

# United Nations GENERAL ASSEMBLY

SEVENTEENTH SESSION

Official Records



**SECOND COMMITTEE, 804th  
MEETING**

Friday, 12 October 1962,  
at 10.40 a.m.

**NEW YORK**

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**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. MWANJISI (Tanganyika) agreed with the Under-Secretary for Economic and Social Affairs that the economic growth of the less developed countries should be the main concern of the Committee, not only because Tanganyika belonged to that group of countries, but also and chiefly because the valuable discussions which would take place should enable the less developed countries to benefit directly from the knowledge and experience of the developed countries.

2. Development was impossible without planning. The United Nations Development Decade comprised a plan whose ultimate objective was to achieve in each under-developed country a minimum rate of annual growth in aggregate national income of 5 per cent. The need for planning, now universally recognized and included among the principles which should guide the action of the United Nations during the Decade, was particularly acute in the less developed countries. Most of them were formerly colonies where the private sector, if it existed, was in expatriate hands. It was for that reason that, in July 1961, Tanganyika had launched a three-year plan aimed at the development of agriculture and livestock, communications, and secondary and technical education. It comprised numerous projects based on individual efforts, for that was the best way of utilizing to the maximum the human resources of the country. The masses were called upon to contribute freely to the building of the nation by taking part in the

construction of roads, bridges, schools and hospitals and by organizing farms for increasing the national output. The people had responded to that call, for they realized that external borrowing was not effective unless they themselves were prepared to work not only to justify such aid but also to repay it. The co-operative movement, which was wholly in keeping with deep-rooted African traditions, was flourishing. Marketing co-operatives, designed to avoid middlemen, had mushroomed. There were now 700 such co-operatives with a total membership of 400,000. The most important products of Tanganyika, cotton and coffee, were marketed in that way.

3. Tanganyika considered that regional economic groupings were healthy, provided that they did not infringe on the economic, social and political sovereignty of other nations or groups of nations. Tanganyika had rejected associate membership of the European Economic Community because it did not wish to belong to a group whose admitted aim was to bring about a new political organization in Europe. In his statement on 1 October to the General Assembly (1138th plenary meeting), Mr. Spaak, the Belgian Minister for Foreign Affairs, had admitted that the European countries used to buy primary commodities at low prices and then, with a certain remorse, give gifts or loans to those with whom it had not dealt honestly. Mr. Spaak had asserted that that system was no longer applied, but the fund of \$580 million which the Community was to devote to the economic development of the overseas associate countries seemed to originate from such dealings in which the associate countries had not been treated with perfect honesty. In spite of the affirmations of the Belgian Minister to the contrary, the events in the Congo suggested that the aims of the Community were not necessarily identical with the political and economic independence of the associate countries. Such countries alone knew what was good for them. However, as the atomic age was the age of interdependence, Tanganyika had no intention of boycotting the Community. On the contrary, it welcomed the economic and commercial opportunities available in the Community and was preparing to negotiate a trade treaty with it. It would thus avoid taking sides in the cold war and would promote African unity which would be threatened by association with the Community.

4. He stressed the importance of the historic meeting at Cairo where, for the first time, the less developed countries had discussed their common problems with a view to determining a single course of action. The Conference on the Problems of Economic Development had emphasized that complete decolonization was essential for economic development and, in that connexion, had recalled the United Nations Declaration on the granting of independence to colonial countries and peoples (General Assembly resolution 1514 (XV)). Tanganyika appealed to all those countries which still held colonies to abide by that resolution so that no territory was exploited any longer solely for the selfish interests of metropolitan countries. It was only after the achievement of independence that the problems of diversification, industrialization, mobilization of savings and capital formation, mentioned in articles 15 and 20 of the Cairo Declaration of Developing Countries (A/5162) could be solved. The other important matter which the Cairo Declaration had rightly emphasized in articles 31 and 32 was the connexion between the

economic growth of the developed countries and that of the under-developed countries. The Conference had invited the industrial countries to adopt as a matter of urgency measures for the abolition of tariffs and other barriers adversely affecting the exports of the developing countries and had urged, in the common interest, that steps should be taken within the framework of the United Nations for the purpose of stabilizing international primary commodity markets on a fair and remunerative basis, taking into consideration the trend of prices of manufactured goods. While many developed countries had failed to see that falling prices of primary products reduced the purchasing power of their customers, it was encouraging to note that the under-developed countries had agreed to expand the little trade which they had among themselves.

5. The problem of the economic and social consequences of disarmament would undoubtedly figure prominently in the Committee's discussions, for the \$120,000 million spent each year on armaments, including \$5,000 million by the under-developed countries, could be better used to eradicate poverty, illiteracy and disease.

6. In order to reflect the increase in the membership of the United Nations and the recent admission of numerous under-developed countries, the economic organs of the United Nations should be enlarged. The facilities for extending United Nations assistance should also be increased in order to attain the targets set for the United Nations Development Decade. His delegation welcomed the decision to convene an international conference on world trade problems which could contribute to a lasting peace. It was well known that economic selfishness leading to economic aggression was often the cause of war.

7. Many donor countries had demanded the assurance of political stability as a prerequisite for external aid. However, experience showed that, at least in Africa, such a condition was far from being met. South Africa, politically one of the most unstable countries in the world, had received more than £900 million from United Kingdom investors and nearly \$500 million from United States capitalists. The same was true of the so-called Federation of Rhodesia and Nyasaland. Yet countries like Tanganyika, where a peaceful revolution had taken place, were often bypassed. The United States representative had pointed out (798th meeting) that the peoples of the donor countries wanted to be certain that their aid was working towards the achievement of self-sustaining growth. However, according to the U.S. News & World Report of 6 August 1962, almost 80 per cent of the billions devoted to foreign aid was spent in the United States itself, thus creating business for United States firms and jobs for United States workers. Often, donor countries themselves prevented the proper utilization of assistance funds by choosing to invest their capital in non-essential sectors. Tanganyika regarded itself as free to accept external assistance from any quarter where the most favourable conditions were to be found.

8. The Committee's function was to establish relationships of justice and honesty among peoples so that the countries of the less developed regions obtained their due share of the benefits of human progress.

9. Mr. LARA IRAETA (Costa Rica) said that the developing countries had reached a crucial stage in which their destiny was at stake: either they would progress or they would perish because they had been abandoned by the prosperous countries. Solutions

therefore had to be found and action should immediately be taken before the events already looming on the horizon became realities. The United Nations could not, of course, be blamed if those events materialized, nor could it be forgiven if it did not foresee them and give forewarning.

10. Development would not be possible, however, so long as the prosperous countries considered only their own national interests. No people could, with impunity, disregard the economic interdependence of nations. Although the principle of solidarity was accepted in theory, it was unfortunately too frequently neglected in practice. The lack of cohesion between the developed and the under-developed countries would, if it continued, prevent the latter from attaining the level of economic, social and political well-being to which they aspired and to which they were entitled. President Kennedy had been inspired by a noble ideal in concluding the Alliance for Progress and he deserved the gratitude of the countries of Latin America which had hitherto been discouraged by the general mood of indifference. However, slowness and delay were inherent in the Alliance because it required countries desiring aid to modify their institutions or create new ones and to carry out social and fiscal reforms. Costa Rica was fortunately among those countries which had not had to undertake any transformation, but the time which such reforms would inevitably require in other countries might endanger the stability of their democratic institutions if other ideologies gradually succeeded in making headway. Furthermore, sudden economic changes always created disorder, if not actual set-backs.

11. The Argentine representative had already mentioned one of those set-backs in recalling that, according to ECLA experts, exports from Latin America represented only 6.5 per cent of world exports compared with 10 per cent in 1937-38, while the population of the region was increasing at an unprecedented rate. Although there were internal reasons for that situation, it was largely due to the unfavourable trend in Europe. Latin America was faced with innumerable obstacles created by the European Economic Community and by nations exclusively concerned with their own interests. It was therefore necessary constantly to bear in mind those difficulties and to establish an economic and financial body—or strengthen it if it already existed—to ensure co-operation between the member countries of the Community and the other similar entities or agencies set up to support the economies of the developing countries. If the Members of the United Nations could concern themselves exclusively with economics and disregard selfish national interests, it should be possible for them to unite in the interest of over-all progress.

12. The United Nations bodies which participated in the granting of loans and technical assistance were performing a major function which was helping to stabilize the economies of and democracy in the recipient countries. Costa Rica would therefore support any steps the United Nations might take to provide them with more capital and more technical assistance. The question of establishing a United Nations capital development fund, with which the Committee would have to concern itself, would also have a far-reaching effect on the economy of the under-developed countries. But United Nations financial aid would not be sufficient to meet the many needs of the developing countries, for the development of their natural re-

sources alone already necessitated huge investments. The developing countries therefore needed to attract foreign investors. It might be useful to determine the legislative measures those countries should take in order to guarantee to private investors that, under law, nothing would be done to hamper their activities or their chances of recovering the capital which they had invested. Latin America, whose hard-working population sought through its labour and productive effort to achieve greater prosperity and social justice, offered great opportunities for industrialization; it also needed foreign capital to develop its agriculture. A national debt incurred for productive projects had never prevented the private sector nor the nation concerned from prospering whenever a reasonable amortization rate had been guaranteed. Finally, it was preferable for private investors to participate in the creation of productive enterprises which were not likely later to become a burden on the national budget.

13. Justice required that the population as a whole should benefit from a country's progress. Land should therefore be given to those who were prepared to work it, so that it did not lie fallow, or to prevent absent landlords who invested nothing in it from profiting from the labour of others. The best solution was to increase private ownership without, however, depriving those who lived by working the land. The State should also ensure that land was not used in a way which did not benefit the community. In order to improve the purchasing power of the impoverished masses and thus to strengthen the economy by increasing demand, wages should be raised by a reasonable and fair amount and private ownership expanded. The possible consequences of land reform should nevertheless be studied carefully. While it had definite advantages, it was also very frequently liable to curtail production at the outset and to jeopardize the food supply.

14. Only through the solution of economic problems could social justice be achieved. The United Nations, admittedly, could not resolve all difficulties by itself, but it was urgently necessary for the developing countries to be able to count on the co-operation of the prosperous nations if they were to see the dawn of a new life from which hunger and economic dependence were banned.

15. Mr. DOE (Liberia) said that his delegation was gratified that the general discussion had as its guidelines the objectives of the United Nations Development Decade. The fulfilment of those objectives depended on the liberalization and improvement of international trade and the Secretary-General had devoted to them a very important report (E/3613) containing proposals for the intensification of national and international action. Liberia was also pleased to note that the Economic and Social Council, in resolution 916 (XXXIV), had given the most serious consideration to the Secretary-General's report in preparing a detailed plan to achieve the goals of the Decade. Unfortunately, in contrast to the hope inspired by the proposals for national and international action, it was necessary also to note the brilliant analysis made by the Under-Secretary for Economic and Social Affairs (795th meeting) in order to appreciate the great disparity between the conditions in the economically advanced countries and those in the developing countries, a disparity which was becoming progressively greater.

16. It was the Committee's function to determine the main lines of the programme for attaining the objectives of the Decade. He would not deal with the host of intricate problems which that project raised, but proposed to draw attention to a few general ideas which should be of interest to the developed and the developing countries alike.

17. In order to achieve the goals set for the Development Decade, all countries would naturally have to increase their contributions to the Expanded Programme of Technical Assistance and the Special Fund, so as to achieve the target for 1962 of \$150 million which the General Assembly had urged. It had been stated that the diversion to peaceful purposes of the vast resources at present expended on armaments would improve world economic and social conditions appreciably. It was also necessary to stress the part that could be played by the regional economic commissions in promoting the accelerated expansion of trade and industry, as well as the importance of programmes for the training of experts. By giving priority to industrial development, it had been recognized implicitly that the developing countries had missed the industrial revolution by a chance of history and that their difficulties were attributable to past mistakes and to the present successes of the developed countries. Although science and technology could solve those problems, he wondered what meaning they could have for countries whose development was in the embryonic state, if the advanced countries were not prepared to help them and to supply them with the things they urgently needed. Their needs derived from a shortage of capital, of skilled labour and of technical and managerial staff and from the necessity of discarding the traditions and social attitudes of another age. All those problems could be solved only with time and the sympathetic co-operation of the developed countries. For those reasons, a more dynamic and coherent strategy of development was called for, as well as a world-wide concerted effort to help the economically less developed countries to achieve more decent living conditions.

18. Some beginnings of practical achievement could be noted, such as the proliferation of organs for international co-operation, help for refugees and the struggle against hunger, illiteracy and poverty, but such action, although humanitarian, was not wholly disinterested. The recipient country was still too frequently expected to accept not only the gift, but also the political condition attached to it. Donor countries should act not only from moral principles, but also out of compassion. The need was not so much to save succeeding generations—and the present generation—from the scourge of war and from its first symptoms, as to prevent the causes of conflict. The United Nations had a wider function than the execution of operational programmes; it also needed to set standards for assistance programmes, to review multilateral and bilateral arrangements in terms of such standards and in relation to unsatisfied needs, and to call attention to projects which should be given priority.

19. Liberia agreed, of course, that the developing countries should pursue such policies and initiate such action as would ensure the achievement of the goals set in the Secretary-General's report on the United Nations Development Decade, but a way would have to be found for appraising, in terms of that programme, the results attained through the individual initiative of each country. Certain conditions should

also be met which would assist national efforts. The trade patterns of the developed countries would have to be changed, international commodity problems would have to be solved and the notion that the developing countries were essentially producers of raw materials would have to be revised. The Committee's efforts should at least tend to stimulate an international attitude with which the programmes would have the best opportunity of success. The proposal to convene an international conference on trade and development was also a happy initiative that might perhaps improve the situation and turn the course of events in a more favourable direction, both nationally and internationally.

20. It was a painful truth that prices of primary products were still moving downwards and there was nothing to indicate any upturn. That situation of uncertainty, together with the threat posed by new economic groupings, created difficulties for the implementation of internal economic policies. His Government was studying the situation attentively, but it already considered that the United Nations had a role to perform in the present new order.

21. So far as the question of permanent sovereignty over natural resources was concerned, he hoped that General Assembly resolution 1314 (XIII) would be considered objectively. His delegation would present its views at the appropriate time, but it wished to reiterate that most of the developing countries recognized the need for competent and disinterested expert advice on industrialization. While appreciating the usefulness of foreign investment, Liberia wished to protect itself against an undue outflow of national income. On the other hand, it was prepared to give protection to foreign capital.

22. His delegation attached the utmost importance to studies in connexion with the adoption of systems that would automatically compensate for fluctuations in income from the export of primary commodities. It urged the Committee to avail itself of the findings of the technical working group set up by the Economic and Social Council under resolution 915 (XXXIV) and to present its own conclusions to the thirty-sixth session of the Council.

23. Mr. GODBER (United Kingdom) thought that the most striking feature of the present world economic situation was the growth of international economic co-operation, which was now spreading to all the countries of the world. That co-operation took two distinct forms. The first form of co-operation was that of international discussions. On the one hand there were discussions of particular problems affecting many countries, the recent United Nations Coffee Conference being an example of what could be achieved through that type of co-operation; and on the other hand there were discussions of the broad principles of international co-operation. In that connexion, one could cite the Conference on the Problems of Economic Development, held at Cairo. While the United Kingdom delegation might not agree in all respects with the Declaration resulting from that Conference (A/5162), it subscribed to the Declaration on Promotion of the Trade of Less-developed Countries, drafted by the Ministers of the Contracting Parties to GATT, which covered part of the same field.<sup>1/</sup> In any case, the United Kingdom welcomed without reservation the determination of the

<sup>1/</sup> General Agreement on Tariffs and Trade, *Basic Instruments and Selected Documents*, Tenth Supplement (Geneva, 1962), p. 28.

developing countries to tackle their difficulties energetically and to exchange views on how best they might be solved.

24. The Committee also had on its agenda the question of holding an international conference on trade problems. There again, the United Kingdom would prefer to approach the complicated issues involved step by step rather than as a whole, but it had bowed to the arguments of a number of countries and had voted in favour of Economic and Social Council resolution 917 (XXXIV), believing that if there was a desire to seek practical results rather than propaganda victories and if there was thorough preparation along the lines indicated in the Council, the United Nations Conference on Trade and Development would be able to meet some of the high expectations to which it had given rise. The United Kingdom believed that the Conference should endeavour to solve the problems besetting the developing countries, a view which was not apparently shared by the Soviet Union, to judge by the statement of its representative at the previous meeting. While the Soviet representative had of course referred to the resolution in question, he had given many reasons for holding a conference to study trade problems without also stressing the importance which the resolution had placed on the question of development. The draft resolution submitted by the Soviet Union (A/C.2/L.645) also disregarded that fundamental aspect of the conference. The United Kingdom had supported resolution 917 (XXXIV) on the understanding that a conference on trade and development was in question and having regard to the desire expressed by most of the developing countries to find a new way of extending the part played by trade in development. His delegation had the most serious doubts about the usefulness of a conference which failed to concentrate all its efforts on that important and fundamental issue.

25. The Liberian representative had just stated that there was a prevailing notion that the developing countries were essentially producers of raw materials. His delegation did not see things in that light; it thought that those countries should be encouraged to develop their industrial potential in every possible way. The United Nations Conference on Trade and Development could probably indicate the best course to follow and the United Kingdom, for its part, was prepared to make a positive contribution to its work.

26. The second form of international co-operation was the growing trend towards regional integration. In that regard, there was a tendency to focus attention on developments in Western Europe, but there were parallel movements in Latin America, Africa, Asia and Eastern Europe. In South America, nine countries had signed a treaty instituting a free-trade zone; a similar movement towards integration existed in Central America. In Africa, one could cite the common market linking certain countries of East Africa, the Equatorial Customs Union, the Conseil de l'Entente and the projected Union of Benin, and in 1963 there would be a common market between six other countries. In Asia, one could cite the Association of Southeast Asia, the free-trade area between Sarawak and North Borneo and various other proposals for regional co-operation. Finally, in the communist world there was the Council for Mutual Economic Assistance (COMECON), which had been established as long ago as 1949. It could therefore be said that the great majority of States Members of the United Nations were taking part in one way or another in the movement

towards closer economic integration. In reality, that movement was a natural and inevitable development, as the Under-Secretary for Economic and Social Affairs had said (795th meeting).

27. There was no simple answer to the question of whether any particular movement towards economic integration was, in itself, a bad thing or a good thing, but that question should certainly not be treated as a subject for polemics, as the Soviet Union had done; what was needed was a calm and sensible approach. A number of criteria should be applied in that connexion. First, an economic association should be concerned with raising the standard of living of the people of the participating countries and with maintaining a high rate of economic growth. Secondly, the trade policy of the group should be liberal; since prosperity was indivisible, trade could not be treated as a isolated phenomenon; the economic grouping must seek to contribute to the development of other areas so that they could all increase their trade to mutual advantage. Thirdly, a satisfactory form of integration should have regard to the area as an economic whole in order to ensure the most economic allocation of resources and production. Fourthly, a system of economic integration should ensure the balanced and equitable development of all members. Finally, the structure and working of any system of economic integration should be open and public, so as to convince sceptics that the system was not detrimental to world trade and welfare and to make the benefit of its experience available to all those contemplating the same course.

28. In the light of those ideas, it would be useful to consider more closely the intentions and consequences, if already apparent, of some of the existing economic groupings. Before doing so, however, he wished to point out that the United Kingdom had long been in the forefront in promoting world trade. Any part that it now played in the European Free Trade Association or might play in the European Economic Community must and would take account of the world-wide trade which it had built up over past centuries and which continued to play an important part in its economic life, just as did the political and emotional ties linking it to a number of countries.

29. For the past fifteen years, the United Kingdom had taken part in the movement towards closer economic co-operation in Western Europe. In that period, the Organization for European Economic Co-operation (OEEC) had evolved into the Organization for Economic Co-operation and Development (OECD) with a wider membership and a special concern for promoting development and trade on a world scale. The purpose of the European Free Trade Association was to increase trade among its members, to achieve a European-wide market and to contribute to the development and expansion of world trade. The United Kingdom was now seeking to link its economy more intimately with those of the six members of the European Economic Community. That Community was already one of the largest importers of raw materials and tropical produce, which it did not import exclusively from the countries associated with it. The Community had, moreover, recently decided to reduce its common tariff by 40 per cent on a number of important tropical products. It was therefore set on a course which could be of great benefit to the trade of the developing countries. In 1960, the total exports of the latter countries to the countries of the European

Economic Community and the European Free Trade Association had amounted to the staggering figure of \$10,500 million, or almost half of the total exports of the developing countries.

30. The countries of Western Europe were also making vast contributions to the progress of the developing world through economic assistance and the provision of investment capital. The European Economic Community had its own Development Fund for the States associated with it, but, through bilateral agreements and other multilateral institutions, it had assumed enormous commitments, which were by no means confined to the associated countries. The Community, like the United Kingdom, was now providing the developing countries with public and private capital to an amount well over 1 per cent of its gross national product. That was a target which many delegations had long urged on the industrialized countries. In the case of the United Kingdom, governmental aid had more than doubled over the past five years. His country had pledged a contribution of \$5 million to the new World Food Programme. It was likely that, in 1962, the total of British public funds going to the developing countries would be well over \$500 million. Taking into account private capital as well, the United Kingdom would provide over \$1,000 million to the less advanced nations in 1962. There was everything to show that the economic developments which had recently taken place in Europe were in conformity with the interests of the developing regions and would bring great benefit to them. He therefore had no doubt that the economic evolution of Western Europe was in complete harmony with the criteria he had enumerated earlier.

31. The Belgian Minister for Foreign Affairs had stated, in addressing the General Assembly, that he had never been clear as to what was meant by neo-colonialism and had never been given a clear definition of that term. He himself was at a loss to understand the meaning of the word in view of the efforts actually being made to establish stable and diversified economies in the less developed regions of the world. The arrangements under which the United Kingdom offered its assistance were agreements freely arrived at among independent States. In the field of trade, it had sometimes been suggested that that mysterious policy of neo-colonialism was directed at maintaining the developing countries as producers of raw materials through the manufacture of which the industrialized countries could grow increasingly rich. There could assuredly be no developing country that would wish the more advanced nation to buy fewer of the raw materials which it produced. Indeed, one of the items on the Assembly's agenda covered arrangements for ensuring that primary products should continue to be bought by the industrialized countries at fair and remunerative prices and that the demand for them should increase. It was true that the industrialized countries such as the United Kingdom depended on the import of large quantities of raw materials and they hoped to strengthen those important commercial relationships. They did not, however, wish to impede the developing regions from diversifying their economies and establishing new industries with a view to securing a higher standard of living for their peoples. The developing countries would continue to sell their raw materials, but should at the same time be encouraged to build up the manufacturing industries that they needed and to play an increasingly important part in world trade. All countries should seek a common prosperity and

should recognize that it would be neither just nor, in the long run, advantageous for the industrialized countries to seek their own economic welfare at the expense of that of other countries.

32. Because of the facts he had just mentioned, he was convinced that world trade as a whole would continue to expand. The United States had, in its Trade Expansion Act of 1962, taken an important decision inspired by the European Economic Community. Under that Act, Europe and the United States would work together for the liberalization of trade and the maintenance of a high level of trade among all regions of the world. In applying for membership in the European Economic Community, the United Kingdom did not consider that it was joining an exclusive club; it intended to provide a useful and perhaps indispensable link between the developed countries of Western Europe and the vast family of Commonwealth nations in their varied stages of development.

33. The Montevideo Treaty of 18 February 1960, which had established the Latin American Free Trade Area, envisaged the strengthening of domestic economies, the expansion of trade and the elimination of obstacles to inter-regional trade so as to accelerate economic growth and raise the standard of living of the peoples of Latin America. The Central American free trade area and the treaty establishing in 1963 an African common market were other examples of the movement towards regional economic co-operation.

34. A great deal less was known about the objectives and principles of the Council for Mutual Economic Assistance (COMECON). According to statements by Mr. Khrushchev, the long-term aim of the Soviet Union and the socialist States was the creation of a world-wide socialist economy and Mr. Khrushchev had rejected the idea of national economic self-sufficiency. The new decisions by COMECON would encourage specialization, joint investment projects and an increase in trade between the member countries. Certain branches of production in all member countries would be developed according to a joint master plan. Special measures would be taken to enable the less developed members to catch up with the rest. Those objectives were in some respects similar to those of the other economic organizations. Unfortunately, COMECON published little information about its work. It was therefore difficult to say how far, in its thirteen years of existence, it had followed a policy in conformity with the criteria he had mentioned earlier. In that regard, Mr. Khrushchev's statements were hardly encouraging. It was to be hoped they did not indicate a return to the retrogressive communist ideas of autarchy, transposed from the national level to that of the Eastern European region as a whole.

35. As far as technical and financial assistance to the developing countries was concerned, there was an enormous gap between the contribution of the Western world and that of the Soviet group. In the field of commerce, too, the tables in the Statistical Yearbook, 1961,<sup>2/</sup> made it very clear that Soviet trade with the developing nations was still far below the level that might be expected in view of the economic development of the Soviet Union and the statements of its representatives. Between 1959 and 1960, Soviet imports from the developing countries had risen by

<sup>2/</sup> United Nations publication, Sales No.: 62.XVII.1.



some 7.5 per cent, whereas imports from those countries into the European Economic Community had risen by 10 per cent. What was of much greater significance was that that relatively smaller increase had been from an infinitely smaller base. Soviet imports of goods from the developing countries had amounted to \$435 million in 1959 and to \$470 million in 1960. In that year, exports from the primary-producing countries to the Eastern European countries as a whole had risen to \$890 million. The United Kingdom alone had imported more than four times, and the European Economic Community and the European Free Trade Association more than twelve times, that amount. It was of course a source of satisfaction that the Soviet Union was increasing its imports from the developing countries, because those countries had a great need of trade. It must, unfortunately, be pointed out that, according to figures given in the World Economic Survey, 1961 (E/3624/Rev.1), Soviet imports from Africa had fallen from \$56.2 million in 1960 to \$28.9 million in 1961. It was to be hoped that the Soviet Union and the countries of Eastern Europe would be able to buy more and more goods from the developing countries in the years to come.

36. In the light of the criteria he had mentioned, he believed that the achievements of the Council for Mutual Economic Assistance were sadly disappointing. He also found it disturbing that Mr. Khrushchev should have emphasized victory over another group and struggles with other regions rather than co-operation. At a time when co-operation was indispensable to ensure development and prosperity, the idea of competition leading to the ultimate victory of one group over another was not only irrelevant but harmful. In his statement in the General Assembly, Mr. Spaak had emphasized the inferiority of the concept of peaceful coexistence to that of peaceful co-operation.

37. The regional organizations to which he had referred had, on the whole, excellent objectives, but it might be asked whether they lived up to the principles they professed and would continue to do so. In that connexion, the developing countries had expressed, in the Cairo Declaration, the fear that the policies adopted by the regional economic groupings might adversely affect those countries' interests. The organization best suited to evaluate the situation was GATT, in which eighty-two countries were associated. GATT could have a powerful influence on movements for economic integration between its members. The need to comply with certain rules and to submit to scrutiny was one of the main forces shaping a scheme of integration. Everyone could see what was going on, everyone had an opportunity to state his views and defend his own interests. The authors of the Cairo Declaration had recognized that fact in inviting participating Governments to make use of GATT to protect their common interests. It was to be hoped that other nations would find it possible to subscribe to those rules, which had been worked out over a period of years by many nations with a wide experience of liberal trading and which had evolved in the light of that experience as an answer to problems of international trade.

38. Only through the adoption of an objective and unprejudiced approach would it be possible to determine whether, as some asserted, the regional economic groupings constituted a sinister plot for the enrichment of their members, or a natural, healthy and generally beneficial development in a rapidly

changing world. In conclusion, he assured the members of the Committee that his Government, whatever economic association it might join, would maintain its concern for the welfare of developing countries and continue to promote the expansion of world trade to help those countries achieve their goal of self-sustaining economic growth as soon as possible.

*Mr. Allana (Pakistan), Vice-Chairman, took the Chair.*

39. Mr. TCHEN (China) said that the Committee's agenda reflected the problems of the present time and that it was encouraging to find that the United Nations was devoting increasing attention to one of the Organization's fundamental purposes, the promotion of social progress and better standards of life in larger freedom. While decolonization was in progress, it was important to stamp out any new form of colonialism. At the present session of the General Assembly, the programme of the United Nations Development Decade, inaugurated at the preceding session on the initiative of the President of the United States of America, was to enter into a new phase. That programme, the purpose of which was to accelerate the improvement of living standards in the less developed countries, affected more than a thousand million human beings. Today, the economic growth of those countries was unanimously recognized to be an important factor in the enhancement of the prosperity of the world as a whole. Efforts at concerted action to promote the objectives of the Development Decade, as set out in General Assembly resolution 1710 (XVI), seemed to have made an encouraging start. The scope and variety of the problems to be resolved were now becoming known. Each country should be taking concrete and appropriate measures at the national and the international level to promote the accelerated development of the less developed countries.

40. One of the principal problems was that of international trade. International trade had been recognized as the principal instrument of economic development. In their recent statements, the representatives of Italy, New Zealand and the United Kingdom had given valuable information on the progress being made and had indicated what the real purpose of the United Nations Conference on Trade and Development should be. The Conference should take place in an atmosphere of good faith and co-operation, free of all political speculation. Those representatives had shown how the Conference should be organized so that it might lead to positive results. The Cairo Declaration of Developing Countries (A/5162) was an important document which testified to the desire of its authors for a strong approach to every aspect of the problem. In that connexion, a tribute should be paid to the African and Malagasy Union, comprising twelve new African States and Madagascar which were attempting to plan their economic development jointly and methodically.

41. During the previous decade, the Chinese Government had succeeded in achieving satisfactory economic development in the province of Taiwan and had also begun to extend technical co-operation to friendly countries in their economic development. It would therefore strive to make its contribution, however modest it might be, to international assistance during the United Nations Development Decade.

42. During the period from 1951 to 1961, the Chinese Government had made substantial progress in regard

to investments, production and trade. National income had increased by an average of 7.9 per cent per year, per caput income by 4.4 per cent and foreign trade by 8.5 per cent. The essentially agricultural society of Taiwan was moving in the direction of an industrialized economy. Many Chinese experts had gone to work both in developed and in developing countries with highly satisfactory results.

43. Efforts had been concentrated first on agriculture and land reform, which might be considered the key factors in improving standards of living in most developing countries. In 1951, State-owned land had been distributed to farmers in return for low rents. Since 1953, surplus land not cultivated by landowners had been sold to farmers, who paid for it in instalments over a ten-year period. The landowners were partly compensated by shares in national undertakings, which had thus passed into the private sector. The Government had provided assistance in seed selection and improvement, irrigation, the regrouping of holdings and mechanization, all of which measures had led to an increase in agricultural production.

44. As for industrial development, the infra-structural projects had been primarily concerned with electric power production and the improvement of transport and communications. Industries had gradually been established to satisfy the population's needs for foodstuffs, clothing and housing. The paper and pharmaceutical industries had also been substantially expanded. During the past ten years of its development, Taiwan's index of total industrial output had shown an annual increase of 13 per cent, and its productivity index an annual increase of 7.5 per cent.

45. There had been an encouraging expansion of foreign trade. During the preceding ten years, the tonnage carried by rails, road and sea had more than doubled. There had been an average annual increase of 8 per cent in imports and of 9 per cent in exports. Exported products were becoming increasingly diversified and new markets had opened up for the new export commodities.

46. To achieve those results, the Government had given every possible encouragement by means of credits, loans, technical assistance, tax exemptions

and the establishment of industrial zones. The experience thus gained had been of value to the Asian countries which were seeking to achieve economic development under similar conditions. The Republic of China had received Asian technicians to study the methods used in Taiwan in various fields. It had also sent experts to Africa, Asia, the Middle East and Central and South America, who had co-operated with each country's technicians in promoting the agricultural, industrial and social development of those regions. The Government was now contemplating the preparation of a large-scale programme which would extend in scope beyond the strictly economic field.

47. That encouraging picture could be contrasted with the difficulties encountered in the agricultural sector in mainland China, which had necessitated a revision of the objectives of industrial development. Those difficulties showed the dangers of excessive industrialization in under-developed countries with an essentially agricultural economy. Hunger and famine continued to prevail throughout mainland China and the health situation was most alarming. The Chairman of the Chinese delegation had drawn the General Assembly's attention to the problem of refugees. The failure of the policy followed in mainland China had caused great human suffering and a large-scale waste of resources. The third report on progress in land reform submitted to the Economic and Social Council (E/3603) described the land reform undertaken by the Communist régime of mainland China. His delegation regretted that the report failed to mention the disastrous consequences of that so-called reform. At a time when the General Assembly had solemnly inaugurated the United Nations Development Decade, his delegation felt compelled to point out that that was an example which the countries concerned should not follow in drawing up their development plans.

48. His delegation hoped that the Committee could take decisions which would facilitate progress towards the objectives of the Decade. Success was as important in the field of development as it was in the field of decolonization, both objectives being in conformity with the spirit of the Charter of the United Nations.

The meeting rose at 1.5 p.m.