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Chairman: Mr. Toru HAGIWARA (Japan).

— AGENDA ITEM 28 —

**Economic development of under-developed countries
(continued)**

DRAFT RESOLUTION ON THE STUDY OF INTERNATIONAL COMMODITY PROBLEMS (A/C.2/L.357/REV.1, A/C.2/L.358) (continued)

1. Mr. ROGERS (Canada) said that his country, which was a producer and exporter of many raw materials, was very interested in international commodity problems, particularly in the problem of fluctuations in commodity prices. He accordingly hoped that the sponsors of the eleven-Power draft resolution (A/C.2/L.357/Rev.1) would accept a minor amendment making their text equally applicable to countries which, like Canada, were both industrialized and producers of raw materials.

2. He therefore proposed to amend the first paragraph of the preamble by replacing the sentence: "... for the economic development, particularly of ..." by the phrase: "for the economic development of many countries, particularly of ..." so that the paragraph would then read:

"Mindful that export revenues are still basic for the economic development of many countries, and particularly of the under-developed countries."

He also proposed in the third paragraph of the preamble to replace the words "from manufacturing countries", by the words "from other countries", so that the paragraph would then read:

"Considering that such conditions have harmful effects on the economy of countries exporting primary products, including their balance of payments, their programmes for economic developments and their purchases from other countries,"

3. In addition, the present wording of operative paragraph 2 seemed to imply that the Commission on International Commodity Trade was the only body to which Governments could submit their commodity problems, whereas in fact there were other bodies dealing with such questions: the Food and Agriculture Organization (FAO) Committee on Commodity Problems, GATT and the Interior Co-ordinating Committee for International

Commodity Agreements. He would therefore suggest that the paragraph should be amended to read:

"Draws the attention of Governments of Member States to General Assembly resolution 1029 (XI) of 20 February 1957 concerning the Commission on International Commodity Trade, to which they may submit their commodity problems in order to have them taken into account in the report which this Commission will prepare at its sixth session in May 1958 for consideration at the twenty-sixth session of the Economic and Social Council."

4. Turning to the six-Power draft resolution (A/C.2/L.358), he pointed out that the English text of operative paragraph 2 did not agree with the Spanish original and should read:

"Draws the attention of the Economic and Social Council to the importance of the United Nations assisting in the promotion of international commodity agreements as an effective means of improving and stabilizing commodity prices."

5. As far as operative paragraph 1 was concerned, his delegation realized that the problem of the terms of trade was extremely important for all countries exporting raw materials, but it did not think that the United Nations could take up that very complex question, because if it were to do so, the Organization would have to ask States to modify their commercial policies, which would mean interfering in their domestic affairs. His delegation, while regarding the remainder of the draft resolution as acceptable, would accordingly be obliged to vote against that paragraph, unless the sponsors of the draft agreed to delete it, in which case the end of the last operative paragraph would have to be slightly amended.

6. Mr. MEJIA (Colombia) supported the Canadian representative's proposal to amend the English text of operative paragraph 2 of the six-Power draft resolution. He also proposed to add to the last line of the preamble, which read: "Being convinced, furthermore, that while this problem exists it will be impossible to ensure the smooth expansion of the world economy," the words: "independently of bilateral or multilateral assistance which may be given in the future by the highly developed countries, the United Nations and its specialized agencies". He would also like the word "priority" in operative paragraph 1 to be replaced by the word "consideration", and he proposed that the words "within its sphere of activities" should be inserted after the word "to promote" in operative paragraph 2.

7. Mr. ARDALAN (Iran) regretted that political discussions had unduly delayed the Committee's work.

8. The economic development of under-developed countries was by no means a matter of charity; those countries were simply claiming what was their due. The

manufacturing countries produced capital goods indispensable to the under-developed countries, but in return, they received from the latter primary commodities which they could not do without. Unfortunately, in the case of perishable foodstuffs producers could not afford to wait for favourable offers. Hence any increase in production merely widened the gap between the prices of such foodstuffs and those of manufactured goods. The solution of the problem largely depended on the manufacturing countries. Moreover, all countries were nowadays interdependent, and if the under-developed countries could not buy the equipment they needed, the developed countries would feel the effect, since the growth of their industry was governed by world demand.

9. The fact that primarily economic causes had led to the outbreak of the last two world wars and the appalling prospect of a new conflict should lead to the realization that all countries of the world must without further delay settle their problems sensibly and amicably. The moment had come when the discoveries of science must be used to promote the well-being of mankind, not to prepare for its annihilation.

10. His delegation hoped that the eleven-Power draft resolution would be adopted unanimously. It saw no objection to amending the preamble as proposed by the Canadian representative, but it could not accept the amendment to the operative part without consulting its co-sponsors.

11. Mr. RAJAPATIRANA (Ceylon) observed that he had already referred to the question of commodity prices during the general debate (458th meeting) on the economic development of under-developed countries. He had pointed out that his country was finding it difficult to proceed with the execution of its development programme without outside aid, owing to the fall in world prices for its exports and the rise in the prices of the goods it had to import.

12. He found the amendments proposed by the Canadian representative to the first and third preambulatory paragraphs of the eleven-Power draft resolution acceptable, but could not share the Canadian delegation's view concerning operative paragraph 2. The eleven-Power draft resolution was based directly on General Assembly resolution 1029 (XI) which referred to the Commission on International Commodity Trade only, making no mention of the other bodies of which the Canadian representative had spoken. Moreover, paragraph 58 of the Commission's third report (E/3003)^{1/} showed that all important commodity problems were on the agenda for the Commission's next session. He would like the Secretariat to say whether those problems had also been placed on the agenda of the other bodies referred to by the Canadian representative. It might be advisable for commodity problems to be studied by all those bodies. However that might be, the sponsors of the draft resolution could not consider the Canadian proposal until they had been told why the Canadian representative and those who shared his views wished the names of the other bodies to appear in the draft resolution. The text should invite Governments to submit their commodity problems to the Commission on International Commodity Trade; it would be far too vague if it confined itself to saying that Gov-

ernments "might" submit their problems to that Commission, as the Canadian representative proposed.

13. He supported the six-Power draft resolution (A/C.2/L.358) and saw no objection to the Colombian amendments.

14. Mr. ARMENGAUD (France) said that the French delegation would support the eleven-Power draft resolution, provided that it was amended as proposed by the Canadian delegation.

15. It was important, however, not to overestimate the importance of the results that could be expected from the proposed study, at least in the immediate future. All the members of the Committee were convinced of the need to seek formulas that would ensure relative stability in commodity prices. Nevertheless, too many factors, still imperfectly analysed, limited the opportunities for action in that regard, explaining why the results obtained so far by the Commission on International Commodity Trade had been very modest. As at present constituted, that Commission could do nothing decisive either to ensure a better distribution of commodities or a better organization of production, or to restrain the competition that was often the cause of price collapses. Until an economic policy based on co-ordination rather than on competition was applied throughout the world, the stabilization of raw-materials prices would be impossible. It should be borne in mind, moreover, that transportation costs were one of the determining factors in the cost of imports and must be taken into account in any policy aimed at stabilizing commodity prices; but that was another sector in which the Commission on International Commodity Trade had no influence at all.

16. All those reasons explained the position of the French delegation, which feared that the problems involved would not be solved by the adoption of the eleven-Power draft resolution, but which recognized how desirable it was that on a complex and difficult question the Economic and Social Council should have at its disposal the comprehensive documentary material that the Governments concerned should be able to furnish.

17. On the other hand, the six-Power draft resolution gave rise to a number of difficulties. First, it referred to "equitable and stable" prices. But it was not certain which criteria should be used to define what was equitable and stable in regard to prices. The price of a commodity might seem equitable at a particular time and cease to be so some years later with the appearance of some cheaper substitute on the international market, while stability often depended on the purchasing power of the various countries, which was itself dependent on the political and economic situation.

18. Secondly, in spite of the drafting changes just announced by the Colombian representative, there was a danger that operative paragraph 1, concerning possible methods of improving the terms of trade, might place the Economic and Social Council in a position that might be interpreted as interference in the economic policy of States. The member countries of the European Coal and Steel Community, faced with the same problem, though on a smaller scale, had not yet succeeded in adopting a common economic policy, in spite of the existence of the High Authority.

^{1/} Official Records of the Economic and Social Council, Twenty-fourth Session, Supplement No. 7.

19. Desirable as they might be, the objectives of the six-Power draft resolution could only be attained after several years of effort. The problems would have to be studied separately for each raw material and the appropriate solutions sought in each case, taking due account of the existence of substitute products. Only through such patient effort and provided that all interference in the independent policies of States was avoided would greater stability on the world market ultimately be achieved. In such matters, success demanded caution.

20. The French delegation accordingly considered that the most expedient course for the present would be to adopt the eleven-Power draft resolution, as amended, in the firm conviction that the studies it envisaged would prepare the way for the more positive action desired by the sponsors of the six-Power draft resolution. He hoped that the latter would not press their proposal, which the French delegation would be unable to support.

21. Mr. KITTANI (Iraq) pointed out, in reply to the French representative, that in introducing the eleven-Power draft resolution (502nd meeting) he had stressed that in the mind of its sponsors the text's sole purpose was to give an impetus to the study of a problem whose importance was recognized by all.

22. Analysing the amendments proposed by the Canadian representative, he said that it was natural that the first preambulatory paragraph should stress the case of under-developed countries, since the whole discussion centred on the economic development of those countries. It was a minor issue, however, and he would raise no objection if the Canadian representative maintained his amendment. He was also prepared to accept the second Canadian amendment. On the other hand, he could not accept the suggested amendment to operative paragraph 2, as it considerably weakened a text drawn up with great care. The sponsors of the draft resolution were aware that other bodies dealt with commodity problems, but the Commission on International Commodity Trade was the only one which came directly under the General Assembly, and its work should be stimulated. Moreover, the eleven-Power draft resolution limited itself to inviting Governments to submit their problems to the Commission: they were free not to respond to that invitation, but the General Assembly had a perfect right to issue it.

23. Mr. ARKADEV (Union of Soviet Socialist Republics) said that, in the opinion of his delegation, the international commodity agreements referred to in operative paragraph 2 of the six-Power draft resolution, should not exclude long-term bilateral agreements which could play a very important role in price stabilization, provided that they were entered into freely and were based on considerations of equity and mutual advantage.

24. He was opposed to any amendment which would tend to place on the same plane as the Commission on International Commodity Trade other bodies not directly under the authority of the United Nations. The Commission, which had been specially established to deal with commodity problems, was a very active body working under the general programme of the United Nations. To divide the study of those problems into several parts might delay their solution. Moreover, the Commission on International Commodity Trade was

not the only one involved: the Commission reported to the Council and the Council to the General Assembly, so that the principal organs of the United Nations would eventually be seized of the question in turn and the final decisions would rest with them.

25. The eleven-Power draft resolution confined itself to asking for the co-operation of Governments, which was indispensable. The USSR delegation would therefore vote for that text, since its usefulness was undeniable. It would, however, vote against the Canadian amendment to operative paragraph 2; if that amendment was adopted, it would be obliged to abstain on the draft resolution as a whole.

26. The USSR delegation also approved the six-Power draft resolution. It realized that the adoption of those two draft resolutions would not suffice to solve the questions at issue at once, but it would strengthen the work of the United Nations and would certainly constitute a step in the right direction.

27. Mr. KAUFMANN (Netherlands) said that in principle his delegation supported the eleven-Power draft resolution with the Canadian amendments which improved its wording and content.

28. It was unfortunate that that text and the six-Power draft resolution had not been submitted while the Committee was studying, in relation to agenda item 12, the report of the Economic and Social Council which referred to commodity problems. If they had, not only could the two drafts have been discussed in their proper context, but the Committee would also have had more time for reflection. The six-Power draft resolution raised certain difficulties and as delegations no longer had time to obtain instructions from their Governments, he joined the French representative in hoping that its sponsors would not press it to a vote.

29. Mr. ROGERS (Canada) pointed out, in reply to the representative of Iraq, that the Canadian amendment to the first paragraph of the preamble to the eleven-Power draft resolution was closer to reality and in no way weakened the emphasis placed throughout the draft on the particular position of the under-developed countries.

30. The Canadian delegation was proposing an amendment to the wording of operative paragraph 2 so that the draft resolution should not be interpreted as compelling Governments to submit their commodity problems exclusively to the Commission on International Commodity Trade, although many countries, including Canada, participated in the work of other bodies which also dealt with such matters. However, to meet the observations made by the representatives of Iraq and Ceylon, he agreed to modify his amendment and proposed that operative paragraph 2 should read as follows:

"Draws the attention of Governments of Member States to General Assembly resolution 1029 (XI) of 20 February 1957 and to the opportunity that exists, under paragraph 3 of Economic and Social Council resolution 557 F (XVIII) of 5 August 1954, for them to bring commodity problems to the attention of the Commission on International Commodity Trade in order to have them taken into account in the report which this Commission will prepare at its sixth session, in May 1958, for consideration at the twenty-sixth session of the Economic and Social Council."

31. If that modification was accepted, the Canadian delegation would vote in favour of the eleven-Power draft resolution.

32. Mr. WOULBROUN (Belgium) considered that the adoption of the amendments proposed by Canada would considerably improve the eleven-Power draft resolution. Governments could hardly be invited to submit all their problems to the Commission on International Commodity Trade as its terms of reference were limited, especially regarding negotiations in respect of a particular commodity.

33. All members of the Committee were agreed on the need to take practical measures to stabilize commodity prices, a matter in which the interests of the manufacturing countries coincided with those of the under-developed countries, especially as most of them were also producers of primary products. It seemed that the most effective method was still the conclusion of agreements regarding some specific products. Each such agreement, however, required long and careful preparation, including consultation between Governments, establishment of study groups of experts, meetings of plenipotentiaries, and the like.

34. There was clearly a relationship between the two proposals which had been submitted to the Committee. Unfortunately, the six-Power draft resolution raised complex and controversial questions, and the Committee had only a few days remaining to complete its work. Accordingly, he agreed with the Netherlands representative that the sponsors of the draft resolution should not press it to a vote. However, if they were to discuss the matter with the sponsors of the eleven-Power draft resolution it might perhaps be possible to embody the essential part of the six-Power draft resolution, i.e., operative paragraph 2, in the eleven-Power draft resolution.

35. Mr. Roland COOPER (Liberia) said that the revenue from exports of primary products was absolutely essential to the smooth economic development of the under-developed countries. Incessant fluctuations in commodity prices coupled with the sharp rise in the cost of capital goods were threatening the maintenance of good relations between nations; no member of the community of nations could treat such a prospect with indifference. The time had come for

the Committee to take practical measures to put an end to the disturbance which the economic imbalance was causing throughout the world. The Liberian delegation accordingly hoped that the eleven-Power draft resolution of which it was a co-sponsor would be adopted unanimously. To its great regret it could not accept the amendments proposed by the Canadian representative.

36. Mr. HASSAN (Sudan) observed that his delegation and the other sponsors of the eleven-Power draft resolution had deliberately avoided raising questions which might have been controversial. The purpose of the draft resolution was simply to enable all bodies concerned with commodity agreements to continue their study of the question. He paid tribute to the good work of FAO in the Sudan and added that, for example, FAO and the Commission on International Commodity Trade should co-operate closely and their study groups should consider a larger number of products, particularly cotton; their work should cover not only the technical but also the commercial aspects of production. The Sudanese delegation, like the Iraqi delegation, was unable to accept an amendment which would weaken the recommendations made in the draft resolution. All that was intended, after all, was to ensure that a close watch was kept on the situation, and particularly on recent trends and their repercussions on the economies of under-developed countries. Clearly, no such action was being taken at present: indeed, great manufacturing countries like the United States and the United Kingdom were not participating to the full in the work of the Commission on International Commodity Trade. Furthermore, in view of the fact that the prospect of a conference of commodity exporting and importing countries still seemed rather remote, the recommendations in the eleven-Power draft resolution (A/C.2/L.357/Rev.1) represented for its sponsors a minimum. They very much hoped that the Committee would adopt those recommendations unanimously.

37. Mr. MEJIA (Colombia) moved that the meeting should be adjourned, to give the sponsors of the two draft resolutions an opportunity to discuss the possibility of submitting a single text.

It was so decided.

The meeting rose at 12.50 p.m.