



UNITED NATIONS  
GENERAL  
ASSEMBLY



Distr.  
LIMITED

A/C.2/L.261  
5 October 1955  
ENGLISH  
ORIGINAL: FRENCH

Tenth session  
SECOND COMMITTEE

STATEMENT BY MR. PHILIPPE DE SEYNES, UNDER SECRETARY  
FOR ECONOMIC AND SOCIAL AFFAIRS, BEFORE THE SECOND  
COMMITTEE, 4 OCTOBER 1955

In this tenth anniversary year of the United Nations more than one speaker has already contrasted the situation in 1945 with that in 1955. I shall not dwell on this contrast but perhaps at the beginning of a debate which must cover the whole of the world's economic problems it may not be completely out of place to recall the conditions which gave food for thought to the General Assembly ten years ago.

A large part of the world lay devastated, production in many areas was at a low ebb, plants and equipment were run down and financial reserves exhausted. International trade had contracted as a result of the disruption or dislocation of international relations.

Today, after ten years of effort, the economic atmosphere is one of progress and prosperity approaching boom conditions. Employment, output and personal incomes are at record levels in many countries. The distribution of foreign exchange reserves has substantially improved. Last year, the volume of world trade reached an all-time high and, according to the latest information, is continuing to expand. The contrast could hardly be greater.

Spectacular as this work of reconstruction, reconversion and recovery has been, this Committee will not be prepared to give way to complacency and to forget the problems, many of them disturbing, with which we are still faced. No one can say with certainty that the equilibrium which now appears to have been achieved is firmly established or that we have achieved all the conditions

which would permit the world to progress simultaneously towards the interdependent aims laid down in the Charter and, more specifically, the conditions which would permit the speedier development of the under-developed countries in international stability and equilibrium. Efforts to raise productivity and incomes and to increase the rate of economic growth in large areas of the world have run into difficulties, social and institutional no less than technical and financial. The stability of commodity prices, so essential to many economies, is far from being assured. Inflation and balance of payments difficulties remain a potential threat to many countries, both industrial and under-developed.

In reviewing the achievements as well as the failures of the period which has just elapsed, it is well to remind ourselves that the progress accomplished is not solely the result of the efforts made at the national level by Governments and peoples. Some credit at least is due to the system of international co-operation which has developed in a variety of forms since the war and within which the United Nations and the agencies centred on it have played a part which should not be underestimated.

It is not my intention to review in detail activities which are fully described both in the Secretary-General's report and in the report of the Economic and Social Council. My object is rather to focus attention, particularly for the benefit of countries which are not members of the Economic and Social Council, upon certain developments which seem to me to be essential and which will doubtless be the subject of discussion in this Committee.

The development of the under-developed countries has continued to take first place in the work of the Economic and Social Council and its subsidiary bodies. As you know, because of its complexities, the problem has been tackled over a very wide front, both theoretically and practically.

In the field of research, the work started some time ago, not only by the Secretariat at Headquarters and in the three regional economic commissions, but also by the secretariats of the specialized agencies, has continued. In order to unify and systematize this research, the Economic and Social Council adopted a resolution at the beginning of the year requesting the Secretary-General to prepare a survey of all the work in progress on the important questions of

industrial development and improvement of industrial productivity. Early next year, a working party, made up of officials from Headquarters and from the secretariats of the regional commissions, will meet to plan a unified approach to future research. It will prepare a research programme in consultation with the specialized agencies and the programme, which will seek to cover a period of several years, will be submitted to the Council at its first session next year. We hope that it will furnish representatives in the Council with material for fruitful discussion and will provide Governments and the international organizations concerned with useful guidance in their activities, particularly in regard to programmes of technical assistance.

As you know, much of the responsibility in this field has devolved upon the regional economic commissions, especially ECAFE and ECLA, which, because of their geographical position are directly concerned with problems of economic development in large under-developed areas. Looking beyond their immediate problems, the regional commissions realize that if the best use is to be made of available resources, long-term plans and policies must be laid down. For this reason, studies of the economic development of individual countries, undertaken by ECLA at the request of the countries concerned and in co-operation with them, as well as its general study of the techniques of programming, are of particular importance. ECAFE, which has recently established an economic development section within its secretariat, is proceeding with work in the same field, and will be able to profit from the experience gained by ECLA as well as from work to be undertaken at Headquarters. The Economic Commission for Europe is also dealing with both short-term and long-term development questions, with particular reference to southern Europe, and has set up a working party composed of the four States concerned.

Some of the techniques formulated by ECLA are being put to the test in two countries, Brazil and Colombia. In Brazil, ECLA staff formed a joint group with economists of the Banco Nacional de Desenvolvimento and it is hoped that the analyses and projections prepared by this group will serve as a framework for development plans for certain sectors or areas pending the elaboration of a complete programme. In Colombia, a preliminary ECLA report on agriculture,

industry and other aspects of the country's economy was recently discussed in some detail at a series of conferences attended by Colombian government officials, economists and business leaders as well as the Executive Secretary of ECLA and some of his staff. These discussions will be of great value in the preparation of a final report. I have mentioned these examples because they seem to represent one of the most effective ways in which Governments can draw on the resources and experience of the United Nations Secretariat to assist in planning and programming economic development.

While undertaking this research work, the United Nations has sought to continue the various practical activities already begun.

Although the expansion in the volume of world trade and the improvement in the reserve position of many countries appear to have led to a recent revival of interest in international investment of the portfolio type, this has not yet had any appreciable effect on the flow of capital to the less-developed countries. This remains far below the level required for any substantial acceleration in their rate of development.

This adds greatly to the importance of the funds made available by the International Bank for Reconstruction and Development and it is gratifying to note that the Bank has, as it announced at its recent meeting at Istanbul, been able to maintain its level of lending to the under-developed countries. It is no less encouraging to note the progress made towards the establishment of an international credit institution to stimulate the flow of private capital to under-developed countries by means that are not open to the Bank. The Bank, complying with the General Assembly's request, has laid the Articles of Agreement of the proposed corporation before the Economic and Social Council. These articles, which have been duly noted by the Council, will be submitted for signature to the Governments of countries which are members of the Bank. Upon the accession of at least thirty Governments, with subscriptions amounting to not less than \$75,000,000, the Corporation will come into being. Fifty Governments have expressed their intention of joining the Corporation and the Governments of the United States and of the United Kingdom have already taken the necessary legislative action.

The question of establishing a Special United Nations Fund for making grants-in-aid and low-interest loans to under-developed countries was first raised at the sixth session of the General Assembly in 1951 and has been the subject of continuing study by the economic organs of the United Nations since that date. The idea was given particular expression in the resolution in which Governments undertook to ask their peoples to devote a portion of the savings which might result from internationally supervised disarmament to an international fund within the framework of the United Nations to assist development and reconstruction in under-developed countries. Since the last session of the General Assembly, Mr. Raymond Scheyven, assisted by a group of experts, has, at the Assembly's request, prepared a report on the establishment, operation and management of such an international fund. At its last session, the Economic and Social Council, after examining Mr. Scheyven's report, resolved to recommend that the General Assembly should invite Governments of States Members of the United Nations and of the specialized agencies in the economic and social field to give careful consideration to the report and transmit their views on the recommendations it contains to the Secretary-General by the end of March 1956. The Council also recommended to the General Assembly that an ad hoc committee should be established to analyse the comments received from Governments. This analysis, in the form of an interim report, is to be submitted to the Council at its twenty-second session in the summer of 1956. The final report of the ad hoc committee will be ready for the twenty-third session of the Council which is to be held early in 1957.

This brief review of progress in the field of financing economic development is not intended to imply that finance is the only or even the principal difficulty standing in the way of more rapid economic growth in under-developed countries. There are many other obstacles to development, and for a number of years the United Nations and its specialized agencies have been engaged in a many-sided effort to meet specific problems through so-called "technical assistance". This type of aid is now being afforded to nearly ninety countries and it is the constant endeavour of the Secretary-General to make it more effective. My colleagues, Mr. David Owen, Executive Chairman of the Technical Assistance Board

and Mr. Hugh Keenleyside, Director-General of the Technical Assistance Administration, will have a good deal to say about this and related problems. I shall confine my remarks to two subjects.

First, it will be remembered that at its ninth session, the General Assembly requested the Economic and Social Council to study means of securing contributions to the Expanded Programme of Technical Assistance on a continuing basis, and to review certain matters raised in the first report of the Advisory Committee on Administrative and Budgetary Questions. The latter request has been met in the Council's report now before you in which a number of suggestions are made for improving and streamlining technical assistance activities. As to contributions, it has become clear that constitutional and legislative requirements prevent some Governments from making long-term pledges to the Expanded Programme. Nevertheless, I do not think that this should prevent us from taking action to render the Programme more stable and effective.

With respect to effectiveness, I should like to say that in accordance with the instructions issued last year by the Secretary-General and approved by the Council, the Department of Economic and Social Affairs has endeavoured to strengthen and improve its participation in the Programme with all the resources at its disposal, both at Headquarters and in the secretariats of the regional commissions.

The main practical contribution of the commissions has hitherto been the initiation of regional projects, such as the programme of economic integration and reciprocity in Latin America and the railway training centre in Pakistan. It is obvious that the experience and knowledge accumulated at Santiago, Bangkok and Geneva can be used more fully for the benefit of the technical assistance programme. In particular, it would seem logical that the comprehensive analyses and projections prepared in certain countries, to which I referred earlier, should be taken into consideration in preparing the annual technical assistance programmes in those countries. The effective co-operation of regional secretariat would materially benefit the Governments receiving technical assistance and would strengthen the position of resident representatives and the representatives of specialized agencies.

From a more general point of view, it is highly probable that closer integration of the programmes of the commissions and of the Economic and Social Council would permit a better use of the total resources of the United Nations in the service of the under-developed countries. Nevertheless, this process can only be accomplished gradually; it will be greatly facilitated by the active support of Governments, both individually and in the Council and its Commissions. It was perhaps symbolized by the presence of the Executive Secretaries of the three regional commissions at the recent session of the Economic and Social Council at Geneva, where they introduced their commissions' annual reports and made valuable contributions to the debate on the world economic situation.

Before leaving the question of economic development, I should like to refer to the question of nuclear energy. The International Conference on the Peaceful Uses of Atomic Energy held at Geneva last month made public the vast knowledge that has been accumulated in various countries in a very short period. The results already achieved open up vast horizons for the future. The progress made in the field of power seems to be of most immediate interest to the under-developed countries. It would be premature to expatiate on the subject before the Assembly has considered the results of the Geneva Conference as a whole. Nevertheless, one fact remains certain: the framework within which we have been accustomed to consider economic development has been considerably widened.

I should like to pass now to a subject of primary concern to all of us, namely, international trade.

The close connexion between this problem and the problem of economic development is obvious. The under-developed countries derive the bulk of their foreign exchange earnings by exporting primary commodities and consequently not only their terms of trade and balance of payments position, but also the rate and extent of their economic development are dependent on the state of the world market for their commodities.

The widespread concern about commodity prices - especially after the decline in prices from the abnormally high levels reached in the period following the outbreak of hostilities in Korea - is reflected in the two resolutions on the subject adopted by the Economic and Social Council in 1954 and by the establishment of the Commission on International Commodity Trade as an advisory organ of the Council.

The Commission, which met for the first time in the early part of this year, reviewed international trade in primary commodities and gave preliminary consideration to certain proposals for avoiding excessive fluctuations in commodity trade and prices. The Commission will hold its second session at Geneva in November. The provisional agenda includes a survey of the current situation in international commodity trade, the selection of the statistical information necessary for the Commission's work and arrangements for studies of fluctuations and of the operation of organized commodity markets. The Commission will also discuss proposals by member Governments concerning a programme for international action in this field.

Concern about market fluctuations is also reflected in the continued interest in international commodity arrangements. Agreements are at present in force in respect of sugar and wheat. The wheat agreement expires at the end of July 1956 and at the request of the International Wheat Council a United Nations Wheat Conference is being convened at Geneva next month to consider its renewal or replacement. A United Nations Conference on olive oil met yesterday at Geneva. The International Tin Agreement negotiated late in 1953 has not yet entered into force.

Although primary commodity price averages have been relatively stable during the last two or three years, it should not be concluded that the need for action to stabilize commodity markets has lessened. These averages tend to conceal considerable fluctuations in the prices of particular commodities, trade in which has been disconcertingly unstable. In other cases there have been large fluctuations in quantity sold, rather than in price. It has become increasingly clear that international markets for primary commodities are greatly influenced by the shortage of foreign exchange in some buying countries. In some instances, the volume of imports is determined more by exchange restrictions and measures of commercial policy than by actual internal consumer demand. The question of fluctuations in commodity trade is thus closely related, through foreign exchange shortage, to the broader problem of international economic disequilibrium.

The solution of the problems affecting particular commodities lies in the solution of the more general problems of international trade through an expanding volume of trade and an increasing degree of multilateralism. In this connexion,



it should be recalled that the Economic and Social Council at its eighteenth session requested the Secretary-General to study the question of removing obstacles to international trade.

Reports before the Council at its most recent session placed stress upon international economic imbalance as a source of the widespread restrictions on trade and payments; those reports also reviewed both the concerted action taken to improve commercial relations and the extent to which relaxation of restrictions had become possible. The debates in the Council reflected the difficulty of proceeding at a rapid rate; there was a general recognition that the goal of full currency convertibility and multilateralism in trade would have to be approached gradually. The Council's resolution on the subject requested Governments to continue their efforts to promote the expansion of world trade. It was decided to resume consideration of the problem at the summer session in 1956.

One of the points to emerge from the debate and the documentation before the Council was the institutional problem raised by the profusion of international bodies dealing, in one way or another with questions of international trade. Various questions concerning the nature and functions of these bodies were raised in the discussion, particularly with regard to the system of trade co-operation that has been proposed in connexion with the review of the General Agreement on Tariffs and Trade. Some delegations proposed that the Secretary-General should prepare a report on international procedures and bodies concerned with the development of trade co-operation, but the Council decided to postpone decision on this matter until the resumed twentieth session, which will take place in the course of the General Assembly.

Questions were also raised concerning the machinery for considering problems of international commodity trade, particularly the Interim Co-ordinating Committee for International Commodity Arrangements (ICCICA) and the Commission on International Commodity Trade. In order to be able, however, to consider these questions in the light of the discussions in the GATT working party, which had not concluded its work, the Council deferred the matter until its twenty-first session.

In this connexion, I should also refer to a resolution of the Council concerning inter-regional trade consultations. Under the auspices of the Economic Commission for Europe, government experts from countries of eastern and western Europe met to explore the possibilities of subsequent trade negotiations. The Council considered whether it would be possible to apply this technique to trade between countries of different regions. In accordance with the Council's resolution, the regional economic commissions will, at the request of interested Governments, consider the desirability of inter-regional trade consultations of this kind and the Secretary-General will, upon the request of at least two of the regional commissions, make preparatory arrangements for and convene such consultations.

In reviewing these debates and resolutions concerning procedural and institutional matters we must not allow ourselves to forget that international trade is fundamentally dependent on national economic policies. The risk of inflation is present at all stages of development. It exists in the under-developed countries, where efforts to accelerate the pace of development are generating serious inflationary pressures in some countries. It has also reappeared recently in some of the industrialized countries, where levels of employment have been very high. In a number of cases, measures to restrain domestic demand have become necessary.

While Governments are generally fully aware of the internal disequilibria resulting from inflation at the national level, they are often less concerned with its effects at the international level. A country that is consuming more than it can produce or borrow is likely to see its prices rise, its import bill grow, its competitive power on external markets decline and its currency weaken. In order to protect its balance of payments, it may be tempted to curtail imports by restrictions, quotas and exchange controls. These measures will in turn affect other countries, spreading the difficulty and hampering the growth of world trade. The report of the International Monetary Fund, recently presented at Istanbul, shows that some progress was made during the past year towards conditions favourable to multilateralism and convertibility, and towards a situation in which the Fund can really discharge its functions. This progress can only be maintained if Governments bear in mind the interdependence of the

various objectives they set themselves on signing the Charter, namely full employment, economic development and the expansion of international trade.

There are two other items I must mention before I close. They relate to countries in regard to which the United Nations has assumed special responsibilities.

The Committee has before it the Secretary-General's report on Libya, prepared on the instructions of the General Assembly. The report reviews the assistance given to that country. It has been supplemented by a report of the Libyan Government, dealing not only with the use of United Nations aid, but also with the prospects for Libya's economic and social development.

The Committee also has before it the report of the Agent-General of the United Nations Korean Reconstruction Agency. The report reviews the activity of UNKRA during the period September 1954 to June 1955. It is a record of solid progress in providing economic assistance to the Republic of Korea.

-----