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CONTENTS

	Page
Agenda items 12, 34, 35, 36, 37, 39 and 84:	
Report of the Economic and Social Council (chapters I to III, V and VI) (continued)	
United Nations Development Decade: report of the Secretary-General (continued)	
Economic development of under-developed countries (continued):	
(a) Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General;	
(b) Establishment of a United Nations capital development fund: report of the Committee established under General Assembly resolution 1521 (XV);	
(c) Industrial development and activities of the organs of the United Nations in the field of industrialization;	
(d) Long-term projections of world economic trends: progress report prepared by the Secretary-General;	
(e) Land reform: report of the Secretary-General;	
(f) Decentralization of the economic and social activities of the United Nations and strengthening of the regional economic commissions	
Question of holding an international conference on trade problems (continued)	
International measures to assist in offsetting fluctuations in commodity prices (continued)	
Permanent sovereignty over natural resources (continued)	
The Cairo Declaration of Developing Countries (continued)	
General debate (continued)	19

Chairman: Mr. Bohdan LEWANDOWSKI
(Poland).

AGENDA ITEMS 12, 34, 35, 36, 37, 39 AND 84
Report of the Economic and Social Council (chapters I to III, V and VI) (A/5203) (continued)
United Nations Development Decade: report of the Secretary-General (A/5194, E/3613, E/3613/Add.1, E/3613/Add.2-3, E/3658, E/3664, E/3674) (continued)
Economic development of under-developed countries (A/5220) (continued):
(a) Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General;
(b) Establishment of a United Nations capital development fund: report of the Committee established under General Assembly resolution 1521 (XV) (E/3654);

- (c) Industrial development and activities of the organs of the United Nations in the field of industrialization (E/3600/Rev.1, E/3656, E/3656/Add.1);
- (d) Long-term projections of world economic trends: progress report prepared by the Secretary-General (E/3628, E/3629, E/3661, E/3668);
- (e) Land reform: report of the Secretary-General (E/3603);
- (f) Decentralization of the economic and social activities of the United Nations and strengthening of the regional economic commissions (A/5196, E/3643)

Question of holding an international conference on trade problems (A/5221, A/C.2/L.645, E/3631 and Add.1-4) (continued)

International measures to assist in offsetting fluctuations in commodity prices (A/5221, E/3447, E/3644, E/CN.13/43, E/CN.13/45) (continued)

Permanent sovereignty over natural resources (A/4905, A/5060, A/5225, A/AC.97/5/Rev.2, E/3511, E/L.914, E/L.915, E/L.918, E/L.919, E/SR.1177-1179, E/SR.1181) (continued)

The Cairo Declaration of Developing Countries (A/5162) (continued)

GENERAL DEBATE (continued)

1. Mr. EL KAISSOUNI (United Arab Republic) drew the Committee's attention to the letter from the Permanent Representative of the United Arab Republic transmitting the text of the Cairo Declaration of Developing Countries (A/5162), which had been adopted in July 1962 at a conference in which thirty-six developing countries from Africa, Asia, Europe and Latin America had participated. The Conference on the Problems of Economic Development and the text of the Declaration reflected a desire for co-operation and concerted action not only among the developing countries themselves but also between them and the highly developed States. The Declaration stressed that efforts to solve the problems of economic development could best be carried out through the United Nations.

2. Following the Second World War, a successful campaign had been conducted to rebuild the economies of the developed nations. Their rapid reconstruction had been welcomed by the entire world. The less developed nations hoped that their problems might be tackled with similar speed and that the reconstructed developed economies would shoulder great responsibility and contribute more to their development. By enabling the less developed areas to raise their levels of living, the developed countries would increase their own prosperity and economic activity, for wider markets would be opened for their products and greater opportunities would be provided for putting

their idle savings and reserves to use. Through mutual aid, the developed and the under-developed nations would therefore serve humanity and further world peace.

3. The Cairo Conference had been a pioneering effort of the developing States. It had been attended by representatives from all parts of the world who, notwithstanding differences in ideology, had found that their economic problems were generally similar in nature although different in degree. Internally, those States were striving to increase their income by developing their resources and carrying out development plans, while at the same time striving towards social justice and equality of opportunity for all. Externally, they faced the problems of diversifying their exports, expanding their markets, increasing and stabilizing their export earnings, seeking better terms of trade and securing the foreign exchange needed to implement their production plans. The Conference had led to greater understanding among its participants, who hoped that their initiative would be supported by wider co-operation through the United Nations.

4. Referring to the unfavourable trend in the terms of trade of the developing countries, he pointed out that between 1953 and 1960, the average price of their raw material exports had dropped by 6 per cent, while that of the manufactured goods exported principally by the developed countries had risen by 9 per cent. The trend was continuing, moreover, and the prices of primary products had been, on the average, some 4 per cent lower in 1961 than in 1960. That had caused a reduction in the foreign exchange earnings of the developing States and consequently in their ability to finance the imports needed for their economic growth. As a result, those countries had lost millions of dollars annually both in external reserves and in current receipts. Efforts to increase assistance to the developing countries were thus offset by the losses due to the deterioration in their terms of trade.

5. His country had found that the most important of the many remedies suggested were economic diversification and industrialization and the diversification of export and import markets. The developed countries should also contribute to this objective by liberalizing their imports from developing countries, and by shifting their production from the simple industrial commodities which could easily be manufactured in the developing countries to more complex industrial activity. As the Managing Director of the International Monetary Fund had stated at the thirty-third session of the Economic and Social Council (1192nd meeting), it was the responsibility of the industrial countries to pursue liberal trade policies and to open their markets to imports from less developed areas. Many leading economists held that economic expansion was required in most of the advanced countries and that that would help them to liberalize their imports.

6. It was in the interest of the developed countries to specialize in the production of goods requiring substantial investment and technical experience and to leave to the developing countries the production of simpler goods, such as textiles. Unfortunately, recent re-investments in the simpler industries in the developed countries had created vested interests which resisted change.

7. The generally unfavourable trend in the developing countries' terms of trade was further aggravated by short-term and cyclical movements in the prices of raw materials. Those movements hampered their efforts to formulate stable economic policies and had caused severe fluctuations in their foreign exchange receipts and national incomes. Many remedies had been suggested and, in the case of certain commodities, agreements to promote price stability had been concluded. What was needed, however, was a massive attack on the problem and implementation on a large scale of the stabilization schemes or compensatory financing that had been discussed at numerous international meetings.

8. The aid and loans obtained by the developing countries from international organizations or from the advanced nations had fallen short of their actual foreign currency requirements, which increased as their profits from international trade were reduced. Furthermore, most of the initial projects undertaken by those countries were of the infra-structural type that yielded no immediate profits. It was therefore imperative that loans for financing such schemes should be long-term and at reduced interest rates and that, wherever possible, repayment should be allowed in local currencies. Many developing countries were compelled to borrow, in their early stages of development, in order to service their previous loans. In addition, interest rates were tending to rise and much of the foreign capital provided to the developing countries was subscribed on terms which exerted excessive pressure on their balance of payments and impeded the orderly execution of their programmes.

9. He suggested, as important steps to remedy the situation, an increase in the resources of the International Development Association and the replenishment of those of the Special Fund. The United Nations capital development fund project might also be established. It was particularly important that foreign loans or aid should have no political, military or ideological strings attached.

10. It was worth noting that about \$120,000 million was spent annually for military purposes, mainly by a few highly developed countries; that amount was approximately equal to the combined national incomes of all the under-developed countries. Even a small decrease in that expenditure would make vast sums available for aid and release many technicians who could assist the under-developed countries.

11. The economic development of the less developed countries would benefit from co-operation between them and from greater participation by them in the international agencies. Such co-operation might embrace economic planning on a regional basis, communications and transport, co-ordination of trade in primary commodities and the exchange of economic, technical and scientific aid.

12. In the industrialized countries substantial funds were allocated for scientific research and the developing countries should not lag behind in that field. It was hoped that greater attention would be devoted to the special conditions in the developing countries, where capital was scarce as compared to labour and where the natural resources of solar energy and sea water were abundant. Scientific research should devise techniques for the fullest utilization of those resources.

13. The Committee had before it the report of the Secretary-General on the United Nations Development Decade (E/3613). The objective was to attain a minimum rate of growth of aggregate national income of 5 per cent at the end of the Decade. The report indicated, however, that that rate of growth would result in a very small annual increase in per caput income, particularly in countries which suffered from population pressure. It was estimated that it would take from thirty-five to fifty years to double per caput income on that basis. That could scarcely be regarded as a great improvement in the level of living of the developing countries.

14. However, through internal consolidation of their economies and more concerted international action to solve their external problems, the development of those countries could be greatly accelerated. The need for such acceleration had been stated in paragraph 9 of the preamble to the Cairo Declaration. He hoped that the Declaration would receive the fullest possible support from the United Nations in the interest of world peace and prosperity.

15. His country had started the Development Decade with a comprehensive plan for economic and social development, designed principally to double the national income in ten years. The experience of the previous decade showed that that objective would be difficult but not impossible to achieve. The progress his country had made since 1952 had been achieved by eliminating economic and social dislocation, by controlling the country's savings and natural resources and through land reform, industrialization, economic consolidation and the determination to secure a better life.

16. The United Arab Republic was now producing important industrial items for local consumption as well as for export. Land reform had led to greater productivity and higher incomes for the farming community. The Aswan High Dam, the construction of which was proceeding according to plan, would greatly extend the cultivated area and generate the electric power needed for development. The importance of human resources to development had not been ignored and special attention had been devoted to such social services as education, training, community development, health and public guidance. Those measures, together with more employment opportunities, social insurance, the conversion of landless farmers into landowners and tax reform in favour of the poor, had resulted not only in a more equitable distribution of national wealth and income but also in social stability.

17. The economy had been made less vulnerable through the diversification of export and import markets and of export commodities. In expanding trade, closer ties had been sought with other developing countries. The development programme had been financed without resort to inflationary methods. Internally, efforts had been made to increase the rate of saving and to strengthen the national saving institutions, and, externally, the proceeds from exports had been supplemented by loans obtained on strictly economic terms.

18. His country, like other developing countries, hoped to benefit greatly from international economic co-operation and solidarity. The developing countries, as they progressed, would in turn contribute to the advancement of the less developed countries.

19. Mr. PATIÑO (Colombia) pointed out that, in spite of all that had been said and written in recent years about the developing countries, and in spite of the sporadic progress achieved by some of them, the majority had failed to attain a steady and satisfactory rate of growth. According to the World Economic Survey, 1961 (E/3624/Rev.1), the economic expansion of the primary exporting countries had probably been less in 1961 than in 1960 and the rise in investment in those countries had been lower than during the two preceding years, while at the same time their commercial development had declined significantly.

20. The average rate of development in the Latin American countries had continued to decline in recent years. Their increasingly serious trade position had been dramatically evoked in the report of a group of experts convened by ECLA to study the repercussions of the European Common Market. That document brought to light some startling facts. For example, Latin American exports, which in 1937/38 had constituted 10 per cent of total world exports, had since declined to 6.5 per cent of that total, while the population had increased more rapidly in Latin America than in any other region. In Latin America, the gap between productivity and investment, on the one hand, and the needs of the people, on the other, was widening still further, with the result that poverty was taking a firmer hold and becoming more acute. Instead of an alleged process of world development, there was a retrograde trend, or at best a state of stagnation. Much more prolonged and much more intense national and international efforts were necessary before it was possible to speak truthfully of the "developing countries". Even greater exertions were required merely to begin the redistribution of world income contemplated in General Assembly resolution 1515 (XV).

21. The most urgent problem was that of international trade. According to the report of the Commission on International Commodity Trade (E/3644), the terms of trade of the primary exporting countries had reached a new low in 1961. Undoubtedly, the success of the United Nations Development Decade depended primarily on the introduction of radical changes in international commerce. The pattern which such changes should follow was pertinently set forth in General Assembly resolution 1707 (XVI) and in the Declaration of November 1961 by the Ministers of the Contracting Parties to GATT.^{1/} All the developed countries should pay heed to resolution 1707 (XVI) and avoid outmoded trade practices which were contrary both to the precepts of United Nations and the new concepts of international relations. Some of the policies followed by the European Common Market which retained or revived such anachronistic practices caused the deepest concern in Latin America.

22. His delegation attached particular importance to the studies of compensatory financing sponsored by the Commission on International Commodity Trade. The steps taken by the Commission in that respect were some of the most constructive that had ever been taken. But there had been some delay in adopting the necessary decisions. It was therefore essential for the Commission to submit its conclusions on that subject to the Economic and Social Council at its thirty-sixth session, using the findings of the technical working

^{1/} General Agreement on Tariffs and Trade, Basic Instruments and Selected Documents, Tenth Supplement (Geneva, 1962), p. 28.

group which had been set up under Council resolution 915 (XXXIV).

23. A notable example of what could be achieved in the matter of trade had been the success of the United Nations Coffee Conference (1962). Although the International Coffee Agreement represented a series of compromises, the producing countries acknowledged the valuable role which had been played in its preparation by the consumer countries. As Mr. deSeynes had pointed out in his statement before the Committee (795th meeting), the Agreement was a step in the right direction.

24. The Economic and Social Council had recognized the need to examine carefully the interdependent problems of trade and development. At its last session, it had decided unanimously, in resolution 917 (XXXIV), to convene a United Nations conference on those topics. Colombia felt that such a conference could be most fruitful, provided it was preceded by the necessary groundwork.

25. Besides the introduction of trade reforms, the supply of development capital must be considerably improved. To that end, contributions to the International Development Association must be increased and the United Nations capital development fund must be established. Colombia, which properly appreciated the financial assistance it had received from the International Bank for Reconstruction and Development and its affiliates, did not consider that the proposed capital development fund would replace those agencies but rather would supplement them. At the

same time, the activities of the Special Fund and the programmes of technical assistance must be intensified. It was highly desirable that the target of \$150 million laid down in General Assembly resolution 1715 (XVI) and Council resolution 916 (XXXIV) should be reached.

26. As regards industrialization, the Council had taken an important step by adopting resolution 893 (XXXIV), endorsing the programme submitted by the Commissioner for Industrial Development. The appointment of Mr. Mayobre as Commissioner and the work of the advisory committee of ten experts set up under Council resolution 873 (XXXIII) should make for even greater progress.

27. Although the so-called world process of development was non-existent, the picture was not uniformly dark. One hopeful sign was the Alliance for Progress, which was beginning to overcome its initial obstacles. Another was the United Nations Development Decade, a subject which had been fruitfully discussed at the last session of the Council. Above all, there was general agreement that priority must be given to economic development and a general understanding of its causes and conditions. Thus, in the General Assembly and the Council the number of important economic subjects on which unanimous decisions had been secured was steadily growing. His delegation hoped that that trend would continue during the seventeenth session of the General Assembly.

The meeting rose at 11.45 a.m.