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**CONTENTS**

|  | Page |
|--|------|
| <i>Agenda items 12, 29 and 74:</i>   |      |
| <i>Report of the Economic and Social Council (chapters II (sections I, II and III A, except paragraphs 189-198), III, IV and VII (section I and paragraph 645)) (continued)</i>    |      |
| <i>Economic development of under-developed countries (continued):</i>  |      |
| (a) <i>International flow of private capital: report of the Secretary-General and recommendations thereon by the Economic and Social Council;</i>                                  |      |
| (b) <i>Question of the establishment of a United Nations capital development fund: report of the Secretary-General;</i>  |      |
| (c) <i>Methods and techniques for carrying out a study of world economic development: report of the Secretary-General and comments thereon by the Economic and Social Council;</i> |      |
| (d) <i>Promotion of wider trade co-operation among States: report of the Secretary-General</i>   |      |
| <i>Land reform (continued)</i>   |      |
| <i>General discussion (continued) . . . . .</i>  | 153  |

Chairman: Mr. Janez STANOVIK (Yugoslavia).

**AGENDA ITEMS 12, 29 AND 74**

Report of the Economic and Social Council (chapters II (sections I, II and III A, except paragraphs 189-198), III, IV and VII (section I and paragraph 645)) (A/4415) (continued)

Economic development of under-developed countries (continued):

- (a) International flow of private capital: report of the Secretary-General and recommendations thereon by the Economic and Social Council (A/4487, E/3325 and Corr.1-3);
- (b) Question of the establishment of a United Nations capital development fund: report of the Secretary-General (A/4488, E/3393, E/3393/Add.1-4);
- (c) Methods and techniques for carrying out a study of world economic development: report of the Secretary-General and comments thereon by the Economic and Social Council (A/4489, E/3379, E/3379/Add.1-6);
- (d) Promotion of wider trade co-operation among States: report of the Secretary-General (A/4490, E/3389)

**Land reform (A/4439) (continued)**

**GENERAL DISCUSSION (continued)**

1. Mr. GEORGIEV (Bulgaria) said that in the documentation laid before the Committee emphasis was placed on the need for balanced world economic growth; the development of the under-developed countries; the expansion of world trade; the rectification of the growing imbalance between primary commodity prices and the prices of manufactured goods; the wider dissemination of modern production techniques; and the preparation of long-term economic projections—which his delegation regarded as an attempt to assist the development of the advanced capitalist countries and the under-developed countries by emulating the example of planning given by the socialist countries. The report of the Economic and Social Council (A/4415) and the introduction to the report also gave prominence to the methods for solving those problems suggested by Mr. Schürmann, the President of the Council during 1960, which were, in summary, large-scale action, based on consciousness of the interdependency of the various social sciences and technology, and the formulation of constructive approaches towards continuing problems of the future. The Secretariat had prepared a series of studies of those problems, which included the World Economic Survey, 1959 (E/3361), a study of the possibilities of planning in the capitalist and under-developed countries (E/3379), a study of the possibilities of wider trade co-operation between the socialist and the capitalist countries (E/3383)—which was, in his delegation's view, more a study of the impossibility of such trade—and a report on the question of the establishment of a United Nations capital development fund (E/3393). That report did not, in his view, meet the wishes expressed by the General Assembly in requesting it, since it seemed intended to bury rather than promote the possibility of such a fund.

2. In all those documents, great stress was laid on the principle of balanced world expansion, which, it was claimed, was valid for all countries, capitalist, socialist and under-developed alike. Thus, the World Economic Survey, 1959 not only contained the specific statement that the principle of balanced growth would help to solve all economic problems, including those of the socialist countries, but went on to say that the socialist countries suffered from the same problems as the capitalist world, all of which were lumped together as phenomena of disequilibrium. The document thus represented a wholly unwarranted and erroneous attribution to the socialist economies of all the ills inherent in the capitalist economies. The fundamental and overriding difference between the socialist and the capitalist economies permeated every aspect and institution of those economies, and the nature of every specific institution of each economy—taxes,

wages, profit, the public debt, and so on—was determined by the fundamental nature of the system in which it functioned and could not be abstracted from it. To do so, as the Secretariat had done, was to go far beyond the permissible limits of scientific abstraction.

3. Moreover, the Secretariat's appraisal of the current world economic situation and the prospects for its further development were not only based heavily on wishful thinking in the case of the capitalist countries—it was supposed, for example, that the unemployment problems of the 1930's and the inflationary problems of the 1940's could never recur—but extended the terms in which it discussed the problems of the capitalist economy to the socialist countries, speaking, for example, of inflationary pressures in those countries, and of a slowing in the rate of expansion of their industrial production. It thus obliterated the fundamental qualitative difference between the socialist and the capitalist economies. The fact was—as the statistics contained in the Committee's documentation proved—that the rate of expansion of capitalist economies could never exceed a fixed limit, whereas the rate of expansion of the socialist countries could never fall below a fixed limit. The difference between the two rates of expansion could not be represented as an insignificant and purely quantitative difference, for it was a difference of scale so great that it must be regarded as a qualitative difference.

4. The documents prepared by the Secretariat and the statement made by Mr. de Seynes, the Under-Secretary for Economic and Social Affairs (646th meeting), indicated that the 1959 boom was coming to an end and that a recession was to be expected in the capitalist countries. Such a recession, which was foreseen by numerous economists and newspapers in the United States, would have a serious effect on the economic development of the under-developed countries and might be much worse than the recession of 1958.

5. Since the Second World War great changes had taken place within the capitalist world. In the 1940's the United States had made great economic strides and had far outstripped the capitalist countries of Western Europe and Japan. However, during the 1950's that trend had been reversed and economic growth in such countries as the Federal Republic of Germany, Japan, Italy and France was now higher than in the United States. In the field of foreign trade, the capitalist countries of Western Europe were regaining the place from which they had been ousted by the United States after the Second World War and were now competing in United States markets on much stronger terms. Indeed, many of their products (small automobiles, for example) were preferred by the American consumer.

6. Mr. de Seynes had also referred to the shrinking of the world market as a result of the widening gap between the prices of primary commodities and those of manufactured goods. That gap, which was the outcome of the exploitation of the under-developed countries by the advanced capitalist countries, had very serious repercussions on world trade. At the same time, the threat of a recession in the United States was accentuated by the difficulties that country was facing in financing its enormous arms expenditure. For the advanced capitalist countries the problem

of balanced economic growth was therefore completely insoluble whereas the socialist countries were achieving balanced growth with great rapidity. Figures showed, for example, that the growth of the rate of industrial investment was much higher in the Soviet Union and Bulgaria than in the Western capitalist countries. However, that difference had not been brought out in the Secretariat's documents. The Secretariat's whole approach to world economic problems was in fact outmoded, for it dealt with the situation in the centrally-planned economies solely in capitalist terms. That state of affairs could be remedied only by appointing to the Secretariat an adequate number of economists from the socialist countries.

7. The Secretariat report dealing with the problem of long-term economic projections (E/3379) showed clearly that in the capitalist countries work in that field was only at the embryo stage and was based on empirical and incomplete data. By contrast, projections in the Soviet Union were highly advanced; owing to its centrally-planned system it could make long-term projections based on complete and scientific studies. Such projections were quite impossible under the capitalist system.

8. The imperialist countries seemed to equate economic assistance with aid for military purposes, for the construction of bases and for spying and subversion. They were not interested in providing substantial assistance towards real economic development. The bulk of the capital provided was supplied by private investors who were concerned only with profit. The State could not interfere with such activities because it was itself subservient to private capital, that being the basic law of capitalism. However, certain activities such as public health, education and housing did not offer lucrative profits and so the State had to assume responsibility. Thus, under pressure from the under-developed and socialist countries, the United States had reluctantly agreed to channel some assistance through the United Nations and to agree to the establishment of the Special Fund and the International Development Association. But the United States had placed restrictions on both those organizations which limited their fields of activity. What the under-developed countries wanted was substantial aid for the purchase of capital equipment, such as could be provided by SUNFED. His delegation was not opposed to preinvestment assistance or bilateral aid but it insisted that the main support to the under-developed countries must come from a capital development fund.

9. Whereas the economic aid provided by the United States had been prompted mainly by political or profit considerations, that given by the Soviet Union had been characterized by a real concern for the difficulties of the under-developed countries. The Soviet Union had not been concerned with profits but had considered the under-developed countries' need for low-interest capital and stable prices for their primary commodities. His delegation agreed with the President for 1960 of the Economic and Social Council that large-scale measures were required to help the under-developed countries. It was high time that the capitalist countries returned to the under-developed countries some of the wealth they had taken from them during the colonial period.

10. Mrs. LINDSTROM (Sweden) said that at every session of the General Assembly the Committee heard descriptions of economic development in different countries and parts of the world, analysed rates of progress on the basis of production and population forecasts, and rightly advocated increased capital and technical assistance to expand production in the less developed countries. Attention was concentrated on production and the other half of the problem of economic development—consumption—was scarcely discussed.

11. The FAO Freedom from Hunger Campaign, which sought to correct a situation in which two-thirds of the world's population subsisted at inadequate nutritional levels while the remaining one-third was more afraid of over-nourishment than deficiencies, was concerned with making more food available but did not count the number of mouths to be fed. Neither the Population Commission nor WHO did anything to regulate the number of people that FAO made efforts to feed. Yet merely to compensate for the predicted average annual rate of population increase of 2 per cent—which would have doubled the world population by the year 2000—would require the investment of 5 to 6 per cent of each year's production. That was considerably more than the less developed countries could afford to set aside for investment purposes and it left no margin for improvements in the present standard of living. Thus no world economic policy could be regarded as realistic if it did not include an active population policy based on family planning. The drastic population-limiting factors of the past, such as war, epidemics and famine, were being eliminated, and the birth rate would have to be kept down artificially to ensure that all children were healthy and well cared for.

12. The Population Commission, whose terms of reference allowed it to consider policies designed "to influence" the size and structure of populations, in practice dealt only with statistics and no attempt seemed to have been made to influence population trends, for instance, by means of seminars on family planning. Similarly, it was within the terms of reference of WHO to study and report on administrative and social techniques affecting public health and medical care from "preventive and curative points of view"; but that organization interpreted its terms of reference as allowing it to take action against ill health in mothers and children, but not to prevent children from being borne by sick mothers into a life of inevitable or probable starvation and ill health. FAO, which was concerned with raising levels of nutrition, gave its attention to the possibility of increasing the fertility of soil and livestock, but not to that of reducing the fertility of mankind. It was understandable that the agencies mentioned should wish to leave such a controversial issue as birth control to the parent organization, the United Nations, and Sweden believed also that the subject should be first discussed by the General Assembly openly and without bias.

13. In a speech in Texas earlier in the year, the Indian Ambassador to the United States had appealed for United States assistance to help his Government carry out its birth control policy and had emphasized that in such a matter no nation could afford to be neutral. However, the question did not concern one nation's foreign aid programme only; it was of even

greater concern to the United Nations, which could not afford to be indifferent to the population problem. In Sweden, birth control had long ago ceased to be an ideological or religious issue and she hoped that narrow conventions and prejudices would be overcome everywhere and the principle of voluntary parenthood internationally accepted. If the economic development of the less developed countries was allowed to follow well-trodden paths, population increase would outpace any potential increase in production.

14. The problem was an urgent one and her Government would in due course request the inclusion of the population issue in the agenda of the next session of the General Assembly.

15. Mr. IBRAHIM (Jordan) believed that to achieve sound economic growth and higher standards of living, the under-developed countries needed technical skills and especially capital. In its report, the Economic and Social Council had stressed the economic interdependence of all countries; his delegation welcomed any attempt at international co-operation in the field of economic development and agreed with the representative of Pakistan (647th meeting) that the establishment of consultative machinery for the co-ordination of development plans on a regional basis would be of great value. In the belief that the League of Arab States could provide such a basis for economic co-operation, Jordan had encouraged the establishment of the Arab Institution of Economic Development and would co-operate with other Arab States in a Dead Sea potash project, financed by the League's Economic Council.

16. Jordan's industrial development was at present hampered by a lack of capital and skilled labour, limited markets and the high cost of fuel and power. Nevertheless, several industrial projects, undertaken by the Government jointly with private enterprise, had been completed in the past few years. The Jordan Development Bank, together with the Industrial Loan Fund of the United States Operations Mission to Jordan, had helped to stimulate industrial growth, which would be speeded up when the problems of fuel, power and transport were solved; industrial employment in industry had steadily increased. In the past two years, his Government had adopted measures designed to encourage the investment of foreign private capital in Jordan's industries.

17. Industrialization was an important factor in the economic development of the under-developed countries and should receive the full attention of United Nations economic bodies, particularly the Committee for Industrial Development. His delegation was in favour of a United Nations capital development fund, which should not, however, exclude bilateral and multilateral assistance arrangements, and hoped that existing United Nations financial aid bodies would be strengthened.

18. Jordan's economy was predominantly agricultural and his Government believed that land reform was conducive to economic development; recent legislation limited holdings in certain irrigated areas and provided for the redistribution of land on a ten-year repayment basis.

19. His delegation hoped that the membership of the Economic and Social Council would be increased and

the seats redistributed to ensure equitable representation for all regions.

20. Mr. SZITA (Hungary) said that in making his remarks about the "colonial administration" of Somalia, to which the Italian representative had objected at the 668th meeting, he had merely wished to emphasize that some forms of assistance, such as the cost of administering and policing the territory, could not be regarded as contributing to economic development. Furthermore, there was no evidence that the territory had been economically prepared for independence; the per caput output of electricity and textile production were among the lowest in Africa.

21. Mr. FRANZI (Italy) replied that he had objected to the use of the term "colonial" only in the sense normally attributed to it by the Hungarian repre-

sentative. As he had already pointed out, Italy had been entrusted with the task of promoting Somalia's political, economic and social development and the United Nations had expressed its appreciation of the manner in which his Government had discharged its obligations; Somalia had, as a consequence, been able to attain independence before the target date.

22. Mr. SZITA (Hungary) said that his remarks had applied equally to other colonies administered under the Trusteeship System and, in fact, conditions in Somalia were no different from those in any African territory under colonial rule. He recalled that the commendation of Italy's administration of Somalia had by no means been unanimous in the Trusteeship Council and the Fourth Committee.

The meeting rose at 1 p.m.