

United Nations  
**GENERAL  
ASSEMBLY**

TWENTIETH SESSION

Official Records

**SECOND COMMITTEE, 961st  
MEETING**

Monday, 18 October 1965,  
at 10.45 a.m.



**NEW YORK**

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

GENERAL STATEMENTS (*continued*)

1. Mr. EL-ATTRASH (Syria) said that the Secretary-General's report entitled "United Nations Development Decade at mid point"<sup>1/</sup> had revealed that results so far had been disappointing. The target of 5 per cent of annual growth had not been attained and the central problem of accelerating the rate of economic growth of the developing countries remained unsolved.

2. The most serious problems facing the developing countries were their untrained and under-employed labour forces; their inability to utilize their rich natural resources because of the lack of technical expertise, capital and markets; fluctuations in agricultural output; inadequate access to international markets; the constant deterioration in the terms of trade; and short-term fluctuations in the prices of primary products. The high rate of population growth in recent years aggravated those problems but the main causes were the inadequate flow of capital and the indifference of the developed countries to the widening gap between rich and poor nations.

3. The target of the United Nations Development Decade for a capital flow to the developing countries equivalent to 1 per cent of the national income of the advanced countries had not been met, largely because the trade policies of the latter countries had not been adapted to make capital available to the former countries on favourable terms. The resultant slowness of economic growth in the developing countries meant that two thirds of the world's population still continued to enjoy only one sixth of the world's income. The fact that the prosperous third of the world was composed, in the main, of the population of the former colonial Powers gave rise to the suspicion that the reluctance of those Powers to implement development programmes sprang from a desire to dominate the newly independent countries economically.

4. More than half the export earnings of the developing countries came from agricultural products and the continuing decline in the terms of trade for

those commodities was therefore a matter of concern to them. The intention might be to keep those resources untapped until they could be exploited with the help of foreign capital, thus preventing the countries concerned from exercising full sovereignty over their own natural resources. There were still many areas in which natural resources were exploited by former colonial Powers under agreements concluded as far back as the nineteenth century, and it was therefore gratifying that the United Nations was striving to solve such problems by promoting better co-operation between developed and developing countries.

5. His delegation supported the proposal for the establishment of a capital development fund. The economic and social projects to which the developing countries were committed produced long-term rather than immediate returns and therefore needed to be financed by funds made available on the most favourable terms possible. He urged that the developed countries give their support to the proposed Fund.

6. The results of the United Nations Conference on Trade and Development, though encouraging, had not fulfilled all the expectations of the developing countries. The recommendation A.II.1 on international commodity arrangements and the removal of obstacles to the expansion of trade,<sup>2/</sup> for instance, was not sufficiently explicit and required no firm commitment on the part of the developed market-economy countries. A further disappointment had been the failure of the Conference to approve a compensatory financing scheme on the lines of the development insurance fund suggested by a group of United Nations experts; compensatory financing was available through the International Monetary Fund, but at rather high interest rates. It was also unfortunate that the recommendations concerning the establishment of a capital development fund had not been adopted unanimously by the Conference. It was to be hoped that the Trade and Development Board would enable the expectations of the developing countries to be fulfilled in all those respects.

7. His delegation was in favour of convening a conference for the purpose of setting up a specialized agency for industrial development. One of the results of industrialization in the developing countries would be to increase the returns on agricultural production, which would provide much of the raw materials for new industries, and he believed that the fears that had been expressed about the disruption of agrarian

<sup>1/</sup> Official Records of the Economic and Social Council, Thirty-ninth Session, Annexes, agenda item 2, document E/4071.

<sup>2/</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).

structures as a consequence of industrialization were groundless.

8. He also supported the proposed consolidation of the activities of the Special Fund and the Expanded Programme of Technical Assistance into a single development programme, on the assumption that the merger would lead to better co-ordination of the technical assistance programmes of the United Nations system and would not adversely affect current projects.

9. Mr. HAJEK (Czechoslovakia) said that the increasing discrepancy between the levels of economic development in the developing and in the advanced countries was a matter of great concern to his delegation. It was a far more deeply rooted problem than the difference between "north and south", which had been put forward by earlier speakers as one of its causes. The capitalist economic system, under which former colonial territories had been exploited for the benefit of the advanced market-economy countries, was largely responsible for retarding the economic and social development of many developing countries. Only vigorous and co-ordinated action by all States in a realistic programme of development could enable the developing countries to achieve balanced economic growth.

10. There were, moreover, certain political and military factors which impeded the orderly economic progress of some developing countries, such as external pressure to conclude military pacts or maintain in power regimes which hindered economic development. Wherever such capitalist and neo-colonialist tendencies had been eliminated, however, as in the socialist countries, a narrowing of the gap between the industrially advanced and the less developed countries could be observed.

11. The developing countries could achieve rapid and sustained economic growth only if the following measures were applied: mobilization and exploitation of all internal resources; diversification and expansion of exports, as the main source of foreign exchange; international action to improve trade with the advanced countries; and the use of foreign capital in such a way as to utilize the natural resources of the developing countries effectively and lighten the burden of repayments. One of the chief obstacles to the mobilization of internal resources was the control exercised in many newly independent countries by overseas monopolies, since the repatriation of profits deprived those countries both of export earnings and of much-needed foreign exchange. Such practices were at variance with the right of every State of permanent sovereignty over its natural wealth and resources, which had been reaffirmed in General Assembly resolution 1803 (XVII), and it was for that reason that Czechoslovakia had proposed that a statement of that right should be included in the proposed draft declaration of principles of international law concerning friendly relations and co-operation among States.

12. Owing to various obstacles, trade between Czechoslovakia and the developing countries had not got into its stride for some years after the Second World War. The volume of trade had, however,

quadrupled between 1953 and 1964. His country had concluded long-term trade agreements and a number of agreements on economic, scientific and technical co-operation with the developing countries. Economic co-operation with the socialist countries provided the developing countries with an alternative to economic relations with the former colonial countries and thus placed them in an advantageous bargaining position. Not only did economic co-operation with the developing countries help to reduce the gap between the levels of living of the advanced and the developing countries, but it also helped to foster peaceful international relations.

13. The Czechoslovak delegation at the United Nations Conference on Trade and Development had supported the developing countries' demand for new international trade and market policies and had taken an active part in formulating them. As a representative of his country had stated during the current session of the General Assembly, the Conference could make a substantial contribution towards overcoming the economic backwardness of the developing countries and abolishing the inequity and discrimination which still existed in international economic and trade relations, provided goodwill was shown by all States.

14. The continued exclusion of the People's Republic of China, the German Democratic Republic and other socialist States from membership in the United Nations was not only incompatible with the universality of the Organization but also restricted its opportunities for economic, technical and scientific co-operation.

15. The Committee would have to discuss improvements in the machinery for dealing with economic and social problems. The establishment of the United Nations Conference on Trade and Development as an organ of the General Assembly had made that matter particularly urgent. There should be no difficulty in establishing a harmonious relationship between the Conference and the Economic and Social Council. The Conference and the Trade and Development Board should handle all trade matters and, in particular, trade in relation to development. The Conference would naturally set up subsidiary bodies to deal with specific problems but it should also use those bodies which were already operating satisfactorily under the Council's direction.

16. Every effort must be made to streamline both the budgets and the working methods of the United Nations family. His delegation would support any reappraisal which would lead to increased efficiency, avoid duplication and focus the activities of the United Nations and its related organizations on the most urgent tasks. The Council should occupy a central position. Its planning and co-ordinating role should be strengthened. It should not merely review voluminous reports but also assign priorities and issue directives for the entire economic and social activities of the United Nations family. The function of co-ordination should not be left to the Administrative Committee on Co-ordination but, as emphasized at the thirty-ninth session of the Council, the Governments of Member States should also play a full part because only they could ensure concerted action within individual international organizations.

17. The industrial development of the developing countries was particularly urgent and was now being discussed in the United Nations in much more specific terms. His delegation supported the intensification of United Nations industrialization activities, the expansion of the Centre for Industrial Development and the accelerated preparation of regional and international symposia on industrial development. Some speakers had rather unnecessarily stressed the need for caution in tackling the problems of industrial development and had dramatized the difficulties involved, but his delegation, while realizing the complexity of the industrialization process, preferred to concentrate on its positive effects.

18. He welcomed the use by a number of developing countries of methods successfully tested in the industrialization of the socialist countries, particularly with regard to the planning and growth of the public sector. It was stated in the World Economic Survey, 1964<sup>3/</sup> that the most striking event of the early nineteen sixties had been the widespread adoption of planning as a tool of economic and social policy showed that economic planning and projections should be one of the main functions of the United Nations. To improve methods and provide central direction and co-ordination (resolution 1079 (XXXIX)), the Council's proposal to set up a consultative group of planning experts was fully justified.

19. His delegation would support any reasonable attempts to rationalize United Nations technical assistance activities. It had expected a more thorough evaluation of that assistance by the ad hoc Committee on the Co-ordination of Technical Assistance Activities established under Council resolution 851 (XXXII); it did not believe that the proposed consolidation of the Special Fund and the Expanded Programme of Technical Assistance was a satisfactory solution. A real United Nations development programme should be launched to include capital investment activities. The administration and management of the new fund should be truly democratic and based on equitable geographical representation.

20. To achieve universal economic, scientific and technical co-operation, international economic relations must be normalized.

21. Czechoslovakia's present stage of economic development called not only for further quantitative growth but also improved management and planning. It was prepared to continue to develop its economic relations with all countries, particularly those of Asia, Africa and Latin America. Despite certain difficulties, it would increase its imports not only of raw materials and foodstuffs, but also of semi-manufactures and manufactures from the developing countries. It looked forward to further economic co-operation to improve the international division of labour for the benefit of all countries.

22. Mr. TCHEN (China) said that the United Nations had made considerable progress in decolonization but its efforts to accelerate the economic and social development of the poorer countries were far from successful. The World Economic Survey, 1964 showed

that in 1964 the industrialized countries had continued their economic expansion while the developing countries had lagged behind. The increase in world trade had benefited mainly the market economies. The developing countries were faced with a continuous decline in the prices of their commodity exports and a steady deterioration in their terms of trade. Their access to markets in the developed countries was hampered by preferential systems, regional groupings, protectionist tariffs and other obstacles.

23. In 1964, the Conference had grappled with those problems, had set up machinery to cope with them, and had produced a confrontation between developed and developing countries. The identification of the problems, it was to be hoped, would constitute a first step towards their solution and usher in a new international development policy. The detailed conciliation machinery worked out in accordance with General Assembly resolution 1995 (XIX) augured well for the future, but patient efforts were still necessary before a new world economy could emerge. The steps taken by the Australian Government, which were outlined by its representative (957th meeting), to encourage imports of manufactures, semi-manufactures and handicraft products from the developing countries were most encouraging.

24. The situation described in the study entitled "United Nations Development Decade at mid point" was deplorable: at present the developing countries represented two thirds of the world's population but shared less than one sixth of its total income. Although there was some consolation in the comment made by Mr. de Seynes (955th meeting) that the social gap at least was not necessarily widening, the plight of the developing countries still represented a challenge to the international community. While not expecting miracles, his country shared the hope of all the developing countries that the richer countries would show a firm determination to make progress towards the goals of the Development Decade.

25. According to an FAO study entitled The State of Food and Agriculture 1965, the amount of food necessary to satisfy the needs of the growing population in the developing countries must be quadrupled in the next thirty-five years. Otherwise, the problem of hunger could assume alarming proportions. According to demographic projections, the population of the world would increase from 3,000 million in 1960 to 4,300 million in 1980 and 6,000 million at the end of the century. Whatever the accuracy of those projections, his delegation agreed with Mr. de Seynes that a considerable part of the economic progress achieved in the under-developed countries—sometimes half—was at present absorbed by the growth of population. While fully aware of the multiple implications of family planning, his delegation realized the gravity of the problem (illustrated by the Indian request for expert advice) and accepted the idea of education on problems of fertility so long as it did not go so far as to constitute a campaign. Every effort must be made to stimulate agricultural production for, as Mr. de Seynes had pointed out progress in that sector was a determining factor for the whole growth process in the under-developed economies.

<sup>3/</sup> United Nations publications, Sales No.: 65.II.C.1 and 2.

26. Also essential for their growth was an accelerated inflow of capital. According to the latest report of the International Bank for Reconstruction and Development<sup>4/</sup> and the International Finance Corporation,<sup>5/</sup> direct and indirect financial aid from the developed to the developing countries, which had risen sharply during the second half of the preceding decade, had levelled off during the last four years. The international flow of capital had remained far below the target figure of 1 per cent of the national income of the developed countries. In 1963 two thirds of the total had gone to fifteen nations and the remaining third had been far from representing the absorptive capacity of many developing countries. Methods must be worked out to achieve an appreciable increase in the international financial aid available. His delegation fully supported Council resolution 1088A (XXXIX) recommending improved terms of lending.

27. The technical assistance programmes of the United Nations represented perhaps the most practical form of aid: the achievements of the Expanded Programme of Technical Assistance and the Special Fund were impressive in their diversity and scope. His delegation favoured the merger recommended in Council resolution 1020 (XXXVII) and hoped it would greatly increase the efficiency of the new United Nations Development Programme. There were reasons for hoping that its target of \$200 million would be achieved with the support of Member States. The annual report of the Technical Assistance Board<sup>6/</sup> noted the increase in the number of experts from the developing countries, a trend which his delegation welcomed because a country generally classified as under-developed could be very advanced in certain fields and its experts had a clearer understanding of the problems faced in countries similar to their own.

28. His delegation supported the continuation of the World Food Programme outlined in Council resolution 1080 (XXXIX) and welcomed the establishment of the United Nations Institute for Training and Research. Also gratifying were the fruitful activities of the regional economic commissions following the decentralization of United Nations economic and social activities. China participated actively in the work of ECAFE and was co-operating in such important regional projects as the Asian Highway and the development of the lower Mekong basin. It welcomed the establishment of the Asian Development Bank.

29. Undoubtedly, industrialization played a primary role in economic development. China had now launched its fourth four-year plan aimed at an annual rate of income growth of 7 per cent and had reached a stage of development where it could be described as a mixed economy with the stress on industry.

<sup>4/</sup> Annual Report, 1963-1964 (Washington, D.C.), and supplementary information for the period from 1 July 1964 to 1 March 1965. Transmitted to members of the Economic and Social Council by notes of the Secretary-General (E/3992 and Add.1).

<sup>5/</sup> Eighth Annual Report, 1963-1964 (Washington, D.C.), and supplementary information for the period from 1 July 1964 to 1 March 1965. Transmitted to members of the Economic and Social Council by notes of the Secretary-General (E/3993 and Add.1).

<sup>6/</sup> Official Records of the Economic and Social Council, Thirty-ninth Session, Supplement No.5 (E/4021/Rev.1).

Its progress was due in no small measure to the emphasis it had placed on land reform. Agriculture was still the keystone of China's economic development and its share in national income, exports and employment had always been preponderant. His delegation particularly welcomed the proposal to hold a world land reform conference in Rome in 1966.

30. Technological development was no less important than human development. It was essential for increasing agricultural productivity. In China industrial priorities had been carefully assigned and a council had been set up for the co-ordination of technical assistance. As a result of its economic advancement, China was able to furnish technical assistance to many other countries.

31. Mr. TOIV (Mongolia) said that the development of international economic co-operation on a fair basis was one of the most effective means of promoting peaceful relations. It was particularly important to bridge the ever-increasing gap between the developed and developing countries. Certain questions deserved special emphasis: a new international division of labour to accelerate the industrialization of the developing countries; the transformation of international trade into an effective means of economic development; and the implementation of progressive principles of international economic and trade relations.

32. Many speakers from the developing countries had expressed concern regarding the unfavourable economic position of their countries and their difficulties in developing their economies. His country had similarly started with an extremely weak base for economic development, and before liberation had had much in common with the majority of countries which had recently won freedom from colonialism. In the past, under a capitalist economy, Mongolia had served only to supply foreign Powers with agricultural products and raw materials. Its economy, relying heavily on stock breeding, had been dominated by foreign capital; at the time of liberation, 86 per cent of foreign trade and a slightly smaller proportion of internal trade had been in the hands of firms from capitalist countries. The experience of many countries had shown that economic independence was inconceivable without the dismantling of the colonial economic structure and the creation of a sound basis for the national economy. The first step was the concentration of key sectors of the national economy under State control and the expulsion of foreign capital. Mongolia had begun by rejecting such capital, introducing State monopolies for foreign trade, and creating a national banking system. Those steps, together with the construction of the first national industrial centres, had ensured its economic independence.

33. The successes noted by representatives of the newly independent countries in eradicating the heritage of colonialism would have been even greater if those countries had not had to contend daily with the remnants of colonialism and the policy of neo-colonialism. The greatest obstacle to economic independence was the key position still occupied by foreign monopolies. Those monopolies siphoned off profits greatly in excess of their investments

in the developing countries, thereby depriving them of the means for economic and social progress. Unfortunately, United Nations documents often suggested that foreign capital had an essential role to play in the developing countries, although such statements served only certain Western imperialist interests. Foreign aid could help the economy of the developing countries, but only under certain conditions. It should be focused on the most important branches of the economy and help to set up modern industries, strengthen the State sector and increase the possibilities of capital formation. However, the basic source of financing should be domestic capital formation and foreign capital should always be under the exclusive control of the recipient Government.

34. A closely related question was that of the exploitation of natural resources. The right of peoples to dispose freely of their national wealth and resources, as the Cairo Declaration of Developing Countries adopted in 1962<sup>7/</sup> had stressed, was vital for their economic development. The attempts by the imperialist States to dispute that right ran counter to the national interest of the developing countries and to General Assembly resolution 1803 (XVII).

35. The report of the Economic and Social Council<sup>8/</sup> showed that many countries were taking steps to create national industries and to improve agriculture and economic planning. Feudal Mongolia had been backward despite its vast natural resources, but radical changes had been made. Recognizing that industrialization was essential, the people's Government had established the first industrial enterprises immediately upon liberation with the help of the Soviet Union. Subsequently, mining, fuel and power, construction, timber, food and other branches of industry had been established and developed. The processing of livestock and agricultural products was being intensively developed. In 1964, total industrial production had been 50 per cent greater than in 1960. Mongolia was already an agrarian-industrial State, and over the next fifteen to twenty years hoped to reach the level of the industrially developed socialist countries. In the period 1966-1970, industrial production was planned to reach twice the 1965 level at an annual rate of increase of 13 per cent. Mongolia's experience showed that, within the world socialist system, any country, irrespective of its level of economic development, could overcome the most complex problems with the unconditional aid of the socialist countries.

36. Improved agricultural techniques, increased productivity and land reform were of great importance to the developing countries, where the majority of the population was still occupied in agriculture. Industrial development and improvements in the level of living

could not be achieved without greater agricultural production. In Mongolia, scattered stock farms had been replaced by large mixed agricultural enterprises operated by the State and agricultural co-operatives. Modern techniques had been effectively applied to stock-raising, and Mongolia had become a leader in terms of cattle per head of population. Crops had also become an important sector through the opening up of virgin land. Once a flour importer, Mongolia had become a large exporter of wheat. Agricultural production data for 1964 testified to the vitality of its co-operative system and to the value of planned economic development. His country was about to embark on its next five-year plan for the period 1966-1970, and its membership in the Council for Mutual Economic Aid (CMEA) opened up new prospects for a further increase in the rate of development.

37. The main achievement of the United Nations Conference on Trade and Development had been the drafting of the general principles to govern international economic relations and trade policies. Similarly important had been the decision to establish the Conference as a permanent organ of the General Assembly and the creation of the Trade and Development Board. However, there were scant signs that the Conference's recommendations were producing results. The report of the Economic and Social Council showed that the developing countries' share of world trade was falling and that their export earnings were not growing sufficiently. The terms of trade were deteriorating and trade barriers and discriminatory practices had not been eliminated. Those problems must be tackled; furthermore, the establishment of the Conference secretariat should be speeded up and its location decided.

38. The development of world trade should be subject to the principles laid down by the Geneva Conference and the basic provisions of the joint declaration of the seventy-seven developing countries reproduced in the Final Act of the Conference.

39. His delegation welcomed the recent changes in the provision of aid through the Expanded Programme and the Special Fund. Nevertheless, there were shortcomings, for instance, the frequent delays in the implementation of programmes and the lack of flexibility of work in the field. The Economic and Social Council has an important place in the United Nations system, and in its enlarged form should play a more effective part in economic development. With the establishment of a permanent trade organ, its activities in that direction had been somewhat curtailed but henceforth it must concentrate on the study and analysis of world economic trends, measures to deal with international economic and social problems, the co-ordination of the work of various United Nations bodies in industry, agriculture and education, and the provision of technical assistance to the developing countries.

The meeting rose at 12.50 p.m.

<sup>7/</sup> Official Records of the General Assembly, Seventeenth Session, Annexes, agenda items 12, 34, 35, 37, 39 and 84, document A/5162.

<sup>8/</sup> Ibid., Twentieth Session, Supplement No. 3 (A/6003).