

GENERAL
ASSEMBLY

TWELFTH SESSION

Official Records

Friday, 4 October 1957,
at 10.50 a.m.

NEW YORK

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Chairman: Mr. Jiří NOSEK (Czechoslovakia).

AGENDA ITEM 12

Report of the Economic and Social Council (chapters II, III, IV and V), (A/3613, A/3661) (continued)

GENERAL DEBATE (continued)

1. U AUNG SOE (Burma) said that while for a small agricultural country like Burma an increase in agricultural production was essential to economic growth, encouragement must also be given to progressive industrialization as a means not only of saving foreign currency but also of enabling the people to acquire the technical knowledge they so urgently needed.

2. Burma had been able to increase its per capita output by 4 per cent since 1955, but in view of the rapid growth in population, that increase was still insufficient. Moreover, the imbalance between exports and imports had become more marked owing to a decline in export prices and a rise in import prices and to increased imports of capital and capital goods. As a result, the cost of consumer goods had risen, and an inflationary trend had emerged. Burma could not abandon any of its development projects, but was nonetheless compelled to reduce some of its expenditure in foreign currency. In the circumstances, the problem of development and reconstruction might become acute in the very near future. Tangible assistance would therefore be particularly opportune at the present juncture. Surely, the best way of preserving peace and prosperity in the present-day world was to establish a certain degree of equality in the economic growth of both developed and under-developed countries.

3. His delegation was interested to note that the Economic and Social Council had, at its twenty-fourth session, examined the Secretary-General's report on the international flow of private capital in 1956 (E/3021)^{1/}. Burma was grateful to all the agencies which had so far rendered assistance in its development projects, but it would clearly require even more substantial aid from abroad.

4. The adoption by the Economic and Social Council of resolution 662 B (XXIV) recommending the establishment of the Special United Nations Fund for Economic Development was to be welcomed. That measure

was long overdue, and his delegation would support any resolution designed to ensure that the Fund was in fact established during the present Assembly session.

5. Mr. SERBAN (Romania) noted that during the last few years the relative importance of economic problems in the activities of the United Nations had steadily increased. It was apparent from the *World Economic Survey, 1956* (E/2982)^{2/}, that at the present stage of the international division of labour, the interdependence of the various national economies had increased, and economists recognized that further advances in technology would accentuate that trend. In the circumstances and as the Secretary-General had pointed out at the Council's twenty-fourth session, the economic policies of the various countries had repercussions beyond national and sectional boundaries, so that international economic co-operation and international trade must be intensified. Apart from the problems resulting from the increasing economic interdependence of countries, there were also other economic problems that must be dealt with by the Committee.

6. There was, for example, an immense gap between the level of development of industrialized and under-developed countries, a gap which, despite the efforts of the latter countries, was increasing and was leading to serious difficulties. The consequences were disastrous not only for the under-developed countries, whose agricultural and industrial production was not rising fast enough to satisfy the minimum needs of their people, but also for the industrialized countries, which should find in the under-developed countries important sources of supply and markets. The only way to adjust the imbalance thus created was to speed up the development of the under-developed countries.

7. There were, in addition, the problems arising from the rapid increase in the world's population which could be solved only if the forces of production continued to be developed at a faster pace. His delegation, far from sharing the pessimistic views of the Malthusian theorists, views which had incidentally proved to be wrong, considered that the rate of population growth was far outdistanced by the rate of scientific and technical development, so that mankind was constantly being given increasingly effective means for satisfying its needs. The possibilities inherent in the peaceful uses of atomic energy and in automation were examples in point. Scientific achievements could not, however, be converted into productive forces unless substantial funds were available. In that connexion there could be little doubt that if the vast sums now set aside for armaments were used for productive purposes, world economic development would certainly benefit in all respects. Some economists had calculated that a reduction of all military expenditure by 20 per

^{1/} *Official Records of the Economic and Social Council, twenty-fourth session, Annexes, agenda item 6.*

^{2/} United Nations publication, Sales No:1957.II.C.1.

cent would free funds for the construction of twenty large hydroelectric plants, twenty iron works, 250 modern machine-tool plants and 300 DDT factories. The need for giving effect to Council resolution 654 B (XXIV) concerning the reduction of armaments expenditure could therefore not be over-emphasized.

8. The United Nations could clearly do much to promote the solution of present-day economic problems. That was why his delegation endorsed Council resolutions 654 A (XXIV) and 654 E (XXIV) relating to the development of international machinery for trade co-operation and to international consultation on world economic conditions. That was also why it was ready to examine any constructive proposals for improving international economic co-operation and why it favoured the immediate creation of SUNFED as a means of hastening the economic development of under-developed countries.

9. The United Nations Charter itself specified that one of the purposes of the Organization was to promote international co-operation in solving economic and social problems. The experience acquired in connexion with economic co-operation had made it possible to evolve numerous principles by which economic relations between States should be guided. Those principles had already yielded positive results, and the General Assembly had included them in a number of resolutions. As that had been done, however, at a time when many States which were now Members of the Organization had not yet been admitted, his delegation felt that international economic co-operation would be fostered if the Assembly should embody those principles in a single text which might be adopted at the present session and would serve as the basis for economic relations between all Member States, large and small, rich or poor.

10. His delegation therefore suggested the adoption of the following principles. The first concerned mutual respect for the economic independence of all States; it merely represented the application, in the economic field, of principles enshrined in the first two Articles of the Charter and concerned particularly those countries which were only now beginning to develop their national economy. Another principle: that of respect in international economic relations, for equality, equivalent exchanges and mutual advantage was of vital importance, particularly as a guiding principle designed to promote trade between countries with different social and political systems. While trade between eastern and western Europe had doubled during the last five years, its volume was still below the 1938 level and, above all, below what it could be in view of present possibilities. As a result of artificial barriers and of restrictions impeding the free development of international trade, those possibilities were not entirely exploited. The application of the principle of respect for equality in international economic relations should also enable under-developed countries to market their commodities by means of equivalent exchanges at more stable prices and without any sudden or large-scale fluctuations. Such fluctuations were disastrous to the economy of those countries, almost all of which had adverse balances of payments, although most of them had great natural wealth and resources. The Assembly should therefore also adopt the principle of full respect for the sovereign right of each State to dispose of its natural wealth and resources, in order that it might be able to use them

to speed up its development and raise its people's level of living. Lastly, the principle under which economic aid and technical assistance for under-developed countries should not be linked with conditions that might be detrimental to the economic and political independence of those States was of vital importance to countries which did not obtain all the assistance they needed from the United Nations alone. The People's Republic of Romania, for its part, had consistently applied those principles in its relations with under-developed countries.

11. The positive effects of the application of the principles would be felt not only in under-developed but also in industrialized countries, some of which had seen the rate of their economic development slowed down, had adverse trade balances and were gripped by a growing inflation, which financial remedies alone could not cure. The economic backwardness of under-developed countries and the inadequacy of trade between East and West obviously had to slow down the development of production in the industrial countries of the West.

12. The last of the principles proposed for adoption by the Romanian delegation concerned the encouragement, by every means, of the exchange of experience and of large-scale contacts in the economic, scientific and technical fields. The application of that principle would clearly be of advantage to all countries and would do much to speed up progress. The success of the first International Conference on the Peaceful Uses of Atomic Energy proved that the United Nations could do much to encourage contacts and exchanges in the scientific and technical fields.

13. The principles advanced by his delegation were conceived in the spirit of the Charter. They were designed to improve international economic co-operation and create an atmosphere favourable to the solution of world economic problems. Should its ideas be endorsed by other representatives, his delegation reserved the right to submit a formal proposal for the adoption of the principles. Other delegations, including particularly Mexico, were also advocating the drafting of a declaration of economic principles.

14. Mr. ARKHURST (Ghana) said that although his country was participating in the work of the Second Committee for the first time, it had been indirectly associated with United Nations activities, and particularly with those of the Economic and Social Council, for some time. Ghana had been a beneficiary of United Nations technical assistance long before its admission to the United Nations. It hoped not only to continue to receive such assistance, which was invaluable to the under-developed countries, but also to make a contribution of its own, and it trusted that the technical assistance programmes would continue to expand.

15. The report of the Economic and Social Council (A/3613) was a most useful source of information for all who were concerned with economic and social problems and, in particular, with the economic development of the under-developed countries. Two passages in the report deserved special emphasis. The first stressed the importance of reconciling the rapid rate of long-term growth with the need for maintaining internal and external balance, which was a particularly acute problem for the under-developed countries.

The second stated that prosperity among the more industrialized countries did not necessarily and automatically ensure satisfactory growth in the less developed areas. The real problem of the under-developed countries was their backwardness in the midst of overall prosperity and their lack of the necessary means to develop their resources. It was obvious that those countries would ultimately have to rely on their own efforts, but external economic assistance was also indispensable in order to make the initial effort. Although it was trite to reiterate the need for capital and technical assistance, the delegation of Ghana thought that the significance of economic research should be forcibly pointed out. Several African territories had already attempted a better assessment of the problem facing them. But the time had come to organize research on a more closely co-ordinated and permanent basis and to set up an economic commission for Africa for that purpose. That was a possibility the Committee should consider at the present session.

16. All the under-developed countries which had difficulty in financing their economic development programmes had taken heart at the proposal to establish a Special United Nations Fund for Economic Development. While it was true that there were many existing sources of finance, their very diversity often resulted in a lack of co-ordination and dissipated effort through the overlapping of programmes. Furthermore, bilateral aid, though otherwise effective, tended to lead to a kind of competition which was often detrimental. Furthermore, some projects which were of vital importance to the economically weak countries did not always attract profit-seeking investors. The proposed Fund would enable all those problems to be tackled. But, in order to be useful, it needed the support of all Member States and freedom to operate without reference to political considerations.

17. The delegation of Ghana appreciated the many difficulties that the establishment of such a Fund would have to overcome. But it would be a mistake to subordinate its establishment to an international agreement on disarmament. It would be better to make a beginning on a modest scale rather than risk indefinite postponement of the plan. It had been objected that if the Fund were established before a disarmament

agreement had been concluded, inflationary pressures might be increased. That was unlikely if the resources of the Fund were directed as they should be towards increasing productivity in different parts of the world. On the other hand, the longer its establishment was delayed the greater risk there was of problems becoming aggravated and of certain countries being driven by frustration to adopt less efficacious and possibly less desirable methods. That was why the Ghana delegation ventured to urge Member States and particularly the highly industrialized countries to make every effort to establish the Fund during the present session.

18. It was gratifying to note that the establishment of an international administrative service was being considered. Like most under-developed countries, Ghana lacked not only capital and technical facilities but also the administrative personnel necessary to organize its development plans.

19. Mr. VILLEGAS (Mexico) said that, ever since its election, Mexico had participated fully in the work of the Economic and Social Council and particularly in that of the last session. During the discussions in the Second and Third Committees, it would therefore confine itself to listening to the comments of other delegations, and particularly of the Latin American countries which were not members of the Council and whose only opportunity it was to state their views on the activities of that body. As only four Latin American countries were represented on the Council, it would be interesting to hear the views of other countries from the same region.

20. He had, however, one point to make in connexion with the Council's report. The four Latin American countries represented on the Council felt that the regional economic commissions should be allowed complete freedom in establishing their work programmes so as to give priority to the questions which specifically concerned them. The third paragraph of the introduction to the report should therefore have made it clear that it would be for the regional economic commissions themselves to decide whether or not to consider the effects of the European Common Market.

The meeting rose at 12.10 p.m.