

United Nations  
**GENERAL  
ASSEMBLY**

TWENTIETH SESSION

Official Records

**SECOND COMMITTEE, 970th  
MEETING**

Friday, 22 October 1965,  
at 3.40 p.m.



**NEW YORK**

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

*In the absence of the Chairman, Mr. Silva (Chile),  
Vice-Chairman, took the Chair.*

GENERAL STATEMENTS (concluded)

1. Mr. HADJIMILTIS (Cyprus) considered that the world economic situation was far from satisfactory. The prices of primary commodities had been declining steadily since the beginning of 1964, and the tensions affecting the balance of payments of the developing countries had led to a considerable increase in drawings from the International Monetary Fund—about \$340 million in the first half of 1965. Furthermore, the external debts of the developing countries represented 12 per cent of their total export earnings as compared with 4 per cent ten years previously, and a large proportion of the payments would fall due in 1966. The developing countries were faced with a cruel dilemma: either to continue borrowing on very unfavourable terms or to decide to live in a state of permanent under-development. To help them out of that impasse, appropriate economic, fiscal and monetary policies must be evolved and put into effect.

2. The developing countries encountered special difficulties in their efforts to realize their growth potential. The after-effects of decades of colonial exploitation were not easy to overcome. When the countries which were now industrialized had been in process of development, they had had the advantage of a relatively well functioning capital market and had been able to exploit an essentially backward world as a market for their manufactured goods and as a source of raw materials; unfortunately, developing countries no longer enjoyed those advantages. The developing countries were undoubtedly capable of benefiting from scientific and technical progress, but in order to do so they needed adequate funds and trained manpower. In addition they had to contend with the problem of population growth which, in the opinion of many experts, also tended to retard economic progress.

3. The United Nations Development Decade had been hailed with enthusiasm all over the world. Although, as the Secretary-General had reported, it was at present uncertain that the targets of the Decade would be reached, the United Nations must make the neces-

sary effort in order not to dash the hopes placed in it by the peoples of the world.

4. It was noteworthy that one of the General Assembly's relatively few acts at its nineteenth session had been to approve the permanent machinery for the United Nations Conference on Trade and Development. His delegation felt that that body had the capacity to identify the most urgent problems and to suggest solutions.

5. International co-operation in the economic field, as in all others, made it possible to improve material conditions and to reap all the benefits of civilization. The elimination of social injustice, hunger, poverty and disease would make a contribution of the utmost importance to the cause of peace. Cyprus was grateful for the assistance it had received from the United Nations. The economic survey carried out in 1960 under United Nations auspices had served as a basis for the formulation of a Cypriot development programme. Cyprus had been given technical assistance in, for example, planning, the construction of dams, town planning and statistics. His delegation also wished to acknowledge with gratitude the help given to his country by the Special Fund, the ILO, FAO, UNESCO, WHO and other specialized agencies. The current political difficulties besetting Cyprus unavoidably had an effect on its economic development. The requirements of defence against the threats of foreign invasion were taxing the resources of the island. It was therefore particularly gratifying to be able to state that Cyprus was economically and financially sound. The balance of payments was in surplus, and the continued convertibility of the Cyprus pound had maintained the traditional confidence in the currency and the banking system.

6. In 1965, the Cypriot Government had carried on work under the development programme through investment in productive sectors of the economy. It had succeeded in maintaining a high level of living and still enjoyed confidence in international economic circles.

7. Mr. PACHARIYANGKUN (Thailand) said that, while it was gratifying to note the comparative progress achieved recently in the field of international trade, the Committee should not lose sight of the fact that the long-term difficulties faced by the developing countries still persisted at the mid point of the United Nations Development Decade. Rapid population growth, massive urbanization, low agricultural productivity and foreign exchange shortages were problems that remained to be solved. On the one hand, the developed countries had not responded to the appeal made to them to transfer 1 per cent of their combined income to the developing countries. On the other hand the

developing countries, with very few exceptions, had been unable to achieve a yearly growth rate of 5 per cent, which was the target set for the Development Decade. Those two specific objectives should therefore be the Committee's main concern.

8. In international trade there were still signs of acute disequilibrium. In 1965, the prices of the principal export products of the developing countries had fallen to 5 per cent below the previous year's level. It was to be hoped that the Committee, in a spirit of goodwill and international co-operation, would strive to halt the deterioration in the commodity market and would take specific steps to restore world economic equilibrium.

9. Moreover the developed countries had every interest in furthering the solution of those problems, for trade was a two-way proposition in that an increase in the developing countries' export earnings would enable them to buy more and better quality goods from the industrialized countries. One of the first measures which should be taken by the developed countries was to reduce or eliminate tariff and other barriers. At the same time, concentrated and co-ordinated action should be taken through international co-operation. That was why the establishment of the United Nations Conference on Trade and Development as a permanent organ of the General Assembly was of historic importance.

10. While striving to increase their agricultural production, the developing countries must not underestimate the importance of industrialization, which was a source of employment for their rapidly expanding population and which also contributed to over-all economic progress.

11. His country's economy was based on the export of rice, rubber, tin, teak and other primary commodities, which accounted for more than 85 per cent of its foreign exchange earnings. The success of its economic development depended to a very great extent upon the progress achieved in the agricultural sector. Under its five-year economic development plan (1961-1966), Thailand aimed to put technical assistance and foreign capital to the maximum use in agriculture. At the same time it was engaged in industrialization, which already enabled it to export some manufactured goods and some processed agricultural products. In meeting that urgent need it relied first and foremost on its own energy, but it recognized that external aid and foreign private investment could play a vital role in economic and industrial development. The United Nations too could play a more active role in industrialization, and for that reason his delegation would support the expansion of the Centre for Industrial Development.

12. His country was grateful for the aid it received from various United Nations bodies, particularly the Special Fund and the Expanded Programme of Technical Assistance. It would do whatever it could to increase the effectiveness of their activities, and with that in mind had decided to make a further increase in its contributions to the Special Fund and the technical assistance programmes. Thailand was also grateful for the bilateral assistance it received from many friendly countries.

13. His delegation wished to commend the Economic Commission for Asia and the Far East for the useful work it was doing. Such undertakings as the Mekong river basin project and the plan to establish an Asian Development Bank in the very near future made a valuable contribution to the economic development of the countries in the region. With regard to the latter project, his delegation warmly welcomed the decision taken by Japan and the United States to subscribe \$200 million each. In view of the presence of many other United Nations agencies at Bangkok, the Government of Thailand would welcome the establishment of the Bank in that City.

14. Mr. FERNANDINI (Peru) observed that the mid point of the United Nations Development Decade coincided with the twentieth anniversary of the United Nations, a date which called for a review of the work done by the Organization and the effectiveness of its organs. Unfortunately, it must be noted that on that occasion, not only the target set for the Decade—an annual increase of 5 per cent in the national income of every country—had not yet been reached, but also that it was in any case inadequate. Consequently, the targets set in General Assembly resolution 1710 (XVI) must be reconsidered and new targets, expressed in specific figures, must be set for the second part of the Decade. There was nothing to prevent the revision of the targets when the studies requested by the Economic and Social Council in its resolutions 1089 (XXXIX), 1090 (XXXIX) had been completed.

15. The United Nations Conference on Trade and Development, despite the criticism and disappointment evoked by its results, was nevertheless one of the most important events in the history of world economic development. It had provided the occasion for a detailed analysis of trade practices and of the economic situation, which had shown that for the developing countries that situation was even worse than had been thought, and that certain firmly established trade practices, in shipping for example, were thoroughly wrong. It was therefore necessary to ensure that the countries which had participated in the Conference gave due effect to its recommendations,<sup>1/</sup> and efforts must be made to negotiate multi-lateral agreements in specific terms as soon as possible. Although the world situation in 1964 had prevented the Conference from going as far as might have been hoped, it had nevertheless attained important objectives and, above all, had brought forth among the developing countries a unity of action which should be preserved for the sake of the negotiations to come. The Conference machinery was just beginning to function, and the tasks assigned to it were delicate ones; his delegation hoped that, by dint of thorough preparatory work, the second session of the Conference in 1967 would yield many more far-reaching results than had the first.

16. His delegation supported the consolidation of the Special Fund and the Expanded Programme of Technical Assistance which, in its opinion, would be in keeping with the real situation in the operational programmes. It considered that the composition of

<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).

the governing council of the United Nations Development Programme should be such as to ensure an equitable distribution of seats but small enough to be effective. The statements made by the representatives of several industrialized countries seemed a good omen for the attainment of the target of \$200 million set for the new Programme.

17. It was desirable that the same spirit of co-operation should be shown with regard to industrial development. The developing countries had been trying for several years to convince the industrialized countries of the need to establish an appropriate United Nations body to promote and speed up industrial development. He himself had been Chairman of the Committee for Industrial Development at its fifth session, and had no doubt of the need to set up a specialized agency as recommended by resolution 1081 (XXXIX) of the Economic and Social Council. That, however, would not be a simple matter and, pending the establishment of the new body, the Centre for Industrial Development should be given a considerably increased budget and enough autonomy to enable it to strengthen its activities. No country could achieve self-sustained development without first reaching a minimum level of industrialization. His delegation was glad that that truth had been recognized by the United States and by the United Kingdom, whose representatives had suggested at the Council's thirty-ninth session that new resources for financing industrialization should be provided through voluntary contributions. He did not believe there was any basis for objecting that the new agency might encroach on the field of action of the existing specialized agencies. In particular, he could not see how its activities would interfere with those of the International Labour Organisation, whose aims were entirely separate and on a completely different level from those to be pursued by the industrial development agency. His delegation fully appreciated the value of the work done with very limited means by the Commissioner for Industrial Development and by the Centre, but it hoped that the decision to establish the new agency could be taken at the present session.

18. The major cause of concern to the developing countries lay in their agricultural output, the export of which was their principal source of income. To develop their production they needed United Nations aid, not only in technical matters but also in planning and, above all, in land reform. He fervently hoped that the General Assembly would ratify the recommendations made by the Economic and Social Council in its resolution 1078 (XXXIX), of which his delegation had been a sponsor.

19. The resources of the sea as a source of wealth must not be overlooked. The example of Peru, which had succeeded in harnessing those resources very rapidly and whose fishing industry was now the foremost in the world, showed that it would be worthwhile to study the marine wealth which was certainly within the reach of many other countries. The United States representative had made a very interesting statement on that subject (959th meeting), and he—the Peruvian representative—felt that, although the targets put forward by the United States representative were perhaps somewhat ambitious, a short-term plan of aid to

developing countries in fishing for food should nevertheless be drawn up.

20. For many developing countries, their only asset was the potential wealth represented by their natural resources. They needed foreign capital to exploit those resources, and at the same time they had to protect them. The question of the relationship between foreign investors in the developing countries and the sovereignty of those countries over their own natural resources called for frank discussion because, while investors had to be given adequate guarantees and profits as in any other commercial operation, the operation still had to be fair and profitable for both parties, not only in its current phase but in the future.

21. The national efforts of every developing country to achieve economic growth should be supplemented by external aid and, since there were great dangers attached to bilateral aid, the ideal solution was multi-lateral aid supplied through the United Nations, particularly in the form of technical assistance and the training of technical personnel. The representative of Pakistan had said that external financial aid was of little use to his country if the interest on loans exceeded 3 per cent or if the assistance received carried with it the obligation to purchase certain goods at a price higher than the world market price. Other developing countries might perhaps be able to accept a slightly higher interest rate, but the problem which sea transport presented for both seller and buyer had to be taken into account. The Second Committee should take a clear look at the problems, so that an aim common to all countries, whether developing or industrialized, might be achieved; because, moral considerations apart, it must not be forgotten that economic development would increase the prosperity not only of the countries in direct receipt of external aid but also of those which were at present in a more favourable economic position, and that all countries, whether their development was slow or spectacular, were in the final analysis in duty bound to improve the living conditions of their peoples.

22. Mr. VALLADAO (Brazil) said that his delegation had had some misgivings as to the advisability of a general debate on the matters on the Committee's agenda. In the course of the past twenty years, most of them had been thoroughly examined by the General Assembly, the Economic and Social Council, the regional economic commissions and a number of specialized agencies. The United Nations Conference on Trade and Development, in its turn, had adopted recommendations which were of the greatest importance not only for the developing countries but for the whole of the world economic community. Accordingly, the most useful exercise would have been to evaluate the action taken on those recommendations and to study ways and means of speeding up their application. The general debate had once again revealed the reluctance of some highly developed countries to make a new approach and to offer realistic solutions to the problems of the developing countries. The latter had been recommended once again not to expect ready-made solutions from the international community, and reminded that the main responsibility for economic advancement lay with

themselves. Yet it would be difficult to name even one developing country in which that idea was not fully understood and in which a serious effort was not being made, at the administrative and technical level, to apply its limited resources to economic development. A case in point was that of Brazil, which was endeavouring to contain inflation, to balance its payments and at the same time to secure continuous economic growth, despite the difficulty of reconciling those objectives.

23. It was a surprising fact that the decline in the terms of trade, which was equivalent to three quarters of the annual total of international financial aid supplied to the developing countries, was still not considered a real problem by some developed countries. Such an attitude was all the more puzzling in that all the economically advanced countries, including the most liberal market economies, maintained internal systems of parity prices, subsidies, production controls and the like, and that many of them were parties to international agreements designed to stabilize the markets for their own primary products.

24. Some measures which were easy to apply had not yet been taken by most of the developed countries; among them was the duty-free entry of tropical products, which had been proposed several times and which had recently been the subject of a constructive and opportune proposal by the Scandinavian countries in GATT.

25. The developing countries' share in world exports had fallen from one third to one fifth during the past fifteen years and their growth rate, instead of reaching the modest target of 5 per cent per annum, had fallen from 4.5 per cent in 1956-1960 to 4 per cent in the first three years of the current decade.

26. As to international aid, the volume of loans and grants to the developing countries in the first half of the decade had represented only about two thirds of the recommended 1 per cent of the national income of the developed countries. Moreover debt service payments now represented the equivalent of 12 per cent of the total exports of the developing countries, as against 4 per cent ten years previously. Even if the developing countries could maintain a growth rate of 5 per cent, they would need about a century to reach the present per capita income level of the developed market-economy countries.

27. The United Nations Conference on Trade and Development had not yet produced any tangible results. The secretariat of the Conference was being hampered in its work by unforeseen difficulties and the problem of its headquarters had not yet been solved. It was incumbent on the General Assembly to ensure that the application of the Conference recommendations was accelerated and that the Conference secretariat was provided with a larger staff and increased material facilities.

28. As regards industrial development, it was essential that the existing institutional framework should be strengthened. The existing machinery and resources were clearly inadequate in view of the problems that had to be solved. His delegation was convinced that industrial development was an activity in which any

gains made would be shared. The development of the secondary sector led to increased trade and to higher levels of international specialization. The participation of the United States in the recovery of Europe belied the pessimistic view that the development of market economies inevitably led to destructive competition. The strengthening of the United Nations machinery for industrial development might help to increase the transfer of technology to developing regions. That was a complex matter, and no action must be taken which might jeopardize property rights and fair returns on them, which constituted an important stimulus to technological expansion.

29. In his delegation's opinion, the merger of the Special Fund and the Expanded Programme of Technical Assistance should make for greater effectiveness in their operations and, it was to be hoped, renewed enthusiasm on the part of the contributing countries. The United Nations Development Programme would probably make it possible to avoid excessive dispersion of effort and might perhaps be able to concentrate on industrial development problems. The acquisition by the United Nations Development Programme of some experience of capital investment programmes would be of great value and could in no way be regarded as duplicating the activities of other bodies. The amount of transfers was not the only important factor; direct experience of the difficulties to be faced in multilateral operations of that kind had also to be taken into account.

30. As regards the review of the role of the Economic and Social Council and the review of programmes of economic, social and technical co-operation, the Committee should investigate the working of the United Nations machinery with a view to making it as efficient as possible. It would then be easier to avoid the paralysis resulting from the extraordinary proliferation of committees, working groups, meetings, resolutions, recommendations, decisions and so forth. In that connexion, his delegation wished to stress the usefulness of the analysis made by the Argentine representative (957th meeting) and of the proposals submitted by the representatives of Trinidad and Tobago (964th meeting) and Malta (966th meeting).

31. Mr. CUHRUK (Turkey) claimed the right to reply to the unjust and tendentious allegation made by the representative of the Greek administration of Cyprus who, in referring in his statement to the economic development of the island, had thought fit to say that it was living under the threat of foreign invasion. It was regrettable that that representative should have introduced into the Committee's discussions a political element which was in no sense within its competence.

32. Mr. HADJIMILTIS (Cyprus) said that he did not wish to pursue the argument started by the representative of Turkey. However, it was significant that that representative had seen in the Cypriot delegation's statement an allusion to his Government, which had not been mentioned by name.

33. The CHAIRMAN announced the closure of the series of general statements.

The meeting rose at 5 p.m.