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ASSEMBLY**

TWENTIETH SESSION

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**SECOND COMMITTEE, 969th  
MEETING**

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*Chairman:* Mr. Pierre FORTHOMME  
(Belgium).

GENERAL STATEMENTS (continued)

1. Mr. FRANZI (Italy) said that despite the generally unfavourable turn of events two years earlier, the Second Committee had been wise to start with a general debate. Indeed, new and very interesting ideas had been put forward. The representative of Costa Rica, for example, had stressed (956th meeting) the need to increase commodity prices to equitable levels and the need to ensure that the revenue from those higher prices was more fairly distributed within each country to promote social justice, purchasing power and domestic markets.

2. During the past two years, United Nations economic activities had grown considerably. The growth had been essential. The terms of trade of the developing countries had deteriorated. Commodity prices had fallen and financial aid had slackened off; the position was no better in the manufacturing sector and the current industrial output of the developing countries was less than one sixteenth of world production.

3. The fact that the Committee was meeting more than a year after the United Nations Conference on Trade and Development meant that the results of the latter could be considered objectively.

4. Economic development was a natural phenomenon which formed part of the historical process and would take place even if there was no United Nations; the main function of the United Nations was to accelerate it as much as possible. The first essential was to reach a political agreement and to bring about at the international level what several industrialized countries had achieved at the national level by making social justice a basic policy objective, even though the steps they took in that direction could not always be justified from the strictly economic viewpoint.

5. He had listened with great interest to those speakers who had proposed that a charter of international trade should be drawn up. Such a charter would have moral force and act as a stimulus; furthermore, it would oblige all Member States to follow a clear-sighted economic policy.

6. His country was eager to take part in the discussion on the preparation of that charter, which should contain broad principles with a catalytic effect on ideas and

activities relating to economic development throughout the world.

7. The links between disarmament and economic progress had been studied by the Second Committee in the past. He was glad that the problem was now being taken up in the First Committee and that it had aroused very great interest. In his message at Bombay, His Holiness Pope Paul VI had also stressed that disarmament was no longer simply a military or political matter, but also an economic problem of the first magnitude.

8. Italian representatives in various bodies had repeatedly referred to the proliferation of meetings and conferences and to the related question of priorities. While nothing must be done to curtail United Nations activities aimed at accelerating economic development, a true order of priority must be established. The representative of Malta had made a very clear statement on that subject (966th meeting) and the Italian delegation had taken due note of the figures he had cited.

9. The consolidation of the Special Fund and the Expanded Programme of Technical Assistance was attractive from several viewpoints, and particularly if it was considered at the present juncture in the light of the desire to avoid the proliferation of United Nations organs. It was to be hoped that the consolidation of the two programmes could lead to the establishment of a functional body and show that a reduction in the number of organs concerned improved the effectiveness of United Nations activities.

10. There was some confusion about the fields of competence of the Economic and Social Council and the Trade and Development Board. The Council had unquestionably gained new impetus from the decision to increase its membership. Now the objectives of the two bodies must be more clearly defined in order to eliminate duplication and establish principles for fruitful co-ordination. In his delegation's view, the third most important organ was the Centre for Industrial Development which, it must be recognized, had been established belatedly. The lost time must now be made up, and his delegation favoured the expansion of the Centre and an appropriate increase in its resources. Meanwhile, he welcomed the fact that the Special Fund, which was now the largest multilateral pre-investment programme, had recently given more attention to industrial development projects.

11. His Government's attitude to economic and technical assistance had recently changed considerably. Assistance to the developing countries was now an integral part of national activities and was included

in the five-year plan submitted to the Italian Parliament, a fixed figure being earmarked for it. More important, the Italian Government was convinced that aid to the developing countries should be increased and provided on easier terms.

12. Mr. BOT (Netherlands) said that the information at the Committee's disposal justified a pessimistic diagnosis of the situation of the developing countries at the mid point of the United Nations Development Decade. While the development process was proceeding satisfactorily in many countries, the general picture was one of stagnation. The developing countries were hampered by increasing international debts, the population explosion, inadequate agricultural production and the scarcity of skilled manpower. On the positive side, the problem of limited absorptive capacity for investment seemed to have been solved, and modern science and technology held much promise for development.

13. The present period in which the international flow of capital had levelled off, was transitional. Even though techniques of economic planning and programming had become more sophisticated, there was reason to doubt their immediate applicability to changing conditions. Furthermore, the improvement in the understanding of priorities was not reflected in development activities. Accordingly, the Committee should reappraise the objectives of development policy, devise new methods for their realization, and consider what rate of development would be most conducive to their success. It must concentrate on essentials. Programmes should be more sharply defined and co-ordination improved. Prosperity was impossible without peace and development policy should form part of a mature, world-wide policy that recognized both the sovereignty and the interdependence of nations.

14. His Government had decided to give more prominence in its over-all policy and to allocate a larger share of its national resources to development aid. A cabinet minister was now responsible to Parliament for all such aid, whose budget amounted to 300 million guilders. That amount would be raised by 25 per cent in 1966 with further increases later. Special priority had been given to South-East Asia in the 1966 budget. The Netherlands would participate in the Asian Development Bank to the extent of more than \$11 million, while nearly \$5 million had been allocated to the Mekong Delta project. The Economic Commission for Asia and the Far East would receive \$130,000 to help to strengthen its secretariat, and requests for technical assistance from the area would be given priority. His country was also increasing its contribution to the World Food Programme, from 1.7 million guilders annually in the first three-year period to 6 million guilders from 1966. That programme was extremely valuable in promoting international capital transfers.

15. The Netherlands Government felt that development policy could no longer be dissociated from the broader context of national policy. It could no longer think of development aid merely as the transfer of residual resources to other countries after meeting domestic needs. On the contrary, every feature of national policy should be conceived in the light of world-wide development problems. Furthermore, the

quality of development aid was as important as its quantity and must be systematically enhanced, for example by improvements in the training of experts, the independent evaluation of aid programmes and the introduction of long-term development aid programming.

16. Despite its prosperity, a small country like his was naturally limited in its potential and resources but could contribute to the thinking process underlying development. Instead of viewing its development activities as a sequence of disjointed efforts, his Government was now thinking in terms of converging development strategies and an integrated approach. Its views on priorities had similarly changed. The United Nations Conference on Trade and Development had provided new opportunities for international discussion, but its modest results had fallen short of expectations. An appraisal should be made of what the Conference could be expected to do. His Government attached great importance to a review and reappraisal of the role and functions of the Council because of the growing conviction that the United Nations was moving towards a world-wide development strategy based on regional, sub-regional and national development efforts.

17. There was, however, considerable room for improvement in the methods of development planning. Long-term programmes presupposed, for both donor and recipient countries, flexible long-term projections. His Government considered the work of the Centre for Development Planning, Projections and Policies in regard to development, and its associated regional centres to be of vital importance and had therefore decided to donate \$1.4 million to assist them.

18. The idea of SUNFED (Special United Nations Fund for Economic Development) had not materialized in the form in which it had been originally conceived; instead, a number of institutions dealing with development had been established. The main element in the original idea—that donors and recipients should be represented on the governing body on the basis of parity—should, however, be preserved in the new United Nations Development Programme which would result from the merger of the Special Fund and the Expanded Programme of Technical Assistance.

19. His delegation, like many others, was concerned about the difficulties encountered by the United Nations Conference on Trade and Development. The cause of those difficulties might be the continued division of the world into antagonistic blocs. It was time for a different approach, for devising a set of principles by which relations between States in matters of development would be guided. If such principles were universally accepted, it would be possible to follow the example of the Development Assistance Committee of OECD and the Alliance for Progress, in which country examinations covering economic and development policies were common practice.

20. The development strategy of the future therefore required not only improved methods and better evaluation of plans and policies but also the elimination of all manipulation and manoeuvring between blocs of countries.

21. Mr. DELGADO (Senegal) paid a tribute to the Under-Secretary for Economic and Social Affairs for his masterly analysis of the world economic situation (955th meeting). As the Under-Secretary had pointed out, such progress as had been achieved had benefited only the industrialized countries and the gap between them and the developing countries had grown wider. His country, like almost all other developing countries, was adversely affected by the continuing decline in the prices of primary products and the steady rise in the prices of the manufactures they had to import. The situation was further aggravated by increasing competition from synthetic and substitute products on world markets. Senegal's efforts to diversify its production would eventually reduce its dependence on imports, but its export earnings problem could be solved only by proper regulation of the international market for primary commodities.

22. The developing countries had long realized that their economic development was primarily dependent on their own efforts. Nevertheless, their progress would continue to be hampered until the structure of international trade was reformed in such a way as to guarantee their products access to markets, fair and stable prices and, in the case of manufactured products, the benefit of a system of preferences. External assistance was also required to finance their development projects and it was encouraging that the Horowitz Proposal (E/CONF.46/C.3/2) and the recent recommendations of the Development Assistance Committee of OECD had recognized that such assistance should be granted on more favourable terms than hitherto.

23. The subsidiary organs of the United Nations Conference on Trade and Development had already begun to implement the recommendations of the Conference but it was regrettable that the industrialized countries showed no great haste in applying them.

24. His delegation supported, in principle, the proposal to set up a specialized agency for industrial development, but recognized that each country had the right to decide for itself on the priority to be given to industrialization in its development plans. Individual national plans should, however, be co-ordinated within over-all regional plans in order to avoid duplication and the establishment of non-viable industries and to provide integrated markets. The African Development Bank and the plan for the development of the Senegal River Basin were instances of what could be achieved by regional co-operation. His delegation supported the proposed consolidation of the Special Fund and the Expanded Programme of Technical Assistance. It was important, however, that there should be fair representation of donor and recipient countries on the governing body of the new programme.

25. The Economic and Social Council should continue to be the co-ordinating organ in which the broad lines of international economic and social policy were laid down. The proposed review and reappraisal of the Council's role and functions should take into account the possibility of overlapping with the Conference and he agreed with the representative of India that that might best be done by appointing a group of experts to make the necessary studies and report to the General Assembly.

26. In conclusion, he pointed out that, although the United Nations Development Decade had been disappointing in some respects, there had been two major achievements: the establishment of the United Nations Institute for Training and Research and the expansion of the World Food Programme.

27. Mr. GALLARDO MORENO (Mexico) said that the Latin American countries of the Alliance for Progress had registered extremely low rates of growth during the first three years of the Development Decade. The results of regional co-operation had, however, begun to be apparent during 1964, when their rate of growth had improved. The Economic Commission for Latin America and the Inter-American Development Bank had provided valuable assistance and a great deal had been achieved through inter-governmental economic co-operation.

28. While it was recognized that external assistance should complement, rather than replace national development efforts, it was regrettable that the balance-of-payments problems of some industrial countries should have induced them to take measures which affected the flow of capital to the developing countries, whose export earnings were not sufficient to meet their needs for development finance. His delegation was in favour of measures to improve international liquidity and thus prevent such situations.

29. Economic integration of the Latin American countries would provide the larger markets which those countries need for some of their products. Much remained to be done, however, in connexion with international trade in primary products and his delegation was concerned that there had been so little progress towards implementing the recommendations of the United Nations Conference on Trade and Development concerning international trade.<sup>1/</sup> Moreover, the countries of Latin America were no longer prepared to allow their under-priced exports of primary products to be exchanged for expensive manufactured products: the developing countries should be granted preferential treatment for both their exports and their imports.

30. His delegation realized that the principles laid down for international trade by the Conference on Trade and Development involved such radical changes that progress was bound to be slow. The two sessions of the Trade and Development Board had, nevertheless, produced some useful results.

31. The deterioration of the terms of trade for primary products had restricted the developing countries' capacity to purchase capital goods for their development projects. The flow of capital to those countries had been further reduced by their increased debt servicing obligations. They were relying on the Conference to secure the adoption of measures which would solve those problems.

32. It was because of its belief in the value of the Conference that the Government of Mexico had decided to propose that the Board should consider establishing the headquarters of the secretariat of the Conference in Mexico City. The facilities which the Mexican Government would provide and the contribution it was

<sup>1/</sup> See Proceedings of the United Nations Conference on Trade and Development, volume I: Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

prepared to make were described in the report by the Secretary-General of the Conference (TD/B/L.65 and Add.1).

33. As regards the mounting burden of debt servicing, loans to the developing countries should not be extended on commercial terms but should be at low rates of interest and spread over a long period. Mexico hoped that the principles for extending assistance to the developing countries would be liberalized and attributed enormous importance to the fact that, at the last meeting of the Board of Governors of the World Bank and its affiliates, it had been found necessary to increase the funds of IDA. With such an increase, it should be possible to assist a greater number of countries.

34. He hoped that the Latin American Free-Trade Association and the Central American Common Market would continue to enjoy the support of the United Nations, the large industrial countries and their regional groupings. As Latin America accelerated its own development, it would increase its trade with the industrialized countries.

35. His delegation supported the proposal to consolidate the Special Fund and the Expanded Programme of Assistance. The new United Nations Development Programme should have a governing body which should be sufficiently representative and at the same time capable of efficient operation. In the provision of technical assistance, it was not enough to give advice on the methods to be followed; it was also necessary to help train entrepreneurs. Mexico had long realized the importance of training for the purposes of industrialization and from 1937 onwards had established a number of technical training institutes. At the same time, the social implications of industrialization should not be forgotten. Obviously, there was a close relationship between industrialization and agricultural progress. The increase of output in the farm sector was essential not only in order to obtain the resources necessary for industrialization, but also to keep pace with demographic growth and improve nutrition. The markets necessary for industrial products could be assured by increasing the purchasing power of the rural population.

36. The regional symposia and the international symposium on industrial development were extremely important. In May 1965, the Economic Commission for Latin America had approved the holding of a regional seminar in February 1966. Such meetings would provide a useful exchange of experience. His delegation supported the proposal to establish a specialized agency for industrial development.

37. The fight against illiteracy was another important item on the Committee's agenda. In 1921, Mexico had launched a national campaign against illiteracy and since then had made enormous strides through person-to-person teaching, the establishment of teaching centres with voluntary instructors, the use of television and the distribution of free textbooks.

38. Mrs. MISKE (Mauritania) said that the future of the world lay in the hands of the richer countries. At the moment, of the 3,000 million people in the world, 2,000 million were inhabitants of the under-developed

nations. Thus when a human being was born, he had two chances out of three of being hungry all his life. At the present rate of population growth, in forty years he would have four chances out of five of being hungry all his life. On the aggregate, one third of the world's population possessed 85 per cent of the world's income and two thirds possessed the remaining 15 per cent. Each day the gap between the rich and poor grew larger and the danger of a violent confrontation between them was increasing.

39. Two centuries ago most of the countries now described as under-developed had had their own harmonious system of life which had been destroyed by the brutal invasion of a more materialistic civilization. It was only in that sense that the countries of Africa, Latin America and Asia were under-developed. To understand the poverty of the developing countries, the richer countries should consider the islands of poverty in their own countries multiplied to the point where they became whole countries or even continents. The people of the developing countries were no longer willing to die while others lived and to remain backward while others made spectacular progress. In the past they had made their contribution to civilization from which the richer countries had benefited. Modern science could build an ideal world or destroy humanity. It was for the developed countries to decide whether mankind was going to live or die and to understand that peace and prosperity were indivisible. In their own interests, they must help the developing countries in their struggle against hunger and poverty. The developing countries could absorb enormous quantities of capital and by raising their income could become better clients for the goods of the industrialized countries. The latter must pay fairer prices for the raw materials exported by the poorer countries and must extend credit to them on better terms.

40. Mauritania was a land of desert with very few natural resources. With the help of science and the richer countries, Mauritania could water its deserts and use its plentiful resources of solar energy. Western Europe had taken 150 years to become developed, the United States 100 years and the USSR 40 years. The inhabitants of the developing countries could not wait until the twenty-first century to improve their living conditions; they must make a rapid transition from a subsistence to a modern economy. International assistance to those countries must therefore be substantially increased. With sufficient capital and technical assistance any country could make progress but the capital must be lent over the long term and at low rates of interest. The developing countries were grateful for the bilateral aid that had been granted but, in view of their immense needs, that aid had proved inadequate. In any case, it was far more satisfactory if aid was channelled through the United Nations.

41. Frankly, her delegation considered that the United Nations was not equipped for that enormous task because it had been created by the great Powers for the use of the great Powers. But when problems of development were being discussed, the smaller Powers wished their voice to be heard. If the United Nations was to reflect the modern world, it must devote the greater part of its energies and its budget to the problems of the developing countries. With that aim in

view it must undertake a general and complete re-appraisal of its role and working methods.

42. Her delegation shared the fears expressed by the representative of Malta that the efforts of the United Nations were merely resulting in mounds of documents. To improve its efficiency, the United Nations must cut down its general costs, restrict the travel of representatives and reduce the number of conferences and reports. It must concentrate on practical objectives such as the success of the United Nations Development Decade. The needs of the developing countries should be discussed in a single organ and a list of priorities for the benefit of the developing countries should be

drawn up. The following were the most urgent tasks: increased capital assistance to the developing countries; financing of development projects; advice and assistance in the transfer of resources from the richer to the poorer countries; the creation of a patents bank for small-scale industry in the developing countries; the promotion of regional integration; the provision of experts in technical training; the strengthening of the OPEX programme; and the sending to the developing countries of skilled manpower from the developed countries.

The meeting rose at 1.35 p.m.