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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)*

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GENERAL DISCUSSION

1. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) observed that the General Assembly's fifteenth session would be a major landmark in the history of the United Nations. It had met at the highest level and many new African Member States were taking part in its work, while its agenda included such vital problems as general and complete disarmament and the elimination of colonialism. The problem of promoting international economic co-operation thus assumed particular importance, since no settlement of political differences could be really effective in the absence of measures to normalize economic relations. The United Nations could and must play a major role in that connexion.

2. The Economic and Social Council had not yet become a centre of international economic co-operation. It was dominated by a group of Western Powers which used their mechanical majority to block proposals made by socialist and other countries to intensify economic co-operation on a mutually beneficial basis. In addition the Council was not adequately representative, since the People's Republic of China was still excluded from membership. Nevertheless, certain improvements had recently been made in the work of the Council: its thirtieth session, for instance, had been held at ministerial level, a practice that should be encouraged in the future because it had yielded some results, contrary to the view expressed by the Secretary-General and shared by the United States representative. It was also desirable that countries not members of the Council should be able to participate in its work if they so desired and that representatives should not be content merely with an exchange of views but should adopt constructive decisions directed towards the achievement of international economic co-operation. At the Council's thirtieth session (1117th meeting) the Soviet delegation had put forward proposals to secure active co-operation in the economic field, but those proposals had not received the support of the Western Powers. The Western Powers were trying to side-track the Council from its essential tasks to the consideration of questions of secondary importance; they tried to use the Council as an instrument to encourage private capital investment in the under-developed countries and attempted to concentrate the activities of its subsidiary bodies on pre-investment activities, a trend that was bound to prove harmful. The Council was the Organization's principal economic body and as such it should perform the functions entrusted to it by the Charter. His Government was opposed to attempts to undermine the work of the Council and of the regional economic commissions. The regional commissions were helping to

promote international economic co-operation and accordingly the USSR fully supported and took an active part in their work, and believed that their role should be enhanced.

3. The economic work of the Secretariat was open to criticism. In that connexion he drew attention to the Secretariat's lack of objectivity in describing the achievements of the socialist countries and noted that the documentation prepared by the Secretariat for the Council's thirtieth session gave a distorted picture of the economic situation in the socialist countries. For example it was stated that the distribution of economic resources in the USSR was not always satisfactory, an assertion that had no basis in fact. That tendency would not exist if the principle of equitable geographical distribution had been observed in the Department of Economic and Social Affairs and in the Secretariat as a whole. Those facts justified the criticisms made in that connexion by Mr. Khrushchev at the present session (869th plenary meeting).

4. Analysis of the world economic situation showed that there were three main trends in 1959-1960. First, economic expansion in the industrially developed capitalist countries had been irregular; the situation was marked by fluctuations in business activity, under-utilization of the productive capacity of enterprises, over-production of raw materials and agriculture produce, sharpening competition in world markets, a high level of unemployment and, in some countries, intensified inflationary tendencies.

5. Second, the under-developed countries had achieved some successes, notably in industrial development, but their economic progress was still hampered by various factors: fluctuations in primary commodity prices, financial and monetary difficulties, the huge deficit in their trade balance, which over the past four years totalled 13,000 million dollars for the under-developed countries taken together, and the activities of foreign monopolies which continued to exploit the under-developed countries' resources. Those factors explained the renewed inflation and unemployment and the rise in the cost of living in some of the under-developed countries.

6. Third, the economies of the socialist countries were continuing to grow in accordance with the law of planned and proportional development. In 1959 and the first half of 1960, the USSR's industrial output had risen by over 11 per cent, as against 7.7 per cent provided for under the plans. In one year over 1,000 new major enterprises had gone into operation. In the first half of 1960 industrial output was 10 per cent above the output for the corresponding half of 1959. National income in the Soviet Union in 1959 was 8 per cent higher than in 1958. Between 1953 and 1959 the real wages of manual and non-manual workers had risen by 45 per cent and the real income of peasants by 64 per cent. The policy of raising wages and salaries and the income of collective farmers was being continued. In 1959 and early 1960 the retail prices of a number of consumer goods had been reduced by an aggregate of 11,000 million roubles per annum. A recent decision provided for an increase of one-third in the already substantial funds invested in light industry. The housing programme was being continued and the targets provided for in the Seven-Year Plan—15 million dwellings in the cities and towns and nearly 7 million dwellings in rural areas—would in all probability be exceeded. The Soviet Union now ranked first

in the world from the point of view of the number of dwellings under construction per 1,000 inhabitants. The decision to abolish taxes on wages and salaries was being put into effect as was the decision to reduce the length of the working day to seven or six hours, without any reduction in wages and, in some cases, with an increase in wages. All those facts showed that the socialist State's foremost concern was the welfare of the people.

7. As had been the case in the past, the Soviet Union was in favour of the expansion of international trade, without discrimination or limitations, on a basis of mutual advantage. In 1959 the value of the foreign trade of the USSR had been 42,100 million roubles, as against 34,600 million roubles in 1958, an increase of 21 per cent. At the thirtieth session of the Economic and Social Council, the Soviet representative had again stressed the need to restore the most-favoured-nation principle, as a means of contributing to the promotion of international trade and development of the world economy. The USSR was applying that principle scrupulously. Moreover it was in favour of establishing an international trade organization, within the framework of the United Nations, open to all the countries of the world.

8. The problem of a just world division of labour was ripe for a solution; if it were solved, the economic development of the under-developed countries would be speeded up. The present division of labour in the capitalist world was undeniably unjust and outdated, because it did not take into account the changes that had occurred since the last war. In accordance with the pattern of so-called "world specialization" the industrially developed Western Powers were to produce manufactured goods, while the under-developed countries were merely required to supply raw materials and foodstuffs. The proponents of that pattern tried to justify it by reference to "comparative costs" or the "comparative advantages" of production. In fact, however, the capitalist powers were simply seeking to preserve the advantages derived from industrialization. The policy of orienting the under-developed countries toward mono-production was designed to slow down their development. In order to find a proper solution of the problem of the world division of labour, the economies of the non-industrialized countries should be developed in all their aspects and those countries should be helped to set up a manufacturing industry and mechanized agriculture. It was the duty of the United Nations to give help to the countries concerned. The Soviet Union, for its part, was doing its utmost to help the under-developed countries build up their industries and diversify their output.

9. Disarmament was the most important question of the day and the Soviet Union had at the present session renewed its proposals on general and complete disarmament. The economic bodies of the United Nations, in particular the Second Committee and the Economic and Social Council, should contribute to the solution of that problem by studying the economic aspects of disarmament. The Soviet Union had, in fact, submitted a draft resolution to that end at the twenty-ninth session of the Economic and Social Council,^{1/} but owing to the position taken by the United States and other Western Powers, its effort had not received the requisite support.

^{1/} See Official Records of the Economic and Social Council, Twenty-ninth Session, Annexes, agenda items 16 and 20, document E/L.861.

10. It was clear that the accomplishment of general and complete disarmament would permit the speedy attainment of the Organization's economic goals, namely, the acceleration of the economic and social advancement of all countries, whatever their economic structure or level of development. It was not only the industrialized countries that would benefit, but also the under-developed countries, because some of the resources released through the reduction of the military budgets of the great Powers could be used to provide them with the economic, scientific and technical assistance they needed. Humanity neither could nor would allow those resources to be wasted on preparations for war. The enormous sums expended on armaments over the past fifteen years—some \$1,500,000 million—could have been used not only to raise the levels of living of most of the industrialized countries but also to combat poverty and hunger.

11. The attainment of general and complete disarmament would open up immense prospects in the sphere of international economic relations, for the arms race was greatly affecting the structure and direction of world trade. Many countries spent large amounts of foreign exchange on the purchase of war material instead of the goods they really needed. In recent years the armaments trade had assumed enormous proportions, exceeding the trade in consumer goods. In the United States, for instance, in 1958, the value of goods exported had declined by about \$3,000 million in comparison with 1957, while the share of armaments and military goods in total exports had increased from 9.5 per cent to nearly 12 per cent. The arms race had disrupted traditional economic links, particularly those between the East and the West.

12. The reduction of military expenditures and taxation would lead to the expansion both of domestic markets and of the world market. The demand for capital goods would increase, since the under-developed countries would no longer be spending foreign currency on arms purchases. The export of capital goods to those countries would ensure their economic development and ultimately increase their purchasing power on the world market. Furthermore, the abolition of the armaments trade would help to stabilize markets, particularly the primary commodity markets, and that would strengthen the monetary position of the under-developed countries and provide them with the necessary resources for buying the capital equipment they needed. Disarmament would also make government action against inflation more effective, and national currencies would thus be strengthened. Moreover, there would no longer be any justification for applying discriminatory trade restrictions against the socialist countries. As was known, the Soviet Union was giving considerable assistance to the under-developed countries, both under bilateral agreements and through the United Nations, without waiting for the adoption of a decision on general and complete disarmament. In conformity with that policy, it intended to increase its contribution to the Expanded Programme of Technical Assistance for 1961 from 4 to 8 million roubles. Obviously, however, it could increase its assistance to the under-developed countries if an agreement on general and complete disarmament were reached.

13. The modern age was characterized by the existence of two different systems: the socialist system and the capitalist system. That was a fact which must be reckoned with, and the economic organs of the United

Nations ought to help to find proper solutions to the problems connected with the economic relations between the socialist and the capitalist countries as well as between the industrialized and the under-developed countries. The Soviet Union believed in the peaceful co-existence of States and in economic competition and co-operation between all countries, regardless of their economic and social systems. The system which proved its superiority would be that which best served the cause of peace and human progress, and which best met the material and spiritual needs of the human being and of society as a whole.

14. In their relations with other countries some States, and in particular the United States of America, used methods tantamount to economic aggression, for instance, the embargo imposed on trade with the People's Republic of China, the economic measures adopted against the German Democratic Republic, the aggression against the independence of the Congo, the discrimination and pressure used against "disobedient" countries and the reduction of the United States sugar purchases from Cuba. The Soviet delegation believed that such methods must be eliminated from the economic relations between States. The United Nations should take the initiative in the removal of all obstacles to the development of international economic co-operation, and to that end it might adopt a declaration formulating the basic principles of such co-operation. The signatory States would solemnly declare, first and foremost, that in accordance with the provisions of the United Nations Charter they were determined to unite their efforts to ensure the peaceful nature of the co-existence and economic competition of States with different social systems. They would also agree not to permit such competition to lead to the economic isolation of certain countries; they would undertake to renounce any method which might lead to economic war. The economic and commercial relations between States should be based on the principles of equality, mutual benefit and non-interference in internal affairs, and also on the principle of most-favoured-nation treatment. The declaration would provide for the gradual elimination of all restrictions on trade between States. If international economic co-operation were to develop under normal conditions, the economic advancement of all countries would thereby be speeded up. Naturally, any State or group of States might conclude such economic agreements as it wished, provided that they were not detrimental to the interests of third party countries. The declaration should also contain provisions guaranteeing the rights of the under-developed countries in their economic relations with the industrialized countries, and ensuring a fair and rational international distribution of labour.

15. The adoption of such a declaration by the United Nations would make it possible to establish and develop economic co-operation between all countries, regardless of their social systems, and to put an end to mistrust and cold-war behaviour in the economic sphere. He therefore hoped that delegations would welcome the idea of such a declaration.

16. Mr. LOPEZ RODO (Spain) drew the Committee's attention to the precarious economic situation of the Latin American countries: inflation showed no sign of letting up; the inflow of foreign capital was declining and the terms of trade remained unfavourable. He also pointed to the serious shortage of capital which was hindering the development of African countries. All

those problems indicated the need to strengthen international economic co-operation and to co-ordinate the measures taken by the highly developed countries for the benefit of the 1,000 million human beings who could barely satisfy their most elementary needs. Fortunately, the scope of international economic co-operation was constantly increasing, but it called for improvement both in quality and in quantity.

17. In that connexion, it might be observed that international assistance ought not to be offered solely to those countries which were usually known as the under-developed countries; the facts of the world economic situation were much more complicated, and some countries, whose average annual income was higher than that of the poorest, were nevertheless far from having the same levels of living and development as the United States of America. Furthermore, certain countries had their own backward regions, such as the southern parts of Italy and Spain, and those regions were in some cases more extensive and more densely populated than under-developed countries, and ought also to be able to enjoy international assistance. Development problems were sometimes more acute in countries undergoing economic expansion than in those which were just embarking on their economic development.

18. It was essential also that economic co-operation should, wherever possible, be multilateral, since that permitted an increase in the volume of the assistance given and was a guarantee against any threat to the sovereignty and political independence of the recipient countries. It was for that reason that the International Finance Corporation, the International Development Association, the International Bank for Reconstruction and Development, the Special Fund and the Expanded Programme of Technical Assistance would have an increasingly important part to play in the future. In that connexion, it should be pointed out that some financing agencies appeared to be interested only in investments offering the prospect of immediate returns, at the expense of investments which would help build up the economic infrastructures of the borrowing countries. That was not the case with the international co-operation programmes of the United States, whose generosity might well be imitated by other capital-exporting countries.

19. Furthermore, since under-developed countries were rightly required to have reached a certain degree of financial stability before they were granted the aid needed to stimulate their economic development, those countries ought to be able to depend on international co-operation throughout the period in which they sought to stabilize their financial and economic position. Consequently, they should be allowed to protect their infant industries; outlets for their agricultural products should be provided for them; and their workers should not be prevented from moving about freely. It would be unfair to require of countries in the process of internal stabilization that they liberalize their trading to the same degree and at the same pace as the highly industrialized countries.

20. Lastly, his delegation believed that in the implementation of economic development programmes the greatest respect should be shown for the freedom and the dignity of the human being. Free nations could not applaud the industrial development of countries which, like continental China, forced a low level of living on their peoples in order to achieve increased production,

for what were not always peaceful purposes. All countries felt that it was essential to increase the quantitative amount of economic aid to the under-developed countries. His delegation wished to make another appeal to the capital-exporting countries of the West, even though they had already supplied much more capital to the under-developed countries than had the socialist countries.

21. He wished to state how helpful international co-operation had been to his country in the execution of the stabilization programme which had been adopted in 1959 to check the rise in prices and to redress the unfavourable balance of payments, both of which had threatened the Spanish economy after its vigorous recovery from the ordeals of the civil war and the doldrums of the Second World War. In executing the stabilization programme adopted in July 1959, Spain had received substantial material aid from the International Monetary Fund, the Organization for European Economic Co-operation (OEEC), private banks in the United States and the United States Government, and it had also received technical aid from the International Monetary Fund and the OEEC. Thanks to the stabilization programme, equilibrium had been restored in the balance of payments, exports and imports had increased, and the rise in prices had been checked. While there had been a slight increase in unemployment and an initial decrease in economic activity, economic activity was beginning to revive and production had already exceeded the previous year's level.

22. The OEEC had hailed the success of the Spanish stabilization programme, which had attained its short-term objectives, including the elimination of inflationary pressures and the restoration of equilibrium in the balance of payments. The International Monetary Fund had also said that the programme had made it possible to eliminate surplus internal demand, and that the growth in net national product in constant prices had been greater in 1959 than in 1958. Stability, however, was a means rather than an end in itself; it should be the starting point for balanced and healthy economic progress. Spain had decided to draw up a long-term development plan and to request aid in its execution from the United Nations technical assistance programmes, the International Bank, the International Monetary Fund and the OEEC. The favourable attitude taken by those organizations towards the Spanish development plan was striking testimony to the value of the results achieved through the stabilization programme. To encourage economic development, Spain had also adopted a law to promote the investment of foreign capital.

23. Obviously, Spain could not be content just to receive international aid; it therefore proposed also to give assistance to other less developed countries. It had contributed \$10,090,000 to the International Development Association, and it had supported the establishment of a United Nations development fund. Similarly, Spain had welcomed with great satisfaction the suggestion by the President of the United States that the total resources of the Special Fund and the Expanded Programme be raised to \$100 million in 1961. But Spain planned to aid other countries primarily by making available to them its technicians and experts, its schools of economic science and its technical and vocational training centres, including its Training and Advanced Training Centre for Civil Servants. Clearly, no country could develop its own resources if it did not have, first of all, managers, technicians and ad-

ministrators capable of promoting development. The best way of helping under-developed countries was not to supply them with capital or credit facilities but to place at their disposal all the training facilities they might require, in all fields. That form of aid was the most generous, since one handed on one's store of knowledge and experience to others without demanding anything in return; at the same time, it was the soundest investment from every point of view.

24. Spain would be happy to lend its assistance to the Latin American countries, the Arab countries and the new African States to help them train technicians and administrators; the Advanced Training Centre for Civil Servants which it had opened at the University of Alcalá de Henares could receive many students from those countries. Among the subjects taught at that Centre were the techniques of economic development planning. Courses were given in Spanish, French, English and Arabic. Students wishing to specialize in the study of stabilization and economic development procedures would have the additional advantage of being able to study on the spot the results of the Spanish stabilization programme, which international economic organizations had described as exemplary. Moreover, since the cost of living was low in Spain, the countries concerned could send a larger number of students to Spain than to countries with a higher cost of living.

25. Lastly, his delegation considered it essential that the Programme for the provision of operational, executive and administrative personnel (OPEX) should receive larger allocations and be put on a permanent footing. In view of the large number of requests for aid under that programme, at least 100 officials should be available for assignment to the countries concerned; yet at the moment only thirty were in the field. Moreover, technical assistance in the public administration field could not be regarded as a transitory matter, since the reform of an administration was a complex, long-term task of the greatest significance.

26. Mr. BHUTTO (Pakistan) believed that the Under-Secretary for Economic and Social Affairs had drawn attention, in his statement (646th meeting), to one of the most striking features of the world economic situation, the discrepancy in the rate of development between the industrialized and the under-developed countries. A reflection of that was the growing difference in levels of living of the peoples of the world. In modern times, communications had reduced distances, ideas spread rapidly, and the peoples of the under-developed countries no longer accepted poverty as their inexorable destiny. The age of despair imposed on them by colonial rule had given way to an age of expectation and demand. That phenomenon could have diverse consequences. On the one hand, it could lead the under-developed countries to undertake great constructive tasks; on the other hand, if the gulf separating them from the developed countries continued to widen, the resultant frustrations could only heighten world tension. It was disturbing that the challenge implicit in that situation had not received the attention to which it was entitled.

27. The interdependence of all the countries of the world made it clear that there was no conflict between the economic development of the under-developed countries and the well-being of the industrialized countries. The development of the backward areas of the world would undoubtedly raise the levels of living

in all other areas. The ministerial level meetings of the Economic and Social Council held at Geneva had emphasized the economic interdependence of the world. What was essential, in his delegation's opinion, was to promote a sense of international responsibility for raising the levels of living in the under-developed countries, and to adopt an approach which would make possible the solution of the problems of economic growth.

28. The central problem was the provision of adequate investment capital to the under-developed countries. There was often a feeling in the developed countries that the under-developed countries did not take the measures necessary to mobilize their idle resources. It should be remembered, however, that in the industrialized countries the process of capital formation was almost automatic as a result of adequate savings, whereas in the other countries the margin between income and consumption was so narrow as to make the capacity for savings practically non-existent. Such countries could not finance their economic development entirely from domestic resources; they needed foreign capital.

29. Progress had certainly been achieved in that direction in recent years. The Special Fund had an important role to play in assisting countries to build up their infrastructures. The International Development Association, if it could act with the flexibility necessary to take into account the specific situations of different countries when making loans, would certainly improve the international credit system. The International Bank had continued to afford invaluable assistance in the form of development loans. It had also assumed other functions vis-à-vis countries which were in the process of development, and Pakistan had particularly appreciated its assistance in the settlement of the Indus water question, which had resulted in the signature of a treaty of historic importance between India and Pakistan. Nor should the role played by bilateral assistance and regional agreements such as the Colombo Plan be underrated. Pakistan, for one, had received assistance under the Colombo Plan, through which it had been able to make progress in fields such as agriculture, health, the social welfare services, labour and public administration. In recent years it had also received 1 million dollars under a bilateral assistance arrangement from the United States. The situation in respect to the international flow of private capital had also improved. Capital-exporting and recipient countries had adopted a number of measures designed to increase the flow of capital to low-income countries. Pakistan, for instance, had taken various measures to encourage foreign investments. It had established an Investment Promotion Bureau to provide the fullest possible information and assistance to foreign investors.

30. Although the situation had improved, it was none the less true that the funds available to the under-developed countries were totally inadequate. That was why it was to be regretted that Member States had not responded with more alacrity to General Assembly resolution 1424 (XIV), concerning the establishment of a United Nations capital development fund. The establishment of such a fund was indispensable and would in the long run prove inevitable. It had been argued that the establishment of the International Development Association had made the establishment of a United Nations capital development fund unnecessary. In point of fact, however, the two bodies could exist side by

side and supplement each other. Further, a truly multilateral agency like the capital development fund would have the advantage of enabling all the nations which for some reason felt that they could not participate in the International Development Association to make their contribution to international economic co-operation.

31. In recent years, a certain number of under-developed countries had prepared development plans which were essential to them if they were to achieve the maximum utilization of available resources. The existence of the long-term projections in question had made necessary a broadening of institutional arrangements for international co-operation. The financing and co-ordination of the programmes had to be ensured. So far as the financing was concerned, the fulfilment of the plans depended primarily on the volume of foreign capital provided in the form of multilateral and bilateral assistance or private capital. The international institutional arrangements, however, were not at present geared to meet the requirements. The IBRD's loans were for certain specific projects, but the first and foremost need of the under-developed countries was for loans to enable them to carry out entire development programmes or certain parts of those programmes and for an extension of the loan repayment period. Co-ordination of the new development plans was as important as their financing. For that purpose, the under-developed countries required experts; data had to be collected, techniques for short- and long-term planning had to be developed and, above all, policies had to be harmonized. What was required was consultative machinery for the co-ordination of development plans at the regional level.

32. In his delegation's view, a United Nations capital development fund, conceived in terms of the new development plans, would be able to meet both the need for financing and the need for co-ordination. The time had come to give urgent consideration to the question, as the development plans were the last hope of the peoples of the under-developed countries and their success or failure would be a matter of decisive importance for the whole world.

33. He again drew the Committee's attention to the fall in the price-index of primary commodities in recent years and the consequent deterioration in the terms of trade of the under-developed countries. As a result, capital available for development had been reduced; the capacity of the under-developed countries to contribute to their own development depended largely on their export earnings, which financed the purchase of equipment in the industrial countries. The strains on the under-developed countries' balance of payments were due in part to the carrying out of the development plans and in part to the fall in export earnings. While the first factor could be looked upon as a constructive element, the second constituted an additional burden seriously affecting the implementation of the development plans. The harmful effects of short-term fluctuations in primary commodity prices also deserved mention.

34. In the long run, the best means of solving commodity problems would undoubtedly be the creation of demand for primary commodities in the under-developed countries themselves. But to do so it would be necessary to maintain a steady level of export earnings. In the short run, a number of studies could usefully be made. In pursuance of General Assembly resolution 1423 (XIV), an expert group was already studying the

possibility of using compensatory financing measures to offset the effects of fluctuations in primary commodity prices. In addition, the possibility of extending commodity agreements and of establishing buffer stocks should be considered.

35. With regard to land reform, which was an essential facet of the process of economic development, he indicated the measures that had been taken in his country. In Pakistan, land reforms had been sorely needed. The Government had accordingly appointed a commission to study the question and make recommendations. The commission had recommended that maximum and minimum limits or the size of agricultural holdings should be fixed. The maximum holding had been fixed at 500 acres for irrigated land and 1,000 acres for unirrigated land. The reforms were now being carried into effect, with adequate compensation being paid to the former landowners. As a result of the reform, 600 million acres of land would be distributed to cultivating tenants, of whom nearly 1.5 million would become land owners. In East Pakistan, the Government had taken steps to ensure the implementation of land reforms that had been decided upon as long ago as 1950. The social and economic benefits of the reforms to the country were expected to be enormous.

36. Mr. KHEIR (Sudan) pointed out that, because of its geographical position, his country formed a natural link between the Arab States, the Middle East and the African countries. His Government wished to reaffirm to all African countries that it would support their efforts to develop their resources, solve their common problems and enable their peoples to enjoy a greater measure of prosperity and a higher standard of living.

37. He expressed his satisfaction with the work accomplished by the Economic and Social Council and other United Nations organs which were trying to promote conditions of stability and well-being, vital for peaceful and friendly relations among all nations. He regretted, however, that the vast area of Africa and the Middle East was allotted only one seat in the Economic and Social Council and expressed the hope that the membership would be increased and more seats reserved for the nations of Africa. The United Nations had a special responsibility to assist those countries.

38. The World Economic Survey, 1959 (E/3361)2/ showed that economic growth had, on the whole, been the objective sought. The under-developed countries were, with that end in view, striving to eliminate poverty, ignorance and disease. Because the desire to achieve those aims was so great, the world was today witnessing two revolutions on a broad scale. In the political field, more and more nations were struggling for their independence and sovereignty. In the economic and social fields, countries were trying to achieve economic prosperity and stability.

39. A major problem confronting the primary producing countries was the deterioration in the terms of trade and the decline in primary commodity prices. It was to be hoped that some means would be found to deal on an international scale with the problem of maintaining an equitable balance between the prices of primary commodities and those of manufactured goods. Consultation and agreements between the primary producing countries and those which depended on pri-

^{2/} United Nations publication, Sales No.: 60.II.C.1.

mary commodities to maintain their industries could no longer be postponed. One of the causes of current international tension was the division of the world into poor countries and rich countries, industrialized countries and primary producing countries; and it was distressing to note that the gap was growing steadily wider and that, despite years of prosperity in Europe and the United States, there had been no significant movement of capital into the poorer countries and no substantial increase in assistance to the under-developed countries. It was necessary to reduce uncertainty and fluctuation in the demand for primary commodities, which was the basis of the under-developed countries' prosperity. That was the only way to enable the under-developed countries to strengthen their revenue structure and foreign exchange reserves. It was also the most effective way to aid the small nations.

40. Turning to the question of international co-operation and consultation, he said that the countries of the world had become so interdependent that genuine efforts in that field were required if there was to be progress and mutual understanding. His delegation endorsed the resolutions adopted by the Economic and Social Council with a view to expanding such consultations and the implementation of those measures. This would make it possible to achieve rapid economic and social progress and to eliminate human misery in all its forms.

41. Such co-operation should also aim at increasing the flow of capital to the under-developed countries. There was no question that the arms race was absorbing capital which could be used for peaceful purposes. All countries should work at the political, economic, social and moral levels to achieve disarmament. In the economic field, military expenditure should be frozen at a certain level, such as that of 1960, and then reduced each year. If that was done, there was no question that capital would be available for productive projects.

42. His Government was in favour of the establishment of a United Nations capital development fund. It was to be hoped that the existing machinery and resources would make it possible to assist the under-developed countries in financing their long-term industrialization and agricultural development projects.

43. He had studied with interest the Secretary-General's note on the methods and techniques for carrying out a study of world economic development (A/4489). At the last session of the Economic and Social Council, his delegation had said that it would support all efforts at the national or international level

to improve the techniques for making economic and social projections. The regional economic commissions should continue their activities in that field. The countries of Africa, in particular, urgently needed to improve their techniques for planning, budgeting, and analysis of available information.

44. He recalled that his delegation had worked actively for the creation of the Economic Commission for Africa. It had, in fact, introduced the historic draft resolution proposing the establishment of the Commission, which the Second Committee had adopted on 24 October 1957 (471st meeting). Since that date, his Government had continued to support that important regional branch of the United Nations. However, he was concerned at the delay in recruiting the expert staff and in carrying out the work programme. Only fifteen of the fifty positions authorized had been filled, and a large part of the budget remained unspent. The ECA should set to work without delay, for all the African countries were impatiently awaiting the studies, reports and analyses which had been requested on the economic and social problems confronting Africa. A United Nations commission should visit the African countries to recruit the staff required to enable ECA to carry out its work programme.

45. He paid a tribute to the work accomplished by the technical assistance programmes and the Special Fund. He hoped that, in spite of the limited resources available to those programmes, it would be possible to provide increased assistance to the under-developed countries, especially those in Africa. The African countries which had just attained independence faced political, economic and social problems which they would have to solve before they could play a role in the community of nations and take part in establishing lasting peace and prosperity. The United Nations had launched its operations in Africa later than in other regions. It was therefore fair and reasonable that Africa should receive a larger share of the funds allocated by the United Nations for assistance and development. Africa needed the right weapons to combat poverty, ignorance and disease. The peoples of Africa were struggling for a better life and were hopeful of receiving the necessary international co-operation.

46. The aim of all countries, great and small, powerful and weak, developed and under-developed, was essentially the same: to create a stable economy, to raise the people's standard of living and to contribute to the maintenance of peace and freedom. It was the task of the United Nations to bring about co-operation and understanding among peoples in order that they might attain those ends.

The meeting rose at 5.30 p.m.