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Chairman: Mr. Pierre FORTHOMME
(Belgium).

GENERAL STATEMENTS (continued)

1. Mr. M'BAYE (Guinea) said that the paralysis of the General Assembly's nineteenth session and the establishment of the United Nations Conference on Trade and Development and its subsidiary organs meant that the Committee must redouble its efforts if it was to meet its responsibilities effectively.

2. A feature of the present decade was that the rich were growing richer and the poor poorer. The phenomenon of under-development was fully explained by the harsh conditions imposed on exports from the developing countries and the steady fall in raw material prices, in contrast to the artificial rise in the prices of manufactured goods; the whole situation was made worse by the general structure of short-term and long-term international financial aid. Industrialization was one way out of the impasse. Properly carried out, it helped to speed up economic development and also provided many jobs for the abundant manpower of the developing countries. Moreover it made possible a significant cut in imports and big savings in foreign exchange. But its favourable effect on the agricultural sector was the determining factor, for agriculture employed 80 per cent of the working population of the developing countries. The production of chemical fertilizers considerably increased agricultural productivity, and hence raised the level of living of the rural population. Everything therefore argued for a parallel development of industry and agriculture. The view that the developing countries should be confined to agriculture, leaving the developed countries with an exclusive monopoly of industry, must be rejected outright. Such counsels of caution underestimated the creative capacity of the developing countries and barely concealed the desire to keep them in a state of economic dependence. Accordingly, his delegation reaffirmed its strong support for the plan to set up a specialized agency for industrial development as recommended in General Assembly resolution 1712 (XVI).

3. His delegation likewise felt that industrialization should take place in a setting of regional economic integration which, to be viable, must be based on objective criteria suited to the needs of the countries in that region alone and not to observe capital interests.

4. The Republic of Guinea, whose subsoil contained vast deposits of iron ore with a high bauxite content that placed it among the world's largest producers, and whose hydro-electric potential was estimated at 63,200 million kwh, was a natural candidate for industrialization. In that connexion, his delegation warmly welcomed the decision announced by the Soviet Union to build the Konkouré dam, the completion of which would help to transform Guinea's economy. The launching of the seven-year plan would enable Guinea, in its President's words, to consolidate its hopes for a better life and, by that means, to promote an increase in its capacity to meet its own needs, the sole prerequisite of real independence.

5. The efforts made at the national level, however, needed to be supplemented by an inflow of foreign capital, but the unfortunate fact was that capital flows were slowing down from year to year and that the objective of 1 per cent of the national income of the developed countries seemed fated to remain a mere recommendation. The establishment of a United Nations capital development fund would give new impetus to the multilateral transfer of capital and ensure that the objectives of the United Nations Development Decade were attained.

6. In the same vein, his delegation welcomed the plan to consolidate the Special Fund and the Expanded Programme of Technical Assistance in a United Nations Development Programme, which would clear the way for direct investment by the United Nations. It was to be hoped that the composition and size of the governing council of that new body could be fixed by the Committee, and that the Programme would take account of the priorities appropriate to the level of development of the various recipient countries. In that regard a tribute was due to those developed countries which had already stated their readiness to pledge their contributions; it was to be hoped that their example would be widely followed by all the industrialized powers whose prosperity was in many respects based on the exploitation of former colonies.

7. The proliferation of institutions responsible for studying the various problems of economic development clearly showed that, although the international community had not yet taken decisive action, it was nevertheless aware of the extreme seriousness of the situation. That was the standpoint from which to view the United Nations Conference on Trade and Development, which ushered in the democratization of economic relations between States. However, nothing had been done so far to implement the recommendations made in the Final Act,^{1/} and there was no sign

^{1/} See *Proceedings of the United Nations Conference on Trade and Development*, volume I: *Final Act and Report* (United Nations publication, Sales No.: 64.II.B.11).

of any favourable developments in that direction. It was obvious that only the political will of the developed countries to translate the Geneva decisions into deeds would overcome the remaining obstacles.

8. Mr. THAPA (Nepal) said that the progress made in the first half of the United Nations Development Decade had been disappointing. It was to be hoped that the Committee's discussions would help to step up development plans and programmes.

9. He found the Australian representative's analysis of the situation (957th meeting) particularly pertinent, for agricultural development was lagging behind population growth to an alarming extent. In the majority of developing countries, agriculture was suffering first and foremost from structural defects which hampered the application even of such simple methods of increasing production as irrigation and the use of fertilizers. Land reform, or rather the lack of it, was the basic reason for agricultural backwardness because, while any peasant wanted to increase his output in order to increase his well-being, he was not prepared to work or invest for someone else's prosperity. That thereby was confirmed by the considerable support which the farmers had given the land reform programme initiated in Nepal in the past two years. Nepal's experience also showed that basic reforms could be carried out at relatively little cost, in which the farmers were willing to share. After holding up its land reform programme for several years for fear of the cost it would involve, his Government had succeeded, through the enthusiastic participation of the peasants, in introducing major reforms in several districts in Nepal, and was now carrying out a country-wide programme. He was not implying that agriculture was the only problem but, since it was at present the most important sector in the majority of developing countries, it should be developed so as to provide the resources needed for the development of the other sectors.

10. His country had just finished carrying out a three-year plan, under which all targets had been met and which, thanks to an encouraging degree of participation by the people, had led to increased investment. Nepal was now embarking on a new five-year plan which gave priority to the development of agriculture and transport, and almost half of which the Government hoped to finance out of private and public savings. Nepal was also receiving assistance in its development from various friendly countries, to which he wished to express his Government's gratitude.

11. His delegation hoped to see the consolidation of the Special Fund and the Expanded Programme of Technical Assistance completed as soon as possible, for it would have an impact on the cycle of the new joint Programme and any delay might adversely affect the developing countries. His delegation considered that the governing council of the new Programme should be kept small in order to ensure its effectiveness. It would be a mistake, however, to think that the merger would settle the question of co-ordination. The competition which tended to arise at present between the various agencies was apt to cause waste and to distort priorities. In that connexion, his delegation had always supported in principle the establishment of a capital development fund, which would make it possible to

channel most foreign aid through the United Nations and related agencies; nevertheless, it wished to stress that any proliferation of such agencies would present a danger of dispersion.

12. He was glad to see that the agenda included the question of the decentralization of United Nations economic and social activities, a step which his delegation had always favoured in the belief that it made for more effective supervision and programming. He also welcomed the establishment of the new United Nations Institute for Training and Research, and supported the continuation of the World Food Programme.

13. The United Nations Conference on Trade and Development had led to the creation of an institution for international economic co-operation between the prosperous minority and the less prosperous majority of mankind. His country would spare no effort to model its trade policy on the Conference recommendations, and hoped the industrialized nations would do the same. As a land-locked country, Nepal was glad that the Secretary-General, in accordance with the Geneva recommendations, had convened a conference of plenipotentiaries to adopt a Convention relating to Transit Trade of Land-locked Countries. Although the text adopted was not completely satisfactory to the land-locked countries, it nevertheless marked the first international recognition of their economic necessities and lawful rights, and he hoped that the transit countries would ratify the Convention so that the land-locked countries, despite their disadvantageous geographical position, might be partners in future prosperity.

14. Mr. PETROV (Bulgaria) noted that the situation of the developing countries was still alarming. The rate of development in those countries had not only proved to be inadequate to bridge the gap between them and the developed countries, but had even been slower than in the previous decade. The substantial deterioration in their terms of trade was giving rise to serious apprehensions about their long-term prospects of economic development.

15. The causes of those difficulties and the solutions they called for were well known. Unfortunately, theories demolished by practical experience of economic development still found defenders. It was common knowledge that the developing countries had not freely chosen their current role in the international division of labour and that their backwardness was not due to excessive industrialization. That role had been forced on them by the colonial Powers, whose long domination had turned the colonies into suppliers of raw materials and agricultural products for the metropolitan countries. The Bulgarian delegation believed that the developing countries were entitled to expect those whose current well-being was largely based on the exploitation of the natural resources and population of the former colonies to make a greater contribution to their development. As the vice-chairman of the Bulgarian delegation had said in the General Assembly (1363rd plenary meeting), the elimination of neo-colonialism was being hampered by those who were trying to re-establish their domination by taking advantage of the economic difficulties of the newly independent countries. The time had come to

help those countries to bolster their independence by creating an autonomous economic and technical base.

16. His delegation believed that industrialization was the only means of maintaining a high rate of economic development. Twenty years ago Bulgaria had been one of the least advanced countries in Europe, with agriculture playing a decisive part in its economy, whereas industrial production now represented 72 per cent of the combined product of industry and agriculture and national per capita income had tripled since 1939. Bulgaria had maintained the high rate of development which had enabled it, to a large extent, to bridge the gulf which separated it from the more advanced industrial countries. Gross industrial production had increased by 11.1 per cent in 1964 and national income by 6 per cent. Those growth rates had enabled Bulgaria rapidly to broaden the scope of its economic, scientific and trade co-operation with the developing countries. Bulgaria provided them with experts and its establishments of higher education welcomed their students. His country was also supplying industrial equipment to a number of Asian and African countries. It was already a party to thirty-four trade agreements and eleven agreements on technical and scientific co-operation with the developing countries.

17. Despite the importance attributed to industrialization in the deliberations and resolutions of the United Nations and its related institutions, and despite the renewed vigour of the Centre for Industrial Development, the resources allocated for that purpose in the different assistance programmes had not increased in recent years. Moreover, there was poor co-ordination in the utilization of those resources, which resulted in their being too widely dispersed. The Committee should not only find ways to increase the volume of assistance provided but should also ensure that the additional funds made available were used primarily to strengthen the public sector, to set up export industries and to train national technical personnel. It was in the last-mentioned field that the United Nations contribution to industrialization could be most effective.

18. External aid, if it were not made subject to political conditions, could play an important part in the economic expansion of the developing countries. Nevertheless, it increased the indebtedness of those countries. In that connexion, the Bulgarian delegation associated itself with the observations of a number of representatives who had spoken in favour of reducing interest rates and extending repayment periods. The first essential was that the World Bank should cease charging the developing countries commercial interest rates. Moreover, the competent United Nations bodies should in the near future examine the situation as regards the execution of recommendation A.IV.3 of the United Nations Conference on Trade and Development on the aims of international financial and technical co-operation and of Economic and Social Council resolution 1088A (XXXIX) regarding the terms of lending to developing countries.

19. The studies made by United Nations economic bodies on the role of foreign private capital were still lacking in objectivity and he associated himself with the comments of the representative of Ghana (959th meeting) regarding private capital. He believed that

the United Nations should give priority to studying the outflow of profits and help the developing countries both to work out and apply measures for controlling private investment and restricting the anti-national activities of foreign monopolies.

20. Foreign private capital was very active in exploiting mineral resources, a sphere in which the legacy of colonialism was particularly persistent. In that connexion, the Committee's consideration of sovereignty over natural resources should enable action in that field to be continued in accordance with General Assembly resolution 1803 section III (XVII).

21. As far as the results of the United Nations Conference on Trade and Development were concerned, the Bulgarian delegation attached special importance to the principles governing economic relations which had been adopted by an overwhelming majority at that Conference. Those principles should be scrupulously respected by all countries.

22. The first two sessions of the Trade and Development Board had enabled the broad matters of organization to be settled. There were grounds for hoping that the question of the headquarters of the secretariat of the Conference would be settled satisfactorily. The time had come to advance into the phase of practical achievements.

23. The Bulgarian delegation wished to emphasize the interdependence of international economic relations. The expansion of trade between the socialist and the capitalist countries also benefited the developing countries and the organs established by the Conference should therefore not disregard East-West trade.

24. Mr. SILVA (Chile) said that the hopes, aroused by the convening of the United Nations Conference on Trade and Development, that new attitudes and principles would emerge ensuring fairer treatment for the developing countries were, to some extent, being replaced by scepticism, owing to the obvious retreat of the industrialized countries from their position since the Conference. But his delegation could not believe that a dialogue between those who had everything and those who had nothing, or almost nothing, was impossible, and did not despair of seeing the new gap—between what many developed countries said and what they did—bridged in the near future. The new bodies which had been set up would otherwise be valueless, since they would find it impossible to take practical measures. The Chilean delegation supported the proposal made by the Argentine delegation (957th meeting) that a trade and development charter should be drawn up: such a charter could be a practical instrument for coexistence in the matter of trade.

25. No one disputed that the developing countries should endeavour to promote their development by their own efforts, but, while they could, at a pinch, improve the rate of national saving, how were they to obtain the necessary foreign exchange to purchase capital goods when the value of those goods was increasing as rapidly as the yield from their internal efforts was declining? The structural reform thus imposed on the developing countries in their efforts to ensure the optimum use of their resources and a fair distribution of work and of the profits derived

from the creation of wealth was precisely the application, at the national level, of the very moral principles which those countries wished to have respected in international trade relations—in other words, the recommendations adopted at Geneva by the Conference.

26. Chile was aware of the need to reduce the tension between the great mass of the needy and the large industrial centres with their economic and technical prosperity and was striving to promote the economic integration of Latin America. In that connexion, he believed that the United Nations could perform a very useful function by encouraging integrated industrial development at the regional and sub-regional level, in accordance with Economic and Social Council resolution 1081A (XXXIX). Hence, his delegation unreservedly supported the establishment of a specialized agency for industrial development, whose activities would be closely co-ordinated with all United Nations development programmes but which should enjoy sufficient freedom of action.

27. Furthermore, his delegation attached considerable importance to the consolidation of the Expanded Programme and the Special Fund which would help to increase the benefit which the developing countries already derived from the two programmes, since it would make it possible to simplify and co-ordinate the technical co-operation programmes while expanding the investment programmes proper. Several times Chile had explained its attitude towards the gradual transformation of the United Nations Development Programme into a capital development fund, but he wished to stress that, at the moment, capital was being exported more readily to countries where investments were most profitable than to the countries which needed it most. That was a great pity for the latter countries, too, wished "to put a tiger in their tank", provided the tank continued to belong to them; hence, they attached considerable importance to the question of permanent sovereignty over natural resources.

28. Efforts to industrialize would be in vain unless they were accompanied by an increase in agricultural production; land reform was therefore necessary in most of the developing countries. In that respect, Chile was redistributing land, giving peasants technical and financial assistance and helping new landowners to set up co-operatives and market their products. If land reform was to be fruitful without causing immediate production difficulties, it should be accompanied by adequate international assistance which could be usefully furnished by the World Food Programme.

29. As regards demographic pressure, he did not think that the question was merely one of food and natural resources: in many countries of Latin America and other regions it was not natural resources that were lacking but the capital goods necessary to increase the productivity of the land and of the workers. It was paradoxical that, at a time when it was believed necessary to restrict demographic growth to avoid famine, \$120,000 million were being spent each year on armaments. Chile therefore attached special importance to the rapid utilization for peaceful purposes of the resources liberated by disarmament.

30. Mr. BARIGYE (Uganda) associated himself with those representatives who had expressed their dis-

appointment at the slowness of the progress made during the United Nations Development Decade. That situation made it necessary to re-examine the problems of the developing countries of which the most important concerned capital, manpower and foreign trade. In all those fields solutions must be sought both at the national and international level. During the past year the Government of Uganda had adopted a series of measures designed to raise the standard of living of its people.

31. Uganda was now in the final year of its first five-year plan. Not only would the objectives of the plan be fulfilled but the original planned expenditure was likely to be exceeded. Most of the progress had been achieved in 1964. During that year the gross domestic product had increased by 14 per cent. As early as June 1963, the Government had felt that it could not be satisfied with an annual growth rate of 2.5 per cent. In view of the need to increase that rate, the likelihood at that time of substantial revenue from high coffee prices and the possibility of new sources of domestic and foreign capital, the plan had been revised in 1964 so as to provide for more rapid development during its last two years. The first objective had been to boost expenditure in the commodity-producing sector. Apart from the extension of a number of existing schemes, such as the mechanization of agriculture, it had been decided to embark upon a supplementary crash programme involving tea, tobacco, sugar, sisal and minor crops. The Government had continued to expand the dairy industry and had stepped up expenditure on the livestock industry in order to provide a dispensary network throughout the country and also an extensive ranching scheme. Additional expenditure had been set aside for the bitumenization of the basic road network, the improvement of feeder roads and the opening up of new areas by providing new access roads. The revised programme provided for twenty-five new secondary schools and twenty-two new rural hospitals each with 100 beds. One hundred and eighty new wells had been dug in the rural areas and in 1964 the Government had started a new programme of low-cost housing. In 1937/1938 the production of cotton, which was Uganda's second main source of income after coffee, had exceeded the record, while tea and tobacco production had also increased considerably.

32. Uganda had entered into trading relations with various countries and had concluded trade agreements with the Federal Republic of Germany, Poland, Sudan, the United Arab Republic and Bulgaria. Industrial projects valued at £3.5 million had been completed in 1964/1965 and more than 2,000 new jobs had thus been created. In an effort to mobilize savings still further and increase investment, the Government had set up a commercial bank and was now organizing an agricultural credit corporation and an industrial finance corporation. It had also promulgated the foreign investment act and the Uganda industrial charter which guaranteed the rights and privileges of foreign investors. As regards community development, the adult literacy campaign had taught 1 million persons to read and write.

33. However, Uganda realized that the efforts it had made so far were not enough to bring about rapid

economic development. Given the population growth rate of 2.5 per cent, the real increase of the gross domestic product, taking into account the increase in prices, was clearly inadequate. Furthermore, a fall in coffee prices was expected and, as a result, Uganda's export earnings were expected to drop by £12 million. At the same time, because of the heavier demand for machinery and equipment, the cost of imports was likely to rise by £8 million.

34. The example of Uganda was typical of the dependence of the developing countries on international assistance. At the United Nations Conference on Trade and Development the problems facing those countries had been appreciated for the first time and a real attempt had been made to solve them. However, in spite of the establishment of institutional machinery, no real progress had been made in tackling the really substantial issues. Discussion had concentrated so far on the legal aspects of the Conference's recommendations and there had been no sign of the political will necessary to remove the obstacles impeding their implementation. The question of preferences, to which the developing countries attached so much importance, had still not been solved and the work of the Committee set up for that purpose had ended in failure. Yet no one could dispute that preferences had an important role to play in increasing the trade of the developing countries. The real difficulty was that many developed countries were not yet ready to take the necessary action which might mean some short-term sacrifices for them. With regard to tariff barriers, the situation was still far from satisfactory in spite of the appeals made by the Conference and by GATT. New barriers had been erected and most of the existing ones still remained. Early solutions were also needed in the organization of commodity trade and in the matter of finance and invisibles.

35. At the institutional level, the problems concerning the headquarters of the secretariat of the Conference and the relationships between the Conference and GATT were still outstanding. It was to be hoped that the first problem would be solved at the next meeting of the Trade and Development Board. Ideally, the Headquarters should be established in a developing country and Uganda was prepared to act as host. Failing that, it would be necessary to consider the relative merits of the different capitals proposed. With regard to the second question, an expression of view by both secretariats might be useful. The essential aim was to avoid duplication and to allow both bodies to do useful work in their respective spheres.

36. His delegation fully supported the proposed consolidation of the Special Fund and the Expanded Programme and hoped that it would lead to more efficient and better co-ordinated assistance. The developing countries recognized the value of bilateral assistance but deplored the fact that it was often tied to imports from particular countries. That form of aid disrupted the economic plans of the developing countries in that projects involving substantial imports were often given priority even though they were not of major importance for the developing countries. Moreover, the prices of imports were raised substantially through the removal of the element of competition. Finally, the imports of developing countries were increased unnecessarily, a fact which discouraged domestic production and upset the balance of payments. The donor countries must give serious attention to all those problems if they really wished to further the adoption of measures designed to improve the lot of the developing countries. The economic efforts of those countries were also impeded by their increasing burden of debt servicing. His delegation therefore welcomed the United Kingdom proposal to grant interest-free loans in certain cases and urged all donor countries to liberalize their aid conditions.

37. On the multilateral front, his delegation supported the proposal for the establishment of a United Nations capital development fund which could emerge from the new United Nations Development Programme. It also supported the proposal to establish a specialized agency for industrial development and welcomed with great satisfaction the new United Nations Institute for Training and Research.

38. Turning to the review and reappraisal of the role and functions of the Economic and Social Council, his delegation felt that, with the growth of United Nations activities in the economic sphere, the structure and composition of the Council no longer enabled that body to serve a useful role. It hoped that a realistic analysis would be made and that its results would be fruitful.

39. His delegation attached great importance to the work of the regional economic commissions and particularly the Economic Commission for Africa. At the sub-regional level, Uganda was increasing its co-operation with Kenya and the United Republic of Tanzania. The Kampala Agreement, concluded in 1964, illustrated the measures that were being taken to strengthen the East African Common Market.

The meeting rose at 4.50 p.m.