the industrialized countries. The latter now accounted for 61.9 per cent of their total imports, as compared with 55.7 per cent in 1938. In other words, after establishing an

extremely inequitable international division of labour, the small group of highly industrialized countries was seeking gradually to withdraw from the system and to close its doors to exports from the under-developed countries. As their export earnings were the only income those countries could acquire for themselves and devote to economic development, it was urgently necessary to pave the way for a more reasonable distribution of world trade, which was becoming more and more compartmentalized, while the three sectors of the world economy were drifting further and further apart. General Assembly resolution 1421 (XIV), which his delegation had co-sponsored, like resolution 6 (XV) of the Economic Commission for Europe^{1/} and Economic and Social Council resolution 778 (XXX), emphasized the need to strengthen and develop the world market.

7. In that connexion, in view of the importance of export earnings to the under-developed countries and the fact that for a long time to come they would be able to export only primary products, it was essential that those countries should be informed as to the long-term world demand for primary products. That was why his delegation attached so much importance to the work of the United Nations in the field of long-term economic projections. The time had come to prepare, for the thirty-second session of the Economic and Social Council, the first tentative projections of the demand for and the supply of primary commodities.

8. It was, moreover, not merely the decrease in the volume of their exports which was jeopardizing the economic development of the primary producing countries but also the fluctuations in the prices of primary commodities on the world market. In order to bring the world economy into balance it would be necessary for the under-developed countries to have a permanently positive balance of trade. Any increase in the value of those countries' exports would contribute to improving the world economic situation. That was why his delegation on the whole approved of Economic and Social Council resolution 783 (XXX).

9. The most difficult long-term problem facing the under-developed countries of the capitalist world was that of the diversification of their production or, in other words, of their industrialization. It was in that area that the direction taken by the activities of the United Nations most disquieted his delegation. Not only would it have been necessary to establish a functional commission of the Council for industrialization rather than the Committee for Industrial Development, but the latter body's programme of work had been drawn up in such a way as to prevent its tackling the fundamental problems and considering the steps which the various under-developed countries should take in order to industrialize themselves. The developed countries on the Council were seeking to exercise strict control over the activities of the new body, and that was why they had made it a committee of the Council, and wished to limit its work to practical questions of technical assistance. His delegation could not support that view, since the diversification of production in the under-developed countries was the *sine qua non* of their economic progress. The General Assembly should make its position clear on that point in connexion with the future work of the Committee for Industrial Development.

^{1/} See *Official Records of the Economic and Social Council, Thirtieth Session, Supplement No. 3*, part III.

10. With regard to the second way open to the less-favoured countries to procure the means for development, it should be emphasized that, although foreign assistance could not be the main propelling force of national economic expansion, the situation required a massive and uncompensated transfer of wealth to the under-developed countries. The financing of foreign assistance should be the responsibility of the countries which had built their present-day prosperity on the exploitation of the natural resources of the less developed countries and, in providing that financing, the economic aspects of disarmament should be borne in mind, as the Soviet delegation had proposed. Moreover, it was impossible to over-emphasize the anomaly inherent in the fact that the United Nations lacked an instrument which would enable it to finance investments in the under-developed countries; for that reason his delegation, which had always been in favour of SUNFED, would continue to support all those who sought the establishment of a United Nations capital development fund.

11. With regard to the use made of the assistance granted to the under-developed countries, it should be pointed out that certain donor countries and certain international agencies adopted an excessively paternalistic attitude in attempting to convince the recipient countries that they should accept assistance in one field rather than in another. In the same way, IBRD chose the projects it would agree to finance on the basis of their speedy profitability rather than their value in the development of the country concerned. Foreign assistance should be adapted to the most urgent needs of the recipient country, which should be the sole judge of how that assistance should be used. Although multilateral assistance had its merits, bilateral assistance could also be very useful if those principles were respected, provided it was not made subject to any political conditions.

12. In connexion with economic assistance to the under-developed countries, he pointed out that agenda item 88 (Africa: a United Nations programme for independence and development), which the General Committee had transmitted to the First Committee, bore on the Second Committee's work. Perhaps the item might be considered jointly by the First and Second Committees. It would, of course, be necessary to call on the Economic Commission for Africa when the time came to implement the resolutions adopted by the General Assembly on that agenda item.

13. In conclusion, he stressed the need to re-establish close contacts, at the ministerial level, between the three economic sectors of the world, and recalled the importance of international trade for world economic integration. He emphasized the inter-dependence between the sectors of the world economy and expressed the hope that the inter-dependence would be made the focal point of the Committee's work. The United Nations could make an important contribution to restoring balance to the world economy and Poland had every reason to wish it success in the endeavour.

14. Mr. PAYNE (United States of America) noted that the Economic and Social Council had become a forum for the consideration of the economic and social aims of international community, a fact borne out by the work of its thirtieth session, held at the ministerial level, at which Mr. Dillon, Under-Secretary of State, had emphasized the dedication of the United States to the

concept of international partnership for economic and social progress. The Committee for Industrial Development, set up by the Council at its twenty-ninth session for the world-wide dissemination of modern production techniques, represented an important step towards concerted action to accelerate industrial development in the under-developed countries. The Council had also adopted unanimously resolution 768 (XXX) on the opportunities for international co-operation on behalf of newly independent countries. That resolution was of great importance and it would be recalled that, in his speech on 22 September, the President of the United States had placed before the General Assembly (868th plenary meeting) five proposals for strengthening the independence of the new countries. The Council had also dealt with assistance to Member States that had suffered from earthquakes during 1960. The regional economic commissions had an important part to play: he would mention ECLA's assistance in the establishment of the Latin American Free-Trade Association and the successful work of the Committee for Co-ordination of Investigations of the Lower Mekong Basin, set up by ECAFE and collaborating in that field with the Special Fund, several specialized agencies and a number of Member States, including the United States. The activities of the two Commissions were splendid examples of regional partnership and it was to be hoped that they would prove an inspiration to the Economic Commission for Africa.

15. In the field of co-ordination, the Council at its thirtieth session had examined a report on programme appraisals, (E/3347/Rev.1)^{2/} which was an attempt, unique in the history of international organizations, to provide a global view of current programmes, to evaluate the extent to which they met economic and social needs throughout the world, particularly in the less developed countries, and to assess the functional relationships between the different organizations. It should facilitate future planning and help to ensure the most effective use of limited resources by the United Nations, the specialized agencies and the International Atomic Energy Agency. Furthermore, the United States intended to encourage concerted action in the fields of housing, industrialization, training and public administration.

16. It was regrettable that the representative of the Soviet Union had failed to understand the nature of the Council's work on co-ordination. In that connexion, he wished to clear up certain other misunderstandings. According to the USSR representative, attempts were being made to use the Economic and Social Council for the encouragement of private capital investment in the under-developed countries and to concentrate its efforts on the problem of pre-investment. The United States delegation did not regret that the Council had given attention to the question of private capital investment. That study had stemmed from resolution 1318 (XIII), submitted to the thirteenth session of the General Assembly by a number of capital-importing countries and supported by every non-communist delegation, and especially by the under-developed countries. At the recent Pledging Conference, those countries had also emphasized the importance they attached to pre-investment activities.

17. The representative of the USSR had also regretted that there had not been more participants in the ministerial meetings of the thirtieth session of the

^{2/} United Nations publication, Sales No.: 60.IV.14.

Council. The United States shared that regret, but believed that the correct solution was to increase the membership of the Council, as suggested by the representative of the Sudan. The Soviet Union and Poland, however, had been the only countries to oppose the adoption of a resolution to that effect at the twenty-sixth session. Lastly, the representative of the USSR had questioned the impartiality of some of the Secretariat's reports. He would point out that economic matters were always open to different interpretations, but that was no reason for attacking the Secretariat.

18. The central theme of the discussions both in the Second Committee and in the Economic and Social Council was the economic growth of the under-developed countries. The Secretary-General had submitted to the thirtieth session of the Council a most useful document on international economic assistance to the less developed countries (E/3395 and Add.1).^{3/} Four main points in that document had impressed his delegation.

19. First, the flow of assistance in the form of public capital had increased steadily since 1953, and had been a stabilizing influence on the development programmes of the less developed countries. In 1959, the commitments of the free world to those countries had totalled \$4,000 million, double the amount achieved five years earlier.

20. Second, the bulk of such assistance continued to come from countries of the free world, whereas the sum total of assistance committed or promised by the countries with centrally-planned economies in the past six years was less than the amount actually contributed by the Western Governments in a single year. Ninety-five per cent of the assistance channelled through international organizations had also been furnished by countries of the free world. Moreover, about half of the assistance provided by the countries of the free world had been given as an outright grant; even in the case of loans, interest was charged at low rates and was often payable in the currency of the borrower.

21. Third, the assistance to under-developed countries was increasingly furnished through international organizations. The IBRD had doubled its capital and had contracted commitments to lend more than \$700 million a year, compared with about \$400 million five years before. Asia, Africa and Latin America had been the chief recipients of those loans. The Bank had also helped Governments to conduct negotiations on international projects, as in the case of the recent agreement between the Governments of India and Pakistan concerning the use of the Indus waters. A noteworthy contribution had also been made by the Economic Development Institute, which organized courses and seminars. In addition to the International Finance Corporation, two new organizations had come into being: the Inter-American Development Bank and the International Development Association. The former had begun to function on 1 October 1960 with a capital of \$1,000 million, of which the United States had subscribed \$450 million. It would contribute to better understanding between the United States and Latin America, to economic progress and to the fulfilment of social development programmes to be financed under a plan authorized by Congress in 1960. The International Development Association, an affiliate of IBRD,

would grant loans on more flexible terms than those imposed by IBRD and would, in particular, help to finance infrastructure projects.

22. Fourth, there was a growing realization of the importance of pre-investment activities. As Mr. Dillon had told the Economic and Social Council in July 1960 (1117th meeting), the main difficulties ahead in the development of the non-industrialized areas would lie in the necessity for preparing and implementing economically feasible development projects, improving government administration, training manpower and achieving higher standards of health and education. The United Nations played an important role in that field; the Expanded Programme of Technical Assistance was continuing to assist developing countries in preparing sound programmes and in training personnel. The Special Fund, although only recently established, was already paving the way for investments of all types, local and foreign, public and private.

23. In 1953, the President of the United States had said that his Government was ready to join all nations in devoting a substantial percentage of the savings achieved by disarmament to a fund for world aid and reconstruction. Unfortunately, disarmament had not yet been achieved. The representative of the Soviet Union in the Second Committee had blamed the United States and the other Western Powers for that, but it was the Soviet Union, not the Western Powers, which had withdrawn from the Disarmament Committee meeting in July 1960.

24. The flow of private capital to the less developed countries had steadily increased in the past few years, and those countries realized that the influx of foreign investment, bringing with it the training of local personnel, could expedite their economic development. That was why President Nkrumah, for instance, wanted Ghana to create conditions which would assure foreign investors of a reasonable return. The United States considered that private investment would contribute more and more to the economic development of the non-industrialized areas. It believed that every nation must be free to choose its own national goals and its means of attaining them, and that the nations would choose economic liberty, for a system whose chief characteristic was freedom of individual choice would best satisfy the aspirations of all human beings. Thus the people of the United States lived in a society in which dynamic private enterprise was balanced by government action at both the national and the local level: that protected most Americans against the vicissitudes of old age, unemployment and injuries or illness connected with employment. Nearly all Americans were covered by the national legislation relating to old age and survivors' benefits, and millions of others were similarly protected by private pension plans. Approximately 45 million people were eligible for unemployment compensation under a federal-state insurance system, and many workers were also aided by their trade unions during periods of unemployment. Forty-one million people were provided with coverage against employment-connected disabilities under a national system inaugurated in 1911. At the same time a majority of Americans were already self-insured for medical and hospital costs under a variety of plans. There was reason to believe that the people of the United States were better protected under those various schemes than any other people in the world. Those who made doctrinaire attacks on the economic system of

^{3/} Official Records of the Economic and Social Council, Thirtieth Session, Annexes, agenda items 2 and 4.

the United States seemed unaware that the Federal Government and the state governments contributed heavily to the support of education and to the construction of residential housing, hospitals and highways. The term "economic and social humanism" was perhaps the aptest description of the United States system.

25. In July 1960, FAO had launched a Freedom from Hunger Campaign with the aim of overcoming the twin problems of inadequate food supplies and rural poverty during the next five years. The campaign was primarily a food production campaign and the emphasis on production was entirely justified by the unprecedented rate of growth of the world's population. The United States wholeheartedly approved the campaign. Its own Food for Peace programme lent support to the FAO objectives, in particular by helping countries improve their own food production capabilities. During the past six years the United States had made agricultural commodities valued at over \$9,000 million available on special terms to needy countries. By special terms, one of three types of measures was meant. First, about \$5,000 million worth of commodities valued at world market prices had been sold by the United States for local currencies, an arrangement that enabled the purchasing countries to avoid any further burden on their foreign exchange resources. An agreement of that type had been negotiated in the spring of 1960 between the United States and India for the delivery, over a four-year period, of 16 million metric tons of wheat and 1 million metric tons of rice, to be paid for in rupees. The agreement would constitute a major factor in promoting the success of India's next five-year plan. Second, between 1954 and the end of 1959 the United States had granted food valued at \$434 million to foreign Governments to help meet disaster conditions. During 1960 disaster relief programmes had functioned in eighteen countries, including Morocco and Chile. Third, commodities valued at \$1,500 million had been donated to needy persons through thirty-one agencies, including UNICEF. The aim of those operations had been to promote human welfare without interfering with the normal marketing operations of other food exporting countries, and consultations had been held to that end with other major exporters in accordance with the FAO principles.

26. The delegations of Canada, Haiti, Liberia, Pakistan, Venezuela and the United States now proposed, in a draft joint resolution (A/C.2/L.459), the development of a programme to provide food on special terms to needy peoples in other nations. All Members of the United Nations were urged to support FAO's Freedom from Hunger Campaign and to take suitable measures to relieve the suffering of needy people in other nations and assist them in their efforts toward a better life. The draft resolution called attention to the contribution which the appropriate utilization of food surpluses could make to the economic development of the less developed countries, and affirmed the value of establishing national food reserves in food-deficient countries. Paragraph 5 was the heart of the proposal. It invited FAO, after consulting Member Governments, the Secretary-General, and appropriate specialized agencies, to establish without delay procedures by which, with the assistance of the United Nations system, the largest practicable quantities of surplus food could be made available on special conditions. The FAO would offer information and advice to the food-surplus and food-deficient countries, on the basis of which the countries concerned could negotiate agree-

ments for the transfer of food on special terms. Paragraph 6 invited FAO to undertake a study of the feasibility of additional arrangements having as their objective the mobilization of available surplus foodstuffs and their distribution in areas of greatest need. Finally, the Secretary-General was requested to report to the Economic and Social Council on the role which the United Nations and the appropriate specialized agencies could play to facilitate the best possible use of food surpluses for the economic development of the less developed countries. In that connexion, the Secretary-General might study three possible uses for surplus commodities: to counteract inflation, particularly when caused by heavy investment for development purposes; in connexion with development programmes which were revised or specifically planned so as to create more employment among persons whose consumption was sub-standard; and to establish national food reserves. It would be premature to predict in detail the final shape of the programme which would emerge from the draft resolution but the following criteria should be taken into account: there should be no harmful interference with normal patterns of international and domestic trade; there should be no adverse effect on indigenous production; and the transfers must help the recipient countries to increase their productivity. The long term goal must be a world in which all people had enough to eat. Special terms must be considered as transitional.

27. His delegation believed that the programme had a great potential. It would appreciate the co-operation of the Second Committee in giving priority consideration to the proposal, so that the FAO Council currently meeting in Rome could consider the matter before it adjourned on 28 October.

28. Mr. BERNARDO (Argentina) said that he would confine his remarks to the report of the Economic and Social Council (A/4415). In the past the Second Committee had taken up the report, which was item 12 of the current agenda, in conjunction with the question of the economic development of under-developed countries and had generally dealt with it only in cursory fashion. However, under Article 60 of the Charter, responsibility for the discharge of the functions of the Organization in the field of international economic and social co-operation was vested in the General Assembly, and, under its authority, in the Economic and Social Council. It was therefore the Second Committee's duty to give the most careful consideration to the Council's report. A question of principle was involved, for the General Assembly could not leave entirely to the Council the responsibility of dealing with questions not directly related to economic development, particularly when most of the Council's members were from the industrialized countries. However much generosity and good will they displayed, they were not always in a position to recognize and understand all the aspects of the problems confronting the under-developed countries.

29. In view of that situation, the Argentine and other delegations at various Assembly sessions had advocated a revision of the Charter which would enable the membership of the Economic and Social Council to be enlarged. Those efforts had been unsuccessful and the detailed examination of the Council's report by the Second Committee was therefore the only opportunity the representatives of certain major regions had to explain the problems on which the economic situation

of their countries and their very existence as independent States depended. Those considerations were reinforced by the recent admission to the United Nations of a large number of new Member States, the majority of them from the African continent. As the Sudanese representative had pointed out, it was only fair that Africa should be equally represented in the Council, provided that such representation did not prejudice the other regions and, particularly, the less developed countries and countries in the process of development in Asia and Latin America. The under-developed countries were not, of course, all in the same category and it would be absurd to think in terms of a rigid division between under-developed and developed countries. All those countries were united in seeking a higher level of living and all realized that they were linked by a common destiny.

30. With regard to Council meetings at the ministerial level, his delegation had favoured the Secretary-General's initiative, since it had felt that, pending a change in the Council's membership, such meetings would give countries not belonging to the Council an opportunity to state their views. Unfortunately, only ministers from States represented in the Council had taken part in the meetings. In those circumstances, it was hardly worth while discussing the co-ordination of economic policies for, given the present membership of the Council, such a discussion would merely confirm the fact that the under-developed countries and the countries in the process of development were dependent on the economic policies of the industrialized countries. His delegation hoped, however, that such meetings would continue, but considered it essential that the procedure should be reviewed.

31. At the Council's twenty-ninth session, the Soviet Union delegation had proposed (1109th meeting) that the economic and social aspects of disarmament should be examined at the thirtieth session. That question had not been placed on the agenda of the current-session but the USSR representative had again raised it before the Committee (647th meeting). Disarmament was certainly one of the most serious and most urgent political problems confronting the Assembly. Undoubtedly, its solution would favour world economic development but it would be a serious mistake to subordinate economic development to a disarmament agreement. Economic under-development inevitably exacerbated the tensions threatening world peace and it should be remedied at once. It would therefore seem that a study of the consequences of disarmament was unfortunately premature. The under-developed countries and countries in the process of development, particularly Argentina, were none the less convinced that disarmament could have extremely significant consequences for their economy.

32. The World Economic Survey, 1959 (E/3361) was a valuable document which had become indispensable as a source of data and as a reference work for the Committee. Part II dealt with current economic developments and noted an upswing in industrial activity. Unfortunately, the export prospects of the primary producing countries had not improved. Certain industrial countries had even adopted measures tending to restrict such exports. The Survey also described the contrast between higher prices for certain industrial products and declining prices for most foodstuffs. In the centrally planned economies high rates of growth in output and an acceleration of the rate of growth in

foreign trade had been observed but farm production had declined. It would therefore seem premature to draw conclusions favouring the centrally planned system.

33. The Argentine delegation greatly appreciated the work of the regional economic commissions—and especially of ECLA—in the field of development. Latin America was exposed to dangerous economic and social tensions and ECLA did valuable work in seeking constructive solutions. However, the development techniques based on private enterprise, which were traditional in Latin America, were meeting great difficulties. Undoubtedly, the removal of those difficulties depended to a large extent on the Latin American countries themselves, but they could do nothing without effective international co-operation in the form of capital investment and technical assistance rather than vague and theoretical statements. Above all, it was essential to change the anti-economic policy of the industrialized countries.

34. The General Assembly in resolution 1431 (XIV) had approved the establishment of a Commission for Industrial Development, and at its twenty-ninth session, the Economic and Social Council had examined the question of a work programme in the field of industrialization. As an observer, the Argentine representative had made a statement (1103rd meeting) which the Council had taken into account. It was to be hoped that the new Commission would be able to give a fresh impetus to industrialization.

35. There had been little change in the situation with regard to international commodity trade in recent years. The terms of trade of the countries producing and exporting raw materials and foodstuffs continued to deteriorate. The price index of primary commodities for 1959 had fallen sharply, whereas the price index of manufactured goods had maintained its 1958 level.

36. The under-developed countries still suffered from protectionist agricultural policies which had a disastrous effect on economies which were extremely sensitive to fluctuations in prices and external demand. Any decline in the industrialized countries' demand for primary commodities restricted the under-developed countries' capacity to purchase the manufactured goods they needed for their advancement and the execution of their development programmes. The Argentine Republic, in particular, was a victim of that situation since agricultural commodities accounted for 90 per cent of its exports.

37. One particularly important problem was that of agricultural surpluses, which had been reflected in a sharp decline in prices. The steps taken to reduce those surpluses, notably by the United States, had not produced any tangible results. Although the FAO Principles^{4/} had been approved by the producing countries, surpluses continued to mount and to hamper the expansion of the markets of certain countries, among them Argentina, whose exports had diminished sharply in relation to the pre-war period. The industrialized countries did not seem to be aware of those difficulties and applied policies based on exaggerated support prices, with the result that from being importing countries many of them had become exporters. The steps

^{4/} Food and Agriculture Organization of the United Nations Commodity Policy Studies No. 10: *Functions of a World Food Reserve—scope and limitations* (Rome, 1956) appendix III.

taken by the European Economic Community countries also presented serious dangers.

38. It was noteworthy that world trade in commodities was increasing only very slowly. Between 1928 and 1957, while the volume of world exports of industrial products had increased by 146 per cent, the volume of commodity exports had increased only 21 per cent, and if oil was excluded by only 14 per cent. The only method which had so far been found of remedying fluctuations in commodity prices was the conclusion of international agreements. However, experience had shown that such agreements raised many difficulties for they compelled certain countries to adopt domestic measures that were not easy to apply because of the political problems which they sometimes involved.

39. In connexion with the problem of surplus, President Eisenhower had proposed during the current session that surplus foodstuffs should be distributed to States Members through the United Nations. The idea of feeding hungry peoples was undoubtedly praiseworthy, but it must be admitted that it came a little late and might have rather dangerous results. FAO, in co-operation with the United Nations, had started a world Freedom from Hunger Campaign. The Government of the United States had used bilateral agreements to launch an assistance programme under which it distributed agricultural surpluses to the under-developed countries. It was difficult, therefore, to see why the General Assembly should assume responsibility for a problem that was already being dealt with by a specialized agency which had special competence in that matter and therefore possessed the technical facilities for resolving it. Any General Assembly resolution on the matter would be mere duplication. Moreover, such a resolution might have quite the opposite consequences from what was intended. In fact, even within the limits fixed by FAO, the release of surpluses might have disastrous effects on the trade of producing countries and reduce the foreign currency earnings they needed to speed up their rate of development. In other words, the proposed aid would in the end be provided at the expense of the producing countries. Despite appearances, the proposal was not fully in

keeping with the principles of sound international co-operation and continental solidarity. It also raised a question of principle. In adopting it, the General Assembly ran the risk of sanctioning the protectionist agricultural policies followed by certain industrial countries, against which many countries and international bodies had objected, and there would also be the danger of perpetuating an anti-economic policy. The proposal could therefore be regarded only as an emergency measure. It was obvious that gifts of free food would not be enough to solve the problem of hunger in certain under-developed countries and that the process of development in those countries must be accelerated to enable them to earn enough either to buy food for themselves or to develop the necessary techniques for producing food cheaply at home.

40. The Canadian proposal in that connexion (871st plenary meeting) was even more dangerous. The creation of a "food bank" would not only have the disadvantages already pointed out but would also involve expenditure, in particular the cost of transporting and storing the foodstuffs involved. It might well be asked what would happen if the system were extended to other sectors of production, and an oil bank, a zinc bank, a tin bank or a copper bank were set up to undertake the free distribution of surpluses. His delegation appreciated the idea behind the proposals of the United States and Canadian delegations but it felt that they were merely an emergency solution, one that had already been contemplated by other qualified bodies, and one on which it would be wiser for the General Assembly not to take a position. He would revert to that important matter when the draft resolution introduced by the United States delegation was discussed.

41. Analysis of the report of the Economic and Social Council supplied the data upon which development policy should be based. His delegation would express its views on that policy in detail on a subsequent occasion.

The meeting rose at 1.15 p.m.