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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>	123

Chairman: Mr. Bohdan LEWANDOWSKI
(Poland).

In the absence of the Chairman, Mr. Allana (Pakistan), Vice-Chairman, took the Chair.

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.2/214, A/C.2/L.645, A/C.2/L.648 and Add.1, 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. SOW (Chad) said that representatives should make every effort to be objective and avoid polemics.
2. The situation of his country was among the most difficult faced by any of the developing countries. The two basic features of Chad's economy—the vastness of its territory and its remoteness from the sea and from international communications—limited its prospects of industrializing in the absence of large-scale foreign investment. Chad had therefore concentrated, for several years, on certain specific sectors in order to increase the income of the people and to engage in foreign trade. His Government had appealed for hard work from its population and for foreign investment, which was accorded special treatment, including customs and tax advantages, under the Equatorial Customs Union. A large part of that investment was used for development surveys. His Government also endeavoured to rationalize marketing facilities. In that connexion, he paid a tribute to the work of a UNESCO mission of experts which had been sent to Chad under the auspices of the Economic Commission for Africa to study the prospects of modernizing fishing in the Chari River. One of the most vital problems facing his Government, however, was that of opening the country to the outside world. It was hoped that the building of a railway would re-

duce freight rates and hence the cost of exports and imports, and at the same time open up the domestic market. While international organs, particularly the International Bank for Reconstruction and Development, had done much to develop the infra-structure of the less developed countries, the problem of transport remained one of the gravest confronting those countries, seriously impeding their economic development and calling for concerted action on the part of the developed countries, the United Nations and the non-governmental organizations. He asked the Committee to take account of that problem in its conclusions and resolutions.

3. The economic and social development of Chad should be part of the development of the African region as a whole, and such integration should take the form of liberalized trade with all countries. Chad had therefore joined, in addition to the Equatorial Customs Union, the Association of African and Malagasy Economic Co-operation and Development, which was a regional economic grouping, not a supranational organization, open to all African States. The Association wished to maintain trade relations with all countries and its members were associated with the European Economic Community (EEC).

4. The EEC was neither imperialist nor neo-colonialist. His country's association with it had in no way infringed its independence or freedom of action. The members of the Association of African and Malagasy Economic Co-operation and Development had decided to negotiate jointly with EEC in order to strengthen their position in the European Common Market and to safeguard their economic and political independence. A great many of the attacks directed against EEC were unjustified. While it was true that the common external tariff might appear in some respects to be harmful to the products of third countries, its effects should not be exaggerated, since several third countries were now trading with EEC on a far greater scale than in previous years, and in some cases it was even true that their trade equalled, or even exceeded, that of the associated States. Moreover, EEC had allowed some of its members to set tariff quotas for certain products of non-associated countries. The Latin American countries were the principal beneficiaries of that provision and, with the entry of the United Kingdom into EEC, the Commonwealth countries would also enjoy the benefit of the special provision made for certain of their products. In addition, substantial reductions would shortly be made in tariffs on certain tropical commodities.

5. Like other regional economic organizations, EEC had both good and bad features. If the criticism voiced in the Committee was general, that is, if it was directed not only against EEC but against all restrictive or discriminatory practices, all of which were susceptible of hindering the economic development of countries not yet industrialized, his delegation would fully subscribe to it. It should not be forgotten, however, that State intervention in the trading policies of the member countries was virtually negligible and that their trade was almost completely free. On the other hand, it could not be denied that for the past several years the socialist countries had been dumping such products as oil and sugar. Some of the criticism levelled at EEC thus seemed to conceal ulterior motives. It was strange to note that the

same countries which criticized EEC attempted to link their particular economic relations with it.

6. If the gap between the industrialized and the under-developed countries continued to widen, the day would come when there would be few outlets for manufactured products and when potential consumers would be unable to pay for them. His delegation therefore considered that the convening of a United Nations Conference on Trade and Development was desirable and hoped that the Conference, for which painstaking preparation would be necessary, would yield positive results. The Conference might be called at the end of 1963 or at the beginning of 1964 in order to give the experts sufficient time to thoroughly study the different items on its agenda, for example, financial compensation for countries whose export income was affected by fluctuations in commodity prices, raw materials policy, investment policy, the causes of the unprofitability of some investments, the causes of the deterioration in the terms of trade, the acceleration of the economic and social development of the under-developed countries and integration at the world level of economic and social development plans.

7. His delegation agreed with the suggestion made by the Tunisian representative (802nd meeting) that the Preparatory Committee should be divided into three sub-committees, but it wondered whether the third sub-committee would have within its terms of reference the problems posed by the organization of markets susceptible of having harmful effects on commodities, including State intervention in respect of imports and exports. The Preparatory Committee should make a systematic study of existing markets and consider measures to open them to the products of all countries. The United Nations, the specialized agencies, the non-governmental organizations and GATT should be invited to participate in the Conference and in its Preparatory Committee.

8. The Committee should adopt a strong resolution on foreign investment, which often bore little relation to the needs and goals of the recipient State, and a general agreement should be quickly reached on the prices of the raw materials which were subject to fluctuations.

9. Mr. QUINTERO (Panama) said that it was encouraging to note that at the current session there were grounds for believing that the United Nations would progress from studies and analyses to action. Of the many terms used to designate the impoverished countries, the term "developing countries" would be best if it were true: the sad fact was, however, that the economic situation of those countries was becoming more desperate with each passing year. Those countries were not poor, since the majority of them possessed significant natural resources which were not being used for the maximum benefit of their populations, either because they had not been exploited at all or had been exploited for the benefit of foreign interests.

10. Since the establishment of the United Nations seventeen years ago, the Committee had arrived at certain undisputed conclusions. All its members admitted that the situation of the less developed countries was steadily deteriorating owing, *inter alia*, to drastic fluctuations in the prices of their primary commodities. The disastrous consequences of those fluctuations were aggravated by the trend in many of the industrialized countries to substitute synthetics

for primary commodities, to erect tariff barriers and to subject commodity trade to discriminatory practices. At the same time, the prices of manufactured articles were constantly rising, as a result of which the under-developed countries experienced increasing difficulty in obtaining the foreign exchange they needed to purchase goods from the industrialized countries, while their cost of living was constantly climbing. It could be seen that, with a concurrent high rate of population growth, the impoverished countries were headed for further impoverishment unless drastic changes took place in international economic relations.

11. There also seemed to be unanimous agreement on a number of measures to deal with the grave situation in which the under-developed countries found themselves. It was generally agreed that those countries must diversify their economies and industrialize and that the process of industrialization should be rapid. It was none the less true that for some time to come they would continue to be dependent on their traditional economic activities, which must be intensified and conducted under more advantageous conditions so that they could obtain the foreign exchange and the capital they needed for their economic transformation. In fact, however, their world trading position was steadily deteriorating. All Members agreed, or seemed to agree, that it was necessary to stabilize the prices of primary commodities and that the industrialized countries must liberalize their import policies to eliminate unnecessary restrictions and discriminatory practices and, in general, to expand their trade with the under-developed countries. Such action was not so much charity as self-interest, since economic prosperity was indivisible and, in the final analysis, long-term, low-interest loans, like financial and technical assistance, were of mutual benefit. He had said that all Members agreed or "seemed to agree", because many Member States give the impression that powerful interests in their midst did not believe what their statesmen proclaimed and continued to adhere to the colonialist thesis that the prosperity of some countries necessarily implied the poverty and backwardness of others.

12. General agreement had also been reached on the fact that economic and technical assistance should be free from political ties, that multilateral economic assistance was more desirable than bilateral aid, that the cold war was one of the greatest obstacles to the development of the impoverished peoples and that world programmes of economic and technical assistance designed to transform those countries should be undertaken under United Nations auspices. Nevertheless, politics and international rivalries interfered with the economic and social development of the under-developed countries. At times, the assistance provided by the great Powers was more apparent than real. The greatest obstacle impeding efforts to rescue the under-developed peoples from poverty was psychological. A large body of opinion in the rich, industrialized countries was still unable to understand the complex realities of the modern world.

13. The specific achievements of the Economic and Social Council at its thirty-fourth session and the inclusion in the Second Committee's agenda of such vital topics as permanent sovereignty over natural resources and the Cairo Declaration of Developing Countries were further proof of the new dynamic attitude that had arisen within the United Nations.

Panama vigorously upheld the view that each State must maintain permanent sovereignty over all its natural resources, including the wealth derived from its geographical position.

14. Panama shared the ills common to most of Latin America. But it had its own problems, too, because in some respects its economy was unique. For example, in 1961, its exports amounted to only one-sixth of its imports, an imbalance that was even more alarming since its main export crop—bananas—was grown and shipped exclusively by foreign companies. Yet in spite of its endemic poverty, Panama was more prosperous than other under-developed countries. In 1961, its average per caput income was \$416; its revenue was derived more from the provision of services and the distribution of goods than from the production and export of raw materials. The wealth that should have accrued to Panama from the Canal had gone and was still going elsewhere. As a result, the country's problems had steadily worsened. In the main cities, Panama and Colon, twenty out of every 100 able-bodied men were unemployed.

15. The Panamanian Government had launched an economic and social development plan covering the period 1962-1970. Among its aims were the boosting of per caput income from its present figure of \$416 to \$519 by 1970, the diversification of production and land reform. The plan also took into account Panama's desire to contribute to the establishment of the Latin American common market. As a more immediate aim, his country supported the Central American common market.

16. For a small country with a steadily declining economy, such schemes were perhaps Utopian. But Panama hoped to receive effective international aid to compensate in part for the economic and other advantages which the United States had obtained from it for more than half a century. It was encouraging that Panama's rehabilitation programme coincided with the United Nations Development Decade. Undoubtedly, that project was the biggest, the most realistic and the most promising ever launched by the Organization in its efforts to bring about the economic and social rehabilitation of all those peoples who were now victims of poverty, exploitation and economic backwardness.

Mr. Lewandowski (Poland) took the Chair.

17. Mr. BOLT (New Zealand), exercising his right of reply, recalled that at the 803rd meeting the USSR representative had alleged that the New Zealand representative had joined the Italian representative as an advocate of the European Economic Community. That was a fantastic notion. The Italians and other members of EEC were quite capable of defending themselves; they needed no assistance from New Zealand.

18. The problems arising from the relations between regional groupings and primary exporting countries like New Zealand must be viewed objectively. The advanced industrial countries generally exercised much greater economic bargaining power than the less developed countries, an imbalance which regional economic groupings of developed States greatly accentuated. No one questioned the right of nations to join together for their own economic well-being. But, as had been repeatedly emphasized during the general debate, the stronger those regional groupings were, the greater their duty to be outward- rather than inward-looking. New Zealand had never hesitated to

insist that, if the policies of EEC—and particularly its common agricultural policy—were inward-looking, the New Zealand economy, like the economies of many other countries, ran the risk of dislocation and stagnation. However, its concern did not prompt it to believe, as the Soviet Union would have the Committee believe, that the European Economic Community was composed of devils and the Council for Mutual Economic Assistance (COMECON) of angels.

19. All representatives interested in the relationship between economically powerful and economically weak countries should study the document entitled "The Fundamental Principles of the International Socialist Division of Labour", which the Czechoslovak delegation had sent to the Secretary-General on 8 October 1962, with the request that it be circulated to delegations. Although basically a technical document, it gave a clear indication of the nature and aims of COMECON. It was a useful supplement to the communiqué issued after the COMECON meeting in June 1962 and could well be read side by side with the Treaty of Rome establishing the European Economic Community. According to the Czechoslovak document, the experience of the world socialist economic system had shown that, at the present stage, co-ordination of national economic plans was the principal means of extending the international socialist division of labour and of pooling the productive efforts of the socialist countries. In other words, the centrally planned economies could practise a form of economic union without the use of tariffs. The USSR representative had made much of that point and had emphasized that members of COMECON could make separate trade agreements. Of course they could. Centrally planned economies had different economic institutions and did not need a common external tariff and similar devices to enable them to achieve regional economic integration. Such integration might be as tight or as loose as the trade monopolies and the central planning authorities desired.

20. Further extracts from the Czechoslovak document might be cited without comment. It stated that the organization of a single camp of socialist countries and its ever-growing unity and might ensured the complete victory of socialism and communism within the entire system; that the community of socialist countries achieved its aims through all-round political, economic and cultural co-operation; that the international socialist division of labour must guarantee each country the possibility to market its specialized products; that co-ordination of economic plans should take the fullest account of the necessity to produce, within the framework of the world socialist system, staple goods in quantities sufficient to meet the needs of the socialist countries, with due allowance for their ever-expanding trade with other countries; that international specialization in consumer goods should be subject to agreements between interested countries so that the needs of the population in their respective countries could be met to the fullest possible degree; and that the creation of an optimum economic complex in a given country presupposed the development of agriculture capable of meeting to the maximum possible degree a country's requirements in foodstuffs, fodder and industrial raw materials.

21. Mr. BRACOPS (Belgium) said that his country, which had been the battleground of the great Powers of Europe, was as attached to peace as it was to its national identity and independence. Belgium's desire

for peace had led it to join the European Common Market, which it regarded as the corner-stone of a world economic system that would bring peace and social justice.

22. In spite of the explanations, arguments and figures which the Belgian Minister for Foreign Affairs had presented in the General Assembly (1138th plenary session), the true character of the Common Market appeared still to be misunderstood by some delegations. It was certainly true that the Common Market had a political role: the building of Europe. At the political level, that was being done through the Council of Europe, and, at the economic level, through the European Coal and Steel Community and EEC.

23. The United Nations Development Decade was a bold initiative and there had been some reason to fear at the beginning that the means adopted would not be compatible with the needs. After ten months, the targets still appeared difficult to attain, but the very establishment of those targets was itself of value. The problems of development were extremely complex and it was justifiable to ask whether any real progress had been made towards their solution and what hope there was of ultimate success. A subsidiary question that might be asked was whether the United Nations had contributed to that advance. Progress had been made to the extent that attitudes had changed: international action was being strengthened; the ideas of aid, technical co-operation and pre-investment were now accepted; and an ever-increasing volume of financial and technical assistance was being given to the developing countries under various multilateral and bilateral programmes. That concentration of activity in itself gave ground for hope, particularly in view of the trend towards systematizing, co-ordinating and even integrating the various forms of aid. Nevertheless, it was undeniable that the action taken so far, in terms of aid alone, would not suffice to solve the problems of development.

24. In recent years, considerable emphasis had been placed on the "moral obligation" of the high-income countries to grant an increasing amount of aid to the low-income countries. The former were, in point of fact, making a very considerable effort in that direction, and aid to the under-developed nations had become an important element of national policy. However, there was often a tendency to forget that the high-income countries could maintain and increase their assistance only if they were able to maintain their own stability in an expanding economy. That was precisely what the members of EEC were succeeding in doing, and it was therefore surprising that the very persons who advocated more aid criticized the forms of integration which made more aid possible.

25. There had been frequent reference to the power which was being acquired by EEC. The statistical evidence showed that EEC was already the strongest trading unit in the world and that it would grow even stronger if, as was hoped, it was joined by the United Kingdom. However, the greatest commercial unit in the world could not prosper without international trade. The problems of world trade were constantly increasing. It was perfectly legitimate for the economically under-developed countries to try to attain a more advantageous position in the world economy through the sale of their products at fair prices. Their difficulties had been stressed in the Cairo Declaration (A/5162), with regard to which his delegation held

views somewhat similar to those expressed by the United States representative (798th meeting).

26. The fact that the trade of the members of EEC among themselves had increased very considerably was no cause for fear on the part of third countries that their own foreign trade would suffer. On the contrary, article 110 of the Rome Treaty stated that the member states of the Community intended to contribute, in conformity with the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international exchanges and the lowering of customs barriers. Moreover, as trading nations, the members of EEC were dependent on relations with the rest of the world and had the greatest interest in the expansion of world trade as a whole.

27. While the international trade of countries outside EEC had grown by 7 per cent between 1957 and 1961, trade between EEC and third countries had risen by 17 per cent in the same period. The EEC was, in fact, the world's greatest importer and exporter and the volume of its trade with the developing countries was expanding steadily. It was lowering its external tariff, particularly for tropical products, and was always prepared to discuss with third countries the difficulties which they encountered. The common external tariff of EEC was no more than a customs tariff. His delegation failed to see why customs tariffs, which were applied everywhere else, should be criticized when applied by EEC. It should be borne in mind, moreover, that the first external tariff reduction of EEC had been carried out unilaterally, without any request for corresponding action by third countries. It had also introduced the system of linear tariff reductions, which had led to the application of a new technique for liberalizing trade. The African States associated with EEC had benefited from their relation with it and the new agreement of association in course of negotiation should result in the provision of \$800 million in aid to those States over the next five years.

28. That did not mean, however, that a much greater effort should not be exerted to solve critical world trade problems. His country endorsed the convening of the United Nations Conference on Trade and Development, the success of which would depend on careful preparation. In that connexion, it was undesirable for the Conference to coincide with a session of the General Assembly. The role which GATT could play in the Conference should not be ignored, for, in point of fact, that institution comprised, directly or indirectly, sixty-six countries representing more than three-fourths of world trade. His delegation saw advantage in giving countries which represented a considerable proportion of world trade an opportunity to be properly heard in the preparatory work for the Conference.

29. The instability of primary-commodity prices created one of the most complex and serious economic, political and social problems of the present day and tended to jeopardize efforts to foster the development of the less developed countries. Governments were becoming increasingly aware, however, of the seriousness of the situation and international efforts to improve it were being intensified. The EEC had undertaken a policy of market organization and stabilization and of supporting prices at levels which were as fair

as possible to both the producer and the consumer. Nevertheless, the problem was so complicated that progress at the world level could not be made without vigorous simultaneous action on all fronts.

30. One of the major obstacles to balanced trade was chronic over-production, frequently stimulated by technical progress. Single-commodity agreements constituted one means of overcoming that problem, but over-production was only part of the larger problem of economic development. From the long-range point of view, it could be solved only by the diversification of production—and of agricultural production in particular—by industrialization, by increasing domestic consumption and by other forms of economic action. Financial aid provided through IMF and other agencies assisted the producing countries in coping with temporary fluctuations in their balance of payments due to price and market variations. New methods, such as the establishment of a so-called insurance fund, were being studied, but the difficulties which would arise in that connexion should not be underestimated. Both trade and aid were needed at the present time. That was the policy of EEC and the action it was taking with regard to primary commodities was not limited to its relations with its associated territories. It was contributing to economic development in a great many ways through the expansion of trade throughout the world.

31. The falling prices of primary commodities presented a particularly delicate and complex problem the solution of which would require concerted action over a long period and in which Belgium intended to participate. Nevertheless, the most important factor in that effort was the desire of the economically under-developed countries to bridge the gap between them and the industrialized countries. The success of the efforts also depended on rapid progress towards social justice in the under-developed countries, including, in particular, action connected with land reform and taxation.

32. At the 803rd meeting, the USSR representative had painted a rather sombre picture of conditions in some countries of Western Europe. The general prosperity and full employment enjoyed by Belgium certainly disproved that picture. However, Belgium took no selfish pride in its prosperity and, appreciating the needs of other nations, was doing much in various ways to alleviate their difficulties. Subject to parliamentary approval, its contribution for 1963 to the Expanded Programme of Technical Assistance and the Special Fund would represent the equivalent of \$1,250,000. A further amount of \$700,000 to finance the provision of associate experts of Belgian nationality to countries desiring their services had been offered under the same conditions. His Government hoped that it would soon receive from the Secretariat information on the manner in which the latter contemplated using that additional contribution. His Government would also contribute, subject to parliamentary approval, the equivalent of \$1,000,000 to the World Food Programme, \$300,000 of which could be paid very promptly, and it was participating in other United Nations and humanitarian activities. It had contributed the equivalent of \$70 million to the Development Fund of EEC, and its total aid, including that given to the Congo, Rwanda and Burundi amounted to the equivalent of \$100 million annually, or \$10 per caput each year. Belgium was also taking a very active part

in United Nations activities connected with primary commodities, being a signatory of the various commodity agreements. It was glad to be able to offer some assistance in response to the appeal of the

developing countries and hoped to be able to do even more in the future.

The meeting rose at 12.50 p.m.