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Chairman: Mr. Moraiwid M. TELL (Jordan).

GENERAL STATEMENTS (continued)

1. Mr. PADILLA (Philippines) expressed the hope that the Second Committee's recommendations would enable the General Assembly to take action which would contribute to world peace and stability. Coming as it did from a region beset with armed conflict, his delegation was gravely disturbed by the trend towards the dislocation of socio-economic systems which was emerging in the world. The tremendous advances in science and technology seemed hardly to benefit the great mass of mankind. The rate of economic growth was not rising appreciably, and the situation was made still worse by the population explosion. There was growing discontent in the developing countries, which urgently needed to attain a viable economy, not only to ensure their existence but also to safeguard their new political independence from their former colonial masters.

2. The concept of one world, on which the United Nations was based, could not be translated into reality without co-operation between the developed and the developing countries for the economic and social advancement of all the peoples of the world. United Nations bodies and institutions must, therefore, try to reduce the widening gap between the surplus and the deficit countries.

3. One of the most effective means of achieving that goal was to give the primary commodities of the poor and developing countries access, without unnecessary tariff barriers, to world markets, which were influenced, if not controlled, by the rich, industrialized countries. In order to increase the foreign exchange earnings that were so badly needed for the equilibrium of their balance of payments, the developing countries must also be guaranteed fair and stable prices for their primary commodities. Those prices were, of course, subject to the law of supply and demand, but a little understanding on the part of the rich countries could reduce excessive fluctuations, and those countries could, in any case, refrain from fixing the prices by concerted decision and thus determining the foreign exchange earnings of the exporting countries. The market was a buyers' market for raw materials, particularly agricultural products, but it was a sellers' market for manufactures sold to consumers, two thirds of whom lived in the deficit and less developed countries; hence it was that between the years 1953

and 1963, whereas the volume of trade in primary commodities had increased by 5.3 per cent and that in manufactured goods by 6.8 per cent, the prices of the former had fallen by 4 per cent and those of the latter had risen by 8 per cent. Because of the low price of their raw materials, the burden of servicing their debts, which absorbed a large portion of their foreign exchange earnings, and the heavy outlay on transport, banking and warehousing costs, the developing countries' sales of primary commodities scarcely sufficed to cover production costs. The United Nations Conference on Trade and Development (UNCTAD) had shown, however, that the great trading nations still preferred to conclude trade agreements with the developing countries that were based on political considerations rather than on rational considerations of mutual profit.

4. Despite the failure of the United Nations Cocoa Conference, UNCTAD must continue its efforts for the conclusion of mutually beneficial agreements that would ensure equitable and remunerative prices for the primary commodities and manufactures exported by the developing countries, such as cocoa, and, in the case of the Philippines, coconuts, embroidery and other handicraft products, to mention a few. The industrialized countries should, if need be, sacrifice some of their interests for the sake of a more equitable and stable international economic order. The economic growth of the poor countries depend, in fact, to a very large degree on the support of the rich countries: the former countries sold their primary commodities to the latter and their exports were often impeded by discriminatory and protectionist measures, as well as by the increasing use of synthetics; they bought their consumer goods from them, in particular machinery and equipment, the prices of which were constantly rising; finally, they turned to them for loans for development, which were often granted only subject to short repayment periods, at high interest rates, and tied to specific projects.

5. It was, therefore, to be hoped that the terms of development financing would soon be liberalized. Moreover, to accelerate the flow of capital to developing countries, it was essential that the United Nations Secretariat should systematize information on world investment, obtaining, for the developing countries, facts about sources of public and private financing and, for the developed countries, information on the developing countries' programmes and the advantages they offered to investors.

6. His delegation was glad to see the subject of tourism (item 53) on the agenda. Tourism and international travel was, indeed, a major source of foreign exchange for a great number of countries, but existing

disparities in airline fares, shipping routes and trade practices should be looked into. Means should also be found for extending assistance to the maritime industries of developing countries and admitting their shipping lines to the conferences serving their regions.

7. The establishment of the United Nations Organization for Industrial Development (UNOID) was a most welcome step. It would make it possible to co-ordinate all activities in that field and would, in particular, encourage the establishment of export-oriented industries and industries for import substitution and the production of fertilizers. He was confident that all United Nations bodies and the specialized agencies would take the necessary steps to co-operate with UNOID.

8. He hoped that UNOID would accept the Indian Government's offer and establish its headquarters in Asia, a continent which had for some months been playing a major role in world economic co-operation: Japan had formally pledged to devote 1 per cent of its national income to help the developing countries—a target so far reached only by France among the Western countries; the Mekong River Project was making steady progress, in spite of the conflict in that area; the Asian Development Bank had just established its headquarters at Manila; and the second session of UNCTAD was to be held at New Delhi. All that was in keeping with the principle of decentralizing the economic and social activities of the United Nations. In the same spirit, the Association of Southeast Asia, a centre for economic, social and cultural co-operation between Thailand, Malaysia and the Philippines, had just resumed operations, and nine countries in Asia and the Pacific region had recently agreed to set up the Asian and Pacific Council, a consultative organization for promoting closer economic, technical and cultural co-operation among its members.

9. Everyone knew that economic development and social progress were closely interlinked, and Iran had just set an example by contributing to UNESCO's literacy campaign the sum of \$700,000, equivalent to one day's military expenditure. The Second and Third Committees of the General Assembly thus had joint responsibility for ensuring balanced economic and social development and seeking to solve problems such as the population explosion, lagging food production, community development and town-planning.

10. In conclusion, he wished to make a fresh appeal to the highly developed countries to consider the problems of the developing countries sympathetically and to revise their trade and other policies in order to ensure the economic growth of the newly independent countries, which was essential to world peace and progress. Reciprocity in trade relations, which was a valid principle between two countries with comparable economic situations, actually worked against the developing countries, which had neither the capital nor the technical know-how needed to be on an equal footing with their industrialized partners. It was, therefore, regrettable and surprising that, while professing sympathy for the developing countries, many developed nations had declared themselves against the general principles recommended by UNCTAD or had abstained from voting on them; for not only were those countries' restrictive policies harmful to the

developing countries, but they might also, by reducing the latter's purchasing power, reduce the exports of the developed countries. The world could not survive if two thirds of its population were doomed to poverty and misery, and the rich countries could only ensure peace and prosperity by helping the developing countries to stand on their own feet.

11. Mr. RAHNEMA (Iran) said that the Second Committee's work in the decolonization process was important because the national independence of the developing countries, whether recent or of long standing, could not be really ensured without a parallel process of "economic decolonization".

12. At the forty-first session of the Economic and Social Council, the world economic situation had been considered for the first time by an enlarged Council, which included a large majority of developing countries, with a President who was a young diplomat from a country often cited as an example because of its fight for independence and of the free and intelligent co-operation which it had been able to establish with the former administering Power. Two outstanding factors accounted for the success of that session: the united and lucid action of the group of developing countries, which had thus been able to engage in a constructive dialogue with the representatives of the developed countries, and the sincere efforts by some of the latter countries to modify their positions which were often rigid owing to the existence of all-powerful social and economic structures in order to achieve desirable compromise solutions. The Council's resolution 1183 (XLI) on development financing had been the most fruitful result of the frank search for new solutions.

13. Apart from the important resolutions which the Council had adopted, its deliberations had thrown fresh light on the weaknesses and dangerous imbalance of the world economy. They had highlighted the loss of momentum of international aid and problems old and new confronting the developing countries. They had shown that only a miracle could reverse the trend of the developing countries to deteriorate but they had also shown that only the will to solve the problem was needed since, as the Secretary-General had said, the Governments of both the developed and developing countries possessed the means to stop the decay. The national income of the former countries was rising at an unprecedented rate and the latter had begun to mobilize their human and economic resources for their own development. Why then was the situation steadily worsening? Some people blamed it on the impatience and incompetence of the developing peoples; others, on the contrary, blamed imperialism and neo-colonialism which were trying to impose on the world an outmoded economic order incompatible with the development of the under-developed sectors. Many opinions lay between those two extremes, but all were agreed in recognizing the danger of the widening gap between rich and poor countries and the insufficiency of the aid provided by the former to the latter. Not enough was being done, however, to view the problem in a dynamic perspective of development on a global scale. His delegation considered that the interests underlying the present contradictions, though seemingly difficult to reconcile, could be reconciled

in the light of a dynamic new concept of the world economic order.

14. The world economy, if its output was compared with what could be achieved through technological and organizational progress, had all the characteristics of an under-developed economy in the academic sense of the term. It consisted of units with different goals and one-way relations; the developed units were dependent on external decisions, whereas the more developed were but islands of prosperity in an ocean of under-development. It was marked by a flagrant waste of economic and human resources, as great masses of workers were not participating in the general development effort, and also by the absence of any rational conception of general economic growth. The world economy, thus laid bare, revealed embarrassing aspects which must be taken into account when the major questions of the United Nations Development Decade were being considered. So long as the structures of the world economy remained inadequate for a full utilization of existing material and human resources, i.e., so long as the world economy remained under-developed, the goal of a universal society evolving in peace and democracy in accordance with the principles of the United Nations Charter could not conceivably be attained.

15. In an age of technological progress, the outrage of under-development had engendered an embittered philosophy which was spreading over a large part of the continent of Asia, a philosophy which advocated a strictly autonomous struggle in opposition to what it termed "the hypocrisy of international co-operation". If that concept, thanks to its often spectacular results, captured the imagination of those who were likely to be condemned to stagnation in the name of international co-operation, that would be the end of what the United Nations had so patiently tried to build up together. The struggle of the developing countries should be viewed in the general context of the fight against global under-development and for the promotion of a productive and dynamic world economy, the expansion of which would be bounded only by the frontiers of human knowledge.

16. Furthermore, the United Nations Development Decade should not be regarded, as was too often the case, as an operation to "rescue" the poorer areas and external aid should not be regarded as charity. If such aid was to have a salutary and lasting effect, it should be closely associated with the efforts of the recipient countries, since a simple transfer of funds from the richer to the poorer areas, unless part of a long-term global development plan, would be detrimental to all peoples, developed and developing alike. On the other hand, it must not be forgotten that the young nations were faced with obstacles which had been defined at the first session of UNCTAD and which the industrialized countries of today had never experienced at the time of their economic "take-off". It was for the latter countries to strive to eliminate those obstacles and, in that connexion, the long delay in implementing the principles and recommendations of UNCTAD was to be regretted.

17. His delegation was particularly interested in two items on the agenda. Firstly, there was item 44 on the conversion to peaceful needs of the resources released

by disarmament, which was very briefly discussed in paragraphs 613-617 of the report of the Economic and Social Council (A/6303) and a thorough study of which, unfortunately, was hampered by a partly resulting from a belief that the matter could not be seriously taken up before agreement was reached in the Disarmament Commission. His delegation did not share that view and it considered that, whatever the position of the great Powers was in regard to disarmament, the Second Committee could study the manifold aspects of the relationships which could be established from the standpoint of development, between military resources and expenditures on the one hand, and the objectives of accelerated growth, on the other. The Committee might also consider new possibilities of action. While such a debate might lead to the conclusion that it would be preferable to remove that item from the agenda of the Second Committee and transfer it to the Disarmament Commission, it might also open up new perspectives. In Iran, for example, the initiative taken by the Shah had made it possible to execute development programmes while maintaining the country's military potential at the minimum level required by national defence. To begin with, the equivalent of one day's expenditure had been deducted from the military budget as a contribution to the World Campaign for Universal Literacy. Next, and more importantly, thanks to the creation of the armies of knowledge, health and development, the military structures were being enlisted in the service of social and economic progress. Experiments of that kind deserved to be studied nationally and, if appropriate, internationally and the Second Committee might do so even if it decided to refer the specific question at present on its agenda to the Disarmament Commission. It might also examine the over-all problem under a broader heading such as, for example, "the conversion of the resources released by disarmament or borrowed from defence structures".

18. In regard to the World Campaign for Universal Literacy (item 47), his delegation wished to draw attention to Economic and Social Council resolution 1128 (XLI). In response to the appeal of Iran, which had already contributed to a UNESCO fund \$700,000, the equivalent of one day's military expenditure, Mali and the Ivory Coast in their turn had also contributed to the fund. While his delegation considered that the ideal solution would be to feed into the fund the resources released by disarmament, it appreciated the difficulties which such a solution might entail for certain countries and it wished the Committee to examine all possible ways and means of raising the \$4,000 million to \$5,000 million needed to eradicate illiteracy, which was indispensable from the economic as well as the social and human standpoint.

19. In conclusion, he hoped that the dialogue which had been so successfully started at the last session of the Economic and Social Council would continue even more constructively in the Second Committee in order to give real content to what the Under-Secretary for Economic and Social Affairs had described as "mutual commitments" on which any genuine international co-operation would depend.

20. Mr. MIROSHNICHENKO (Union of Soviet Socialist Republic) said that the twenty-first session of the

General Assembly coincided with a disquieting deterioration of the international situation. After recalling the economic and social aims of the United Nations, as defined in the United Nations Charter, he said that hundreds of economic and social bodies had been established and numerous resolutions adopted during the past twenty years to fulfil them. Many of those decisions were progressive and aimed, for example, at strengthening the economic independence of the young States and the public sectors of their economies, modifying through industrialization the outdated economic and social structures they had inherited from colonialism, training cadres of technicians on a nationwide scale, etc.

21. Nevertheless, the situation in that important branch of international relations not only remained abnormal but had even become worse. Two thirds of mankind were still suffering from hunger and disease. Per capita production and consumption in the developing countries was twenty to forty times lower than in the industrial countries. The entire world economy and the development of international economic co-operation were suffering more and more from the evil consequences of the war of aggression unleashed by the United States in South-East Asia. The intensification of the war in Viet-Nam was destroying the fruits of the peaceful toil of the people, exterminating thousands of human beings and undermining the economic development of many countries.

22. The policy of military aggression rendered important United Nations economic and social decisions inoperative; it led to an increase in military expenditure in a series of other countries and constituted defiance of the United Nations Charter.

23. An analysis of the world economic situation led to the conclusion that the so-called "boom" which several Western Powers, chiefly the United States, were experiencing, was due largely to the growing militarization of the economy and a frantic arms race. It was, therefore, hardly surprising that economic development was unsound and spasmodic and was producing distortions and a lack of balance in different economic sectors. Those considerations should be borne in mind in any study of such phenomena as the accelerated renewal of fixed capital, the growth in demand, the increased intervention of the public authorities in economic processes, and the worsening of inflationary trends. The militarization of the economy of a number of Western Powers was hampering the regular development of international trade and increasing the instability of the entire world economy. Militarization, as stated in the report of the International Bank for Reconstruction and Development and the International Development Association,^{1/} also constituted the main obstacle to the economic independence of the developing countries. That was why, in the opinion of the Soviet delegation, the United Nations and the specialized agencies, when examining the economic and social consequences of disarmament, should put greater stress on the harmful effects of the military adventures of the imperialist Powers and of

the militarization of their economies on the world economic situation and economic growth of the developing countries.

24. The economic situation of those countries was hardly conducive to optimism. The extreme shortage of financial resources, their mounting external debts and the problems connected with the accumulation and rational utilization of their resources continued to be a source of serious difficulties for those countries. Of course, success in that direction was conditioned by the social and economic structure of each State and its political options. In their efforts to solve those problems, certain developing countries had not yet attempted to rid themselves of the imbalances inherited from colonialism or created by neo-colonialist tendencies. The developing countries were justified in demanding the transformation of an outdated international division of labour. In particular they were rebelling against the unfavourable terms of trade which were still imposed upon them by the monopolies of the great imperialist Powers, the consequent instability of commodity prices, the high import tariffs of the industrial countries, and the tendency of the latter to export industrial products duty free to the developing countries. It was important to realize that the huge and growing profits reaped by Western companies, which represented a major item in the balance of payments of many capitalist countries, were neutralizing the fresh resources flowing to the developing countries in the form of aid and investments.

25. The United Nations Secretariat, in spite of the resolutions adopted, was continuing more or less to ignore the problem of the flight of capital from the developing countries and preferred, for easily understandable reasons, to study scrupulously the flows of capital to those countries. In that connexion, he stressed that the socialist countries were in no way responsible for the difficult economic situation of the developing countries. Thus, it was absurd to classify the socialist States with the colonial Powers in the same category of "rich" countries when the real issue was that of compensating for the harm caused by colonialism and the activity of capitalist monopolies.

26. Industrialization was one of the most effective ways of overcoming the economic backwardness and dependence of the developing countries. The Soviet delegation noted with satisfaction that industrial production in those countries had risen in the last few years. But that was only a beginning. Their share of world industrial production had, unfortunately, not changed. It was natural that a great many of them were endeavouring, in order to speed up their industrialization, to make great use of the United Nations and its associated organs. He expressed the hope that the establishment of UNOID and the holding of the International Symposium on Industrial Development would contribute to the expansion of world industrial production. The new Organization would only be able to carry out its mission if it aimed at intensifying international co-operation for example through the exchange of information and the fruits of experience. In particular, it should take steps to help the developing countries to establish national industries based above all on the public sector of the economy.

^{1/} Annual Report, 1964-1965 (Washington, D.C.), and supplementary information for the period from 1 July to 31 December 1965, transmitted to the Economic and Social Council by notes of the Secretary-General (E/4129 and E/4129/Add.1—E/4130/Add.1).

27. With the establishment of UNOID, important changes must be made in the United Nations Development Programme (UNDP). The administrators of the Programme must abandon its negative attitude towards increased technical assistance for industrialization: the resources and means they earmarked for it were far from sufficient. In 1965, UNDP investments in industry had been much less than in 1964. The number of fellowships awarded in connexion with industrial development had likewise diminished. The unused resources of the Programme had amounted to \$403 million at the beginning of the current financial year. Nor had the Soviet Union's contributions been fully utilized. That abnormal situation must stop. The Programme's funds must leave the safes of the Western Powers and be used for industrial development.

28. Passing to the question of a United Nations capital development fund, he recalled that, at the twentieth session of the General Assembly, his delegation had voted in favour of the consolidation of the Special Fund and the Expanded Programme of Technical Assistance in a United Nations Development Programme. It still believed that a capital development fund should be created by progressive transformation of the Special Fund and, consequently, of the UNDP of which the Special Fund was now a component.

29. His delegation was happy to note that there was renewed United Nations activity in the field of planning. It hoped that the Committee for Development Planning would contribute to the solution of industrial development problems. The Soviet Union, for its part, was ready to make the experience it had acquired in that field available to the developing countries.

30. The economic and social advancement of the developing countries was closely linked to the achievement of democratic agrarian reforms. A backward agriculture hampered industrial development, which was in many respects based on agriculture. In spite of its current importance, the question of democratic agrarian reforms was appearing less and less frequently on the agendas of the economic organs of the United Nations. That was an abnormal situation and it should be corrected. So far as it was concerned, the Soviet Union was prepared to make its experience with respect to agrarian reform and other problems of agricultural production available to interested countries, for example, by organizing seminars and visits, offering scholarships and participating in other multilateral or bilateral measures.

31. An analysis of the economic position of the developing countries also showed that all their growth problems were directly linked to the question of their sovereignty over their natural resources. However, there was a clear tendency to avoid the question of sovereignty and to deal instead with the question of increasing the flow of private capital and of providing special guarantees for such capital. His delegation had always considered that relations with young States should be based on respect for their sovereignty, equality of rights and mutual advantage. It would resolutely oppose compromises or half-measures with respect to that question of principle.

32. The Soviet Union shared the concern of the developing countries over the deterioration of the

terms of trade, the growing deficit in their balance of payments and the increasingly numerous discriminatory measures being applied by certain developed capitalist countries. What was more, certain Western Powers refused to apply the most-favoured-nation clause to socialist countries or practised in political discrimination, blockades and boycotts.

33. Such trade policies were, quite obviously, in flagrant contradiction with the letter and spirit of the United Nations Charter and with the principles adopted by the first session of the United Nations Conference on Trade and Development. Certain Western Powers were hindering the Trade and Development Board's efforts to implement the decisions of the Conference. They must be called upon to renounce their negative attitude and to fall in with the views of the majority.

34. The Soviet Union attached great importance to the implementation of UNCTAD's decisions and was continuing to develop and strengthen its trade relations with other countries. It ranked fifth highest in the world in volume of trade (approximately \$16,400 million in 1965). Its trade with the developing countries had considerably increased in 1965 and the growth rate of its trade with that group of countries was higher than the growth rate of its total international trade. That was how it intended to contribute in practical terms to the implementation of the recommendations of the Conference. Moreover, the trade agreements it had concluded with Pakistan and Brazil made provision for those countries to supply manufactures and semi-manufactures, and that was also in line with one of the important recommendations of the Conference. From 1955 to 1965, the number of developing countries which had concluded economic and technical co-operation agreements with the Soviet Union had risen from two to twenty-nine. Under those agreements, the USSR was helping those countries to build 600 plants in all branches of the economy (iron and steel industry, mechanical engineering, light industry, food industry, agriculture, electric power stations, etc.). There were 170 plants built with Soviet technical assistance already in operation. The Soviet Union had sponsored a whole series of proposals designed to protect the economic interests of developing countries. One of them was to strengthen efforts to stabilize commodity prices by concluding appropriate stabilization agreements. The Soviet Union was also expanding its relations with developed capitalist countries and with socialist countries, in particular with the German Democratic Republic. In that connexion, it was regrettable that that country still could not take part in the work of UNCTAD. The United Nations Conference on Trade and Development, which would only gain if it were open to all, should have as its primary objective, at its second session, the consolidation of the positive results of the first session.

35. The current year was the first year of the new Soviet five-year plan, which called for an increase in national income of the order of 38 to 41 per cent, while industrial production was to increase by approximately 50 per cent and agricultural production by 25 per cent. Per capita income was to be raised by approximately 30 per cent. The new plan had got off to a good start and the targets set for the first half

of 1966 had been exceeded. In 1966, the Soviet Union had proceeded to a reform of the national economy, mainly consisting of the introduction of new planning methods and new economic incentives. The reform had been made necessary by a considerable expansion in production potential. While maintaining central-planning direction of all important aspects of the country's economic development, the new system considerably enlarged the scope of initiative and the autonomy of the enterprises. The Soviet economy was based on collective ownership of the means of production and there was no question of a "restoration of capitalism", referred to by those who mistook their wishes for facts. The aim of the reform was to use the mechanisms of goods production characteristic of socialism in a more flexible and effective way and thereby strengthen socialist production relations. The new plan was also designed to improve agricultural planning and raise the growth rates of agriculture and the consumer goods industry.

36. In conclusion, he again emphasized that the main dangers at present in the economic field were neo-colonialism in all its forms and the militarism of the imperialist Powers. The United Nations should take up the struggle against those phenomena without delay. Everything should be done to ensure that United Nations decisions were implemented in the economic and social fields and to compel the imperialist States to observe the provisions of the Charter. The instruments of economic co-operation must not be transformed into tools of political pressure. The Soviet Union, for its part, would do all in its power to promote international economic co-operation within the framework of the United Nations and would support all measures to protect the economic independence of young States.

37. Mr. ROOSEVELT (United States of America), speaking in exercise of his right of reply, objected to the Soviet representative's assertion that the United States had started the war in Viet-Nam. The Second Committee was not, in any case, the proper forum for a discussion on that subject. Everyone who had heard the statement by his country's representative in the General Assembly (1412th plenary meeting) would be aware that the United States wished to reach a peaceful settlement in Viet-Nam. But peace could not be secured unilaterally; both parties had to contribute to a solution by agreeing to negotiate on finding a reasonable and honourable way of ending the conflict, so that all the resources used for the war could be devoted to development. All States had a duty to contribute to the establishment of peace; it was impossible to ask one side alone to make concessions. The United States would welcome any development that might lead to negotiations.

38. Mr. MIROSHNICHENKO (Union of Soviet Socialist Republics), speaking in exercise of his right to reply, said that the Second Committee could not deal with the normalization and development of international economic co-operation in the abstract, without reference to the actual world situation. The war of aggression which United States military circles were waging in Viet-Nam was doing serious harm not only to the Viet-Nameese people, the actual victim of aggression, but also to the world economy and its development,

the normalization of international trade and the solution of problems of economic growth in the developing countries. Aggression and war were incompatible with the objectives of economic co-operation. Representatives of the United States had often claimed that they were ready to seek a political solution for Viet-Nam but their statements were belied by the constant intensification of the war. The alleged peace move by the United States was, in fact, merely a diplomatic manoeuvre to mislead world opinion and pave the way for a further intensification of the war against the Viet-Nameese people. The USSR Government categorically condemned United States aggression in Viet-Nam and demanded that it be stopped forthwith. It fully supported the programme of the Government of the Democratic Republic of Viet-Nam and the National Liberation Front for a settlement of the conflict—a programme which was wholly in accord with the Geneva Agreements of 1954. The United States must stop bombing the territory of the Democratic Republic of Viet-Nam, withdraw all its armed forces and those of its allies from South Viet-Nam and allow the Viet-Nameese people to decide on its future for itself.

39. Mr. ROOSEVELT (United States of America) pointed out that his Government had suggested curtailing its military operations in Viet-Nam provided that the other side was ready to do the same. He asked the Soviet representative if he would be prepared to make representations to that effect to the other side.

40. Mr. MURAYA (Kenya) observed that, in the first half of the United Nations Development Decade, economic growth had continued to expand in the developed countries, while it had remained almost stagnant in the developing countries producing primary commodities and their trade gap had continued to widen as a result of the fluctuating prices of such commodities, the high prices of imported manufactured products and the trade barriers imposed by the developed countries on imports from the developing countries. World liquidity had declined as a result of restrictive measures imposed by the developed nations, and available development loans were now subject to high interest rates, which the developing countries could not bear much longer. If that state of affairs continued, the rich countries would become richer and the poor ones poorer still.

41. The developing countries wished to increase their foreign exchange earnings in order to boost their economic growth, regardless of the political and ideological considerations of the great Powers. In their foreign trade, however, they were faced with high tariff barriers imposed by their so-called well-wishers on their manufactured and semi-manufactured goods. The developed countries, with their price support programmes, internal taxation systems, subsidies for primary products and incentives for the manufacture of synthetic products and substitutes, were threatening certain major primary products of the developing countries. It was no longer enough for the developed countries to express concern over the problems of the developing countries, and to expect them to depend indefinitely on economic hand-outs. If they wished to take some positive action, exports from the developing countries should be given wider access to world markets, and trade restrictions should be

abolished. That was a matter of urgency and grave concern to the developing countries, and international action was requested to reduce price instability and increase the export earning capacity of the developing countries. But export earnings were only a small proportion of any given development budget, and the developing countries would therefore continue to depend on an inflow of resources from the developed countries—an inflow which should be constantly increasing.

42. The developing countries were aware of the need for industrialization to ensure that their economies would no longer be dependent on one or more primary commodities and would no longer be affected by fluctuations in the price of those commodities; but to industrialize and diversify their economies they needed capital, skilled manpower and technical advisers. Hitherto, they had relied almost entirely on bilateral economic assistance, which, though highly welcome, had a number of shortcomings. In many instances it was provided for specific projects rather than a co-ordinated development programme and was offered on condition that materials and technicians were obtained only from the donor countries, which thus derived more advantage from assistance of that kind than the recipient countries themselves.

43. The foreign investments which the developing countries needed for their industrialization had created foreign economic enclaves which repatriated most of the profits made. Further, the fact that the bulk of the industrial sector in developing countries was owned by foreign investors had serious implications for local manpower. The latter was not obtaining a fair return for its labour, and the recruitment of local staff at the managerial level was not progressing, except for appointments to certain senior posts which did not carry any genuine responsibilities. Economic and

political domination by foreign business interests had often obliged political leaders in the developing countries to sacrifice their national interest in order to attract and protect foreign capital. Economic growth was meaningful only if the people of the countries concerned received most of the benefits, and that had so far not been the case with bilateral aid and private investments. Accordingly, the developing countries regarded the creation of the United Nations Organization for Industrial Development as a landmark in their economic and social progress, and his Government had invited UNOID to establish its headquarters at Nairobi.

44. While tourism was becoming a major source of foreign exchange earnings, the benefits which it provided for the economies of the developing countries were still very small, since most of the earnings from that source went to foreign hotel-owners, airlines and travel agencies. The United Nations should help the developing countries, which still lacked the necessary capital and experienced manpower, to establish local tourist industries, and the developed countries should encourage co-operation between their airlines and the national airlines of the developing countries and should abolish currency restrictions in order to allow their nationals to travel more. The developing countries, for their part, should conclude regional agreements for the abolition of customs and immigration formalities, which were an obstacle to tourism.

45. He appealed to the developed countries to provide financial aid on more generous terms, and to the developing countries to use that aid in a more judicious manner, so that the remaining years of the United Nations Development Decade might prove more beneficial for all of mankind.

The meeting rose at 5.35 p.m.

