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Chairman: Mr. Jorge Pablo FERNANDINI
(Peru).

GENERAL STATEMENTS (continued)

1. Mr. MUZIK (Czechoslovakia) said that the deterioration of the international situation and the increase in tensions in international relations were adversely affecting the efforts being made towards the urgent solution of economic development problems. The gap in living standards between the developing countries and the economically advanced countries had widened still further, owing above all to the activities of the former metropolitan countries which were not only responsible for the lopsided development of their former colonies, but which, along with some other capitalist countries, were even today using their neo-colonialist policies in an effort to keep the developing countries in a state of semi-dependent subordination as suppliers of raw materials.

2. Czechoslovakia, on the other hand, based its economic relations with the developing countries on the principles of equality and the application of mutually favourable conditions. Never having exploited a foreign country, it refused to bear the so-called "common responsibility" for the existing situation along with the old and new colonialists. It would not be able to accept any appeals that would ignore the different position of principle of the Socialist countries in matters of international politics and economics. Consequently, though in favour of co-operation on the basis of equality, mutually favourable conditions and assistance to those embarking upon independent progressive development, Czechoslovakia refused any form of co-operation which would support or conceal efforts directed towards economic or political domination or would attempt to misuse international economic organizations for those purposes.

3. Although 85 per cent of the United Nations budget went for economic and social activities, it was nevertheless a fact that dispersion, duplication and proliferation still occurred within the United Nations family of organizations. He accordingly welcomed the increased attention which the General Assembly and the Economic and Social Council were devoting to questions of co-ordination and their recognition that the problems of development could not be approached piecemeal either by Governments or by

the international organizations. He hoped for a further expansion of the activities of the Committee for Development Planning which, together with the regional planning institutes, might become a real instrument of assistance to developing countries in their comprehensive planning of economic development.

4. His delegation acknowledged that the establishment of the United Nations Development Programme (UNDP) represented a step along the road to synthesis which would bring to an end the dispersion of the efforts and resources of the United Nations organizations and it hoped that UNDP's pre-investment activities would be supplemented at the proper time by investment activities. In view of the improvement of the co-operation of UNDP and the participating agencies with Czechoslovakia, the Czechoslovak Government had found it possible to increase its contributions to UNDP twice in the past years. He recalled that his Government had just announced its decision to increase its contribution to UNDP for 1968 by more than 160 per cent, from 1.5 to 4 million Czechoslovak crowns. It hoped that UNDP would now make greater use of Czechoslovakia's resources, for example, its experts and engineering consultant services. The time had come to accept and use contributions from all countries without discrimination. His delegation considered that the time had also come to consider the possibility of amalgamating the regular technical assistance programmes with UNDP, so as to end the excessive fragmentation of resources and assistance projects which led to unnecessarily high administrative and overhead costs and hampered the application of the principle that priorities should be fixed by the recipient countries. Such amalgamation would also lead to standardization of procedures and elimination of undesirable competition among the organizations of the United Nations family.

5. In his view, the establishment of the United Nations Industrial Development Organization (UNIDO) was particularly important because the gap to be filled was the one between the industrial and the non-industrial countries. The activities of UNIDO should be directed not only towards the transfer of technology to developing countries but also towards the elimination of the obstacles to the industrialization of those countries. Czechoslovakia had decided to make a voluntary contribution of 500,000 crowns for UNIDO's operational activities in 1968, as it considered that industrialization was not yet receiving due emphasis in the technical co-operation programmes. UNIDO and the United Nations Conference on Trade and Development (UNCTAD) had an important part to play with regard, in particular, to the development of exports of manufactures and semi-manufactures. He drew the Committee's attention in that connexion

to recommendation A.III.2 in the Final Act of UNCTAD at its first session,^{1/} regarding industrial branch agreements on partial division of labour between developing and developed countries, and said that the regional economic commissions could play a significant role in the field.

6. Referring to a statement made at the 1570th plenary meeting of the General Assembly by the Minister for Foreign Affairs of Belgium regarding a rapprochement of the economic and social structures of the market-economy and the planned-economy countries in the northern hemisphere, as a result of a reduction of tensions which would lead to a reduction of armament expenditures, he expressed the hope that an improvement would come about in economic relations between the Eastern and Western countries, particularly a normalization of trade relations between the two groups of countries. Czechoslovakia would also be willing to co-operate more closely with the Western countries in the field of production, and it had already concluded several agreements to that effect with Western European countries. His delegation was convinced that the Economic Commission for Europe (ECE) could facilitate trade, scientific, technical and other co-operation between socialist countries and market-economy countries. It was unfortunate that ECE had not yet become truly universal and that the German Democratic Republic did not yet belong to it.

7. He hoped that the second session of UNCTAD would contribute effectively to the solution of many economic problems, above all, those of the developing countries. The second session of UNCTAD should also deal with the question of trade between East and West, and it should be a logical continuation of the first session. In 1966, Czechoslovakia had expanded its trade with the developed market-economy countries by 14 per cent and its trade with the developing countries by 15.2 per cent. Its imports of commodities from the developing countries had increased by 7.8 per cent, while its imports of manufactured and semi-manufactured goods from those countries had risen by 25 per cent.

8. Since the beginning of 1967, Czechoslovakia had been applying new principles of economic planning and management and had made some changes which would lead to wider participation by Czechoslovakia in the international division of labour. Structural changes in the economies of developing countries were necessary, too, especially as the economic structure of some newly independent countries had been developed more with regard for the needs of the former metropolitan countries than for those of the countries concerned. The efforts of the developing countries in that area would not succeed without assistance from the advanced countries. The terms on which credits were being granted by Czechoslovakia to developing countries were fully in accordance with the recommendations of the Final Act of UNCTAD.

9. His delegation fully understood the feelings of those who compared the sums assigned to the advancement of the developing countries and the sums

assigned to armaments. It ardently hoped that the time would soon come when armament expenditures, which were nothing but waste from the economic standpoint, could be eliminated altogether. Huge amounts, such as the \$27 billion a year the United States spent alone for the war in Viet-Nam, were not only economically wasted but, in addition, were being used for waging aggressive wars, bringing immense suffering, destruction of lives and material belongings in those regions and countries which would, in any case, need vast means for economic development. With regard to the war of aggression by Israel against the United Arab Republic, Syria and Jordan, his delegation considered that the aggressor should not only bear full political and moral responsibility for his deeds, but should also make restitution for the damage he had caused.

10. Lastly, he believed that the principal task of the General Assembly and its main Committees was to issue general directives and not to reiterate the decisions of subordinate bodies. It was essential, therefore, not to restrict the scope of the general debate in the Second Committee.

11. Mr. PEREZ GUERRERO (Venezuela) said that most of the developing countries had not achieved the goals set by the United Nations Development Decade. As the Under-Secretary for Economic and Social Affairs had observed (1109th meeting), the results obtained with regard to over-all targets offered no yardstick applicable to the economic situation of the developing countries; however, they did throw light on the main causes of the failures suffered by some of the less developed countries and suggested remedies.

12. The economic stagnation of the poorer countries was attributed to rapid population growth, the evolution and organization of international trade and the lag in the transfer of technology and capital from the developed to the developing countries. It now seemed universally agreed that it was a matter of urgency to slow down the excessive growth of population. However, that was a thorny problem which should be approached with great caution. Birth control should not be used to conceal the absence of a dynamic economic policy. Each Government must take the fiscal, monetary and social measures needed to promote economic development and thus to improve the standard of living of its people; in doing so they would automatically help to reduce the birth rate.

13. The disappointing results of the present Decade had convinced the developing countries of the need to organize economic complexes spreading beyond national boundaries. Venezuela had come to realize the merits of economic integration, and had recently become a member of the Latin American Free-Trade Association. Technical assistance projects should be so planned as to turn to account the possibilities offered by genuine economic integration, which afforded the developing countries the best means of facing the competition of the industrialized countries in the international market.

14. As to international trade, the Venezuelan delegation felt that the practical knowledge already available should be used as a basis for taking immediately applicable concrete measures. There were certain

^{1/} See Proceedings of the United Nations Conference on Trade and Development, vol. I, Final Act and Report (United Nations publication, Sales No.: 64.II.B.11).

signs which indicated that the important countries were prepared to adopt a policy which would enable the developing countries to obtain a larger and fairer share of international trade. In that connexion, two categories of measures could be adopted at the second session of UNCTAD. First, all customs restrictions limiting imports of goods from the developing countries in the main world markets should be abolished, without any equivalent reciprocal steps being required of the developing countries. Secondly, the second session of UNCTAD should provide the necessary framework for the formulation of agreements on the main raw materials, whose prices had fallen at the expense of the exporting countries, with severe and persistent effects on their terms of trade. Since external trade was a fundamental element in the economic development of the less developed countries, UNCTAD should make every effort to expand the trade of those countries and to introduce into international trade the spirit of equity referred to by Pope Paul VI in his encyclical Populorum progressio.

15. The transfer of technical knowledge from the industrialized countries to the poorer countries was essential to the economic development of the latter. The developing countries must be given that vital assistance as a matter of urgency, without being required to make further economic and financial sacrifices.

16. Lastly, it was essential that greater financial resources should be made available to the developing countries on more favourable terms, in particular through multilateral agencies. That implied the need to search for a more equitable balance between the funds assigned to military budgets and expensive outer space exploration programmes, on the one hand, and financial assistance to the developing countries, on the other. The Venezuelan delegation was convinced that a flexible system of world planning should be worked out, with a view to guiding national planning. Co-ordination of all development efforts throughout the world was essential.

17. Too little attention was being paid to the poverty afflicting the majority of the world's inhabitants—a situation which was morally and politically indefensible. It was to be hoped that future measures to remedy that situation would be commensurate with the magnitude of the task.

18. Mr. ATTIGA (Libya) said that the people of the developing countries were making pressing demands for better standards of living; but the cultural and structural reforms necessary to satisfy those demands were often difficult and slow. Thus, the expansion of food supplies necessitated the modernization of agriculture, which in its turn might require agrarian reform and the improvement of methods of farm management. Similar considerations applied to the oft-repeated demand for the more effective utilization of human resources. But such reforms were especially difficult to make in traditional societies where both individual values and group vested interests tended to resist certain basic reforms. Nevertheless, many developing countries had been able to modernize their institutions and adapt their value systems to the needs of economic and social development. In 1966,

the gross national income of twenty-five developing countries had risen by 5 to 10 per cent; and many other countries had made a good start. According to the estimates of the International Bank for Reconstruction and Development (IBRD), the capacity of the developing countries to make productive use of capital was four or five times greater than available funds.

19. Unfortunately, the gap between the economic performance of the developed countries and the developing countries as a group was growing, owing both to internal problems which would have to be solved by countries themselves and to external problems which the developing countries would be virtually powerless to overcome without the co-operation and understanding of the developed countries. Moreover, the prosperity of the developed countries was constantly threatened by the poverty and stagnation of the under-developed regions, and they could only benefit by the rapid economic growth of the developing countries. Over the last few years the two groups of countries had frequently had occasion to discuss those matters, but the discussions had too often degenerated into mere confrontation. There must be a genuine dialogue between the two groups on such matters as foreign trade, capital flows, foreign debt servicing and the transfer of skills and technology.

20. Much had been said about the deteriorating terms of trade of the developing countries; nevertheless, the latter were still annually losing foreign exchange in enormous amounts owing to the decline in the purchasing power of their exports and the rise in the costs of their imports. Many of the goals set up at the first session of UNCTAD had still not been realized; but the Conference had succeeded in establishing institutions for the comprehensive review of world trade problems and for periodic dialogues between the developed and the developing countries. It was to be hoped that the second session of the Conference would mark a new turn in the evolution of trade relations between the developed and the developing countries, and that it would bring all countries to realize that certain short-term economic interests must be sacrificed for the long-term welfare of the whole world community. Like other speakers, he hoped that the second session of the Conference would try to settle some of the unfinished business of the Kennedy Round of negotiations.

21. The developing countries should do more to promote trade relations among themselves. Such a policy, applied on a regional basis, would not only bring about the economic integration of the developing countries but would enable them to conduct a more effective dialogue with the developed countries on the problem of reversing the deteriorating terms of trade. Given policies of economic co-operation and regional integration, the developing countries would perhaps be able at last to move away from their peripheral role in the world economy; the promising steps taken in that direction in Latin America and elsewhere were encouraging.

22. The maintenance of peace and security were essential to regional co-operation; it was deplorable that the aggressive acts of Zionism in the Middle

East should have brought about political and military conflicts which had inevitably compelled the threatened countries to devote a large part of their human and material resources to defence. Those conflicts had interfered with the economic integration of the Middle East and had seriously disrupted the development plans of the United Arab Republic, Syria and Jordan. It was entirely proper that the Second Committee—and for that matter the Economic and Social Council as well—should turn its attention to those questions, just as the Council and the Second Committee had in the past often discussed the economic consequences of the Second World War and the armaments race.

23. The flow of capital was not a one-way operation. The United Nations study of capital outflows from the developing countries had to be refined to the point where an accurate estimate of the net flow of capital to the developing countries could be provided on an annual basis. It would not surprise him to find that, in view of the foreign-exchange losses sustained by the developing countries through the deterioration in their terms of trade, those countries as a group were net donors of capital.

24. The application of a tight-money policy by the major countries possessing reserve currencies induced investment capital to move away from developing countries. The competition in 1966 among the developed countries, in offering increasingly higher interest rates, had also led to an increase in the cost of borrowings by the developing countries. That problem had been the subject of extensive debate at the joint meeting of the Board of Governors of IBRD and the International Monetary Fund (IMF) at Rio de Janeiro in September 1967. It was now generally agreed that monetary policy, long considered the exclusive prerogative of Governments, could no longer be pursued solely from the standpoint of domestic economic problems. The stronger the economy, the more necessary it was for it to reconcile its national and international commitments. In view of the present world economic interdependence and the increasingly wide application of the principle of currency convertibility, sound monetary management had become as essential for world prosperity as the quest for disarmament and non-proliferation treaties. Although progress in that area had been slow and painful, he considered the agreement in principle to establish special drawing rights within the Fund, which was recently reached by ten member countries of IMF belonging to the Group of Ten, to be a hopeful sign.

25. In conclusion he stated that the rich must realize that the best way for them to remain rich was to help the poor to become rich too.

26. Mr. VLADOV (Bulgaria) shared the general concern at the serious world economic situation. The gap between the developing countries and the developed countries was growing wider. The share of the developing countries in world trade continued to decrease and the terms of trade were unfavourable to them. Furthermore, numerous obstacles were hampering international economic co-operation. Yet technological and scientific developments and increased economic efficiency made such co-operation indispensable, for it alone could accelerate the

economic growth of the developing countries and strengthen the foundations of peace. But some countries, by maintaining artificial trade barriers and unfair trade practices, hindered trade among countries with different economic systems and trade with the developing countries. Although widening circles in Western countries were in favour of free trade with the socialist countries, in some of the former countries, especially the United States of America, there still prevailed an obsolete and arbitrary system of discriminatory tariffs and restrictions affecting credits and exports. The United States refused to extend the most-favoured-nation clause to the socialist countries. The same attitude prevailed in some of the regional economic groupings coming into existence. Such groupings should refrain from strengthening economic protectionism which led in practice to a weakening of the natural trade ties existing between particular countries or geographic regions and therefore hindered economic co-operation among nations.

27. The first session of UNCTAD had stressed the unequal position of the developing countries in the world economy, the need to adapt international economic relations to the changes brought about by the anti-colonial revolution, and the need to normalize trade among countries with different economic systems and to eliminate all obstacles and discriminatory practices in order to strengthen international economic co-operation in the interest of all concerned. All countries should act on the basis of those principles. The socialist countries were seeking to do just that in helping the developing countries to make up for the lag in their economic development. In the same spirit, the Bulgarian Government had taken various measures to increase its trade, particularly with the developing countries. Trade between Bulgaria and those countries had quadrupled in seven years and was expected to increase still further by 1970. His country was engaged in active economic and technical co-operation with the developing countries, helping them to build independent national economies, to develop their natural resources and to train their specialists. It was currently giving aid to the Arab countries which had suffered military aggression, and the United Nations organizations should also give priority to those countries under their assistance programmes.

28. Over the past twenty years, Bulgaria had accumulated considerable experience in economic planning, industrial development and the training of specialists. It was prepared to share that experience with the developing countries. Bulgarian experts were now working in Arab and African countries under bilateral agreements. The United Nations agencies might perhaps make greater use of Bulgarian experts in their technical assistance activities.

29. Aside from such extra-regional co-operation, his Government also considered it important to develop closer regional co-operation—bilateral and multilateral—in the Balkan region with regard to economic, technical and scientific matters and tourism, in order to develop that region.

30. It was disappointing to note that trade between the socialist countries and the United States remained insignificant, as did trade between the countries of

Eastern and Western Europe. Such trade represented only 4 to 5 per cent of the total foreign trade of the countries of western Europe, as against 17 to 18 per cent of the trade of east European countries. International co-operation was also hampered by the fact that some countries of great economic and political importance were not members of the international community. When the United Nations came to apply the principle of universality in the economic and social sphere, its activities would be greatly enhanced.

31. A closer study should be made of the impact of colonialism on the economies of the newly independent nations and that of the neo-colonialist practices of foreign monopolies on the terms of trade and the outflow of capital from the developing countries. It was important also to create opportunities for those countries to devote all their resources to their own development; in fact, those resources were at present being exploited by foreign capital. That was shown, for example, by the figures reported by the United States oil companies active in the Middle East: in 1965, their after-tax profits had amounted to 76 per cent of the declared value of the investments made at the beginning of that year.

32. The Secretariat should further improve its programme of collecting and analysing data on levels of social and economic development in various regions of the world for the purpose of formulating appropriate international policies. In that context it should be noted that United Nations organs were devoting greater attention to economic and social development planning, a sphere in which the socialist countries had done pioneering work. Work in that field should be extended and given priority in United Nations operational programmes, though with emphasis on the social aspects of development, for rapid industrialization and urbanization might have dangerous side effects for which remedies must be found.

33. The socialist countries had long insisted on the need to initiate investment activities under United Nations assistance programmes. The Governing Council of UNDP appeared to have adopted a more positive attitude towards such activities. Although the idea of transforming UNDP into a United Nations Capital Development Fund had been rejected, he still thought it possible for such a fund to be established and consolidated with UNDP.

34. The Committee was beginning its work at a time when the international situation was deteriorating, thereby hampering progress in economic, scientific, technical and cultural co-operation. Countries were spending their scarce resources for military purposes, whereas they ought to be able to devote them to development. Energy and attention were being diverted from important and pressing economic and social problems. Measures must be taken to reduce the tension in international relations and to restore conditions favouring the solution of current economic problems.

35. A more equitable and more humane world, without exploitation of man by his fellow man; peaceful coexistence and co-operation among equal and independent nations; economic planning; a greater role for the State in socio-economic planning; recognition of the importance of industrialization in overcoming

economic backwardness and of a fairer international division of labour; all those goals and concepts had wide support today. That achievement was to be attributed to the October Revolution, whose influence would continue to be felt in economic and social affairs.

36. The problems of development could be solved. The international machinery for that purpose had been set up. It must now be made to work with maximum efficiency.

37. Mr. RAHNEMA (Iran) said he was far from sharing the optimism expressed by the Under-Secretary for Economic and Social Affairs. The fact was that the world economic situation as a whole was continuing to worsen and the pauperization of the Third World was becoming more acute. The technical advances and the immense development potential of modern societies were such that a world free from want had become a possibility. But first it must be recognized that those new potentialities existed and that political and economic structures must be transformed so as to utilize those potentialities fully. Unhappily, the predominant economic units continued to stand out as islands of wealth in an ocean of under-development whose existence they refused to recognize, even as they refused to believe that a radical transformation of the relationships of production could give a revivifying impetus to the economic complex.

38. Under-development was a structural phenomenon, from both the national and the world point of view. Some countries had learned that lesson and had succeeded in breaking out of the vicious circle of under-development and in proceeding to accumulate capital, thereby achieving more rapid growth. But that movement had not been general, and it had found no echo at the world economy level, where the predominant units continued to make use of the established order to promote their own interests, not realizing that their own contradictions and weaknesses were growing more marked. They would do well to remember that in those countries where the rich and powerful had taken no interest in the masses, the latter had themselves made the necessary changes, sometimes by resorting to violence. The same could happen in the world economic context, where there was an unfair international division of labour and where force and domination were still factors to be reckoned with. If the world's great economic and financial centres refused to take part in a genuine international co-operation taking account of the legitimate desires of all parties, violence might well seem the only solution. It was alarming to see that, in some important regions of the world, economic activities were already conditioned to that eventuality. That prospect should give the developed countries a new and clearer view of their own interests and of the world's future.

39. The general problems of trade and development would be considered at the second session of UNCTAD to be held at New Delhi in 1968 and at the ministerial meeting of the group of seventy-seven developing countries to be held at Algiers in October. Those two meetings should do much to stimulate international economic thinking and action with regard to the

requirements of a reality nothing could change. Although the leaders of certain developed countries had adopted a more progressive attitude in economic matters, the fact was that the centres of economic and financial power, intoxicated by conditions which still favoured them and blinded by a defensive reflex, saw no need to abandon their old practices. Nevertheless, the long-term interests of the might of today were themselves threatened by those old policies of force and immediate gain, as Pope Paul VI had noted in his encyclical *Populorum Progressio*. It was thus in the interest of the developed countries that the basic principles of international co-operation should not be questioned. It was also in their interest to adapt the structures of the established economic order to the needs of world development, in order to ensure that order's survival.

40. It was vital, at the second session of UNCTAD, to eschew quarrels between "donors" and "recipients" and to renounce such dangerous concepts as charity assistance. An attempt had to be made to implement the fundamental idea that it was in the common interest to work together to build up a healthy, dynamic and expanding world economy and thereby to increase the common wealth as far as was feasible for the benefit of the world community at large. The leading statesmen in the developing countries had a difficult part to play in such an enterprise, for they had to face the resistance of economic and financial forces within their own countries. They would have to gain acceptance for the idea that it was not a question of a confrontation between industrialized and peripheral countries, but rather of facing a development problem of common concern to all countries. The far-sighted attitude taken by such countries as France and, more recently, by the Netherlands and Australia, gave reason to hope that other developed countries would show a new spirit at the forthcoming Conference. It would then be possible to solve certain practical problems of immediate interest and also to define more clearly and more precisely that global strategy which, according to the Secretary-General of UNCTAD, should make it possible to link the mobilization of resources to the application of a domestic and foreign policy designed to speed up development. To define such a strategy and have it accepted by all the countries concerned was in fact the main task of the international community.

41. In such a development strategy, the problem of the utilization of human resources was of great importance, for in the developing countries the most precious capital and the readiest at hand was human beings. Since they were both the ultimate recipients and the most powerful tools of development, all serious development plans must be made with their benefit in mind. Yet, in most of the developing societies that human capital was unutilized or wasted. Continued and intensified action was therefore called for to ensure the rational utilization of human resources, both nationally and internationally.

42. A new and disquieting aspect of the general problem of human resources was the brain drain. The Economic and Social Council had taken up that question at its forty-third session, and it should be studied by all the competent United Nations organs, notably the present Committee. The brain drain affected the develop-

ing countries, and even Europe had lost 10 per cent of its best scientists and technicians to the United States. Since the Second World War, the United States had attracted some 100,000 foreign doctors, scientists and engineers which, according to the estimates of a Professor from the London School of Economics, represented in economic terms an imported capital of about \$4,000 million. The problem was so important that the Council had asked the Secretary-General to report to it on the progress of studies undertaken on the subject by United Nations organs. The Governments concerned, too, should make a thorough study of the problem and look for solutions to it. Such solutions could range from financial compensation, the regional pooling of qualified persons, particularly for the benefit of the developing countries, the adoption of appropriate legislative measures and the creation of more favourable national and international conditions for a fair and rational distribution of qualified persons to meet the needs of a harmonious world economy.

43. The increasingly important part played by science and technology in development raised yet another problem, for it called for a constant review of means of action and continued improvement of methods of work, organization and thought. The scientific and technical gap was likely to impair development efforts, while the trade gap was largely due to the uneven assimilation of modern techniques in the developing world, as had been justly pointed out. The Advisory Committee on the Application of Science and Technology to Development had done remarkable work, but it was time to expand its action in the sphere of scientific research and the effective application of technology to development. It was time to embrace the idea of "investment in science" and undertake projects in that sphere for the benefit of the entire world community. Long-term initiatives should be taken at the present session with a view to promoting technology and scientific research both nationally and internationally, with special attention to the needs and problems of the developing countries. Plans might be laid to set up a regional or even global institutional system to give the necessary impetus to the development of science and technology. The possibility should also be looked into of directing the present brain drain of scientists towards regional centres, where they could work for the countries which needed them.

44. Lastly, with regard to the United Nations Capital Development Fund, he regretted that the developed countries had not reconsidered their refusal to co-operate. The new Fund should have a dynamic leadership which would make up for the lack of financial resources by being enterprising enough to develop rapidly a network of contacts with the appropriate public, semi-public and private institutions.

45. Mr. MWENDWA (Kenya) said that the African socialism established in Kenya aimed at banishing poverty, ignorance and disease and at rescuing man from a past when might was right by creating a society based on solidarity and justice.

46. He was convinced that present world economic trends would only widen the gap between the rich and poor countries. The results of the United Nations Development Decade were disappointing. In spite of

the establishment of UNCTAD, the situation had not changed for three years and the problems which UNCTAD had faced at Geneva in 1964 would recur at its second session at New Delhi. The Committee should therefore lay down guide-lines so that, during the Conference at New Delhi, the interest of the developing countries would be promoted to the maximum.

47. His delegation therefore proposed that, at the second session of UNCTAD, priority should be given to reviewing the work of UNCTAD since the first session at Geneva and to exploring ways and means of improving the trading position of the developing countries. Such improvement could be effected by ensuring for the developing countries increased earnings from invisible trade, facilitating the access of manufactures and semi-manufactures from the developing countries to the markets of the industrialized countries, and improving the terms of trade for primary commodities from developing countries. The second session of UNCTAD should also explore the possibilities of encouraging the developing countries to form larger and more powerful economic groupings. Lastly, ways and means should be investigated of encouraging investment in the developing countries in its various forms. Since the end of 1961, the flow of private capital to the poorer countries had almost completely stopped. His delegation, nevertheless, paid a tribute to the efforts being made by UNCTAD to enable the developing countries to obtain substantial capital without strings attached. Financial aid and technical assistance should also be provided to the developing countries which depended entirely on agriculture to help them exploit their mineral resources.

48. Lastly, the current critical world food shortage must be dealt with and multilateral food aid programmes made more effective. The poorer countries must realize that industrialization and economic development were prerequisites for any lasting political stability.

49. The CHAIRMAN announced that there were no more speakers in the general debate.*

50. Mr. GOLDSCHMIDT (United States of America) said, in exercise of his right of reply, that he had not thus far responded to the charges and innuendoes made against his Government, because he had not wished to add to the political atmosphere of the discussions. Now that the general debate had drawn to a close, he would make a few brief remarks to keep the record straight.

51. His Government categorically rejected the charge of aggression in Viet-Nam. It remained willing to discuss the details of that unfortunate conflict in the Security Council whenever the Soviet Union withdrew its objections to that course of action.

52. He added that the sole objective of his Government before, during and after the war in the Middle East had been to create the conditions for a durable peace based upon the principles announced by President Johnson.

53. Mr. NEDIVI (Israel) said, in exercise of his right of reply, that he regretted that some delegations had made false charges against Israel in the Committee and, in particular, that the representative of the Ukrainian Soviet Socialist Republic, taking advantage of the absence of the delegation of Israel, had repeated those charges using a questionable political nomenclature in keeping with the well-known attitude of the Ukrainian delegation towards the Jewish people. It was improper for members in subsidiary organs of the United Nations to confuse the deliberations on the situation in the Middle East which were under way in the General Assembly.

54. In June, Israel had exercised its right of self-defence to protect itself against openly avowed aggression. Israel had refused to cease to exist. That was the basic truth. Some speakers had described the Arab losses but, with one exception, none had referred to the huge sums wasted by the Arabs in purchasing military equipment. He asked who had forced the Arab States to spend that capital on armaments rather than on the fight against poverty. Israel had asked time and time again for a curb on shipments of arms to the Middle East. Other speakers spoke of the loss of income suffered by the Arab States owing to the closing of the Suez Canal, the halt in oil shipments and the cessation of tourist traffic. Israel had not closed the Suez Canal and hoped that it would be reopened as soon as possible to the passage of ships of all nations without discrimination. Nor had Israel interrupted the shipments of oil or interfered with the pipelines. Israel was certainly not responsible for the cessation of tourist traffic.

55. No mention at all had been made of the loss in human life and property suffered by Israel for twenty years. The economic consequences of armed invasion, infiltration and subversion of the Arabs in Israel, not to mention the blockade and boycott, should also not be forgotten. The Arab Governments were continuing to prosecute a policy of unilateral belligerency against Israel, still seeking its annihilation.

56. Mr. ZAKHAROV (Union of Soviet Socialist Republics) pointed out that the statement of the representative of Israel was not borne out by the facts. During the armed conflict unleashed by Israel, the United Arab Republic, Syria and Jordan had suffered serious economic damage for which the Government of Israel should be held responsible. Moreover, because of the aggression of Israel and its economic consequences, a number of countries were unable to make the contributions they had intended to make to UNDP.

57. The problem of the war in Viet-Nam could not be solved by resolutions of the General Assembly or the Security Council but only by the withdrawal of the aggressor.

58. Mr. YASSEEN (Iraq) said, in exercise of his right of reply, that the Second Committee was competent to discuss the consequences of the Middle East conflict which had inflicted serious economic damage on some countries. It was a mockery of international law to qualify aggression as exercise of the right of self-defence. That method had already been used to no avail by some jurists in their attempts to justify the aggression of the Nazi armies.

*At the 1108th meeting, the representative of the Netherlands had requested permission for a member of his Government to address the Committee on the 20th of October.

59. Mr. SADI (Jordan) stated that the Government of the United Arab Republic had given a formal assurance that it would not precipitate hostilities unless there was aggression by Israel. That aggression could therefore not be called exercising the right of self-defence. Moreover, the events of June clearly explained why the Arab States earmarked large sums for their military budgets. In point of fact, Israel was always intent on conquering more territory in Palestine and, while preaching peace, did not hesitate to attack.

60. Mr. BOIKO (Ukrainian Soviet Socialist Republic) explained that, in his statement (1111th meeting), which had been challenged by the representative of Israel, he had not accused the Jewish people but had criticized the policy of the Government of Israel. Israel pursued an imperialistic policy and was exercising occupier's rights in the conquered territory. It plundered some developing countries to help others in order to sow dissension among the poorer nations.

61. Mr. NEDIVI (Israel) replied to the representative of Jordan that Israel was ready to study ways and means of solving the former's economic problems.

62. Mr. MARDOVICH (Byelorussian Soviet Socialist Republic) regretted that the representative of Israel was trying to mislead the members of the Committee.

The members were well aware where and when the question of Israel's aggression was to be discussed and, in any case, it was not for the aggressor to make accusations.

63. Mr. SAHLOUL (Sudan) remarked that the answer to the question whether or not Israel was the aggressor was self-evident. The Israel leaders themselves had admitted that the surprise effect they had sought had been successful. Israel had not been branded as an aggressor in the General Assembly and the Security Council because it enjoyed the protection of certain great Powers. Israel's aggression had had serious economic consequences for the Arab countries and for the developing world as a whole. United Nations bodies should give assistance to the victims of the aggression as a matter of priority. The representative of Israel had accused the Arab countries of maintaining the state of belligerency, but it must not be forgotten that Israel had been the attacker. Israel had taken over vast Arab territories, had driven out the inhabitants, had called upon a million European Jews to emigrate to Palestine and was proposing to send settlers to Sinai. The hypocritical peace-loving policy described by the representative of Israel could therefore deceive no one.

The meeting rose at 1.30 p.m.