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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;
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- (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)

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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)

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

GENERAL DEBATE (continued)

1. Mr. KANO (Nigeria) said that the degree of importance attached to the work of the Economic and Social Council by the United Nations was a great encouragement to those countries whose ultimate hope of economic progress might depend on the Organization. A less favourable factor, however, was the ever-widening gap between the level of living in the highly industrialized countries of the world and that in the under-developed nations. While the industrialized countries were continuing the arms race and spending vast sums on defence, much of the world's population lived in conditions of squalor, poverty and near starvation. The situation in the under-developed countries was precarious owing to the uncertainty of their terms of trade. For the first time, however, the nations of the world had before them a boldly conceived and clearly formulated objective in the form of the United Nations Development Decade. If the United Nations succeeded in attaining the goal set for the Decade, it could bridge the widening gap between the industrialized countries and the under-developed world and would have succeeded in doing the greatest service to humanity by removing the major threat to world stability.

2. The attainment of a balanced world economy was dependent on the mutually complementary efforts of the developed and the under-developed countries. While the former had a moral obligation to provide encouragement and incentives in the form of capital

and technical assistance, the latter had a duty to make every possible effort to assist themselves through full mobilization of all their available material and human resources.

3. His Government had launched an ambitious national development programme involving the expenditure of some £675 million over a six-year period. That plan was to be the first of three or four which, it was hoped, would enable his country to generate most of the resources needed for its development. It was obvious, however, that unless the amount of aid that might be expected from friendly countries over the six-year period was known with some degree of certainty, it would prove extremely difficult to maintain the plans' shape and priorities. The Government and people of his country had voluntarily accepted stringent measures of austerity in order to carry out the plan, and they believed that efforts of that magnitude on the part of under-developed countries should receive corresponding encouragement from the developed nations. There was a clear need for an accelerated flow of capital from the capital-exporting countries and it was depressing to compare the stupendous sums spent annually on armaments with the negligible amount of capital finding its way to the developing countries.

4. The Secretary-General's report on the economic and social consequences of disarmament (E/3593/Rev.1) had dispelled once and for all the erroneous argument that general and complete disarmament would result in a disruption of the economies of the countries engaged in the arms race. It was clear that it would result in great economic and social advantages for the world as a whole.

5. Of more pressing importance to the under-developed countries, however, were the benefits that would accrue to them if they could also be assured a constant level of demand for their primary products. His Government therefore supported the convening, at the earliest possible date, of a United Nations Conference on Trade and Development, adequately prepared to consider various means of improving the terms of trade of the primary-producing countries. It had proposed a number of items for inclusion in the agenda of the Conference. One of the most important items should be an examination of the fundamental causes of short-term fluctuations in the price of primary commodities and a study of national and international measures required to bring about stabilization. One of the major duties of the Conference would be to seek a remedy for the lag in trade expansion rates as between the developed and the under-developed countries. The latter were not unaware of the important role they themselves could play in the work of expansion, and the African countries had voiced their determination to examine the possibilities and implications of an African common market. However, the ability of those countries to expand their trade was restricted by the limited extent of their resources. They were hampered by the same difficulty in achieving diversification of their economies through industrialization. It was time that the terms of GATT were reviewed in the light of current thinking and the current trend in the world's economy; the constructive approach to the problem of stabilization which had been taken by committee III of GATT was encouraging.

6. His Government welcomed the establishment of the Economic Projections and Programming Centre,

at United Nations Headquarters, and looked forward to the reports the Centre was to submit to the Economic and Social Council. There was also a need for regional economic planning, and his delegation endorsed the proposal to establish an African Institute for Economic Development and Planning. It believed that the implementation of General Assembly resolution 1709 (XVI) should be expedited and did not entirely agree with the view that it was necessary to make the process of decentralization of the Organization's economic activities conditional on the efforts of the regional economic commissions to balance their increasing involvement in operational activities against a gradual shift in emphasis in their work programmes from research studies to operations. The need for research in various economic and technical branches would continue to be felt during the next ten years, for one of the main difficulties facing the African countries was the lack of statistical and research material on which to base national economic policy. The situation was naturally not the same in a region such as Europe where the need was more for co-ordination of national research efforts than for original research. It was therefore necessary to avoid a narrow interpretation of the concept of decentralization and to define clearly what was meant by the substantive functions which were to be retained by United Nations Headquarters. The types of activities to be delegated to the regional economic commissions should be clearly stated, bearing in mind the necessity for a reasonable degree of flexibility.

7. The signs of economic progress in the highly industrialized countries had not been manifest in the under-developed countries, which had been witnessing a steady decline in their terms of trade. It should always be borne in mind that the primary production of the developing countries and the industrial production of the developed countries were mutually complementary and that long-term economic benefits would accrue to the latter countries from the development of the former. Consequently, it was unsound and illogical for the developed countries to erect barriers around their markets, which hampered the exports of the primary-producing countries. Furthermore, it was unrealistic to overlook the problems posed by the granting of associate membership in the European Economic Community to some African countries while others had clearly rejected any such association. Such action not only created a form of second-class membership and re-tied newly independent countries to the apron-strings of former metropolitan countries, but it also perpetuated political and economic divisions in Africa. Regarded by itself, the mutual liberalization of trade among the developed countries might be deemed a welcome development, but when the interests of the under-developed section of the world were thereby sacrificed, a different attitude had to be taken towards it.

8. It had rightly been stated that the concepts of trade and aid were mutually complementary and not mutually exclusive, but an improvement in the terms of trade of the under-developed countries would largely remove the need for aid. Until such time as international co-operation could entirely replace international assistance, the need for accelerated provision of both capital and technical help to the developing countries had to be recognized. For that reason Nigeria fully supported the establishment of a United Nations capital development fund. It was confi-

dent that those countries which opposed that project would reconsider their stand in view of the wide approval of the scheme by the under-developed countries.

9. Laudable humanitarian gestures such as the World Food Programme were welcomed by his country, but they should be regarded primarily as interim measures, the ultimate objective being to eliminate the causes of food-deficiency and to make all countries self-supporting. Surplus food should be released on the world market in a manner which would not prejudice the trade of countries, such as his own, which depended for their foreign exchange earnings on their primary exports. Nigeria also welcomed and was assisting in the preparation for the planned United Nations Conference on the Application of Science and Technology for the Benefit of Less Developed Areas.

10. His Government believed that the United Nations had an obligation to assist in the industrial development of the less developed countries and that the appointment of a Commissioner for Industrial Development was a step in the right direction. More could be done, however, and serious consideration should be given to the establishment of a special agency to deal with industrial development. The demand for advisory and expert services in that connexion had far outstripped the supply, and his Government hoped that the proposals made in the memorandum by the Secretary-General (E/3656) concerning methods of utilizing the meagre resources available would be seriously considered by the Industrial Development Centre, the regional economic commissions and the specialized agencies. The acute shortage of experts in industrial development posed a real problem and he hoped that the highly industrialized countries would extend the in-service training facilities which they were already providing for the benefit of the developing countries.

11. Mr. ARKADYEV (Union of Soviet Socialist Republics) said that, while negotiations on disarmament were proceeding, the heavy burden of expenditure on the armaments race continued to increase and military budgets, especially in the member countries of the North Atlantic Treaty Organization, would be significantly higher in 1963; productive forces were increasingly diverted to creating means of destruction; attempts were being made to preserve colonialism in other forms, such as economic domination; the gap between the economically developed nations and the less developed nations continued to widen; a closed group of developed Western nations had been formed; and the prices of the exports of the less developed countries continued to drop while those of their imports rose.

12. The rate of growth and the international trade of the developed capitalist countries had diminished in recent years. In those countries, some branches of production were stagnant. The economic position of the Western countries in 1961-1962 was somewhat more favourable than that of the United States. Even so, it was impossible not to notice that, as the integration of the member countries of the European Economic Community progressed, the contradictions between them and other countries became more clearly defined and the tempo of their economic development slowed down.

13. Other recent events of note included the stock market slump in New York and the drop in the value

of stocks in the Western European countries, the greater instability of the money market and the pause in the growth of industrial investment—all of which resulted from structural defects reflecting instability and inequity in the development of the capitalistic economies. The continuing high level of unemployment in the United States, for example, could not be considered an accident. More and more business and economic interests in the United States were coming to the conclusion that the high level of Government spending and the heavy rate of taxation had a strong depressive effect on the economy. Paradoxically, there were some who wanted to shift that burden on to other countries, including the less developed countries. Finally, in many of the countries of Western Europe, prices of consumer goods had risen by some 4 to 5 per cent over the previous year and the pace of inflation was quickening, threatening wide sectors of the population with a drop in their levels of living.

14. The theory that military spending might be a factor in the prosperity of the capitalist nations had been refuted, and his delegation shared the views on that subject expressed before the Committee by the Under-Secretary for Economic and Social Affairs (795th meeting).

15. The negative aspects of the economic situation in the developed Western countries and the admitted threat of serious economic upheaval would inevitably have an effect upon the under-developed countries. Some of the latter had already achieved a measure of success in developing their economies and in their fight to free themselves from the colonial system. Their efforts were hampered, however, by their lack of resources. They clearly needed external aid, but that aid should not in any way prejudice their independence and sovereignty.

16. While progress in the developing countries had perhaps been slow, they could point, on the credit side, to the achievement of political independence, to the opportunities they had of obtaining, from the socialist countries, technical aid and industrial equipment which would reduce their dependence on the capitalist monopolies, to the new attention they were paying to planning and to the multilateral assistance obtainable through the international organizations. In addition, there was much scope for mutual co-operation and assistance among the developing countries themselves.

17. Negative factors included the legacy of colonial domination and the persistent and extensive—although now camouflaged—activities of foreign monopolies, the unfavourable terms of trade of the primary exporting countries, the fall in the prices of their export commodities and the rise in the price of their imports. The developing nations were suffering from the discriminatory policies and barriers to trade imposed by the industrialized nations of the West and were experiencing difficulty in securing either the industrial equipment which they needed or the credit required to purchase it. The credit terms offered were frequently unacceptable, with the result that their industrialization was lagging.

18. In the various international bodies, representatives of the under-developed countries had voiced their fears about the trade policies of the Western countries, particularly those belonging to the European Economic Community. In those policies they rightly perceived the threat of increased discrimination, the prospect of getting less for their primary

commodities and having to pay more for their manufactured imports, as well as new forms of colonialism. Their anxieties were also expressed in the Cairo Declaration of Developing Countries (A/5162). The aims of the European Economic Community were not philanthropic. By granting associate status to certain African countries, the Community was seeking to preserve the single-crop system prevailing in many of these countries and to maintain their economic dependence on the Western world. Even if certain African countries were obtaining privileges from their associate membership in the Community, the position of the other countries of Africa and the countries of Asia and Latin America must be considered.

19. The representative of a Western European country, speaking before the General Assembly, had stated that there was no real definition of neo-colonialism. But whether it could be defined or not, everyone knew what it was. The countries belonging to the European Economic Community were those with the longest history of colonial domination. Their monopolies still sought to maintain an economic stranglehold over the countries of Africa, including those which had recently gained their independence. All they were interested in was the exploitation of those countries' raw materials and the extraction of maximum profits. Such activities constituted a new and more flexible form of colonialism which retained all the repulsive features of the old. The struggle against colonialism was far from over. The United Nations had much to do to tackle the problems of neo-colonialism and help the many countries which were still striving to escape from the domination of foreign monopolies.

20. The Soviet Union and the other socialist countries had continued to make spectacular economic progress. Between 1958 and 1961, the average annual rate of growth in the industrial production of the socialist countries had been almost three times as great as that in the capitalist countries. The share of the socialist countries in world industrial production had been steadily increasing: in 1955, it had been 27 per cent; and in 1960 and 1962, 36 per cent and 37 per cent respectively. The Soviet Union had achieved significant advances in the production of steel, oil and electric power, while its scientific, cultural and social achievements had reached new heights. Its national economic plan would be over-fulfilled in 1962, both in the industrial and agricultural sectors. Its foreign trade had expanded by 6.8 per cent in 1961, and it now maintained trade relations with more than eighty other States. To the under-developed countries it offered good terms, stable markets and fair prices. At the same time, it was providing them with valuable assistance. Of the 480 industrial projects which it had planned in the developing countries, about 100 had been started by 1962. Since most of the assistance was in the public sector, the opportunities for exploitation by private foreign monopolies had been decreased. The Soviet Union was increasing its trade with the capitalist countries of Western Europe, though not as much as it would like. Many artificial barriers stood in its way. The Soviet Union had also expanded its trade with Japan. The underlying principle of the Soviet Union's trade policy was willingness to trade with all countries irrespective of their economic systems, without discrimination, on a basis of complete equality and mutual advantage.

21. The representatives of Italy and New Zealand had defended the European Common Market and attacked the trading policies of the Soviet Union. The New Zealand representative seemed to have blamed the difficulties which his country was experiencing because of the European Common Market on the Soviet Union. It remained to be seen whether that representative's optimism about the European Economic Community was justified. His enthusiasm had not been shared by the Australian representative at the last meeting of the Council. The Soviet Union had been accused of discrimination because of its State trading system. But how could a system which treated all countries alike be guilty of such a charge? Attempts had also been made to compare the policies of the six European countries with the Council for Mutual Economic Assistance (COMECON). But, in fact, they were not comparable. The socialist countries remained completely free to follow their own trade policies, whereas the member countries of the Community were bound by all kinds of restrictions. The proper way of expanding trade relations was to seek co-operation on the basis of peaceful co-existence.

22. The World Economic Survey, 1961 (E/3624/Rev.1) made it quite clear that the trading position of the under-developed countries had greatly deteriorated. The prices of their primary commodities had declined, with a consequent cut back in their export receipts. Nor did the assistance they received from the more advanced countries make up for what was taken from them by foreign monopolies. While most countries were seeking to normalize trade relations, the United Nations was faced with a flagrant violation of the Charter in the economic war waged by the United States against the heroic and freedom-loving people of Cuba. Not only had the United States stopped all its trade with that country, but it was also trying to persuade other countries not to allow their shipping to be used for transporting goods to Cuba. It was hardly surprising that countries like Canada, Sweden and the United Kingdom had protested against such pressure. There was absolutely no justification for the attempts being made by the United States to strangle the Cuban economy merely because that country had sought an independent path of development. The action of the United States must be strongly condemned by the United Nations.

23. Most delegations agreed that the time had come for the problems of trade to be thrashed out at an international conference. The Soviet Union favoured the immediate convening of such a conference. The conference would benefit all countries because it could tackle such vital subjects as the elimination of trade restrictions and discrimination, greater trade co-operation, tariffs, shipping, embargoes and the influence of regional groupings. Although the Economic and Social Council had decided to convene such a conference, it had not decided when it would meet nor what it would discuss. It was therefore for the General Assembly to take up those matters and to decide to hold the conference in 1963.

24. One of the most important issues which the conference should discuss was the establishment of a world trade organization. It was surprising that the United Nations had set up agencies specializing in food, education and health but not in international trade, which was so important for all countries, particularly the under-developed ones. The world trade

organization should be universal in character, permanent and prepared to discuss such measures as the removal of obstacles to trade, fair prices for raw materials and methods of improving trade. The opponents of the project often alleged that such a role was already played by GATT. But that body consisted of only forty-four members, which left the other sixty-five Members of the United Nations unrepresented, not to speak of non-members. In any case, GATT was composed of full members and members with restricted powers, a system which contravened the principle of equality that must govern all trade relationships.

25. The report submitted by the Secretary-General on the United Nations Development Decade (E/3613) left much to be desired. It seemed more concerned with generalities than with specific proposals. It made no mention of the vital need to eliminate the political and economic consequences of colonialism. Nor did it mention the important conferences recently held at Belgrade and at Cairo. There was no reference to SUNFED. In short, it failed to come to grips with the vital problem of helping the under-developed countries during the next decade by means of clear-cut proposals and practical measures.

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

26. Mr. KLUTZNICK (United States of America) said that the Soviet representative had referred to a large number of matters which his delegation would discuss in connexion with specific items of the Committee's agenda. In order not to intensify the cold war atmosphere which that representative had introduced into the debate, his delegation would refrain from distracting the Committee from the business in hand and would reply to the political allegations in the political committees of the General Assembly, where such matters belonged.

27. Mr. BERNARDO (Argentina) said that the consideration of the problem of economic development provided an opportunity for an ever-increasing number of States at various stages of development and with different political systems to exchange views and experience in order to find solutions to problems through international co-operation. At the current session, it was more than ever essential that the debate should be kept on a technical level to facilitate specific solutions. Delegations should not merely repeat what they had said in previous years. The impatience of the peoples of the less developed countries to achieve higher standards of living demanded that the debate should be, not a mere dialectical exercise, but a source of new ideas for accelerating development.

28. While it was true that the General Assembly's power was limited to recommendations, its voice was being heard more and more clearly every year in those quarters where the major economic decisions were taken. There could be no doubt that the theoretical agreement reached in the Committee on the true nature of the problems faced by the under-developed countries and on the principal means of solving them had influenced the attitude of Governments. If, at the seventeenth session, the Committee could reach agreement on specific measures, that agreement would have an effect on negotiations in progress or to be undertaken between individual States or groups of States and on the policies of international organizations concerned with development.

29. It would seem that the time was ripe for such an agreement. The majority of items before the Committee had already been discussed in the Economic and Social Council and, while the Council was not strictly representative of the present membership of the United Nations, the measure of agreement it had achieved provided a solid basis for the Committee's deliberations.

30. A second encouraging fact was that a series of technical facilities had been provided within the United Nations for making a more accurate appraisal of needs and for facilitating the adoption of practical measures by the developing States. Thus, having completed academic discussion of the advantages and disadvantages of national planning, the developing country could, in drafting its plans, make use of the data in United Nations and FAO studies. He cited, in this connexion, the FAO study entitled Agricultural Commodities—Projections for 1970 (E/3628) and the report of the Secretary-General on the prospective demand for non-agricultural commodities (E/3629); on both of these subjects, however, his delegation maintained the reservations it had expressed at the joint session of the Commission on International Commodity Trade and the Committee on Commodity Problems of the FAO. His delegation was also gratified to note that the Latin American Institute for Economic and Social Planning had just been established at Santiago, Chile, and that similar projects were being worked out for Asia and Africa.

31. The debate on industrialization had also become more specific thanks to the creation of the Committee for Industrial Development, the appointment of a United Nations Commissioner for Industrial Development and the detailed analysis in the first part of the World Economic Survey, 1961 (E/3624/Rev.1). His delegation continued to believe that, in order to give greater attention to the problems of industrial development in the developing countries, a specialized agency, similar in its purposes and powers to those already existing, should be established.

32. The Economic and Social Council had also taken up the development of natural resources. The very title of one of the Secretariat's studies on the subject, Petroleum Exploration: Capital requirements and methods of financing (E/3580/Rev.1), marked an important advance over the majority position in the United Nations a mere two years before. It was to be hoped that when the Committee considered the report of the Commission on Permanent Sovereignty over Natural Resources (E/3511), it would keep the past in mind. Even the controversial question of land reform, the inevitable political and social implications of which had formerly aroused the suspicions of the investor countries and some of the ruling classes in the under-developed countries, had increasingly been discussed as a strictly technical topic.

33. The importance of those advances was clear, because any developing strategy must necessarily be based on adequate planning to promote industrialization, the development of natural resources and sources of energy and the introduction of improved agricultural techniques. In order to put such programmes into practice, however, the developing countries must be able to draw on financial and technical resources proportionate to the magnitude of the effort. His delegation attached particular importance to financing by means of national savings

and to the technical training of indigenous labour. While the conclusions reached in that connexion in the *World Economic Survey, 1961* were to be taken with some reserve because of the possible inaccuracy of several economic variables, that analysis showed the magnitude of the needs of the under-developed countries as regards supplementing their domestic investment with foreign capital. Moreover, the inflow of foreign capital was well below their actual requirements, as the General Assembly and the Economic and Social Council had recognized. That fact alone imposed dangerous limitations on the efforts of States to accelerate their economic development. The problem of financing concerned not only the amount, but also the methods of assistance. It was unfortunate that the *Survey* did not contain an evaluation of the results of such assistance, for example, whether the assisted countries had become self-supporting after ten years, whether national income had increased, whether disorder and poverty had been lessened.

34. The statements made at the annual meeting of the Governors of the International Bank for Reconstruction and Development and the International Monetary Fund at Washington, in favour of multilateral assistance through international organizations, rather than bilateral aid, showed a growing awareness of the real nature of the problem. It must, however, be said that the tendency to propose measures or plans appropriate only to the developed countries was a kind of paternalism which vitiated both bilateral and multilateral assistance. Assistance to the under-developed countries would be of little use if it was subject to conditions unacceptable to those countries.

35. His delegation regretted that the Economic and Social Council had not yet found a satisfactory formula for the immediate establishment of a United Nations capital development fund and would support any proposal to increase United Nations financial activities.

36. While the possibility for applying the savings from disarmament to economic development, pointed out in the report on the economic and social consequences of disarmament (E/3593/Rev.1), depended upon the reaching of a disarmament agreement, the report served to emphasize the responsibility of the countries engaged in the armaments race.

37. His delegation congratulated the Secretariat on the excellent work it had done in drafting the proposals for action under the United Nations Development Decade (E/3613), even though it felt that some of the suppositions on which the proposals were based required further thought. The Governments of both the developed and the developing countries and the organizations for technical and financial co-operation should make every effort to co-ordinate their action in order to deal effectively with the trends in the world economy which had a particularly

severe adverse effect on the developing countries. The Conference on the Problems of Economic Development, held at Cairo, was a manifestation of the seriousness the developing countries attached to those trends.

38. The principal problem of development was the difficulties encountered by the under-developed countries in obtaining the income they needed from international trade. The adverse trend of foreign trade wiped out the benefits of foreign assistance and endangered the execution of development plans. Compensatory mechanisms, such as those proposed by the Commission on International Commodity Trade, could not serve as a substitute for the right of the primary-producing countries to call for the elimination of any factor artificially restricting prices or export markets. At the same time, it recognized the effectiveness of financial compensation as a temporary measure for solving problems deriving from the trade policies of the developed countries. Unfortunately, the proposals submitted so far for a creation of such machinery took account only of short-term fluctuations; he therefore hoped that the technical working group of the Commission on International Commodity Trade would consider measures for dealing with long-term fluctuations as well.

39. Latin America faced particularly serious foreign trade problems, because every year its share in world trade diminished. In absolute figures, Latin American exports had increased, over the past few years, but the relative growth of its exports as a whole had lagged behind. Since various speakers had referred to the favourable effects on the trade of the under-developed countries of the current economic expansion in Europe, he felt that, however optimistic projections of the European economy might be, the situation of the developing countries demanded immediate solutions to avoid disastrous social consequences. His delegation therefore welcomed the calling of the United Nations Conference on Trade and Development. It felt, however, that the membership of the Preparatory Committee should be expanded to include representatives of States which, because of the nature or magnitude of their foreign trade, were particularly interested in taking part in the preparatory work. He agreed on the need to ensure that the Conference be strictly technical in nature.

40. Development should be both economic and social, so that its benefits reached the greatest possible number of people. In proclaiming the Development Decade, the United Nations had undertaken to extend the benefits of technical progress not only to all Member States, but also to all social levels of their populations.

The meeting rose at 6 p.m.