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AGENDA ITEMS 12, 29 AND 74

Report of the Economic and Social Council (chapters II (sections I, II and III A, except paragraphs 189-198), III, IV and VII (section I and paragraph 645)) (A/4415) (continued)

Economic development of under-developed countries (continued):

(a) **International flow of private capital: report of the Secretary-General and recommendations thereon by the Economic and Social Council (A/4487, E/3325 and Corr.1-3);**

(b) **Question of the establishment of a United Nations capital development fund: report of the Secretary-General (A/4488, E/3393, E/3393/Add.1-4);**

(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);**

(d) **Promotion of wider trade co-operation among States: report of the Secretary-General (A/4490, E/3389)**

Land reform (A/4439) (continued)

GENERAL DISCUSSION (continued)

1. Mr. WENTWORTH (Australia) said that his delegation shared the hope that the Committee would not waste its time or impair its dignity by the exchange of charges and counter-charges, and that it would do more at its current session than follow the familiar routine. Although the entire Committee had reason to take pride in the co-operative spirit which had permitted the unanimous adoption (658th meeting) of the draft resolution on food surpluses, there was less reason for pride in the concentrated attacks on the Secretariat in general and the Department of Economic and Social Affairs in particular, which had emanated from a small group of its members. His delegation regarded those attacks on the Secretariat's impartiality as deplorable and unjustified, and would point out to the representatives of the Eastern European countries that although the Australian Government had on occasion disagreed with the Secretariat's presentation or assessment of facts, those disagreements had not and would not lead it to the conclusion that the Secretariat had departed from its high standards as a dedicated and impartial body of international civil servants.

2. His delegation shared the belief expressed by many representatives of less developed countries that diversification of their economies was essential, although it recognized that, despite the diversification in which his country had been engaged for several decades, Australia would continue in the foreseeable future to depend largely on commodity trade.

3. His delegation had noted with concern that, after its complete recovery from the 1957-1958 recession, the United States economy appeared to have stabilized, albeit at a very high level. Further developments would be watched with interest in view of the possible effect of a recession in the United States on the economies of western Europe and the rest of the world. His delegation had also noted with disappointment that the growth rates of many of the less developed countries had remained low, and that the gap between those growth rates and those of the industrialized countries was increasing rather than decreasing. The available statistics also confirmed the trend towards a decrease in the share of world trade enjoyed by the less developed countries. Even if, as some observers had suggested, that phenomenon was normal and predictable, it had undoubtedly been aggravated by certain policies and practices in some of the more industrialized countries, such as the discriminatory trade practices associated with policies of excessive agricultural and mineral protection, the limited progress so far achieved in the matter of international commodity arrangements, and new preferential and other discriminatory arrangements associated with regional economic integration. At the fourteenth session of the General Assembly, Australia had expressed confidence that action would be taken in the various international

organs to find acceptable solutions to those problems, and had invited all countries to examine their policies with a view to helping the exports of the primary producing countries. Unfortunately, there was no evidence of any major policy change in many of the industrialized countries. In fact, recent developments in Europe suggested that some of the worst features of agricultural protectionism might be enshrined in the common agricultural policy of the European Economic Community.

4. Australia's primary concern was that, despite the relatively buoyant economic conditions in the more industrialized countries, commodity prices had tended to decline, and were now at the recession levels of 1957-1958. It was estimated that that decline would reduce Australia's export income for the coming financial year by as much as 10 per cent. Perhaps even more alarming was the fact that prospects for the future were no brighter. Should world economic activity decline, Australia and many other countries might be forced to re-examine their trade policies, to the detriment of world trade as a whole.

5. Australia had a direct interest in the various international efforts being made to achieve a greater stabilization of commodity markets and, while it was not convinced that the possibilities of the commodity-by-commodity approach had been exhausted, his delegation entirely agreed with the Indonesian representative that the instability in the prices of primary products seemed to be a malady inherent in such export markets, the nature of which must be determined and cured. The time had clearly come to renew attempts to diagnose and remedy the underlying causes contributing to the unfortunate trends in international commodity trade. It was necessary to give full consideration to the implications of technological developments, which had led to changes in resource utilization in the industrialized countries, and to other factors affecting commodity trade, so that the countries and industries affected could make any necessary changes in their policies and programmes. Much remained to be done in that respect, and his delegation was not satisfied that there was full appreciation of the urgent need to find solutions. It noted with satisfaction the greater sense of urgency shown by the Commission on International Commodity Trade at its meeting earlier in 1960, and commended the Commission's work programme for the current year. It was his delegation's hope that the expert group on compensatory financing would make a substantial contribution to the objective of greater stability in international commodity trade.

6. His delegation would once again urge the more industrialized countries to re-examine those of their domestic policies and practices which inhibited the healthy expansion of international trade in commodities and increased the difficulties of the less developed countries. It would also urge the specialized agencies to intensify their search for acceptable solutions to the problems, and hoped that CICT would intensify its study of the basic problems of instability in primary commodity markets, emphasizing the need to stimulate demand. An ultimate solution must be sought in the work of the various United Nations agencies, because the great economic and social problems of the modern world were international in character and required international co-operation for their solution.

7. His Government welcomed the Economic and Social Council's resolution 780 (XXX) on the international flow

of capital, and would urge all Member States to co-operate by providing the fullest and most up-to-date information possible. Private capital inflow had been of great importance to Australia's economic development, and his delegation believed that it could be equally important in the development of the less developed countries. Nevertheless, looking at the world scene as a whole, it accepted the points made in the debate that foreign private capital, by its very nature, could be only a supplement to international financial assistance from public sources, multilateral and bilateral, and that it was for the recipient countries themselves to decide which offers they preferred to accept.

8. Turning to the question of land reform, he said it was self-evident that in some countries the agrarian structure constituted an obstacle to economic development; his delegation had therefore welcomed the work already done in the field of agrarian reform by the various United Nations bodies and had been encouraged by the considerable progress made in many under-developed countries. In considering any proposals which might be put forward on the subject, his delegation would bear in mind the prospectus for a further report on land reform submitted to the Economic and Social Council by the Secretary-General in 1959,¹ and the fact that in General Assembly resolution 1426 (XIV) on agrarian reform, a report along the lines of that prospectus had been requested. His delegation saw a need for caution lest further broadening of the subject matter of the prospectus should diffuse the Secretariat's analysis and detract from the report's quality.

9. Mr. TEIXEIRA PINTO (Portugal) said that the reports of the Economic and Social Council and other economic documents prepared by the United Nations drew attention to a number of current problems, in particular the repercussions of changes in economic activity and the lack of co-ordination among countries following economic policies whose objectives were similar in some cases and opposed in others.

10. Changes in the level of economic activity affected all countries, and their impact was especially severe in the case of the less developed economies and countries with a small range of exports. It was impossible therefore to view the present situation without some concern, particularly in view of the difficulty of applying anti-cyclical measures to the relatively inflexible economies of the developing countries. For those countries economic development was the crucial problem. The measures required to solve that problem could be considered under the heads: action to maintain the internal growth of the developed countries at a sufficiently high level to ensure world stability and a substantial flow of assistance to other countries; the forms of assistance to be granted to developing countries and the forms of co-operation to be established with them; and the formulation of policies of economic development.

11. Leaving aside the first two aspects, which had already been discussed at length in the Committee and also had political implications, he expressed the view that economic policies could not be formulated for under-developed countries on the basis of studies of the balanced growth of mature capitalist economies, or in isolation from existing social patterns and traditions.

¹/ Official Records of the Economic and Social Council, Twenty-seventh Session, Annexes, agenda item 5, document E/3208.

No effective remedy for under-development had so far been found. Some industrial countries of the world advocated private enterprise, indirect government intervention, free trade and private capital, yet their own development had been complex and had taken centuries. Other industrial countries advocated socialist planning, State ownership, collectivized agriculture, emphasis on heavy industries and great austerity. Development in those countries, some of whose economies had already been predominantly industrial in character, had been achieved at great human cost and had resulted in economic disequilibrium.

12. A great deal had been said about balanced development, yet there were widely differing conceptions of the meaning of that term. It seemed to be assumed that the rate of growth of the under-developed countries would ultimately be restricted by that of the other countries, but that was an unacceptable assumption. He hoped that the Committee for Industrial Development would help to produce a more realistic and accurate analysis of the world economy. He also hoped that the newly-admitted countries would be given every opportunity to express their views in all United Nations bodies, to ensure a representative cross-section of world opinion.

13. It would be difficult at the present stage to adopt an effective world approach to the problem of economic development, but it was significant that the less powerful nations of Europe, Latin America and Africa were embarking on programmes of regional co-operation or integration to promote their development. Such regional efforts could play an important role and ECLA was to be congratulated on the action it had taken to assist the formation of a Latin American regional market. While no sector of the world economy was self-sufficient, the regional organizations could assist in organizing collaboration between their members to promote regional development. It was on those lines that the Secretariat and the regional economic commissions should continue their work and attempt to devise realistic models that could effectively guide the nations towards the goals of economic development.

14. The main problems facing the under-developed countries were specialist training, social education and economic integration and diversification. Those aims should however be pursued with a respect for national aspirations, but within the framework of regional co-operation. The stabilization of the world commodity market was also a major factor in the economic development of those countries and could be achieved only by world-wide collaboration based on a mutual regard for legitimate interests. Fluctuations in commodity prices meant alternating prosperity and poverty for many countries and, while compensatory action on a national scale could mitigate those effects, only concerted international action could be fully effective; the International Coffee Agreement was a recent example of such co-operation and the conclusion of inter-governmental agreements relating to other commodities should be given every encouragement.

15. In present circumstances it would be difficult to organize financial assistance to under-developed countries on an international basis. Such assistance was most valuable in lessening the burden of sacrifice borne by the under-developed nations, but should not be allowed to supplant national effort. Private foreign capital could finance only certain sectors of the economy and presupposed an existing infra-structure. Pre-

investment assistance showed how true that was. Capital assistance from public sources was also limited, although world disarmament might ultimately release considerable funds for that purpose. His Government, whose views on a capital development fund were already well known, had itself undertaken a very considerable capital investment programme, designed to improve living standards in both its European and overseas provinces.

16. Portugal was an active member of the Economic Commission for Africa and had made engineering and medical scholarships available to students from other countries in the region. As a wholehearted supporter of international co-operation on the widest scale, it deplored the introduction of political issues into the work of United Nations economic bodies.

17. Mr. CAMARA SIKHÉ (Guinea) said that all the newly independent African States were under-developed and hence vitally concerned with the economic problems on the Committee's agenda. Those problems could easily be solved if all countries were determined to forge ahead and lay aside selfish considerations. If all the great Powers were ready to unite, hunger and poverty could be eliminated.

18. As was well known, the colonial Powers had brutally exploited the peoples and natural resources of the weaker nations without consideration for their rights or welfare. His country had stood out against such exploitation, convinced that political and economic freedom was one of the inalienable rights of every human being.

19. In his statement to the Committee (646th meeting), Mr. de Seynes had questioned whether the Organization had really met the new needs of the under-developed countries of Asia, Latin America and Africa and had stressed the importance of economic co-operation between all peoples. Clearly, international co-operation could not of itself solve the many economic problems of the under-developed countries but it could foster their development and help to increase the levels of living of their people.

20. The dependent status of many of the African countries had led to their economic stagnation. Condemned to a system of monoculture, they had remained the economic slaves of foreign monopolies whose aim had never been to build a welfare economy but merely to despoil and exploit. Thus Africa had experienced an inhuman colonialist domination which had maintained its people at the lowest possible level of development. It was hardly surprising that the markets for African products were thought to be at Antwerp, Le Havre, Amsterdam, Bordeaux, London or Marseilles.

21. The under-developed countries were facing difficulties far greater than those which the more advanced countries had had to face: their basic economic levels were lower; they had less capital and fewer export markets; and they were both unable and unwilling to exploit defenceless nations as sources of their raw materials and outlets for their manufactured goods.

22. Means must be found of giving the under-developed countries some chance of success in their economic development. There was no point in starting with the construction of schools and universities. Nor did the solution lie in the facile and dangerous expedient of receiving gifts and surpluses from the richer coun-

tries. As President Sékou Touré had stressed in his speech to the General Assembly (896th plenary meeting), the main task was to africanize the African economy. At the moment, Africa suffered from the traditional economic imbalance of an area producing mainly raw materials. A large share of the earnings from the goods they produced was lost to the African countries and primary commodity prices lagged far behind those of manufactured goods.

23. From October 1958 onwards, Guinea had had to grapple with serious financial problems as a result of the massive monetary transfers which had been made just previously. It had had to find markets for its production under conditions which initially had been particularly unfavourable and at the same time had had to import essential goods and later consumer and capital goods. Successful recourse to barter arrangements had enabled the prices of many current consumer goods to be reduced. The establishment of sound economic standards had begun in 1959 and was continuing in 1960. On the domestic front, Guinea was seeking self-sufficiency in satisfying its consumer needs while increasing the profitability of its export by small- and medium-scale industrialization. Nor was it forgetting the importance of social development.

24. Guinea had replaced the worn-out colonial system by a new economic structure. In July 1960 it had launched the first Guinean three-year plan involving a sum of 45,000 million Guinean francs (twenty-five times more than the annual expenditure under the French investment plan applied between 1948 and 1958). It was designed to encourage agriculture (which employed 90 per cent of the population and accounted for 75 per cent of the exports), forestry and fisheries. The Government was also developing tobacco and rubber cultivation, mining and related industries, and salt production. Hydro-electric resources were vast. External trade was developing well: the 1958 trade deficit had been eliminated in 1959.

25. The main task of the newly independent African States—to transform their colonial economies—could be achieved only by large-scale projects. Agricultural plans must give full scope to co-operatives. Industrial and agricultural development must go hand in hand. Communications must be planned on an international basis and priority must be given to industries processing primary commodities. Heavy industries should be set up where possible, after the completion of soundly based studies.

26. In order to put such plans into operation, Africa would need the help of foreign technicians but only temporarily and exceptionally. As regards financing, Africa itself must participate in the launching of its various development plans, since external aid should be merely an extension of local effort. Everything must be done to ensure that the African economy derived the maximum benefit from foreign capital. It was necessary, under the auspices of the United Nations, to set up either a bank which would guarantee foreign capital invested in the under-developed countries or a capital fund for economic development. His delegation also had in mind the establishment of an international fund to make grants, repayable over a twenty or twenty-five year period.

27. The Economic and Social Council and ECA were bodies of vital concern to the African countries. The structure of those and other United Nations organs

should be radically altered to take into account the fact that the African countries represented more than a quarter of the membership of the Organization. The ECA should be composed exclusively of representatives of the independent African States.

28. Africa needed technical, material and financial assistance from the developed countries as a whole. Everything must be done to survey its exploitable resources. Investors must seek not merely to achieve large profits but to encourage the economic development of the countries where they operated. At the external level, Africa must be helped to overcome its current difficulties, stabilize the prices of its raw materials, and eliminate its trade deficit. The economic development of Africa with its 30 million square kilometres, its vast resources and its 220 million inhabitants would benefit not only the African people themselves but the whole of mankind.

29. Mr. MEJIA (Colombia) drew attention to the need for greater boldness in the search for solutions to the problems responsible for the plight of the people of the under-developed countries. In calling for such boldness, he did not wish to imply that revolutionary methods must be adopted or that the problems of the under-developed countries could be solved only through the sacrifice of their freedom. But, just as it had been possible for the great industrialized countries to disprove Marx's prophecies and, without giving up the principle of individual initiative on which their economic systems were based, to create the increasingly egalitarian and prosperous societies best exemplified by the United States, it should be possible to introduce changes in the present working of the world economy which would, without altering its essential nature, create the conditions necessary to counter the present tendency towards the increasing enrichment of the industrialized countries at the expense of the under-developed countries. To accomplish that task was the great challenge presented to mankind in the economic field, for all the measures so far applied in order to compensate for the deterioration in the terms of trade of the under-developed countries had been mere palliatives. There seemed no reason why the industrialized countries, recognizing their true interests, should not, through agreements between States, undertake to acquire from the primary producing countries the raw materials they needed at prices remunerative enough to improve the present terms of trade. It must be recognized that such a result could never be achieved through the free play of the world market, just as it had been impossible to improve wage levels without state intervention and trade union action.

30. That proposal, far from being revolutionary, was merely an extension of the principle already adopted by a number of States in negotiating the purchase of various agricultural commodities. It was already common practice for one State to sell another, entirely outside private export and import channels, specific quantities of commodities, sometimes at prices higher or lower than those of the world market, and such procedures in no way impaired the fundamental rules on which international trade was based in the free world. And in the light of so clear a precedent and so urgent a need, there was no reason why the United Nations should not adopt a clear and specific recommendation that that solution should be adopted.

The meeting rose at 5 p.m.