

United Nations GENERAL ASSEMBLY

SEVENTEENTH SESSION

Official Records



SECOND COMMITTEE, 808th
MEETING

Wednesday, 17 October 1962,
at 3.25 p.m.

NEW YORK

CONTENTS

	Page
<i>Agenda items 12, 34, 35, 36, 37, 39 and 84:</i>	
<i>Report of the Economic and Social Council (chapters I to III, V and VI) (continued)</i>	
<i>United Nations Development Decade: report of the Secretary-General (continued)</i>	
<i>Economic development of under-developed countries (continued):</i>	
(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	
<i>Question of holding an international conference on trade problems (continued)</i>	
<i>International measures to assist in offsetting fluctuations in commodity prices (continued)</i>	
<i>Permanent sovereignty over natural resources (continued)</i>	
<i>The Cairo Declaration of Developing Countries (continued)</i>	
<i>General debate (continued)</i>	73

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 (A/5195);

- (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. SAHLOUL (Sudan) said that even a moderate fluctuation in economic activity in the developed countries had substantial repercussions on the economies of the developing nations, which continued to experience unfavourable terms of trade at the same time as new economic groupings were developing. Perhaps the apprehension voiced concerning the adverse effects of those groupings was not justified, but the developing countries, whose imports were expected to increase at the rate of 5 per cent yearly over the next few years, were very sensitive to any new circumstances which might aggravate their situation. Fortunately, the developed countries were showing greater recognition of the problem. The Declaration adopted in November 1961 by the Ministers of the Contracting Parties to GATT^{1/} had been a step in the right direction. Another useful and more far-reaching step would be the holding of the United Nations Conference on Trade and Development.

2. The attitude of reserve towards that Conference shown by some of the developed countries was difficult

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

to comprehend and was in contrast to the statesman-like attitude adopted by the participants in the Cairo Conference on the Problems of Economic Development. Both they and the members of the Economic and Social Council had endorsed the idea of a world trade conference, the success of which would be ensured only if it had the whole-hearted support of all countries concerned. The reservations expressed concerning the United Nations Conference on Trade and Development and its agenda would prove hypothetical if all the nations concerned realized that relations between the developed and developing countries were on the threshold of a new era, as a result of the rapid industrialization of the developed countries and the emergence of economic blocs which emphasized the need for international consultation. The Preparatory Committee for the Conference should be as widely representative as possible. The Conference should be held early in 1963 and should concern itself primarily with basic issues.

3. The developing countries suffered not only from the trade gap but also from a lack of financial and technical resources. That problem had been tackled by the United Nations; the Expanded Programme of Technical Assistance and the Special Fund, the specialized agencies and other bodies had done valuable work. The Sudan had increased its contributions to the Expanded Programme and the Special Fund several times and had paid its contributions promptly and in full. It whole-heartedly supported the United Nations Development Decade.

4. His delegation failed to understand why all the developed countries had not supported the establishment of a United Nations capital development fund, as they had always expressed great interest in the development of the under-developed countries and had contributed in one way or another towards that end. The flow of foreign capital to the developing countries was not commensurate with the urgency and magnitude of their needs. His delegation endorsed the proposal to increase the resources available to the International Development Association, whose valuable work should be supplemented by the establishment of the new fund. It therefore supported resolution 921 (XXXIV) of the Economic and Social Council and urged the developed countries to reconsider their attitude to the fund proposal.

5. At the Cairo Conference, the developing countries had recognized the need to diversify their economies and promote industrialization in order to raise their national incomes and stimulate capital formation which would enable them sooner to rely on their own resources for investment funds. His delegation had noted with satisfaction the appointment of a United Nations Commissioner for Industrial Development and urged that the experts of the newly formed advisory committee should be stationed in the regional economic commissions. Serious consideration should be given to the idea of establishing a specialized agency for industrialization.

6. The signatories of the Cairo Declaration of Developing Countries (A/5162), in considering their problems and possible solutions, had taken into account both their own interests and those of the developed countries. They had refrained from using the Conference as a platform for attacking any country or group of countries, although their anxieties might have justified such action. It was surprising therefore that the Declaration should have given rise to some

reservations in the General Assembly. It reflected the experience of countries which stood to suffer most from the widening economic gap and it suggested a practical solution. Its objective was the solution of the main problem on which peace depended, namely, economic development, and it therefore deserved the support of all Member States.

7. The Sudan had adopted a ten-year development plan, the targets of which, while possibly modest, were based on the intention to rely so far as possible on national resources. The plan embraced development projects covering irrigation, industrialization, power resources, communications, education and administration. By restricting imports to essential consumer and capital goods, it was hoped to release foreign exchange for the plan. The local currency required for the plan would be met by cutting current Government expenditure to the minimum. The plan's success would naturally depend on the maintenance of foreign trade; primary commodity prices would have to be kept up and restrictive practices on the part of purchasing countries would, of course, be prejudicial. His country was increasingly concerned at the tendency to establish economic groupings and was therefore particularly interested in the international trade conference.

8. The very fact that world markets for primary or semi-finished products were constantly shrinking made it imperative for countries such as the Sudan to concentrate on securing foreign exchange for further development by promoting those industries which would meet local demand for essential consumer goods that were imported at present. If that tendency persisted because of lack of concern on the part of the developed countries, the result would be a widening rather than a narrowing of the gap between them and the developing countries. The latter countries' need to set aside reserves as a stopgap in the event of a down-trend in world demand for export crops or in international market prices threatened to bring the whole process of development to a standstill. Those reserves represented unused resources that could be put to better use.

9. Notwithstanding the unfavourable situation, the tone of the discussion thus far gave grounds for optimism and showed a growing awareness of the nature of the problems, as well as a willingness to seek practical solutions. In that connexion, he hoped that the present efforts to reach an agreement on disarmament would soon prove successful. Even if agreement was reached, however, the orderly diversion of the resources released would have to be studied. In the meanwhile, he hoped that the Secretary-General would take the necessary steps to implement resolution 891 (XXXIV) of the Economic and Social Council and that Member States would render him every assistance.

10. He welcomed the Council's endorsement of the policy of decentralizing and strengthening the regional economic commissions. However, the steps taken to implement General Assembly resolution 1709 (XVI) had been less than ambitious. While he appreciated the problem involved, the decentralization process should be accelerated if it was to achieve its objectives in the immediate future. Additional staff would be required at the regional level, but he hoped that the necessary staff could be provided by transfers from Headquarters.

11. Mr. ARKADYEV (Union of Soviet Socialist Republics), exercising the right of reply, said that cer-

tain erroneous information given by previous speakers required correction as they had given an entirely false picture of his country's foreign trade policy.

12. At the 806th meeting, the Netherlands representative had alleged that the Communist countries regarded international trade mainly as a means of political penetration. The efforts of the USSR to expand its foreign trade were based on economic and not political interest and were in no way comparable to the policy of infiltrating foreign economies practised by the monopolies of the Western Powers. The same representative had criticized the Soviet Union on the ground that its total trade with countries outside the Communist world was considerably smaller than the total trade of the Netherlands. Such a comparison was valueless, for it was well known that the Netherlands, lacking resources of its own, had to rely on imports and from trade generally, whereas the USSR, having abundant national resources, was more self-sufficient and had never had to depend on a colonial empire. Of greater significance, however, were the present trends of his country's foreign trade, and current Soviet trade statistics indicated that the trade of the Netherlands and even of the United Kingdom would soon be surpassed by that of the USSR.

13. At the 804th meeting, the United Kingdom representative had stressed the general world trend towards the establishment of economic groupings, an obsession with which the United Kingdom itself appeared to be becoming infected. However, he had given no reasons for that trend, although it was clear that the trading alliances being formed by the under-developed countries were a natural effort on their part to defend themselves against the capitalist monopolies of the West. The United Kingdom representative's apparent defence of the European Common Market was noteworthy, as the ultimate effect of United Kingdom participation in the Market was unknown and might well lead to the dissolution of the Commonwealth, a weakening of sterling and a loss of political influence by the United Kingdom. The economic course that country should follow was, however, a matter for it alone to decide.

14. The United Kingdom representative had sought, in statements made by Mr. Khrushchev, a basis for his view that the policy of the Soviet Union indicated a trend towards economic autarky. That view was entirely erroneous. As Mr. Khrushchev had pointed out, the Soviet Union favoured trade with other countries, regardless of their structure, as a means of improving international relations. Italy, as Mr. Khrushchev had remarked, had shown a more enlightened attitude than some other Western countries in developing considerably its trade with the Soviet Union. The latter welcomed the opportunity to import machinery and even whole plants which it did not desire to produce domestically. Such arrangements could be beneficial to both trading partners. The Soviet Union hoped that its trade with the less developed countries also would grow on a basis of equality and mutual advantage. It was a distortion of the facts to allege that his country was practising an autarkic policy. It dealt with eighty countries and its foreign trade had virtually doubled in value in the last seven years. During that period its trade with the United Kingdom alone had risen from 216 million to 319 million roubles. Its imports of wool and textiles from capitalist countries had increased sixfold over the same period.

15. Soviet foreign trade could reach even higher levels were it not for the restrictions imposed by some Western countries in compliance with the dictates of the North Atlantic Treaty Organization (NATO). A general expansion of trade with the Soviet Union could be anticipated, provided it could benefit from the most-favoured-nation clause and provided the European Economic Community did not apply restrictive policies against it. Some spokesmen for the Community, particularly in the Federal Republic of Germany, had made conflicting statements concerning the Community's attitude towards trade with the Soviet Union. That policy was still unclear, but indications were that it was unfavourable. However, the full negative effect had not yet been felt. One noteworthy fact was that the discriminatory nature of the Community's policy ran counter to the trade expansion aims of the International Wheat Agreement. The USSR considered that good economic relations led to good political relations, and it had concluded bilateral trade agreements with that aim in view.

16. Another inaccuracy in the statement of the United Kingdom representative related to Soviet imports from Africa, which had amounted to \$155 million and not \$28.9 million in 1961. Soviet trade with that continent was likely to expand with time on a mutually profitable basis, but the African countries would have to free themselves from the hold of the European Economic Community and of the great capitalist monopolies whose penetration of their economies, together with the single-crop systems imposed by ties with the colonial Powers, hampered increased African trade with the Soviet Union. The policies of the Western monopolists stood in contrast to those of the socialist countries, which were developing through their own efforts without, however, building walls around themselves. They believed that the under-developed nations should achieve true independence and desired to aid them in attaining economic freedom.

17. In connexion with the objectives of the United Nations Development Decade, efforts should be made to allocate some of the immense profits the monopolies of certain Western countries were deriving from less developed nations towards improving the latter's economic position. Compared to the vast sums that could be made available from that source, the few millions being provided through the Expanded Programme of Technical Assistance and the Special Fund were negligible. A group of experts, including representatives of the less developed countries, could usefully consider that possibility.

18. Mr. DEJEAN (Central African Republic) said that the Central African Republic was a land-locked country with an almost exclusively agricultural economy. Its main efforts were directed towards the rationalization and diversification of its farm output, the organization of domestic industries and the development of communications. Cotton was the most important crop, representing half the value of the country's exports. Faced with a decline in cotton production of more than 30 per cent between 1957 and 1960, the authorities had launched a vigorous promotional campaign, the successful results of which were being rapidly felt. The second most important agricultural commodity was coffee; production had climbed since 1960 and the Government was encouraging family plantations with a view to increasing individual incomes. The authorities were seeking to diversify agricultural production for export by encouraging the development of secondary industrial crops such as

ground-nuts, rubber, tobacco, sisal, timber and cacao. At the same time, they were promoting the cultivation of a whole series of food crops to improve the people's diet. Stock-breeding was developing well. The Government had launched a methodical campaign of mineral prospecting with a view to developing deposits of chrome, nickel, cobalt, manganese, platinum and, most important of all, diamonds.

19. Like all new countries with agricultural economies, the Central African Republic was seeking to industrialize. The output from its sawmills was beginning to play a role in exports. Numerous factories for processing agricultural products were already established and more were projected. During the first stage of industrialization, a thousand new jobs would be created and the way would be open for training specialized workers and developing new markets. A further stage of industrialization could then be contemplated. The Government was seeking to improve the road system, to develop an air network, to build a railway between Bangui and Douala and to put the inland waterways to better use. It thus hoped to encourage the tourist industry and improve the balance of payments.

20. The foreign trade of the Central African Republic was that of a young country, preoccupied with administrative reorganization, whose budget had to remain an operational one. Imports were rising while, for the moment, exports remained stationary. In spite of the Government's efforts to diversify the economy, cotton and coffee remained the two basic commodities and were responsible for more than three-quarters of the value of exports. The country's whole economic policy was directed towards finding outlets for those two products and obtaining more remunerative prices for them.

21. The Central African Republic was one of the sixteen African countries which had concluded an agreement of association with the European Economic Community. Its exports to the Community enjoyed a preferential tariff. A new convention adopted between the Six and the Sixteen had resulted in a substantial increase in the aid given by the former to the latter. In the next five years, that aid would amount to \$730 million, supplemented by \$50 million in long-term, low-interest loans from the European Investment Bank.

22. The close ties between his country and the European Economic Community could only be strengthened by the entry of the United Kingdom. Understandably, the economic association of the sixteen African countries with the European Economic Community had given certain other countries cause for concern. But, in his statement to the Committee (795th meeting), the Under-Secretary for Economic and Social Affairs had stressed that the trend towards regional integration was irreversible. There might be temporary upsets in traditional trade patterns, but equilibrium would assuredly be established later and on a very much higher level. The increased prosperity of the Community could only increase the aggregate demand for agricultural commodities.

23. Recent experience showed that trade between the members of the Community and third countries had in no way slackened. The member countries of the Community had already revealed their understanding of the concern felt by other countries by agreeing to reduce, with effect from 1 January 1963, customs tariffs on their imports of tropical products. His

country was convinced that the European Common Market, far from constituting a threat to third countries, would make for progress and development in the long run. While appreciating the appeals made by third countries, such as Haiti, it was somewhat astonished by the bitterness of certain attacks on the Common Market.

24. While strengthening its ties with Europe, the Central African Republic was also striving to draw closer towards the other countries of Africa. It was supporting the efforts made by the African and Malagasy Union and the countries of the Monrovia group. There were certain indications that the Monrovia group and the Casablanca group were coming closer together. His Government eagerly hoped that those trends would one day make it possible to speak of an economically integrated continent of Africa.

25. While his country's association with the European Economic Community provided it with a certain security for the sale of its agricultural products, the constant decline in the purchasing power of such commodities gave grounds for concern. Indeed, so far as his country was concerned, that question was the most important one facing the Second Committee. The steadily widening gap between the prices of primary commodities and those of manufactured goods was one of the primary causes of the persistence of underdevelopment. Each year, Africa became poorer by comparison with the industrial countries of the northern hemisphere and each year the industrialized Powers tried to compensate for that by increasing their assistance to the less developed countries. That was a paradoxical situation. It seemed that the day might come when the under-developed countries would have their economies completely subsidized by another group of Powers in exchange for free deliveries of their raw materials. It was high time to attack the evil at its root. Serious consideration should be given to the establishment of machinery for stabilizing the prices of raw materials in relation to those manufactured goods. As the Under-Secretary for Economic and Social Affairs had pointed out at the 795th meeting, "the problems of external assistance and those of international trade ought to be envisaged not as independent categories, but rather as complementary aspects of a situation which must be viewed in a global perspective".

26. Without a system of trade which would enable the countries of the third part of the world to make a decent living, assisted only temporarily and on a limited scale, the independence of the new States could be only illusory. While, politically speaking, the process of decolonization had been virtually completed, much remained to be done economically, and the under-developed countries invited the great industrial and trading Powers to join them in completing the task. His country was grateful for the bilateral and multilateral assistance it had received and thought that such assistance was essential until radical reforms had been made in the system of trade.

27. The objectives of the United Nations Development Decade were in a sense modest and, at the same time, quite ambitious in terms of the ground to be covered and the means available. Success would depend first of all on a reversal of present trends in the terms of trade and on a relaxation of international tension, which, by ending the armaments race, would release significant additional resources. Similarly, it would seem that the projected capital development

fund had no chance of being established so long as the great Powers continued to devote immense sums to armaments. Nothing of any real importance therefore could be done in the matter of economic development unless the problems of disarmament and economic decolonization were solved.

28. Mr. UNWIM (United Kingdom) said that the figures mentioned by his delegation, to which the Soviet representative had referred, had been taken from table 6-18 of the World Economic Survey, 1961 (E/3624/Rev.1). That table showed that Soviet imports from all but four African countries had been halved between 1960 and 1961, and in the latter year amounted to \$28.9 million. Soviet imports in 1961 from the under-developed countries as a whole were, it was true, larger than from Africa. It was interesting to note, however, that United Kingdom imports from the under-developed countries in the same period were eight times larger than those Soviet imports which he had mentioned.

29. Mr. ARKADYEV (Union of Soviet Socialist Republics) said that the picture of Soviet trade with Africa would be distorted if no account was taken of its imports from the United Arab Republic, Sudan, Ethiopia and Libya. The full data did not support the United Kingdom representative's argument.

30. Mr. KITTANI (Iraq) considered the debate not as an attempt to discuss fully all the major economic and financial problems besetting the world economy, but as a discussion of what the United Nations could and should do to solve them. The time had most certainly come, seventeen years after the signing of the Charter, to review both the general policies which the United Nations had adopted and the machinery it had chosen for their implementation in order to see whether they were compatible with the role which the United Nations must play if it was to be an effective instrument for world peace and progress. While there was a considerable body of opinion which considered some of the fundamental provisions of the United Nations Charter relating to peace and security inadequate in the light of vastly changed conditions, there was no disagreement regarding its economic and social provisions. The fact that the economic and social efforts of the United Nations had fallen so far short of its potentialities could not, therefore, be blamed on any deficiency in the Charter; the fault clearly lay in the lack of initiative and willingness of its Members fully to live up to their economic and social obligations. The United Nations could not, of course, play the major role in the economic development of the less developed countries, but it could and should play a leading role.

31. In view of the close interdependence of the political, economic, social and other efforts of the United Nations, the need for it to intensify its efforts to achieve general and complete disarmament was abundantly clear. In that connexion, the unanimous rejection by the consultative group of experts, in their report on the economic and social consequences of disarmament (E/3593/Rev.1), of the alleged correlation between economic prosperity and the accumulation of increasingly deadlier weapons called for new and more strenuous collective efforts.

32. Neither had the Economic and Social Council lived up to its expectations. It should be more vigorous and representative. Moreover, instead of leading the way in economic matters, as it had been expected

to do, it seemed to act only under constant pressure from the General Assembly.

33. His delegation fully agreed with the Under-Secretary for Economic and Social Affairs who, in his statement to the Committee (795th meeting), had placed emphasis on two points: first, that world trade problems were inherently of serious concern to the United Nations; and secondly, that it was high time for the United Nations to begin facing its tasks under the Charter. It was indeed surprising that for sixteen years the United Nations had, as the Under-Secretary had remarked, been prevented from expressing itself decisively on that subject.

34. Now that a general consensus had been reached on the need for a world trade conference, the immediate question was how best to prepare for it. Since that subject was of tremendous complexity, it would be neither possible nor advisable at the present early stage to list in detail either the items for the agenda or even the Conference's objectives; what could be done, however, was to give the Preparatory Committee provided for in resolution 917 (XXXIV) of the Economic and Social Council guide-lines and instructions for its work. His delegation felt that the Conference should concentrate on the continued deterioration in the trading position of the less developed countries due to the widening gap between the volume of exports of the developed and under-developed countries. More specifically, the Conference should discuss the fact that the developed countries were abolishing trading restrictions much faster on goods from other developed countries than on goods from the under-developed countries. Since the recent trend to form regional trade groupings could only harm the countries left outside, the Conference should also concern itself with the only possible alternative, namely, a world-wide effort to reconcile the different interests, placing primary emphasis on the need for solving the trade problems of the under-developed countries.

35. Another important matter for the Conference was the need for some system of price stabilization in international commodity trade. Above all, the Conference should consider the establishment of an international forum for examining the trade problems of the less developed countries and their position with regard to the policies of the developed countries. He was doubtful that in its present form GATT could serve as such a forum, because, first of all, it had been negotiated primarily to meet the needs of the developed countries and had had little impact on the trade problems of the under-developed countries and, secondly, in order to serve as such a forum, its terms of reference would have to be radically revised.

36. In its development plans, his country had set itself the primary objective of raising its level of living and doubling its national income within the next ten years. Since 1958, great emphasis had been placed on industrialization; in the current five-year development plan, almost one-third of the total expenditure of over \$1,500 million would be allocated to the industrial sector and about one fifth to agriculture. As regards land reform, almost all land holdings in excess of the maximum of 2.2 million hectares permitted by law had been taken over against compensation, and a substantial proportion of that land had already been distributed to landless farmers. Four years after the Iraqi revolution, about one million students, double the figure of pre-revolutionary years, were enrolled in schools at all levels and the number of teachers

and schools had also doubled. It was interesting to note that, in 1961/62, 380 students from Africa and Asia had attended the University of Baghdad on government scholarships.

37. Finally, in regard to the United Nations capital development fund, Iraq, which had been a member of the Committee on a United Nations Capital Development Fund for the past two years, regretted that the same kind of hesitation and opposition which had until recently prevented the United Nations from facing its international trade responsibilities was also preventing it from taking the urgent step of establishing a fund for capital assistance to the less developed countries. His delegation strongly felt that the General Assembly could not abandon that vital project and earnestly hoped that the major Western Powers would soon cease opposing it.

38. Mr. LUBBERS (Netherlands), replying to the Soviet Union representative, said that he would not enter into an argument on trade policy; he merely wished to say that, if the Soviet Union considered the increased contributions which some countries had announced to the Special Fund and the Expanded Programme of Technical Assistance as negligible and deprecated the Netherlands gift of \$1 million for the establishment of a United Nations Research Institute for Social Development, it could have served the developing countries better by pledging a sum more in keeping with its size and power to those programmes, the value of which the developing countries realized from their own experience.

The meeting rose at 5.50 p.m.