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Chairman: Mr. Ismael THAJEB (Indonesia).

GENERAL DEBATE COVERING ALL AGENDA ITEMS
REFERRED TO THE COMMITTEE (continued)

1. Mr. TRUKHAN (Byelorussian Soviet Socialist Republic) pointed out that, despite the great emphasis placed on the study of the economic and social consequences of disarmament in the report of the Economic and Social Council (A/5503) and other documents, the recommendation to that effect in General Assembly resolution 1837 (XVII) was being inadequately implemented. Some Member States had expressed doubts about the advisability of such studies and the regional economic commissions had either failed to give special study to the topic or had just included it in their programmes. In particular, the efforts so far made by the Economic Commission for Europe had been negligible, despite the fact that its members accounted for a high proportion of military expenditure, international trade and economic co-operation. The signing of the Treaty banning nuclear weapon tests in the atmosphere, in outer space and under water was, however, clear evidence that the problem of disarmament could and should be solved and that the enormous resources being spent for military purposes could be made to benefit mankind. The use of a part of the resources released as a result of disarmament to meet the needs of the developing countries, in conjunction with their own efforts, would afford them far greater possibilities for exploiting their natural wealth, strengthening their national economic independence and significantly improving the living levels of hundreds of millions of people. His delegation therefore strongly supported all proposals that the Member States, the Secretariat, the specialized agencies and the regional economic commissions should henceforth give the most serious consideration to the study of the economic and social consequences of disarmament.

2. The hopes of all States which considered the universal and unobstructed development of international trade to be one of the most effective means of furthering rapid economic development and creating an atmosphere of confidence and co-operation between States rested on the forthcoming United Nations Conference on Trade and Development, which would be an historic one. In the meanwhile, the situation continued to be abnormal. Many restrictions, often politically inspired, continued to be imposed and the developing countries continued to suffer the effects of falling commodity prices at the same time that

prices for manufactured goods were rising. Noting the progress made by the Preparatory Committee in its two sessions, he hoped that, at its third session, it would further clarify the wording of the provisional agenda items for the Conference as set forth in the report on its first session (E/3720, para. 6).

3. One of the most important topics which the Conference would study was trade between countries with different economic and social systems. The elimination of the existing restrictions, obstacles and discriminatory practices would not only be in the interests of the States directly concerned, but would also offer additional opportunities for the expansion of the trade of the developing countries, since the trading problems of one region affected other regions also. The broad and unobstructed development of trade among all States on a mutually advantageous basis would bring about a better utilization of productive forces and would reduce unemployment and other negative factors characteristic of the capitalist economies. It would also give the developing countries greater opportunities to sell their products and to purchase the industrial goods and equipment they so sorely needed. Moreover, businessmen in the United States and other Western countries were increasingly calling for a normalization of East-West trade.

4. The report of the Group of Experts appointed in pursuance of Council resolution 919 (XXXIV) to study commodity and trade problems of developing countries (E/3756) showed how well founded were the views of those experts who had stressed the need for an international trade organization. The fifty international organizations dealing with diverse aspects of international trade were unable to solve the serious problems now besetting trade. Apart from a lack of co-ordination and widespread duplication, they did not in practice concern themselves with such important problems as trade in industrial equipment and multi-lateral, long-term agreements. Some had felt that if GATT were somewhat changed it might be made to serve as a universal trade organization, but GATT's inadequacies, especially in regard to membership and the direction of its activities, were all too well known. Many of the developing countries could hardly be called enthusiastic supporters of GATT, which was not even officially connected with the United Nations. Moreover, GATT had been subjected to sharp and well-founded criticism in the United Nations and elsewhere. For instance, at the meeting of the trade ministers of the member countries of the Commonwealth, held in May 1963, a good deal of criticism was voiced concerning GATT, which some delegates regarded as a club for industrial countries.

5. The lack of a single international organization which could systematically and effectively deal with the normalization and development of international trade in the interest of all countries was a serious impediment to the development of trade. His dele-

gation hoped that the United Nations Conference on Trade and Development would give serious consideration to the establishment of such an organization, and it supported proposals to that effect, in particular the Soviet Union memorandum (A/C.2/219).

6. His delegation continued to feel that the Conference should be open to all countries wishing to take part in it. Not only would that reflect the universality of international trade, but it would also expedite results. Since so much interest had been taken in preparations for the Conference, it would be highly useful if the Secretary-General of the Conference would make a statement in the Second Committee to inform it of the progress made.

7. Industrialization offered the under-developed countries their best prospect for economic development and the achievement of full independence. The less developed countries could quickly liquidate the pernicious effects of economic colonialism and improve the living levels of their people only through industrial development, primarily the development of heavy industry. A number of developing countries had already reached that conclusion. Byelorussia would be happy to share its experience of industrial development and planning with the less developed countries. It had already given a short account of its experience in response to the Secretary-General's questionnaire (E/C.5/24), which the Committee for Industrial Development had had before it at its third session, and it would hold a seminar on the social aspects of industrialization at Minsk in August 1964.

8. Internal sources of financing for the industrialization of the under-developed countries would undoubtedly remain limited for some time to come. That was why external sources of development financing could play a useful role. In many United Nations documents, much emphasis was placed on the purely quantitative aspect of the flow of capital and technical assistance to the developing countries. On the other hand, account was not taken of the need to ensure that foreign private capital complied with certain conditions: for example, it should respect the sovereignty of the developing countries over their natural resources and refrain from interfering in their internal affairs; it should assist in the rapid development of the basic branches of the economy; and the developing countries should be assured of a fair share of income from the exploitation of their natural and human resources. Unfortunately, even those elementary conditions were not yet being respected. Foreign private investors sometimes categorically stated that they would avoid any country which controlled currency exchanges and in which a possibility of nationalization existed. It must be admitted that foreign private capital and the programmes of technical assistance of some countries often showed hostility towards the development and strengthening of the State sector. That was alarming, since it was the State sector which should play the decisive role in accelerating economic development and implementing increasingly comprehensive and sound plans.

9. The facts showed that foreign private investors were interested more in reaping maximum profits than in further development. Moreover, the desire for profit often created a situation in which the profits expatriated were larger than the new capital invested. The situation of the developing countries would be significantly improved if they received a larger share of the income from the exploitation of their natural

resources by foreign companies. In that connexion, the under-developed countries should not overlook the possibility that one of their greatest potential sources of capital might be a fairer levy on the profits of foreign companies for development purposes. The United Nations might study that problem.

10. It was essential to assign a larger role to planning in the effort to overcome industrial backwardness in the developing countries. Many developing countries already had economic development plans or were preparing them. While a great deal of work had been done at seminars on planning, it was as yet insufficient. Despite repeated proposals, nothing significant had been done to study the long experience of the socialist countries with planning, at a time when money was being wasted by sending experts to study the planning experience of countries where real economic planning did not exist. The under-developed countries did not need information on the indirect regulation of the economy or future projections of economic activity; what they needed was information on real economic development planning for the achievement of specific objectives.

11. Thanks to industrialization and economic planning, Byelorussia in 1962 had increased its industrial production five times over the 1940 level and forty times over the 1913 level. During the past four years, its average annual rate of industrial growth had been 19.5 per cent. Industrial output would again double by the end of the seven-year plan, in 1965, and in 1980, his country would, through planning, produce 9.3 times more industrial products than in 1960. While Byelorussia had exported mostly agricultural products before the revolution, its exports were now highly diversified and it traded with more than fifty countries. It wished to develop its trade relations on a fair and mutually advantageous basis with all countries, especially the less developed countries.

12. Mr. WILLOT (Belgium) said that the first responsibility of the United Nations was to preserve human life. The second was to ensure that life was lived to the full. The gap between the rich peoples and those living in poverty was perhaps the greatest problem of modern times. The developing countries were beset by such manifold difficulties as unfavourable climatic conditions, undernourishment, disease, ignorance, ancestral traditions, inadequate technical and administrative training, lack of savings, commodity price fluctuations, deteriorating terms of trade, competition from synthetics, and hardship in servicing their external debts. Nevertheless, the struggle for economic development had been launched and must be encouraged.

13. Since the Second World War, the remarkable idea of providing multilateral aid as a supplement to bilateral assistance had become generally accepted. The guiding principles which must govern such aid were now recognized and were embodied in Economic and Social Council resolution 222 (IX), which had created the Expanded Programme of Technical Assistance. The international assistance to which reference was often made meant, in fact, co-operation on the most universal scale possible, in a spirit of equality and mutual respect between donor and recipient. There was also an awareness that scientific progress could provide a new stimulus to economic development.

14. The needs were immense. Priorities should therefore be established and the most direct and rapid

action possible should be brought to bear on the essential elements of the problem. Aid should concentrate on the alleviation of hunger, on the prevention and cure of disease, and on education and technical training. The priorities established under the Expanded Programme followed those lines but perhaps they should go even further. For example, the development of the rural economy could lead to important results.

15. The sense of human solidarity should, in the first place, lead to an intensification of the campaign against hunger. Dr. Nevin Scrimshaw, in an article appearing in the *Scientific American*, had estimated that to give men an adequate diet, food production would have to triple by the year 2000. Dr. Scrimshaw considered that by then, the industrialized countries could produce twice as much food as they needed. The developing countries too could achieve considerable progress in that respect by employing techniques which the author described and which he himself had touched upon. In Dr. Scrimshaw's view, the investments necessary would be small compared with the results. Two conditions, however, must be fulfilled: advanced technical aid and the will to make the necessary effort.

16. Similar action must be taken in the field of health, where remarkable progress had already been achieved. Activities begun to further education and technical training must be continued. Although Belgium was making considerable efforts to help the developing countries with their educational problems, the primary responsibility rested with those countries themselves. Very special priority should be given to children and young people, who should have the energy, health and training required for future development.

17. Economic development was indivisible. The mention of the foregoing priorities in no way implied that other factors—projections, planning, technical co-operation, pre-investment, technology, industrialization and investment in the strict sense—should be ignored. No progress could be made without knowing the facts. The United Nations and the specialized agencies were already helping the developing countries with studies, projections and planning. Four Special Fund projects involved the establishment of planning institutes.

18. The recipient countries were requesting the extension of technical assistance activities. Such activities were becoming less isolated and were being organized into a coherent programme.

19. The Special Fund had entered the active phase of implementation. Mr. Hoffman, who was directing the Fund with remarkable dynamism, had described, in his statement before the Committee (882nd meeting), the vast resources of the economically backward countries which should and could be developed far more intensively. The importance of Special Fund projects should encourage the executing agencies, including the United Nations, to make wider use of consulting engineering and industrial firms. Belgium had a long tradition of carrying out important projects in developing countries. Under the United Nations operational programmes, Belgium was ready to respond to any appeal addressed to it for the services of experts or industrial firms.

20. The industrialization activities of the United Nations and the specialized agencies were assuming greater importance. For those countries which were

still economically under-developed, industrial development was essential. The industrialized countries must contribute to their efforts and help them avoid the errors they had committed themselves. Technical co-operation and pre-investment must serve to encourage investment proper.

21. As regards international financing, the International Bank and its affiliates continued to play a fundamental role. On 30 September 1963, the President of the Bank had expressed the opinion that the Bank should intensify its support for agriculture. He had expressed similar ideas with regard to education. He had also suggested the possibility of liberalizing the Bank's loan policy with respect to the period of grace and the period of repayment. The IDA was continuing to finance infra-structural economic and social projects.

22. One of the most important and complex problems facing the Committee was the instability of primary commodity prices and markets. In the modern world, the economic prosperity of the industrialized countries was the first guarantee of adequate markets for primary producers. The developing countries should therefore be pleased at the prosperity enjoyed by the European Economic Community, which was the world's greatest importer of primary commodities. Individual commodity agreements had considerable advantages. There was some tendency towards the progressive elimination of obstacles to international commodity trade. Prices of primary commodities were more favourable than they had been for several years, but the problem of commodity trade was still acute and the search for solutions to it must be continued. The members of the Community were seeking new methods of market organization, and the Belgian Minister for Foreign Affairs, Mr. Spaak, had stressed before the General Assembly (1233rd plenary meeting) the need for finding world-wide solutions of the agricultural problem. Measures taken to improve the primary commodity market situation must be considered in the light of general economic development and in a spirit of co-operation among all the countries concerned.

23. The developing countries also were seeking greater markets for their processed and semi-processed products in the industrialized countries. The latter understood their desire, but the problem must be carefully and comprehensively studied. Sudden economic upheavals in the industrialized countries would be harmful for all. The European Economic Community, solely through its own dynamism, had enabled the developing countries to export to that area a considerably larger quantity of manufactured goods.

24. Together with its partners in Benelux, Belgium was approaching the forthcoming United Nations Conference on Trade and Development in a constructive spirit and with a desire to find solutions acceptable to all.

25. The economic situation of Belgium was favourable. The rate of growth of its gross national product which had been 4 per cent, had been more rapid in 1962 than in 1961. There had been a boom in private consumption. Prices had been remarkably stable during recent years. Exports from Benelux had increased by 10 per cent over the preceding year. Unemployment was virtually non-existent. There was, on the contrary, a shortage of skilled labour. An office of economic programming had been set up at the end of 1959.

26. Belgium participated fully in international economic aid. It provided bilateral and multilateral Government assistance amounting to \$100 million per year. Belgium was determined to continue to play its part in the field of international assistance, for all countries were in duty bound to share in promoting greater equality, freedom and social progress throughout the world.

27. Mrs. WRIGHT (Denmark) said that her country attached the utmost importance to the initiative being taken by the United Nations in the three essential fields of trade, industrial development and the financing of social and economic infra-structure. Denmark pledged its fullest co-operation to the United Nations Conference on Trade and Development and the forthcoming GATT negotiations, the aim of which was to integrate the developing countries' economies into a rapidly expanding world-wide pattern of trade.

28. The active co-operation of labour in the industrialized countries was essential to the growth of world trade. In his statement to the Committee (881st meeting), the Under-Secretary for Economic and Social Affairs had mentioned the need for discussion with the trade-union movements. The chances of expanding world trade might be increased if the agenda of the next International Labour Conference were to include an item on trade, labour and management.

29. There was a close connexion between aid and trade. Aid to the developing countries should be given in a form which would favourably influence those countries' export possibilities. The expansion of trade on fairer terms was the best way to achieve the objective of a rapidly expanding world economy. Denmark was making modest efforts to further that objective. Its small industrialized islands comprised only one fiftieth of its total territory and the remainder, Greenland, was one of the least developed areas of the world. Denmark was therefore fully aware of the developing countries' problems and aspirations. The largest part of the Danish population lived in the small industrialized areas, and Denmark was ready and able not only to work for the rapid expansion of its own less developed areas but also to share with the other developed countries the responsibility of furthering the development of low-income areas abroad. The objective of closing the gap between the poorer and richer nations of the world was a joint responsibility of the United Nations.

30. Before 1950, the policy in Greenland had been to fix the prices paid to primary producers and those paid for consumer goods in the Government shops at such a level that a large enough surplus was created to cover expenditure on education, health and general administration, and thus to avoid direct taxation. That policy had since been changed and now applied only to the Danish Government's trade activities in Greenland. The Government therefore had to pay a direct subsidy to build up the necessary infra-structure. Denmark had encountered in Greenland many of the problems faced by all the developing countries, such as those bearing on the diversification of industry, the utilization of indigenous labour and the role of government and private enterprise. Experience had shown that extensive educational and vocational training led comparatively quickly to an increased participation by the indigenous population in different types of ownership and management in various sectors of the economy. Denmark was therefore particularly interested in the idea of estab-

lishing a United Nations training and research institute.

31. During the 1950's, the real value of *per caput* income in Greenland had risen by 72 per cent despite an annual rate of population growth of 4 per cent. Since Greenland's share in the total volume of world trade in fish products was small, even a relatively large increase in its exports of those products would not have an adverse effect on world market prices. Consequently, the high rate of population growth did not constitute a threat to economic progress as was the case in many under-developed countries. Total production in Greenland had increased appreciably and the level of living had risen considerably. However, the larger subsidy which had become necessary was placing a considerable burden on the taxpayer. In addition, a steadily mounting government subsidy might tend to give the Greenlanders less say in all important decisions of economic and social policy.

32. Mr. TRAORE (Mali) noted that, despite the vast amount of bilateral and multilateral aid granted to the developing countries, the gap separating them from the developed nations was still extremely wide. The developing countries welcomed the "détente" resulting from the conclusion of the Treaty banning nuclear weapon tests in the atmosphere, in outer space and under water, since their balanced and rapid development could be achieved only in peace. Financial and technical aid should never be related in any way to the political and social régime chosen by a country. The vast sums spent on weapons of destruction far exceeded the financial effort necessary for the achievement of the objectives of the United Nations Development Decade. Those objectives could be attained only if peoples felt a real desire for co-operation, especially at a time when the flow of capital from the developed to the less developed countries was inadequate.

33. The under-developed countries themselves would have to evolve new economic structures adapted to current conditions: the sectors of production should be revised and the factors of production better adjusted to development. Only deliberate action by Governments could accelerate the development of the under-developed countries by ensuring the balanced distribution of income without which a plan would be only a piece of paper. Development plans should be administered by organs which enjoyed the confidence of the people and were able to establish priorities. The administration of the principal sectors of the economy should be centralized, since it would be necessary first to adapt the economy to the resources of the country and then to integrate the development plan with other broader plans. Those were the principles which the Government of Mali followed in its five-year plan. It considered that the success of a plan depended on the participation of the people and that under-developed countries would do well to review the traditional concepts of wages and labour.

34. His Government realized that autarky was neither possible nor desirable, because of the scarce resources and small domestic market of his country. Its economic policy was dictated by realism and a sincere desire for international co-operation. Economic integration was desirable, provided that the goal was purely economic. Mali had concluded agreements concerning the Senegal River with Senegal, Guinea and Mauritania. The economic and social co-operation and the specialized commissions mentioned in the Charter of the Organization of African Unity

would help to bring about the reciprocal adjustment of national ambitions and the international resources available of which the Under-Secretary for Economic and Social Affairs had spoken. Economic integration would improve the utilization of manpower and create markets without which industrialization would be in vain. It would also provide an over-all picture of domestic and external investments. If the industrialization of the under-developed countries was to be based on the division of labour, those countries should avoid excessive specialization. For example, the economic infra-structure would be an ideal field for the activities of regional groupings. Each of the under-developed countries should reach the "take-off" stage as soon as possible. In addition, public and private investors in the under-developed countries should accept the concept of social as well as financial viability.

35. Qualified personnel and capital were needed for the implementation of development plans. The proposed United Nations training and research institute would help to meet the first need. The greatest possible use should be made in training programmes of the cadres from under-developed countries, and the institute should be closely linked to TAB. The national cadres in the developing countries had to teach the most modern technological methods to workers unfamiliar with modern productivity techniques and had to apply those methods in climatic and social conditions different from those in the places where the methods had been devised. As soon as possible, the under-developed countries should play a larger role in the financing of their development plans. For the time being, however, foreign aid played a large part because of the low rate of savings in the developing countries. One of the reasons for the deficit in the export earnings of the under developed countries was the preponderance of commercial over industrial capital in those countries. In that connexion, the developing countries placed great hopes in the forthcoming United Nations Conference on Trade and Development. In addition to the measures already proposed to improve the trade of the developing countries, his delegation thought that the prices of raw materials should be linked to the prices of manufactured products. The establishment of such a link, which did not mean subjecting the under-developed countries to the traditional laws of the market, would require both detailed technical studies and psychological persuasion. For that reason, the Conference should be attended by representatives of all States without exception.

36. The African Development Bank should play an important role in the financing of African development plans. However, the Special Fund should continue its work in that field and could be transformed into a United Nations capital development fund. Although the activities of the United Nations organs concerned with under-development obviously required detailed study, they might seem too theoretical to some under-developed countries. In addition, it was essential to achieve wider representation of under-developed countries in the Economic and Social Council and other United Nations organs.

37. Mr. AMJAD (Pakistan) hoped that the relaxation of political tensions would have a favourable effect on economic relations. A survey of the world economy did not, however, warrant such optimism: two thirds of mankind still lived in poverty, ignorance and hunger, and the gap between the rich and the poor countries

continued to widen. The problem of helping the developing countries through international co-operation to share the prosperity and material comforts brought within the reach of all by advances in science and technology was the basic problem of the present time and the greatest challenge to the United Nations. Long-term peace and stability in the world would ultimately depend on how successfully the United Nations tackled the problem of the economic development of the developing countries.

38. His delegation agreed with the Under-Secretary for Economic and Social Affairs that the slight optimism produced by recent developments should not be allowed to engender complacency, for the experience of his and other countries indicated that no basic change had taken place in international trade during the past year to reverse or even arrest the deterioration in the terms of trade. Despite the attention the United Nations had given to short-term fluctuations in the export income of the developing countries and the long-term decline in their export earnings, and despite the recent attempt by IMF to liberalize its credit policies in order to mitigate the adverse effects of short-term fluctuations, very little action seemed to have been taken by the United Nations, and the basic problem therefore remained unsolved. His delegation hoped that the forthcoming United Nations Conference on Trade and Development would deal effectively with those two vital matters.

39. The ultimate success of the Conference would depend on the goodwill and co-operation shown by the advanced Western and socialist countries. He had been encouraged by the United States representative's reference in his statement (883rd meeting) to the continuing role of the United Nations in international trade, because the United Nations had so far done little in that regard. The forthcoming Conference could lay the foundations of a system of international trade which would ensure the expansion and steady growth of the world economy and also justice for the developing countries. The assurances given by the United States representative with regard to various "illusions" held about his Government's attitude would do much to better mutual understanding.

40. He hoped that the Conference would produce practical solutions for the trade problems of the developing countries in respect of commodity exports and markets for their manufactures. Diversification of the exports of developing countries would remain a mere theory unless the Western countries opened their markets to the manufactures of the developing countries. The latter would, for years to come, be able to produce only simple manufactures, such as cotton textiles, and if the highly industrialized countries continued to compete with them in such fields, they had little hope either of increasing their exports or of diversifying their economy.

41. It was now recognized that the economic development of the developing countries was mainly a matter of industrialization. Progress in agriculture and transport also depended on industrial development. The report of the Advisory Committee of Experts on the Industrial Development Activities of the United Nations System (E/3781, annex VIII) confirmed the belief of the developing countries that the United Nations should play a larger role in industry. Unfortunately, there seemed to be no agreement as to how that should be done. His delegation would fully support the establishment of a United Nations in-

dustrial development organization provided the advanced industrial countries favoured it. The negative type of reasoning advanced by the United Kingdom representative and other Western delegations ignored the fact that industrial development in Asia, Africa and Latin America was not a problem which could be solved by minor adjustments in United Nations resources.

42. The refusal of the advanced countries to provide resources for a United Nations capital development fund had blocked progress in that direction. Those countries contended that the provision of resources for such a fund would only divert money from existing programmes. But the capital needs of the developing countries were so great that programmes of aid from different sources should supplement rather than compete with each other. The long-term prosperity of the advanced countries could not be sustained unless the economies of the developing countries developed sufficiently to absorb an ever-increasing quantity of products from the advanced countries. And that development could not proceed at a satisfactory rate unless the advanced countries were ready to increase the volume of aid. Despite the agreement reached at the third session of the Committee on a United Nations Capital Development Fund on the need for an increas-

ing flow of capital to the developing countries, the advanced countries had failed to indicate what steps they were taking to increase it. All they had said was that existing machinery was adequate. His delegation hoped that those countries would reconsider their position.

43. The adoption by the General Assembly of the Declaration on the conversion to peaceful needs of the resources released by disarmament (resolution 1837 (XVII)) was highly significant in view of the conclusion of the partial test ban treaty. The aspirations of the developing countries were dependent upon the successful outcome of current disarmament efforts. They had noted with satisfaction that Economic and Social Council resolution 982 (XXXVI) recommended that new studies relating to the economic and social consequences of disarmament be undertaken.

44. His delegation was also pleased with the progress made by the operational programmes during the past year and attached great importance to the work done in the field of technical assistance and pre-investment. The success achieved so far by the Special Fund showed the vast possibilities open to the United Nations in fields which lay beyond pre-investment.

The meeting rose at 1.15 p.m.