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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 (A/5195);
- (b) Establishment of a United Nations capital development fund: report of the Committee established under General Assembly resolution 1521 (XV) (E/3654);

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

Question of holding an international conference on trade problems (A/5221, A/C.2/L.645, E/3663 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. AYARI (Tunisia) described the efforts of Algeria, Morocco and Tunisia to establish a united, harmonious and prosperous North African economy. The economic integration of those countries was an act of faith and a long, laborious enterprise involving the co-operation of rich nations and the aid of both regional and international organizations.

2. Industrial development in the three countries was encouraging. In Algeria, significant advances had been achieved in the consumption and production of energy, in the output of crude petroleum, in mining and in chemicals. In Morocco, industrial development had been slower since 1956, but energy consumption had registered notable progress and the extractive industries were booming. In Tunisia, industrialization had forged ahead rapidly since 1956. The extractive industries had undergone a slight recession since 1958, but the rest of the industrial sector was expanding rapidly. Production had increased by 50 per cent between 1957 and 1960, having risen in value from \$200,000 to \$300,000. Such developments, together with the energy resources and raw materials available, the existence of a sound infra-structure, the geographical position of the three countries and the abundance of manpower, clearly revealed the industrial growth potential of Algeria, Morocco and Tunisia.

3. The three countries must next conduct a more systematic inventory of North African resources. They must evaluate the possibilities of industrial integration

at the level of individual projects, sectors or development plans. They must replan those industrial projects which had been conceived on a strictly national basis so that they became part of a regional integration policy. They must immediately initiate continuous consultations on both the specific and general problems of development. The establishment of an economic study centre for the three countries, to be situated at Algiers, Rabat or Tunis, was a project worthy of study by UNESCO or the Special Fund.

4. The prospects of industrial integration in North Africa might be seriously impeded by a certain number of factors of disequilibrium. In the first place, the three countries had registered deficiencies rather than surpluses in their agricultural production during the last five years. The consequent rise in food prices, unrelieved by higher wages, had caused a steady decline in real incomes and living levels. The deficiencies in agricultural production had necessarily led to heavier imports of foodstuffs and worsened the balance-of-payments position. Fortunately, Tunisia and Morocco had received generous supplies of agricultural surpluses from the United States under Public Law 480, which provided aid to foreign countries.

5. One remedy was to improve the conditions of agricultural production. However, land reform did not consist merely in the more egalitarian redistribution of land, but also and mainly in improving productivity. The problem of agricultural equipment was fundamental. The poor agricultural yields in North Africa were chiefly the result of inadequate capital investment. Purchases of agricultural machinery in hard currency from Europe or the United States placed a heavy burden on the balance of payments of the North African countries. Until Algeria, Morocco and Tunisia could make their own agricultural machinery, the problem should be tackled on a world scale by instituting an international reserve of surplus agricultural equipment for the benefit of the under-developed countries. Such a project deserved to be studied by the appropriate United Nations bodies. Other problems requiring attention included the extension of agricultural pilot projects, the provision of fertilizers and the training of agricultural cadres. In all those fields, FAO and the Special Fund had an important role to play. Tunisia had welcomed the establishment of a World Food Programme as an emergency means of offsetting crop failures. But it had reservations concerning the use of the Programme as a permanent institution for distributing agricultural surpluses on a long-term basis.

6. A further difficulty facing the countries of North Africa was unemployment. In spite of its development, the industrial sector was still unable to absorb the continually growing labour supply. As unemployment figures in North Africa and in many other African and Asian States were vague, the ILO, aided by Governments and national organizations, must continue research into the techniques for assessing unemployment in order to provide planners with accurate data. Meanwhile, valuable experience had been gained, particularly in Tunisia and Morocco, in mobilizing manpower on a massive scale for agricultural and infra-structural projects. Thus, in Morocco, between 1 June and 1 October 1961, the number of jobs created represented slightly more than 7 per cent of the volume of rural unemployment. In Tunisia, since November 1959, the number of jobs created amounted to between 40 and 50 per cent of the total unemployed.

However, in so far as those programmes were not conceived and executed as part of a long-term employment programme, their efficacy could only be limited. It was not merely a question of creating a spectacular number of jobs; the workers must be encouraged to improve their skills and thus be able to make a more valuable contribution to economic development.

7. The balance of payments of the North African countries during the last two years gave grounds for concern. In Morocco, the aggregate deficit in the balance of payments had risen from \$6 million in 1960 to more than \$20 million in 1961. In Tunisia, while the aggregate balance remained satisfactory, the deficit on current account was alarming. The means of payment available to central Banks for settling the external account were more than inadequate. In Tunisia, such means of payment, and more particularly total reserves, remained far below the requirements for financing external trade. The situation in Morocco was similar. Neither private transfers, nor private movements of capital, nor the volume of accumulated exchange reserves provided sufficient means for financing the cumulative deficit in the trade balances of the North African countries.

8. Furthermore, the establishment of equilibrium in the balance of payments by means of external public aid or resources from national treasuries was unsound and expensive in the long run and tended to intensify the dangers of inflation, thus prejudicing economic development. Hence, the immediate objective was to improve the terms of trade, i.e., to increase the volume and value of exports, but that could not be done by shaky and costly bilateral arrangements, by vague associations with European groupings, or by an isolationist policy of suspicion towards Europe. In fact, little choice was open to the countries of North Africa. Because of economic integration, Western Europe no longer catered to bilateral arrangements and imposed heavier sacrifices on most third countries. The Treaty establishing the European Economic Community had replaced the simple payments agreements of the Organization for Economic Co-operation and Development and the European Payments Union by a process of integration which seriously undermined the existing exchange structures in Europe and the rest of the world.

9. Four years of success and discrimination by the European Economic Community had provoked a kind of panic in the rest of Europe and in Asia, Africa and America. As a result, countries like the United Kingdom, Greece and Spain sought integration and a number of African countries had requested association. Meanwhile, the other countries which wanted neither integration nor association were trying desperately to obtain open and stable markets for their exports to Europe. GATT, IMF, the United Nations and the specialized agencies were studying compensatory and stabilizing mechanisms for raw material prices. It was to be hoped that their efforts would be continued.

10. Those problems made it urgent to hold the United Nations Conference on Trade and Development. It was gratifying to note that the Economic and Social Council had decided on such a step in resolution 917 (XXXIV). However, careful thought must be given to its organization. The Tunisian delegation would suggest that the Conference should have three committees: the first would deal with general

economic questions; the second would study international machinery for compensatory financing and the stabilization of commodity prices, with particular reference to international commodity agreements and a development insurance fund; and the third would be concerned with the effects of economic groupings on the trade of third countries and the policies to be followed by such groupings for the reduction of their discriminatory tariffs. The Preparatory Committee should be enlarged and should receive general instructions from the General Assembly. It would be reasonable to allow more time to elapse before the Preparatory Committee was convened, and the Conference itself should not meet until the middle or end of 1963.

11. Mr. BOLT (New Zealand) said that, unfortunately, the invitation to New Zealand to participate in the Conference on the Problems of Economic Development, which had been held at Cairo, had been received too late for detailed consideration, and his Government, though honoured to receive it and heartened that its position as a developing country has thus been publicly recognized, had therefore been unable to accept it.

12. Although New Zealand did not suffer from a low per caput income or from homelessness, poverty or malnutrition, it could fairly claim to be a developing country. It was far from world markets and poor in natural resources; however, by hard work and thanks to a stable and democratic social structure, it had prospered and its wealth was fairly divided. Up to the present, its products had had unrestricted access to a major industrial market, that of the United Kingdom; the fact that that access was today in question underlined the vulnerability of its economy.

13. New Zealand, which was faced with almost all of the problems referred to in the Cairo Declaration of Developing Countries (A/5162), found itself in much the same position as did other developing countries. It commended the Declaration as a balanced, moderate and practical document, whose authors had seen their common problems in objective economic terms and had demonstrated their faith in the United Nations as an instrument of economic reform and development. What was particularly striking about the Declaration was the importance it had given to the efforts which the developing countries could and must make for their own development. This suggested a framework within which to view the joint endeavours made to achieve the objectives of the United Nations Development Decade. From the debates in the Economic and Social Council, it was easy enough to recognize what had to be done but difficult to decide how to go about it, since never before in history had all the nations of the world set themselves a common objective of such magnitude. It would take much practical experience, good will and determination to find the techniques needed.

14. In tackling the multiplicity of problems besetting the developing countries, it might be useful constantly to regard the objectives of the United Nations Development Decade as a task for three parties—the developing countries, the advanced industrial countries and the United Nations—which must work as a team, although each had a different function. In that connexion, Economic and Social Council resolution 916 (XXXIV) on the Development Decade had left it unclear in some cases where the responsibility for action was intended to lie and had sometimes

given the impression that the United Nations itself would take independent action. It was worth recalling, however, that the Secretary-General, in his study of proposed measures (E/3613), had made it quite clear that that was not possible when he said that each country had to determine its specific objectives, conditions and development potential, preferably embodied in a comprehensive development plan, and that any global requirements for fulfilling those objectives could only be assessed during the second stage, as a result of examination and mutual agreement on the basis of national development plans.

15. Recognition of where responsibility for action lay would make it easier for the United Nations to review the progress achieved. Since all the nations participating in the Development Decade were sovereign and independent, the United Nations could hardly set up a general staff to direct the efforts of the international community; what it could do, however, was to recommend targets, to record efforts made to achieve them and to note, compare and publicize results. It was to be hoped that the nations would draw the proper conclusions themselves.

16. His delegation whole-heartedly supported the suggestion made by the Under-Secretary for Economic and Social Affairs (795th meeting) that methods should be evolved for the critical examination of the performance of the international community in relation to the general and specific objectives of economic development. That extremely useful and practical idea was related to two other lines of thought that had recently received attention: first, that it was useful and necessary to evaluate the results of technical assistance so as to make it a constantly more effective instrument for development and, secondly, that action taken in a number of different fields should be co-ordinated so as to make the total effort as effective as possible.

17. New Zealand was at one with the signatories of the Cairo Declaration in the importance they had attached to international trade as the primary instrument of economic development, and it emphasized the fact that the recommendation contained in operative paragraph 2 (a) of General Assembly resolution 1710 (XVI) was an appeal, not for charity, but for fair trading. When trading opportunities were negotiated by the grant of tariff concessions on industrial goods, they should not be nullified by a variety of non-tariff barriers. Since few Governments of major industrial nations were prepared to apply the same principles to trade in primary commodities as to trade in industrial goods—an attitude which, though deplorable, could apparently not be changed—it was necessary to consider other principles for dealing with trade in primary commodities, such as the bringing of supply into balance with demand on a commodity-by-commodity basis and the establishment of "just prices" for primary commodities. New Zealand was prepared to co-operate with other countries in working out any constructive proposals in that regard but wished to stress that the kind of proposals already made would provide no solution unless there were also dependable opportunities for access to commercial markets, unless equitable arrangements were made for the financing of surpluses resulting from the establishment of arbitrary prices and unless price policy was designed to encourage consumption. It would be of little benefit to the primary-exporting countries if prices were raised ten times but at the same time their commercial outlets contracted, con-

sumption fell off and they were left with surpluses which they could ill afford to finance.

18. The subject of regional economic groupings of industrialized countries was one of immediate and vital interest to New Zealand, since the changes in trade patterns consequent upon the extension of the European Economic Community could have a disastrous effect upon its economy. New Zealand was not in any way hostile to efforts made by nations within a geographical region to break down economic barriers, because it recognized that nations had become too small to tackle alone economic problems which transcended national boundaries; but it continued to have certain apprehensions arising from the agricultural policies of the Community. Economic regionalism was not, however, restricted to Western Europe; it was also practised in Eastern Europe. What was important was the size and power of an economy, not the fact that it was organized on a regional basis. If a few economically weak countries joined together, nobody would be concerned; on the other hand, the economic policies of powerful economies, whether or not organized on a regional basis, could have profound effects upon weaker countries which lacked the economic bargaining power to retaliate effectively. The problem was really one of the relations between powerful industrial economies which had succeeded in achieving self-sustained economic growth and the weaker, mostly primary-producing economies. While economic regionalism might have accentuated the contrast between those two groups, it had not created it.

19. In the circumstances, it was regrettable that the true nature of the problem should be obscured by Soviet attacks upon the European Economic Community. Agricultural protectionism was as marked in the Soviet Union as in many other industrial economies. If the world was to tackle the trade problems before it, it would be more likely to get results if the Soviet Union recognized that the question of access to markets and the related question of price were as relevant to itself as to the Community or the United States. Discrimination in favour of one country could be practised as effectively by State buying monopolies and bilateral trade agreements as it could by tariffs or quotas. The Soviet Union had, for example, recently introduced a two-column tariff in order to permit discriminatory tariff treatment.

20. The universal concern over present trends in world trade provided ample grounds for the Cairo Conference's endorsement of an international economic conference. New Zealand supported and endorsed the action taken by the Economic and Social Council in that connexion, even though it feared that, in the absence of developed ideas on a new approach to world trade and new attitudes on the part of the leading nations of the world, the United Nations Conference on Trade and Development could do little more than replough a barren field. That fear had not been altogether dispelled. New Zealand was, however, heartened by the spirit animating the United States Trade Expansion Act of 1962 and by the statements of spokesmen of the European Economic Community. If the Community provided the right leverage, the whole world economy could be lifted to new levels of growth.

21. Some encouraging possibilities could also be seen in the changes that were occurring within the autarkic economies of Eastern Europe. If it was true that the

centrally planned economies were prepared to move towards liberal, multilateral trading régimes, those new prospects should in due course be explored in relation to the need of developing countries for dependable and expanding markets.

22. His delegation, which acknowledged that adequate preparatory work for the proposed United Nations Conference on Trade and Development was vital, feared that agreement on that issue might be only superficial. What kind of conference was contemplated? Was it to be concerned with detailed negotiations on individual products, or with general declarations of desirable objectives, or with a practical effort to map out courses of action to deal with broad categories of problems? It was essential that the Conference should have before it practical recommendations ready for discussion and that the Preparatory Committee should therefore submit to it developed ideas on practical courses of action. It was obvious that, to do so, the Preparatory Committee would have to meet more than once before the Conference convened and those meetings would not be easy. Finally, the question arose as to whether the General Assembly should give the Conference any guidance.

23. He considered that the Conference should limit its agenda to a few general topics, of which the most important were the question of access to the markets of the industrialized nations and the related question of commodity price-levels. The only direction given to the Preparatory Committee in Council resolution 917 (XXXIV) was that its work should bear particular reference to the problems of the developing countries; the questions of access and price were obviously of vital importance to developing countries, for unless answers to them could be found the objectives of the United Nations Development Decade would not be attained. Moreover, the Cairo Declaration had specifically referred to primary commodity trade and the economic relations between the developing and developed countries. Thus, so far as the scope and agenda of the Conference were concerned, the Cairo Declaration offered all the guidance needed.

24. Although his delegation feared that there had not yet been a meeting of minds on what was meant by adequate preparation, it supported the action proposed in the Council resolution, which was sensible and reflected a wide spectrum of opinion. He therefore failed to understand the purpose of the draft resolution recently circulated by the Soviet Union (A/C.2/L.645). Recalling that the Council had adopted resolution 917 (XXXIV) unanimously, he hoped that the success of the Conference would not be prejudiced by the reopening of old issues.

25. With regard to industrialization and the role of the United Nations, he noted the convincing arguments advanced in the World Economic Survey, 1961 (E/3624/Rev.1) to the effect that there were limits to the extent to which rising per caput income could be based on primary commodity trade, especially when so many barriers were placed in the way of trade in agricultural products. New Zealand had for some years been giving increased attention to industrial development, although it was handicapped by limited natural resources and a small domestic market. It was faced with an urgent need to establish capital goods industries and to develop export markets for manufactured goods. For those reasons it supported the work of the United Nations in the industrial sector, welcomed the appointment of Mr. Mayobre

as United Nations Commissioner for Industrial Development and endorsed the Council's decision to establish an advisory service of industrial experts. It was anxious that all Members of the United Nations should meet their financial obligations so that the Organization could play a full and expanding role in encouraging the industrialization of developing countries.

26. Mr. WIRJOPRANOTO (Indonesia) felt that the basic objective of the work of the Committee was to employ United Nations machinery to create conditions conducive to a large and well-balanced expansion of the world economy. To achieve that goal, it was necessary to solve the problem of the economic development of the developing countries, for their sustained economic progress was essential to world prosperity. An increased supply of goods and services in the highly developed countries must be matched by an adequate rise in effective demand, and it was the developing nations which would provide that demand when their development had made sufficient progress and when they possessed the necessary purchasing power. Conversely, their development demanded steady growth in the highly developed countries where the slightest set-back in their economies had severe repercussions on the others. Moreover, the world community was awakening to the threat to international peace and security inherent in the ever-widening gap in living levels between the economically advanced countries and the developing nations.

27. The recognition of the basic interdependence of developed and developing nations had not, however, elicited an adequate response, primarily because of the reluctance of the economically advanced countries to face the fact that the structure of international society was undergoing far-reaching changes. It was no longer possible for a few industrialized countries to dominate international political and economic life. The emergence of new nations demanding a better life for their peoples could not be ignored and called for a new approach to international economic co-operation based on freedom, equality and social justice.

28. While the work of the United Nations had not fulfilled the high expectations of the developing nations, the Organization had accomplished much that was useful. It had corrected some serious misconceptions regarding the nature of development assistance. First, aid was considered no longer as an act of "charity" but as a sound business investment, and the contributions made by the developing nations were acknowledged to be as essential for growth as the capital and technical assistance furnished by the economically advanced nations. Secondly, the view of foreign trade as a tactical weapon in the cold war was giving way to an awareness that development was a worth-while goal in itself. Thirdly, a much clearer understanding of the fundamental problems of development was being formed.

29. The growing awareness of the need for more effective action through a more comprehensive approach to development had culminated in the proclamation of the United Nations Development Decade. The significance of that step, in his view, lay in the fact that it marked the acceptance of the idea of economic planning on an international scale. The objectives of the Development Decade were very modest in comparison with the requirements for reaching a stage of self-sustained economic growth, but they were

within reach, provided certain basic requirements were fulfilled and the economically advanced nations were willing to be genuine partners.

30. In launching the Development Decade, the United Nations had committed greater resources towards improving the situation in the developing countries, but the growing concern of those countries over their discouraging predicament had prompted them to intensify their own common efforts to shoulder the heavy responsibility facing them. They had therefore met at Cairo in June 1962 in order to co-ordinate their endeavours. The Cairo Declaration of Developing Countries (A/5162) was indicative of the fact that those nations had accepted primary responsibility for their own development. In setting forth their common approach to the problems of economic development, the Declaration provided an essential complement to the programme for the Development Decade.

31. Both the Cairo Declaration and General Assembly resolution 1710 (XVI) concerning the Development Decade emphasized that systematic national planning was needed for economic growth. In the case of the new nations, economic planning should be part of an over-all social plan consistent with each country's national characteristics. It was necessary to do away with artificial and alien structures imposed by former colonial domination. Indonesia was developing new institutions and a social structure more in keeping with its way of life. The implementation of an eight-year over-all development plan had already begun. Two of its objectives, internal security and the recovery of West Irian, had already been achieved and the country was now concentrating on the third objective: the attainment of a higher level of living. It was hoped, through land reform and assistance to farmers, to increase the output of staple foods and thus to free foreign exchange for other development requirements. Illiteracy no longer presented a problem, as it would be totally eliminated by 1964.

32. One of the problems which was besetting the developing nations as a whole and which was governed by factors that were, in part, beyond their control, was that of trade. Unfortunately, the reluctance of the economically advanced countries to relinquish their privileged position in world trade was impeding economic progress in the developing nations and consequently in the world as a whole. International trade was therefore a real test of genuine international co-operation. The continuous decline in the share of the developing countries in world trade and the deterioration in their terms of trade were reflected in Indonesia's trade figures; for example, the price of rubber, the sale of which accounted for roughly 35 per cent of its total earnings, had fallen sharply and earnings from rubber exports had been 23 per cent lower in 1961 than in 1960. That situation was aggravated by the accelerated disposal of rubber stockpiles and the prospect of the greatly expanded production of synthetics. Surely, when the interests of certain developing countries were so vitally affected by those factors, some mutually beneficial accord could be reached to enable those countries to retain their share of the market at a reasonable price level. The effect on their economies would otherwise be devastating.

33. The erection of protectionist trade barriers by the industrialized nations was causing further difficulties for the developing countries and there was little evidence that the recent movement towards more liberalized trade among the industrialized countries

included any plans for overcoming the difficulties such action would create for third countries. Moreover, the granting of favoured treatment to primary commodities from former colonial territories offered no satisfactory solution and, by preserving the economic ties of such territories to their former colonial rulers, would impede the development of other new nations.

34. The United States Trade Expansion Act of 1962 paved the way for greatly liberalized trade between that country and the European Economic Community. It also called for a liberalization of imports from developing countries, but only or mainly where those imports did not compete with domestic production. The net effect would therefore be a more rapid expansion of trade among the industrialized nations than with the developing countries. The former were showing a growing tendency to draw back from more broadly based institutions such as the United Nations and increasingly to settle the world's economic problems through "Atlantic Community" institutions.

35. The fact that the developed nations were fundamentally changing their economic policies in a way that affected third countries could no longer be ignored. Integration should be accompanied by the development of constructive relationships with third countries if the present division of the world into political blocs was not to be intensified. The basic problems of international trade would have to be solved if the developing nations were to progress, but they would have to be solved by the international community as a whole. Indonesia therefore looked forward with hope to the planned United Nations Conference on Trade and Development.

36. The primary objective of the Conference should be to ensure a rapid expansion of the export earnings of the developing nations, and the reduction of barriers to their trade should have the highest priority. The Conference should establish programmes whereby developed countries, jointly or individually, would set targets for the progressive removal of such obstacles, in conjunction with the development of more liberalized trade between themselves. It should also deal with the short- and long-term problems of the primary commodity markets and recommend steps for putting international compensatory financial schemes into operation. Finally, it should consider the need to create an effective international organism capable of dealing with the trade problems of the developing nations on a continuing basis. A thorough re-examination of the role of GATT in improving the trade position of those countries was essential. The Conference would provide a unique opportunity for revising the existing structure of international trade so as to increase substantially the share of the developing nations in the ever-increasing wealth of the world. The General Assembly should give the Preparatory Committee specific guidance.

37. In their efforts to attain adequate rates of growth, the developing nations were also encountering problems in securing the external aid they needed. There again, the international community was directly involved. The response of some of the advanced nations to the call for financial assistance, while appreciated, had been inadequate and had brought about very little change in the conditions of the developing countries. An adequate response to General Assembly resolution 1710 (XVI) would bring about significant progress towards self-sustained economic

growth. As the economically advanced countries had the necessary means, it might be asked whether their hesitation was due to their inability to accept the concept of development as a sound investment in world prosperity. Were they still guided to some extent by the erroneous belief that development assistance could be a useful tactical weapon in the cold war? Or were they unable to face up to the changing nature of the world?

38. So far, most capital entering the developing countries came from public and private sources, through bilateral arrangements. The number of international capital investment agencies was increasing, but they were still governed by the outmoded concept of discriminatory voting power and, to some degree, by political influence. While the United Nations had entered the vital area of pre-investment through the Special Fund, the Organization had no agency to follow up that important work. The United Nations would be forsaking the principles of the Charter if it left actual investment to others and refrained from action itself. He trusted that the economically advanced nations would reconsider their opposition to the United Nations capital development fund project. Such action would be in keeping with the spirit and objectives of the Development Decade.

39. The need for external assistance was so great, however, that there was also room for other organizations and Governments to help on a bilateral or multilateral basis. Private foreign investment could also make a positive contribution to development, provided it operated on a basis of partnership and co-operation, since the new nations were no longer open to exploitation for personal gain. New methods for determining the relationship between the foreign investor and the developing country were required and the "production sharing" formula adopted by Indonesia expressed a relationship between partners which was more in keeping with the position of the developing nations as sovereign and independent States. However, each developing nation would have to devise a formula suitable to its own particular needs and conditions.

40. The principle of partnership between the economically advanced and the developing countries in solving the problems of development had been universally accepted, but it had not yet been translated into effective action. Partnership implied a sharing of costs as well as of eventual benefits. And failure to ensure the developing peoples a fair share of the world's wealth would have far-reaching political repercussions. The developing nations had accepted discipline, sacrifice and the full mobilization of domestic resources as the price they were willing to pay for development and prosperity. Could not the economically advanced countries afford more liberalized trade policies and larger supplies of development capital? He believed that they could do so without undue hardship.

41. The changes taking place in the world were already leading inevitably towards a system of international trade and economic relations governed by freedom, equality and social justice. The economically advanced nations might delay its coming, but they could not stop it altogether. Once they had accepted its inevitability, they would have to revise their approach to international economic relations. Only then could a just and prosperous world be built through really effective multilateral action.

42. Mr. TENNEKON (Ceylon) was confident that the Members of the United Nations would do all they could to attain the modest objectives set out in General Assembly resolution 1710 (XVI). The Secretary-General's report (E/3613) and the report of the Economic and Social Council (A/5203) had presented useful proposals. The need for industrial development had been emphasized as a most important factor in economic diversification and general economic development, and his delegation shared the view that there was an urgent need to assist the developing countries in that sector.

43. The second year of the present decade had almost ended, but little progress had yet been made towards the fulfilment of the objectives of the United Nations Development Decade. The developed countries were increasing their rate of economic growth, but the developing countries would not make much headway unless they were assisted in overcoming their problems, particularly as regards trade, the lack of foreign exchange and the need for capital and for technical assistance. If adequate steps were not soon taken, the wide gap between the levels of living of the rich and the poor countries would become a chasm.

44. The concern felt by the developing countries in that regard had been reflected in the Cairo Declaration, to which, he believed, no Member of the United Nations could object. The participating countries had found very disappointing the failure of the major industrial countries to support the early establishment of a United Nations capital development fund. His delegation rejected the argument that there already existed adequate international credit institutions. It recognized that it was necessary to work with the tools presently available, but further tools for development were clearly needed, and it was the duty of the United Nations to provide them. An instrument of fundamental importance for the developing countries is a capital development fund. The United Nations technical assistance programmes and the Special Fund made a valuable contribution, but the next step was the provision of investment capital. The International Bank for Reconstruction and Development, the International Finance Corporation and the International Development Association served a useful purpose, but the banking criteria which they had to apply were such that not all developing countries in need of capital could conform to their terms. His delegation hoped that the great Powers would consent to contribute a small fraction of their national wealth to establish a capital development fund.

45. In view of the fact that the trend in the terms of trade during the previous decade had been against the developing countries, his delegation welcomed the proposal to hold a United Nations Conference on Trade and Development. It favoured a convening of the Conference at an early date but recognized the need for adequate preparation. Satisfactory arrangements were needed to offset the adverse effects of the downward trend in export commodity prices, and some form of agreement guaranteeing the developing countries a fair and equitable price for their exports should be worked out without delay. Some form of price stabilization should be sought and the developed countries should adopt trade policies which would establish adequate levels for imports of primary commodities and industrial products from the developing countries, at fairly stable prices.

46. The scheme for a Development Insurance Fund should be considered as a matter of urgency in conformity with resolution 915 (XXXIV) of the Economic and Social Council. Consideration should be given to the possibility of arriving at some agreement whereby the countries exporting primary products would contribute on the basis either of their total export earnings or of the average current prices over a certain period to an insurance fund, while the countries importing primary commodities should also contribute on a comparable basis.

47. Ceylon feared that the present trend towards integration and the formation of economic groupings might involve some danger for the developing countries if adequate measures were not taken to safeguard their interests. In that connexion, his delegation believed that the views expressed in the Cairo Declaration (A/5162) deserved serious consideration by the United Nations. The Declaration set out the basis for a pattern of economic relations between the nations of the world which would be in consonance with present political developments.

48. Mr. NYLANDER (Ghana) hoped that the expanding agenda of the Committee reflected an increasingly international approach on the part of Member States to the basic problem of meeting mankind's needs.

49. The division of the world into the "haves" and the "have nots" constituted a growing danger to the world and no adequate steps had yet been taken to eliminate it. The United Nations Development Decade and the World Food Programme were useful but not enough. The widening gap between the level of living of the industrialized and the under-developed countries was causing the latter much concern, a fact which had been reflected in the Declaration recently adopted at the Cairo Conference. The Conference had expressed its apprehension that regional economic groupings of industrialized countries, if conceived and operated in a restrictive or discriminatory manner, would adversely affect the interests of the developing economies.

50. Ghana was aware of the great damage which would be done to its economy if the European Common Market operated as it threatened to do. Like other West African Commonwealth countries, it would be seriously affected by the European Economic Community's external tariff, particularly since the world price of cocoa, the mainstay of his country's economy, was falling steadily.

51. Some had urged Ghana to join the European Common Market in order to avoid a huge loss, but it had also been pointed out to it that the terms of trade between the industrialized countries and the primary producing countries had been moving against the latter and in favour of the former. Moreover, the danger of single-crop economies had been repeatedly emphasized. His country was therefore surprised at being urged to join an association which clearly sought to perpetuate the cause of its economic backwardness. It had so far refrained from using any political argument in stating its opposition to joining the European Common Market, but it had to be recognized that one of the worst features of colonialism was that it reduced the colonies to the status of labourers. The economic success of the United States, particularly since 1812, was proof that the objections of Ghana and other developing nations to the restrictive practices of the European Economic Community were not groundless. It might be asked whether the European

Common Market had been devised to entangle Africa in the fruitless cold war, the countries of that continent having rejected any political alignment with either the member countries of the North Atlantic Treaty Organization or with those of the Warsaw Pact.

52. Ghana welcomed the plans to hold a world trade conference, although it believed that such a meeting would not solve all its economic problems. The United Nations Conference on Trade and Development, which it felt should be convened in 1962, would require thorough preparation and should not be allowed to degenerate into a forum for propaganda. The mem-

bership of the Preparatory Committee should, in the view of his delegation, be increased to thirty.

53. While the goal of economic progress was the same for all countries, their methods were not necessarily the same. Ghana, like Senegal, had chosen African socialism, which it believed was suited to Ghanaian conditions.

54. The resources which were being spent on the fruitless arms race were a serious handicap to the development efforts of his country, which also regretted the failure to establish a United Nations capital development fund.

The meeting rose at 6.15 p.m.