

United Nations
**GENERAL
ASSEMBLY**

EIGHTEENTH SESSION

Official Records

**SECOND COMMITTEE, 886th
MEETING**

Tuesday, 8 October 1963,
at 10.45 a.m.



NEW YORK

CONTENTS

	Page
<i>General debate covering all agenda items referred to the Committee (continued)</i>	39

Chairman: Mr. Ismael THAJEB (Indonesia).

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

1. Mr. BOLT (New Zealand) said that the Under-Secretary for Economic and Social Affairs, in his last two statements to the Committee, at the seventeenth session of the General Assembly (795th meeting) and at the current session (881st meeting), had spoken of the "performance" of the international community in achieving the objectives of the United Nations Development Decade. However, there still seemed to be some uncertainty as to what should be the role of the United Nations in that undertaking. The Organization had been called a catalyst for international development, but the wording of Economic and Social Council resolution 916 (XXXIV) regarding the Development Decade implied that the Organization was instead a free agent with powers of independent action. Somewhere behind the idea of "detailed phased proposals for action", to quote from the Council's resolution, there might lie a misconception. True, some Governments could impose a plan from above within their national boundaries, but the United Nations could not do that. A fundamental feature of the Development Decade was that individual nations should set their own targets, choose their own methods and make their own requests for assistance.

2. Nevertheless, the United Nations had a distinctive role to play: it was particularly well placed to provide certain services, developed in accordance with a rational system of priorities, which countries might take advantage of if they wished. But it could only persuade; it could not direct. To extend Mr. de Seynes' metaphor of the "battle for development", the United Nations was an intelligence unit rather than a general staff. In preparing the world economic survey each year, the Secretary-General had already developed a means of presenting a picture of performance in different fields. What was needed now was something more systematic, more comprehensive, more definitely directed towards the objectives of the Development Decade. In its resolution 984 (XXXVI), the Council had abandoned the idea of an action programme and had called for a framework of functional classifications for the activities of the United Nations system during the Development Decade. That proposal seemed both modest and realistic since it clearly related to the United Nations itself and did not imply obligatory action by Governments.

3. Even within national boundaries, where Governments could exercise direct influence on economic

development, techniques were uncertain and subject to continual review. Was it any wonder that the United Nations with its limited resources and powers should have been unable to blaze a trail? The United Nations was going through a period of experimentation and should not hesitate to adopt new techniques. The idea of recording and examining performance seemed promising. Much attention had already been given to the need for a continuing appraisal of the performance of the United Nations itself. Economic and Social Council resolution 991 (XXXVI) stressed the importance of such an evaluation, which formed an essential element in the Development Decade.

4. Also in the context of the Development Decade, the performance of both developing countries and advanced countries must be studied. In order to obtain a complete picture of the international development effort, a score of factors had to be taken into account. Great emphasis had rightly been placed on the volume of aid and the pattern of trade flows. But mention might also be made of domestic savings, capital formation in and capital outflows from developing countries, income distribution in different countries, the volume of dumped and subsidized exports, taxation receipts, the burden of debt, the amount spent on price-support policies, credit ceilings and land utilization. The performance of all countries in all relevant fields should be subject to review if the United Nations was to be able to point the way to action favourable to development.

5. The first steps in the process of examining performance had already been taken with the world economic surveys. Any extension of that process would no doubt be deliberately phased in keeping with available resources and the desire of Governments to co-operate. Where suitable material had already been compiled, the function of the United Nations would be to assemble it as a coherent whole. The comparison of the performance of different countries might perhaps imply commendation or criticism. But already numerous international documents listed countries in order of their performance. Was it not desirable that a country should be spurred into self-examination and action by seeing its performance compared with the success of others?

6. The examination of performance must be comprehensive. If the field was too narrow, failure might be attributed to external causes alone. If the picture was complete, it would be easier for a country to judge what remedies lay in its own hands and to what extent action in international bodies offered prospects of success. To expect the Secretary-General to present such a complete picture would be unrealistic. His resources were too limited and certain types of information were difficult to obtain. There was also the question whether performance should be examined only in terms of quantitative indices or whether policy decisions and government action should also be

systematically recorded. Sometimes there was a close correlation between performance and quantitative results, but in a number of cases, for example administrative reform, policies took time to reveal themselves statistically. However, if the coverage was wide and the techniques of presentation sufficiently refined, quantitative data could be most revealing.

7. Mr. de Seynes had already touched upon the distinction between the examination of events in quantitative terms and the recording of policies and actions in relation to those events. To take one example, the data presented to the Commission on International Commodity Trade had frequently failed to provide a basis for unanimity concerning the causes of adverse commodity trends. In other words, in some important areas, performance in commodity trade and not least the performance of Governments, has as yet been inadequately recorded and examined.

8. The idea of examining performance was of distinct relevance to the United Nations Conference on Trade and Development. It would be fruitless to propose institutional machinery for giving effect to the results of the Conference until it was known what those results would be. However, it might reasonably be assumed that, whatever else the Conference might decide, it would establish objectives to be achieved over a period of time. The international community, through an appropriate intergovernmental body, would wish periodically to assess the performance of Governments in working towards those aims. To do that effectively, it would need to have at its disposal a secretariat to record the facts and prepare the way for a critical examination of performance in trade and development. Presumably, the experience already acquired by the Department of Economic and Social Affairs in making projections, on the basis of past performance, would be given careful consideration when the matter of institutions was eventually taken up.

9. The Conference would be dealing with an enormous range of problems of vital interest to the developing countries. Accordingly, any arrangements for studying performance should cover the whole scope of the Conference. In the Committee for Industrial Development it had been suggested that arrangements should be made for examining performance in respect of capital flows. That was extremely important, but before proposing machinery for dealing separately with that one aspect of development, it might be better to give the Conference the chance to consider broader and more thorough arrangements.

10. His delegation had noted with interest the Brazilian proposal put forward in the 1208th plenary meeting of the General Assembly for achieving and preserving collective economic security. That proposal would merit close examination during the Conference and one of the first steps in achieving collective economic security might be to ascertain the performance of members of the international community in all relevant fields. It might also be asked whether a fuller knowledge of performance would not be an essential element in the intensified co-operation among States expected in the International Co-operation Year. It might be possible later to reach some consensus to be used as a guide in any future exploration of proposals for examining the performance of the international community in connexion with trade and development.

11. Mr. THOMAS (United Kingdom) considered that it was both right and necessary that the Committee

should give first place to the economic problems of the less developed countries.

12. Trade and aid were two fundamental elements in his Government's overseas economic policy. The United Kingdom was giving steadily increasing importance to aid and a recently published White Paper entitled Aid to Developing Countries,^{1/} which he would make available to all delegations, gave detailed information in that regard. At the same time, his Government recognized that without a growing volume of world trade, the amount of aid available would be limited and would fail to lead to self-sustaining growth. The fall in commodity prices between 1950 and 1961 was perhaps the largest single problem which the world had to face in achieving growth in the trade of the developing countries; the solution of that problem would enable the United Nations to examine other trading and development problems of the developing countries in an atmosphere of hope and encouragement and would ensure that aid could be used to stimulate new development.

13. In his address to the General Assembly at its 1208th meeting, the Minister for Foreign Affairs of the Soviet Union had suggested that the developing countries had lost more as a result of lower export earnings owing to the fall in commodity prices than they had gained from Western aid and quoted a statement to the same effect made by the leader of the British Labour Party. That would be a very serious situation if it were true. However, the statistics given in table 6-4 of part I of the World Economic Survey, 1962 (E/3774) showed that the total loss in export earnings sustained by the developing countries in the period 1951-1961 as a result of price changes had been \$15,000 million. But, over the same period, official aid had amounted to \$19,000 million, while official bilateral and multilateral long-term loans had brought the total to \$34,700 million, representing a net gain of \$19,700 million, which was more than twice the total loss calculated in the Survey. Of that \$34,700 million, probably more than 90 per cent came from the Western countries. However, the leader of the British Labour Party had made his statement in the context of an appeal for more aid from the Western countries. The United Kingdom's aid programme had doubled between 1957-1958 and 1961-1962 and showed the fastest rate of growth of any major section of Government expenditure. He appealed, in a friendly spirit, to the Soviet Union, as a leading industrial and scientific Power, to join in contributing to that constructive endeavour.

14. He hoped that the Soviet Union would also show a co-operative spirit in connexion with the enlargement of the Economic and Social Council. Everyone agreed that the Council no longer adequately represented the greatly increased membership of the United Nations and all were aware of the reasons which had hitherto made it impossible to enlarge it. Various solutions had been proposed, but it was quite clear that any redistribution of the existing seats would be totally unsatisfactory as a solution because, quite apart from the resentment of those who might lose out, the Council, if it remained at its present size, might not be able to continue to command the respect it required to discharge its important responsibilities effectively and there might be an increasing tendency to by-pass it when important decisions were made. His delegation

^{1/} Cmnd. 2147, Her Majesty's Stationery Office, London, September 1963.

was confident that the General Assembly would effectively register the overwhelming view of its Members that the Council should be enlarged and hoped that the force of that view would be recognized by those who had hitherto stood in the way of such enlargement.

15. Industrialization was clearly an essential part of economic development. As a highly industrialized nation, depending for its economic well-being on the export of manufactures, the United Kingdom had a considerable interest in helping to ensure a steady increase in the number of industrialized countries able to absorb its exports. Many United Nations bodies were already contributing to the industrial development of the under-developed countries. His country had been encouraged by the way the Centre for Industrial Development had grown and hoped that it would expand even further, but in order to do so it would have to secure more funds. For reasons which it had explained on many previous occasions, the United Kingdom did not favour the establishment of a new specialized agency or a new voluntary fund. An attempt should be made within the regular budget to determine priorities and to allocate resources accordingly. If it was agreed that industrial development was crucial to the whole process of economic development, an agreement could also be reached on which other activities were less crucial and could therefore be cut back, at least for the time being.

16. His delegation warmly welcomed Council resolution 980 (XXXVI) on questions relating to science and technology and endorsed the recommendations in the Secretary-General's report (E/3772 and Add.1). He was glad that the Council had set up the Advisory Committee on the Application of Science and Technology to Development and that the Committee would be of adequate size, with members selected on the basis of their personal qualifications. The establishment of that committee would benefit the work of the United Nations, and his Government was ready to consider favourably any increases in the United Nations programmes which it might recommend.

17. Genuine, general and complete disarmament was the primary aim of his country and its allies. A first step along that road had been taken in 1963 by the signing of the Treaty banning nuclear weapon tests in the atmosphere, in outer space and under water. The road, was, however, a long one and until some idea could be formed of the shape of a final agreement it was doubtful whether there was much to be gained by making more detailed studies of the effects of disarmament. Moreover, the Secretariat already had in hand many more immediately productive projects. His delegation had therefore abstained in the vote on Council resolution 982 (XXXVI) but had been impressed by the support that resolution had received and would be interested in hearing the view of other delegations.

18. Since the seventeenth session of the General Assembly, many important steps forward had been taken in regard to the United Nations Conference on Trade and Development. One of the most important had been the ministerial meeting of GATT in May 1963, followed by the establishment of an action committee to supervise the implementation of the decisions taken. In addition, the European Free Trade Association, to which his country belonged, considered the Conference an opportunity for the European and other industrialized nations to work together with the developing countries in an effort to expand and develop their economies. In that connexion, it was interesting to note

that the Association's external trade was now as great as that of the United States and very close to that of the European Economic Community. Moreover, the member countries of the Association had agreed to devote special attention in 1964 to the expansion of world trade.

19. The United Kingdom itself, as one of the world's greatest trading countries, had a major interest in the Conference, especially in view of its trade with the developing countries for which it provided a large and stable market.

20. In 1961, the United Kingdom had bought more than 10 per cent of the total exports of all developing countries and 20 per cent of all exports from Africa, while no less than one third of all its exports had gone to the developing countries. It therefore provided one of the world's largest and most stable markets for the developing countries, and whether it prospered or declined depended to a significant extent on the future of its trade and aid relations with those countries and on their ability to continue to import its goods; that in turn, depended upon their ability to increase their export receipts, which was again dependent on the willingness of the United Kingdom and other countries to take more of their commodities and manufactures. Those considerations governed his delegation's approach to the Conference.

21. The Preparatory Committee had done much valuable work in clearing the ground for the Conference. His delegation hoped that the Conference would not be submerged by new ideas which had not been exhaustively examined beforehand. The Preparatory Committee had already considered many subjects and undoubtedly would consider still more during the next six months. He hoped that the Secretary-General of the Conference would provide adequate, but not excessive, documentation and would help delegations to identify the most urgent issues and those which offered the best prospects of achieving results.

22. If the Conference were held in a practical, non-political atmosphere, its chances of success would be much improved. His delegation had submitted *inter alia* to the Preparatory Committee a proposal (E/CONF.46/PC/32) that the Conference should adopt a United Nations programme based on the GATT programme of action which had been prepared by the less developed member countries of GATT. It had suggested ways in which the kind of projects included in the GATT programme of action, which had been drafted to fit the market economy countries, might be translated into terms more appropriate to the circumstances of the centrally planned economies. His delegation hoped that experts from the centrally planned economies would join in the formulation of a general United Nations programme of action.

23. His delegation's approach was based on his Government's policy of seeking a liberalization of world trade. While the removal of trade obstacles would not obviate all the trade problems of the less developed countries, it would be an important first step. Moreover, trade liberalization did not preclude other approaches, and his country's participation in international commodity agreements showed that it saw no serious conflict between trade liberalization and the organization of commodity markets.

24. What mattered more than particular solutions, however, would be the attitude adopted by the various countries taking part in the Conference. It was clearly

the responsibility of the developed countries to make an adequate response to the list of objectives contained in the joint statement made by the representatives of seventeen developing countries and contained in the Preparatory Committee's report (E/3799, para. 186). In many of the fields listed, however, action was under consideration or had already been begun. For example, the members of GATT were considering the matter of preferences for the less developed countries, the revision of the organization's structure to take full account of their interests and ways of removing obstacles to their trade. The Kennedy round of negotiations should also do much to free and develop world trade. The members of the Organization for Economic Co-operation and Development (OECD) were studying the interrelation between trade and aid policies. The International Coffee Agreement 1962, was being brought into force; discussions had begun on a cocoa agreement; and the possibility of improving outlets and consumption for other primary commodities was being examined. All that indicated a willingness on the part of the developed countries to reconsider their attitudes towards traditional methods of trade co-operation.

25. While the immediate success of the Conference might depend on what the developed countries were able to do, its success over the long term would depend on a realistic approach by the developing countries, which must concentrate on practical ideas likely to produce results susceptible of universal application. The final success of the Conference would, of course, depend on the ability of both developed and developing countries to agree on effective solutions. The Conference must be viewed as an essay in co-operation, but there was also a need for effective economic and social policies by the developing countries if the results of the Conference were to be translated, over the years, into lasting benefits. While problems would arise from the participation of countries with different economic systems, the events of the past year gave grounds for hope.

26. To sum up, the prospects for the Conference and the chances of its being successful had improved, but it should be realized that there was no magic solution to all problems. Changes in the form or in the forum in which discussions took place would produce no changes in the realities of the problems. All participants must avoid excessive or unrealistic expectations and realize that much hard work and hard thought were necessary before success could be assured.

27. In conclusion, it seemed to him that the emphasis at the forthcoming Conference on practical measures was of great potential value for the United Nations. The very magnitude of the problems facing the Conference presented an unprecedented opportunity. Those problems could be turned into forces for good, and the rising expectations of the people of the less developed countries and their ambitious plans for economic development could be a major dynamic factor in bringing about more rapid economic growth throughout the world, a more rapid increase in international trade and a closer integration of the world economy.

28. Mr. KOMIVES (Hungary) noted that the recent progress towards peaceful co-existence had favourably influenced the atmosphere at the current session. The economic aspect of peaceful co-existence was increasing economic co-operation between the three main groups of States in the world, which constituted three large economic units. That co-operation involved economic competition between socialism and capitalism

which was instrumental in accelerating the development of the world economy. The success of the policy of peaceful co-existence and the development of economic co-operation were interdependent. Because of the close interrelation between the three groups of States, economic co-operation was a necessity. Autarky would harm the country practising it and the whole world economy, whereas the strengthening of economic relations among the groups would tend to eliminate the differences between their levels of development. Current economic relations were in many respects a reflection of a bygone age in which the trend of the world economy and the international division of labour had been controlled by a small number of developed countries. The recent emergence of newly independent States and the rapid growth of world socialism had created a completely new situation requiring the establishment of a new international division of labour and the development of economic relations between all countries, on a basis of full equality and mutual benefit. As stressed in the Cairo Declaration of Developing Countries (A/5162) and at the Summit Conference of Independent African States held at Addis Ababa, to foster that process was a historic necessity; it was also one of the most important responsibilities of the United Nations.

29. Because of the lag in the growth of their exports, the share of the developing countries in world trade had dropped from less than one third in 1950 to slightly more than one fifth by the end of the last decade, while the share of the capitalist and socialist countries had increased. That alarming trend was a direct consequence of the monoculture economies of those countries, the decreasing demand for primary products and foodstuffs and the growing use of synthetic materials. In addition, the existence of closed economic groupings discouraged exports from third countries to member countries of such groupings. Although the Hungarian Government believed that every country had the sovereign right to join any grouping whose principles and practices were in conformity with the Charter of the United Nations and were not contrary to the interests of third countries, it considered that the closed groupings violated the interests of other countries. Unfortunately, there were States, more numerous than the members of closed economic groupings, which did not accord most-favoured-nation treatment. That had prompted the Hungarian Government to apply a system of double tariffs to all States which discriminated against its products. However, that was no solution and Hungary was willing to settle the problem through negotiation.

30. Between 1953 and 1960, the European socialist countries had increased their imports from developing countries at an annual rate of 23 per cent. Hungary had approximately doubled its imports from those countries between 1958 and 1962. The possibility of a further considerable increase was taken into account in the formulation of long-term plans. Despite serious obstacles, there had recently been an increase in East-West trade, proving that sound economic interests had begun to prevail. However, such trade still represented a disproportionately small fraction of world trade and the elimination of the obstacles to East-West trade would also open up vast possibilities for the expansion of world trade as a whole. His Government attached considerable importance to the forthcoming United Nations Conference on Trade and Development, which could play a considerable role in improving international economic relations. The Conference should

consider all substantial problems of international trade and devote special attention to the removal of the obstacles to the development of mutually advantageous trade between countries at different stages of economic development and with different social systems. It should provide for the establishment of an international trade organization with universal membership, to implement its decisions, and should draft a declaration of basic principles of international economic co-operation.

31. The elimination of economic under-development required international assistance, even if the decisive factor in that process should be the efforts of the developing countries themselves. Such domestic efforts were greatly restricted by the deterioration in the terms of trade and the need to service and repay loans and remit the profits on foreign private investment. There was an urgent need for a positive approach to the international flow of capital, and the United Nations and related bodies could play an important role in that connexion. Assistance to the developing countries did not account for a sufficiently high proportion of the loans granted by IMF and the International Bank. In addition, only 16 per cent of all loans from the International Bank were for industrial development. The large amount of idle capital in the Bank and the relatively high rate of interest constituted additional problems.

32. There had been progress in the activities of the Special Fund and of the Expanded Programme of Technical Assistance. However, there should be an increase in the allocations directly used for industrialization. In order to avoid duplication and unnecessary administrative expenditure, his delegation favoured a merger of the Expanded Programme and the regular programme of technical assistance. It endorsed the work of the Committee on a United Nations Capital Development Fund and was in favour of taking action in accordance with General Assembly resolution 1240 C (XIII) and of transforming the Special Fund into a capital development fund.

33. The achievement of general and complete disarmament would release immense resources for the economic advancement of the developing countries and of the whole world. The work done in the United Nations on the economic and social consequences of disarmament was very promising and a suitable start had been made by the adoption of General Assembly resolution 1837 (XVII).

34. Scientific and technical co-operation was essential in an age of unprecedented scientific and technical progress which, under proper social conditions, could result in the elimination of backwardness, poverty, disease and illiteracy. The United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Countries had made a considerable contribution and given new impetus to United Nations activities in that field. It had reaffirmed that the principal means of eliminating economic under-development was economic diversification through industrialization, achieved by national planning and the training of national technical and scientific cadres. The United Nations and the specialized agencies should increase their work on those matters. The first activities of the Centre for Industrial Development had revealed how much work was needed. Although the primary importance of industrialization was generally recognized, the United Nations had no appropriate institution to meet requirements in that

respect. That had been revealed in the report of the Advisory Committee of Experts on the Industrial Development Activities of the United Nations System (E/3781, annex VIII). In the view of the Hungarian delegation, it might be advisable pending a definite solution to establish a United Nations industrial development organization.

35. There was general recognition of the necessity and importance of planning; that had resulted in the establishment of the Economic Projections and Programming Centre as well as of similar organs and institutes within the regional economic commissions. Such work should place greater emphasis on the dissemination of planning methods and experiences. In that connexion, the experience of the socialist countries could be of interest.

36. The developing countries were making increasing efforts to eliminate illiteracy and raise cultural standards. The plan for African educational development was an example of such efforts. However, the resources of the African countries were inadequate, and bilateral and multilateral assistance was needed.

37. An important function was being fulfilled by the regional economic commissions. His delegation supported the proposals concerning the strengthening of the regional commissions; decentralization should also be actively encouraged.

38. As a member of the Council for Mutual Economic Assistance (COMECON), Hungary had achieved increases in industrial production and national income during the past year. Further advancement was being achieved through the better utilization of national resources, the co-ordination of development with that of other socialist countries and the extension of the division of labour among the socialist countries. However, that did not imply isolation, and Hungary was prepared to strengthen its economic ties with all nations, particularly the developing countries.

39. Mr. ARKADYEV (Union of Soviet Socialist Republics), exercising his right of reply, said that, when referring to the United Nations Conference on Trade and Development, the United Kingdom representative had mentioned certain points on which there was general agreement between the United Kingdom and the Soviet Union. The United Kingdom representative had also expressed the hope that the Soviet Union would show a co-operative spirit regarding the enlargement of the Economic and Social Council, but that item was on the agenda of another committee of the General Assembly and should not be discussed in the Second Committee.

40. Another point touched upon by the United Kingdom representative had been the trade relations existing between the under-developed countries and the Soviet Union. He had said that United Kingdom imports from the developing countries exceeded the quantity the Soviet Union imported from those countries. There were historical and geographical reasons for that situation, which were well known to everyone. The economy of the United Kingdom depended completely on international trade because it lacked a good many commodities and was not rich in raw materials. It still had a large colonial empire which made it necessary for it to maintain certain economic relations. The situation of the Soviet Union was quite different. It had an abundance of natural resources, exported ores and did not import raw materials. Its trade relations with other countries were therefore entirely different.

41. The United Kingdom representative had also replied to a statement which the representative of the Soviet Union had made at the 1208th plenary meeting of the General Assembly. It must be pointed out that Mr. Gromyko had merely quoted a part of a speech made by Mr. Harold Wilson, the leader of the British Labour Party. Although the representative of the United Kingdom had thought it necessary to comment on Mr. Gromyko's remarks, he had, in reality, been disputing the point made by Mr. Wilson, which was purely a domestic matter.

42. It had been stated that the under-developed countries' losses in export earnings were not greater than the aid given to them by the Western countries. However, Mr. Prebisch, the former Executive Secretary of ECLA, had recently said that the Latin American countries had lost about \$9,500 million in export receipts. No single country in Latin America could affirm that it had received a greater amount in aid than it had lost in export earnings.

43. The United Kingdom representative had appealed to the Soviet Union to join in aid programmes for under-developed countries. The Soviet Union had long been furnishing assistance to those countries. He did not wish for the moment to go into the matter of

economic assistance, which included the enormous flow of private investments. Private capital was always invested in under-developed countries for the purpose of reaping profits, not for humanitarian reasons. In any event, the Soviet Union was in favour of providing economic assistance to developing countries.

44. Mr. UNWIN (United Kingdom) pointed out that there was a large area of agreement between his position and that of the Soviet delegation. The comparisons to which the Soviet representative had referred were intended to illustrate the United Kingdom's dependence on foreign trade, not to reflect on the Soviet Union. The United Kingdom was glad to recognize the natural advantages enjoyed by the USSR and hoped that they would enable the USSR to maintain and perhaps to increase the aid to developing countries to which the Soviet representative had referred. The United Kingdom, recognizing its obligations to many of the developing countries, was doing its utmost to fulfil them.

45. The aid figures quoted by Mr. Thomas had referred to grants and loans provided by governments on a bilateral and multilateral basis; they included no element of private capital.

The meeting rose at 12.45 p.m.