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CONTENTS

Agenda items 12, 29 and 74:	Page
<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>Draft resolution on the provision of food surpluses to needy peoples through the United Nations system (continued)</i>	67

Chairman: Mr. Janez STANOVNIK (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 (A/C.2/L.459/Rev.1) (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)

DRAFT RESOLUTION ON THE PROVISION OF FOOD SURPLUSES TO NEEDY PEOPLES THROUGH THE UNITED NATIONS SYSTEM (A/C.2/L.459/REV.1) (continued)

1. Mr. DOE (Liberia), introducing the revised draft resolution (A/C.2/L.459/Rev.1), said that he would try to clarify certain points which seemed to have given rise to misgivings. The draft resolution had been put forward in the hope that it would assist in solving the problem of food shortages in under-developed countries, and the only motive for requesting priority treatment had been that stated during the procedural discussion (650th and 652nd meetings). It would be noticed that in operative paragraph 5 of the revised draft the words "mutually agreeable terms" had been substituted for the expression "special terms", with regard to which the Ghanaian representative had expressed some doubts at the previous meeting.

2. The conditions under which surplus foodstuffs would be made available had been outlined by the United States representative (649th meeting). Further information on the matter was available in documentation published in connexion with FAO's Freedom from Hunger Campaign, whose purpose was to improve food distribution, human nutrition and levels of living generally. The associated United States Food-for-Peace programme aimed to secure effective distribution of existing agricultural supplies and, at the same time, incorporated programmes of technical co-operation to help countries increase their agricultural production. The draft resolution was based on the concepts that had inspired those two programmes and the sponsors believed that if adopted it would not only assist in ensuring freedom from hunger in the under-developed countries, but would also facilitate technical training and agricultural development under United Nations auspices, without prejudice to bilateral arrangements in that field.

3. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) said that, before taking a decision on the draft resolution, the Committee would have to establish whether the distribution of surplus foodstuffs would in fact contribute to the economic development of the under-developed countries, and consider the possible consequences of the proposed measures on the economic position of under-developed countries producing foodstuffs and on the world agricultural market.

4. The sponsors were trying to give the impression that they were guided solely by a desire to help the under-developed countries solve their food problems. It was obvious however, that the United States delegation had been prompted to submit its proposal to the Committee primarily by domestic considerations. Agriculture in the United States had for many years

been in a state of crisis, a feature of which was gross relative over-production of agricultural produce. Some 36,700,000 tons of surplus grain were at present stockpiled in the United States although, according to that country's Press, 17 million inhabitants of the United States were in need of food. Nevertheless, paradoxical as it might seem to speak of food surpluses in the United States, the United States delegation had raised the question of the disposal of surplus agricultural products abroad and apparently hoped to use United Nations organs to promote the interests of United States monopolies by facilitating the sale of agricultural stocks. The problem of the so-called surpluses had become an election issue in the United States, whose monopolies hoped to secure large profits in the world market through the agency of the United Nations to the detriment of other food-producing countries, since adoption of the United States proposal would undoubtedly disrupt the world agricultural market, as had been pointed out by the representatives of Argentina and other countries. Offers of foodstuffs, however large or attractive they might seem, could not solve the problem of food shortages in the under-developed countries, or the problem of their economic development. Such deliveries could at best only constitute a temporary emergency measure. The Soviet Union knew from experience that food shortages could be overcome only by the development of national agriculture, thus avoiding continued dependence on countries possessing so-called surpluses. To achieve that aim the under-developed countries needed, above all, agricultural machinery and implements, seed, fertilizer, agricultural experts, and advice on crop cultivation and land reform. Such assistance could properly be given under the Expanded Programme of Technical Assistance and the Special Fund, and the Soviet Union was ready to provide such assistance as part of its 1961 contribution to those programmes. The USSR was also prepared to extend agricultural assistance to under-developed countries on a bilateral basis.

5. If the United States and other highly developed capitalist countries sincerely wished to help the under-developed countries overcome their food shortages and achieve economic progress, they should consider how to promote the industrial and agricultural development of those countries and improve their terms of trade. The foreign currency the under-developed countries were losing as a result of the disparity between the prices of manufactured goods and of primary commodities, including agricultural products, far exceeded the sums they received in the form of external assistance.

6. His delegation's attitude to the draft resolution would depend on the amendments incorporated in the text. It was particularly important that the draft should include a recommendation to FAO to draw up measures to guard against the dumping of agricultural surpluses.

7. Mr. BERNARDO (Argentina) deplored the political turn the discussion had taken. As a food-producing country, Argentina had always favoured measures to promote the speedy and balanced economic development of under-developed countries, thereby increasing their purchasing power in the world market. While it was eminently desirable to furnish surplus foodstuffs as a temporary remedy, in cases of chronic hunger or emergencies, the systematic adoption of such meas-

ures would encourage greater consumption of imported commodities in the recipient countries, without a corresponding increase in foreign exchange availability, and would seriously affect the stability of commodity prices.

8. General Assembly resolutions 827 (IX) and 1025 (XI) and Economic and Social Council resolutions 621 (XXII) and 685 (XXVI), which dealt with the main aspects of the problem, sought to achieve ends that were in every way desirable. The present draft resolution contributed little of value and in fact constituted a retro-trade step. It would be better to use existing machinery, created on the basis of previous resolutions and studies, than to establish additional machinery. The revised draft, despite the changes made to meet various points raised during the discussion, still did not, in his delegation's view, offer adequate safeguards. For example, foodstuffs supplied to an under-developed country might prove not to be acceptable to the inhabitants and might then be resold in the world market, to the detriment of price stability.

9. His delegation had not had time to study the revised draft in detail, but pending further consideration he would suggest the deletion of the second preambular paragraph, operative paragraph 3, and, in view of the undesirability of creating new machinery, operative paragraphs 6, 7 and 8. He would also suggest the insertion in the fourth preambular paragraph of a reference to General Assembly resolution 827 (IX) and Economic and Social Council resolution 621 (XXII), the replacement of the word "effective" by "provisional" in operative paragraph 4, and the insertion in operative paragraph 5 of the word "emergency" after the word "delay" and the word "provisionally" after "made available". The draft would also be improved by the addition of a preambular paragraph recognizing that the true solution to the problem of hunger lay in effective acceleration of the economic development of under-developed countries as a means of increasing their purchasing power. In the operative part a final paragraph should be added recommending to the Secretary-General that, in preparing in consultation with the Director-General of FAO, a provisional agenda for the joint session of the FAO Committee on Commodity Problems and the Commission on International Commodity Trade, he include the question of the production of and demand for primary commodities, in relation to the problem of hunger.

10. Mr. WENTWORTH (Australia) said that the six-Power draft resolution not only stressed the humanitarian objectives of relieving world hunger but also recognized the basic problems associated with the transfer of surpluses. Three principles had to be taken into account. Firstly, commercial stocks produced under normal competitive conditions must be distinguished from surpluses arising as a result of agricultural protectionism; secondly, the commercial markets of the primary-producing countries must be safeguarded; and thirdly, domestic production in the recipient countries must be protected and encouraged. The draft resolution explicitly noted that any procedures which might be developed should conform to the well-known and generally recognized principles laid down by FAO for surplus disposal.^{1/} In that con-

^{1/} Food and Agriculture Organization of the United Nations, Commodity Policy Studies No. 10: Functions of a world food reserve — scope and limitations, Rome, 1956, appendix III.

nexion, the explanations given by the United States representative were especially welcome.

11. The application of the FAO principles was of particular significance to Australia. Wheat was the surplus commodity causing greatest concern and any serious curtailment of Australia's wheat exports would have far-reaching and harmful effects on its economic development. Special guide lines had been developed by wheat-exporting countries which gave practical effect to the FAO principles for the disposal of surpluses. The experience obtained in the Wheat Utilization Committee should be recognized in implementing the draft resolution although, of course, the safeguards applied in the case of wheat might not be entirely appropriate for other commodities.

12. Operative paragraph 5 rightly stressed that the procedures established under the draft resolution should be "compatible with desirable agricultural development in the less developed countries". It must also be remembered that many of the less developed countries were handicapped in their struggle for better nutrition by the low purchasing power of their peoples as well as by their shortage of foreign exchange. The problem was to find enough foreign exchange to finance imports of both foodstuffs and manufactured goods.

13. No one would dispute that ultimately the only satisfactory solution was to raise the effective demand in the countries in greatest need and to facilitate the development of their agriculture. Although both those objectives could be achieved only through soundly-based programmes of economic development, there was, nevertheless, an interim period in which increased commodity aid could prove beneficial. His delegation joined with others in hoping that the proposal to reappraise the procedures for surplus disposal would enable sufficient foodstuffs to be made available without delay to meet the essential nutritional needs of impoverished peoples. Accordingly, Australia supported the six-Power draft resolution.

14. Mr. IRWIN (Canada) pointed out that the sponsors had agreed to reword the beginning of operative paragraph 8 to read: "Requests the Secretary-General, in consultation with the Director-General of FAO, and after such other consultations as he may deem necessary, . . ." and at the end of operative paragraph 9 to substitute the word "trading" for the word "trade".

15. Mr. OMAR (Afghanistan) noted that the draft resolution represented a further attempt at improving the distribution of existing agricultural surpluses. Although it did not seek to eliminate hunger and malnutrition all over the world, its purpose was nevertheless useful. However, as the representative of the United Arab Republic had pointed out (655th meeting), it had certain shortcomings.

16. His delegation welcomed the suggestion in operative paragraph 5 that the largest practicable quantities of surplus foods should be made available on mutually agreeable terms to the less developed countries. It was hoped that the draft resolution would encourage and enable States in the other organizations concerned to expand their assistance on a bilateral basis and through international organizations to provide more food and on more, rather than less, favourable terms than those existing at present; and that, not only with the view to eliminating food shortages and malnutrition but also to meeting the basic needs of the national

economies of the less developed countries and to assisting their speedy growth; otherwise, the whole purpose of the draft resolution would be defeated.

17. Afghanistan received wheat on a bilateral basis from both the United States and the Soviet Union and there were doubtless other less developed countries in a similar position. Such countries earnestly hoped that the draft resolution would not prejudice bilateral assistance and accordingly his delegation, together with that of the United Arab Republic, proposed an amendment (A/C.2/L.463) that in operative paragraph 5 the words "and without prejudice to bilateral arrangements for this purpose" should be added after the words "mutually agreeable terms".

18. The more flexible the procedures established under the draft resolution and the greater the facilities allowed for accelerating bilateral and multilateral assistance, the stronger would be its effect in combating food shortages and its impact on the economies of the less developed countries in preventing inflationary pressures where investment for development purposes was expanding; in saving foreign exchange, and providing local currency on easy terms and conditions for development purposes. Millions of peoples all over the world were looking to the United Nations for assistance and the sooner it took action the quicker they would benefit. Since the final aim of the six-Power draft resolution was to support the FAO Freedom from Hunger Campaign, his delegation, subject to the comments just made, would support it.

19. Mr. PANYARACHUN (Thailand) said that his delegation fully endorsed the humanitarian aims of the six-Power draft resolution but was unable to support it for a number of reasons. In the past, the disposal of surpluses had adversely affected commercial sales and interfered with the trade of the primary-exporting countries. The principles laid down by FAO had not always been scrupulously observed and the consultative machinery envisaged by that organization had not always functioned properly.

20. The need for strict adherence to the FAO principles and for the avoidance of prejudice to normal trade patterns had been emphasized by all previous speakers and his delegation welcomed the amendments in that connexion which had been submitted by New Zealand and Burma and incorporated in the revised draft. Nevertheless, although the amendments greatly improved the text, his delegation felt that the economic and financial position of the food exporting countries would still be adversely affected by the proposals embodied in the draft resolution.

21. His delegation agreed with the Australian representative that a distinction must be made between commercial stocks and surpluses created by agricultural protectionism. The policies which gave rise to surpluses should be modified and all countries—merely the primary-producers—should make sacrifices towards that end.

22. His country was wholeheartedly in favour of plans for relieving world hunger and had always done its best to contribute to the relief of national calamities. There was, however, no point in feeding the hungry peoples of the world if, at the same time, the measures recommended involved starving others.

23. For those reasons, his delegation could not support the draft resolution but, in view of the proposal's

humanitarian aims, would abstain when it was put to the vote.

24. Mr. RAJAPATIRANA (Ceylon) said that his delegation would have much preferred to consider the draft resolution not as a priority document but in the normal course of the Committee's work. The problems of surplus disposal were not new. They had already been studied by the General Assembly and the Economic and Social Council, as well by the various organs of FAO. What had emerged from all those discussions was the stark truth that the basic solution to the problem lay in the rapid and balanced economic development of the under-developed countries. If per caput income in those countries was increased, there would be no need for concern about surpluses, because they would be easily marketable.

25. The Committee should carefully examine the economic circumstances underlying the draft resolution. It was prompted mainly by the existence of enormous surpluses in the United States, especially of wheat, maize and rice. The United States had spent some \$600 million for the purpose of not producing further large quantities of those commodities and its expenditure on surplus storage amounted to \$250 million per year.

26. Ceylon's experience showed that, while the bilateral disposal of surpluses resulted in some savings in foreign exchange, the rupee cost was often in excess of that of supplies from normal sources. The suggestion that international machinery should be set up to handle surpluses was welcome, but the adverse effects on the normal market should be carefully considered. It was clearly true that if the under-developed countries could import cheaper food they had a better chance of expanding their economies. However, any proposals which involved an increase in the price of foodstuffs should be viewed with the greatest caution.

27. With regard to the "mutually agreeable terms" mentioned in operative paragraph 5, he pointed out that at present the terms of such distributions differed widely, to the great disadvantage of some recipient countries, and urged that at least terms on lines similar to the most favoured nation treatment be adopted in this regard. His delegation hoped that such terms, to be agreed upon, would be even better than the best now offered, and emphasized that there should be more grants of surplus food and fewer sales for local currencies. He agreed with the representative of Argentina that operative paragraph 3 should be omitted, as it was extremely dangerous to suggest that the disposal of surpluses was a substitute for the assistance for economic development. The operative part of the draft resolution carried the danger of a transfer of emphasis from a solution of the problems of economic development to a solution of the problems of food surpluses, thereby tending to institutionalize the problem of abundant surpluses. The provision of surplus foodstuffs must in no way be a substitute for investment.

28. His delegation was certain that the Committee could work out a resolution that would receive unanimous approval. In any case, in preparing his report, the Secretary-General and those required to make the reports under the resolution should take into account the views expressed by the representatives of the Second Committee.

29. Mr. SMID (Czechoslovakia) said that his delegation had welcomed FAO's Freedom from Hunger Cam-

paign because a situation in which millions of people still lived in danger of starvation was obviously intolerable and because there were indications that in the absence of broad international action the situation would worsen in many countries. It remained necessary to decide how such international action was to be conducted. From that point of view, his delegation did not consider that the six-Power draft resolution offered an adequate solution. The draft provided chiefly for making surplus foodstuffs (which were apparently to come primarily from the United States and Canada) available to some needy countries, whereas the real problem was to assist the under-developed countries in developing their national agricultural production and establishing their own food reserves. That fact had been widely recognized, *inter alia* at FAO's Sixth Regional Conference for Latin America, which was held recently at Mexico City at the same time as the Fifth Inter-American Conference on Agriculture, where a number of representatives had also stressed the need for thorough land reform in order to increase agricultural production and had criticized the United States for forcing its own surplus foodstuffs on Latin American countries. His delegation considered that the problem could best be met by wide international co-operation for increasing food production in needy countries, in particular by providing such countries with agricultural machinery, information on better agricultural techniques, and agricultural experts, and by helping them to industrialize themselves and thus to mechanize their agricultural production. A special place in any international programme for increasing food production should also be given to land reform. In that connexion, the Cuban delegation had performed a valuable service in bringing the question to the Assembly's attention, for a solution of that problem would be of greater assistance in eliminating food shortages than the action contemplated in the draft resolution.

30. It should be pointed out that, although the sponsors of the draft resolution represented the provision of surplus foodstuffs as being based entirely on humanitarian considerations, it was obviously of benefit to the producers of the surpluses, which had become a fixed feature of the capitalist system. As other speakers had shown, the draft resolution would not solve the problem of hunger and would not even make any radical changes in the present situation. On the other hand, there was a positive danger that surplus foodstuffs from the United States and Canada would be channelled into the markets normally supplied by food exporting countries which were dependent on their export earnings for the financing of their economic development. The draft resolution as it stood did not contain adequate safeguards against such a possibility; moreover, while the amendments so far suggested would no doubt improve the draft, they introduced no positive change in its tenor. His delegation would therefore propose as an amendment (A/C.2/L.464), the inclusion of an additional operative paragraph worded as follows: "Requests the Food and Agriculture Organization to elaborate further appropriate measures against the dumping of agricultural surpluses on the international market."

31. His delegation attached great importance, as a matter of principle, to that amendment, and felt that it would greatly improve the draft. While the proposal would continue to embody only a temporary expedient, many of its drawbacks would thus be eliminated.

32. Mr. FLERE (Yugoslavia) said that in international discussions of the question of surplus disposal, his country had always advocated increased utilization of surpluses in the less developed countries; avoidance of disturbances in the normal flow of trade; and the internationalization of surplus disposal under the auspices of FAO. Those three points explained his delegation's positive attitude towards the draft resolution. Although it was of rather limited scope, his delegation hoped that the proposal would enable FAO, on the basis of the studies and consultations recommended, to promote increased utilization of surpluses in under-developed countries for the purpose of alleviating food shortages. In that connexion, he agreed with the Indian representative that surplus disposal and the utilization of counterpart funds could not be regarded as assistance to capital investment. At the same time, he would point out, on the basis of his own country's experience, that the utilization of surpluses had many side-effects which might considerably facilitate the development efforts of under-developed countries.

33. For that reason, his delegation felt that FAO, in considering the possibilities for increased disposal of surpluses, should devote special attention to the favourable effects such surpluses might have on the economic development of under-developed countries. It should also give special attention to the relationship between normal trade and surplus disposal. His delegation sympathized with the ideas put forward in that connexion by the representatives of Burma and Argentina, and hoped that FAO would, in its consideration, take into full account the legitimate need for agricultural development in the less developed countries.

34. His delegation was aware that the relationship between surplus disposal and the normal flow of trade was extremely complex; that was one reason why it had supported the establishment of a world food reserve which would distribute surpluses through the United Nations. The difficult problems involved in the disposal of agricultural surpluses had convinced his delegation that the idea of United Nations participation in the distribution of surpluses should be reconsidered in the light of new circumstances, and it would therefore suggest that the sponsors should include a reference to that idea. They might do so by inserting after the words "additional arrangements" in operative paragraph 6, the phrase "including multilateral schemes under the auspices of FAO". The sole purpose of that suggestion was to strengthen the role of the United Nations in the field of surplus disposal, and thus to expand and improve the distribution of surpluses to less developed countries.

35. Mr. HOLMES (Ireland) said that his delegation had voted in favour of giving priority to the draft resolution because it shared the view that the provision of food supplies to needy peoples was one of the Committee's most urgent tasks and appreciated the reasons for wishing that any decision taken by the Committee should be forwarded to the FAO Council before the end of its forthcoming meeting. At the same time, it agreed that the matter required careful consideration and that the Committee should take no precipitate action.

36. In his delegation's view, a number of the misgivings expressed in the Committee were attributable to the use in the draft resolution of the terms "surpluses" and "special conditions". The use of the word "surpluses" to describe a situation in which the real

problem was one of distribution was unfortunate, and its replacement, for example, in operative paragraph 5, by a phrase such as "undistributed stocks", would serve to clarify both the actual situation and the scope of the proposal. It would also, in his delegation's view, help to allay the apprehension that one effect of the action proposed might be to encourage and perpetuate such excess stocks of agricultural commodities. His delegation agreed that the distribution of surpluses could only be a temporary expedient; it therefore welcomed the amendments suggested by the representatives of New Zealand and Burma and incorporated in the revised text of the draft resolution, and thought that the changes suggested by the Argentine representative might be worthy of support.

37. Although his delegation felt that the meaning to be attached to the phrase "special terms", or the phrase "mutually agreeable terms" with which it had now been replaced, had been clearly explained by the United States representative in his statement introducing the joint draft resolution, it was not sure how such terms would be applied. For example, one of the important questions which would have to be solved if the draft resolution was adopted was that of financing.

38. His delegation thought that the Committee's debate on the draft resolution had been illuminating, and agreed with the Ceylonese representative that a record of its proceedings should be transmitted to FAO if the draft was adopted.

39. Mr. KORTEWEG (Netherlands) said that although the question of the utilization of food surpluses had been considered before in the United Nations and FAO, the world continued to be faced with an unacceptable juxtaposition of famine or malnutrition and food surpluses. His delegation agreed with the Indian representative that the draft resolution was a useful step towards the solution of that complicated problem on the basis outlined in General Assembly resolution 1025 (XI) and Economic and Social Council resolution 685 (XXVI). It welcomed the sponsors' flexible attitude in accepting a number of amendments which would give the draft greater balance by taking into account the interests of countries whose export products might compete with those offered as "surpluses". As the New Zealand representative had said, it was often difficult to determine what was or was not "surplus". In any case, a long-term solution of the so-called surplus problem could not be sought in the disposal of those surpluses through a series of *ad hoc* arrangements, even if carried out under United Nations or FAO auspices. As the Italian representative had pointed out, the real solution must lie in an increase in effective demand and in a better international distribution of production. The short-term disposal of surpluses should never become an excuse for neglecting the search for measures to overcome the long-term structural anomalies underlying the problem.

40. His delegation welcomed the inclusion of a specific reference to the principles and guide lines for surplus disposal laid down by FAO, which must be adhered to in any implementation of the draft resolution. It was his delegation's understanding that the new operative paragraph 9 also covered transport arrangements. It seemed to his delegation that the studies requested under operative paragraphs 6 and 8 of the draft resolution were to a large extent overlapping and that they should therefore be undertaken in conjunction with each

other. It also agreed with the New Zealand representative that FAO should be the primary organ to be consulted under operative paragraph 8.

41. For the reasons he had given, his delegation would vote in favour of the revised draft resolution.

The meeting rose at 1.10 p.m.