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Chairman: Mr. Ismael THAJEB (Indonesia).

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

1. Mr. TATTENBACH (Costa Rica) said that the rise in commodity prices referred to by the Under-Secretary for Economic and Social Affairs (881st meeting) did not signify that the problem of primary commodity trade had been solved for the developing countries, but at least it provided a ray of hope. Mr. de Seynes' optimistic view of the United Nations Conference on Trade and Development was also gratifying. Costa Rica was particularly grateful for the assistance it had received from the Special Fund and the Expanded Programme of Technical Assistance and hoped that, with the aid of increased resources, those two programmes would continue to assist it.
2. Together with its neighbours, Costa Rica was continuing its efforts to further Central American economic integration. For his country, such integration was the main gateway to industrialization. Without industrialization, it could not solve its growing unemployment and foreign exchange problems. Costa Rica had played its full part in the preparation and ratification of the Central American integration instruments. It was also making every effort to liberalize its trade by eliminating customs barriers and substituting for them other duties such as taxes on consumption.
3. Experience had shown that integration plans could not be confined to the equalization of customs duties and the granting of fiscal incentives to new industries. Consideration must also be given to the co-ordination of monetary, credit and banking systems. Economic integration could not remain static but must be considered as a dynamic process requiring legislative as well as political adjustments. Costa Rica was prepared to make such adjustments even if they involved changes in its basic structure and its Constitution. Economic development required the participation of all sectors of the population and the revision of many ideas, including that of absolute national sovereignty.
4. While Costa Rica was prepared to make the necessary sacrifices in the interests of its development, it nevertheless required considerable support from the developed countries. At the moment, some of those countries were spending too much on military and not enough on economic aid. It had been observed recently that the Government of the country which was most concerned with the development of weaker nations had spent only slightly more than 4 per cent of its general budget on foreign aid. Of that 4 per cent, a large proportion had gone to military projects. However, the generosity and idealism of that country was such that his delegation was optimistic about the future. He hoped that the other advanced countries would continue to increase their development aid in spite of opposition from their taxpayers. In the modern world, frontiers were disappearing. Countries which helped others were really helping themselves. For two years, the Federal Republic of Germany had maintained a special ministry for economic co-operation, an encouraging development which might well be copied by other States.
5. While encouraging its incipient industry, Costa Rica must continue to devote particular attention to its traditional activity, agriculture. With its high rate of population growth, it was faced with a growing problem of unemployment in the farm sector brought about by mechanization. In the long run, the solution of the unemployment problem would lie in the establishment of large industrial enterprises, but during the transition period Costa Rica was embarking seriously on a programme of land reform, for which purpose it had established in 1962 an institute of land and settlement.
6. In the United Nations there had been much talk of land reform but unfortunately the problems involved had not been sufficiently analysed. The main difficulty was lack of resources. His delegation had therefore proposed the inclusion of a new item in the agenda of the General Assembly entitled "Means of promoting agrarian reform" (A/5481 and Add.1 and Add.1/Corr.1). When that item was discussed in detail by the Second Committee, his delegation intended to propose that the United Nations should allocate funds to developing countries to enable them to acquire land or pay compensation for the expropriation of land. The aim of the proposal was to ensure the effective implementation of land reform programmes under the law. The idea already appeared to have enlisted the support of the Colombian and Peruvian delegations.
7. Among the problems facing Costa Rican agriculture, that of primary-commodity markets was of vital importance. The fluctuating prices of coffee, cacao, milk and its derivatives gave grounds for serious concern. One of the main objectives of the United Nations Conference on Trade and Development would be to continue efforts towards the establishment of fair and stable prices for primary commodities and to work out an over-all plan for trade in them. His delegation welcomed the extension of the International Sugar Agreement and the adoption of the International Coffee Agreement.
8. One of the greatest drawbacks to development was lack of education. Costa Rica realized the importance of that problem which brought out the close relationship between economic and social development. It had set up a Central American institute for cultural exten-

sion for the purpose of bringing to the masses, by all modern means, the knowledge that was the necessary basis for all development. At a future stage, his country might seek the support of the Committee for a plan to improve basic education in the developing countries.

9. Mr. BINGHAM (United States of America) noted that one of the most important of the many useful decisions taken at the thirty-sixth session of the Economic and Social Council was the adoption of resolution 974 C (XXXVI) on the enlargement of the Council in order that it might "remain the effective and representative organ envisaged in Chapters IX and X of the Charter". Such a step was long overdue and he hoped that the General Assembly would take appropriate action.

10. Another important decision of the Council had been to establish an advisory committee of fifteen to provide an effective follow-up for the work so impressively commenced by the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas. It was to be hoped that that committee would work closely with the Sub-Committee on Science and Technology set up by the Administrative Committee on Co-ordination and that, as a result of the work of those bodies, the United Nations family and its member States would expand their activities in that field. It was important to ensure the dissemination of scientific and technical information in the developing countries to those who needed it and could use it after its adaptation to local conditions. That was essentially a matter for the developing countries themselves, although many Governments and private institutions including those of his own country, were prepared to help. Encouragement should be given to the search for scientific advances which might be of particular importance for the developing countries. The United States Government was continuing to give whole-hearted support to the establishment, in developing countries, of national and regional research and training institutions concerned with science and technology. The Special Fund, which was well suited to assist in such projects, should play an increasingly important role in that connexion.

11. The General Assembly should endorse Council resolution 982 (XXXVI) on the economic and social consequences of disarmament, which had been unanimously adopted. The earnest desire of the Government and people of the United States for effective disarmament was well known. His country had been encouraged to intensify its efforts in that respect by the recent Treaty banning nuclear weapon tests in the atmosphere, in outer space and under water, which had created a new atmosphere of hope and optimism.

12. Another constructive action of the Council had been its endorsement, in resolution 985 (XXXVI), of the Secretary-General's plan for a United Nations training and research institute. He hoped that such organizations as foundations and trade unions would see in the proposed institute an opportunity to contribute to the strengthening of the international organizations upon which the world's future so greatly depended and that the General Assembly would unanimously adopt the resolution submitted to it by the Council [resolution 985 (XXXVI), para. 4].

13. In the Council's debates on economic subjects, great importance had been attached to trade and development. In recent years, there had been an in-

creasing realization of the vital importance of increasing the developing countries' export earnings. The year 1964 promised to be one of unprecedented activity in the search for ways and means of achieving that aim. Added impetus to the search would be provided by the GATT negotiations to be held in May 1964, which could result in a substantial widening of the markets in the developed countries for the foodstuffs, raw materials and manufactures of the developing nations. Since the developing countries would benefit substantially from the proposed across-the-board reductions in tariffs, they would no doubt wish to follow closely and participate, as appropriate, in the preparations and actual negotiations.

14. The trade problems of the developing countries would also be the focal point of the United Nations Conference on Trade and Development. As urged by the Council in resolution 963 (XXXVI), it was essential for Governments to prepare for the Conference by devoting critical, imaginative and realistic study to the issues to be discussed, in the light of their own particular problems. The United States Government was approaching the Conference with an earnest desire to promote the solution of the various trade problems hampering the progress of the developing countries. It fully supported those countries' desire for an assurance of growing markets and improved and stable prices for their primary exports. It was prepared to review existing programmes and explore suggestions for dealing with those problems. It also recognized the need for developing countries to expand their exports of manufactured goods and was prepared to consider most carefully proposals for a constructive approach to that problem. The Conference should also consider how to promote greater regional integration among developing countries, so as to foster the development of industries able to compete effectively for export markets.

15. Certain illusions existed regarding the attitude of the Governments of the United States and of other developed countries towards the Conference. The first was that the developed countries were not interested in helping the developing countries to increase their production and exports of manufactured goods. Nothing could be further from the truth. The developed countries knew that it was in their interest to encourage the growth of vigorous and prosperous economies, which would not only be an assurance of world peace, but would also create potential markets for their products, and that industrial development must be part of that growth. The second illusion was that the developing countries had to fight for a new principle whereby they would not have to grant full reciprocity in trade negotiations with developed countries. In practice, the principle of full reciprocity had not been applied for more than a decade, as had been reconfirmed at recent ministerial meetings of GATT. At the 1963 meeting, the ministers had included in the principles for the 1964 tariff negotiations a specific directive to reduce barriers to the developing countries' exports without requiring reciprocity. A third illusion was that GATT was not concerned with the trade problems of the developing countries. In fact, the last two ministerial meetings of GATT had devoted very particular attention to those problems and had issued declarations which had much in common with the ideas expressed in the important joint statement by representatives of developing countries submitted to the Preparatory Committee of the United Nations Conference on Trade and Development and reproduced in the report of the

Committee on its second session (E/3799, para. 186). The new GATT programme of action—which had been examined at the ministerial meeting of the contracting parties in May 1963 and which was to be implemented by the Action Committee composed of thirty-two members, including several from the developing countries—contained many positive measures for aiding less developed countries. Furthermore, GATT was concerned not merely with the enunciation of principles but with specific action by Governments.

16. The United States Government had ratified the International Coffee Agreement and was participating actively in the current cocoa agreement negotiations. The United States levied no duties on raw cacao and would be prepared to implement an agreement calling for the removal or reduction of duties on semi-processed cacao. In addition, the United States was a member of almost every consultative or study group concerned with improving primary commodity markets. It already admitted most tropical products duty-free or at low rates of duty. It was preparing to make the fullest possible use of the Trade Expansion Act of 1962 in order to negotiate with other members of GATT agreements whereby increasing numbers of tropical commodities would be exempt from duty. The United States would also welcome action on the part of State-trading countries to increase their imports of tropical products.

17. The efforts made in GATT and parallel efforts that would be made at the United Nations Conference on Trade and Development offered promise of major increases in the trade earnings of the developing countries and would help to achieve the objectives of the United Nations Development Decade.

18. A striking aspect of United Nations technical assistance programmes was the increasingly high quality of the personnel employed. It was gratifying to note the degree to which the operations of the Special Fund had accelerated. Perhaps most impressive of all was the estimate made by the Managing Director of the Special Fund in his statement before the Committee (882nd meeting) that five of the projects completed so far, at a total cost of under \$3 million, had resulted in \$400 million of capital investment. It was to be hoped that the investment of capital consequent on Special Fund pre-investment activity and the welcome increase in the Fund's industrial activities would continue. In that connexion, he supported the suggestion made by the delegation of the Philippines in the Committee for Industrial Development and subsequently discussed by the Governing Council of the Fund that, when recipient Governments so requested, the cost of feasibility surveys should be shared with private entrepreneurs who would reimburse the Fund if the enterprise proceeded to invest. In addition, there should be a more active use of preparatory allocations to provide assistance to Governments in preparing proposals in the industrial field. It was disappointing, as the Secretary-General had noted, that the target of \$100 million for contributions to the Special Fund had not been reached; that situation should be remedied at the forthcoming pledging conference. His delegation supported Council resolution 964 (XXXVI) on the enlargement of the membership of the Governing Council of the Special Fund.

19. It was encouraging to note the improvement in the financial situation and efficiency of the Expanded Programme, which was playing an important part in

the Development Decade. The improved efficiency was due to the work of the Headquarters and field staff of TAB and of the participating organizations, as well as to the more careful selection by Governments of projects increasingly linked with national economic development plans. Council resolution 951 (XXXVI) authorized the use of Expanded Programme funds for the provision of operational personnel, at the request of Governments. In his delegation's view, if Governments believe that programmes of that type could appreciably further their own development efforts and if the programmes were designed to provide training for those who would eventually take over the functions concerned, the Expanded Programme could properly provide some of the resources needed.

20. The General Assembly should approve the continuation of the United Nations regular programme of technical assistance at a level of \$6.4 million, as recommended by TAC and the Economic and Social Council, and as proposed by the Secretary-General for the year 1964. The programmes were among the most vital activities of the United Nations and merited full support. The recommended flexibility, whereby funds could be transferred within the regular programme, would make the programme even more responsive to the needs of the developing countries. All net donor countries should be urged to make their contributions in convertible currencies, which were needed to pay for experts, equipment and supplies from the developing countries and to finance fellowships and seminars there. His delegation hoped that the Soviet Union would reconsider its recent decision to contribute to the regular programme only in non-convertible currency, a decision which represented a complete departure from past practice and long-established regulations relating to the regular budget.

21. Despite the steps already taken, the United States was far from satisfied with the results achieved to date in the implementation of General Assembly resolution 1710 (XVI) on the United Nations Development Decade. However, there had been tremendous progress, both in the flow of capital and of technical assistance to the developing countries and in the adoption of a new approach to development problems. As pointed out by the Secretary-General in his study entitled International Flow of Long-term Capital and Official Donations, 1959-1961 (A/5195/Rev.1), the flow of public and private capital to the developing countries had more than doubled in the past decade. Despite balance-of-payments problems, the United States had provided almost two thirds of the capital flowing into the thirty-five developing countries for which data had been available. International institutions had been playing an increasingly important role in the provision of aid to the developing areas. The proposed increase of \$750 million in the resources of IDA would enable that body to continue to provide credits on the most liberal terms. In addition, the membership of the International Bank was constantly growing.

22. Other recent developments of importance had been the growth of regional co-operation and the expansion of the role of the regional economic commissions. With Special Fund assistance, development institutes were being established. The United States Government welcomed the decision to establish an African development bank and would consider providing technical assistance, to help in the establishment and operation of the bank, and granting loans, preferably in the form of participation in specific projects, when the bank was in operation.

23. In Latin America, the United States was involved in a major co-operative effort—the Alliance for Progress. The aim of the Alliance was nothing less than a peaceful revolution, and considerable progress had been made in the enactment of basic reforms. Among those changes was land reform, and the participating countries realized that land reform was a complex and difficult problem, involving far more than mere redistribution. The Alliance was essentially international in character; a notable contribution to its success was being made by the Inter-American Development Bank. In order to assist participating Governments in the preparation of sound development plans within the scope of the programme, a committee of nine experts had been established, and tripartite teams, representing the Inter-American Development Bank, the Organization of American States and ECLA had been working in several countries. Although growth rates were uneven among the participating countries, the national income in the Latin American countries had risen in 1961 and 1962 by more than 5 per cent, the target established for the Development Decade. The United States was taking a close interest in the trend towards Latin American and Central American economic integration.

24. Two new forms of assistance had emerged in the last decade. One had been the use of food in the campaign against poverty, disease and economic stagnation. In the United States Food for Peace Program, the food reserves shipped overseas had been used not only to feed the hungry but also to make a substantial contribution to economic development by providing sources of badly needed local currency. In addition, the United States had been one of the initiators of the World Food Programme. The Council, in its report (A/5503), expressed satisfaction with the progress made under the Programme but regretted that it had not yet reached its financial target, particularly as regards the necessary supplementary cash contributions. Another new form of activity in economic and social development was the Peace Corps, the success of which was indicated by the heartening flow of requests for more volunteers.

25. With regard to the important field of industrial development, Mr. George D. Woods, the President of the International Bank, had stressed, in his recent statement at the annual meeting of IMF and the Bank, that the latter should make its assistance to industry more versatile and had suggested the possibility of financing industries new to a particular country and imports of individual pieces of equipment, components and spare parts. Mr. Woods had also suggested that the Bank should use some of its resources to provide new kinds of assistance to agriculture and education. Those ventures would provide new opportunities for collaborating with other United Nations bodies. Industrialization should be accompanied by an awareness of the need to conserve the common heritage of the world's resources. The developing countries should therefore include sound conservation practices in their development programmes.

26. The international community had an increasingly important role to play in the extension of the benefits of civilization to all mankind. Much had been accomplished but more was needed to make the future ever more fruitful.

27. Mr. TETTAMANTI (Argentina) stressed that past failures should only encourage delegations to explore with renewed enthusiasm the new opportunity offered

by the signing of the Moscow Treaty. But, while the treaty was an advance towards a world of peace and security, that world could not become a reality as long as the majority of peoples lived in poverty and backwardness.

28. The main obstacle to development was the international trade position of the primary-producing countries. The prices of primary products fluctuated more widely than those of manufactured products and showed a long-term tendency to decline. While the exports of the primary-producing countries had grown in volume in the 1950's, the fall in prices had wiped out that increase. Although Mr. de Seynes had pointed to some improvement in the situation over the past year, it must be recognized that the new trend could not be considered the result of long-term factors. Since the developing countries must begin to export manufactures in order to achieve a sustained rate of growth, it was logical that the problems of international trade should be considered as fundamental to the United Nations Development Decade.

29. Projections showed that unless present tendencies were changed, the under-developed countries would have tremendous deficits in their balances of payments by 1970. To prevent that, some strategic variables must be changed through energetic national and international action. First, action must be taken primarily by the industrialized countries, because almost three quarters of the exports of the developing countries went to the markets of the industrialized countries. Secondly, the exports of the developing countries should not be limited to primary commodities. Thirdly, those countries must be assured of remunerative and stable prices for their primary commodities. Fourthly, they must be guaranteed free access to international markets. Fifthly, regional economic groupings of industrialized countries should refrain from protectionist and discriminatory policies. Sixthly, the developing countries must seek other markets. Seventhly, the international bodies must be strong enough to put the new trade principles into practice and to provide advisory services.

30. Far too many hopes had been placed in the United Nations Conference on Trade and Development for it to fail. The Committee should try to create a favourable psychological atmosphere in order to increase the Conference's chances of success; that was all the more important since the industrialized countries had not adopted an outstandingly co-operative attitude. The aim of the Conference was not to discuss theoretical questions but to adopt practical measures and undertakings. In that regard, one very positive step was already open to the Committee: to endorse the joint declaration by the representatives of seventeen developing countries, including Argentina (E/3799, para. 186). It would also be extremely helpful if all Member States solemnly undertook to do their utmost to ensure the Conference's success.

31. The second problem was planning. Economic growth implied striving towards higher levels of production with which to earn more income, but the process involved a real risk unless it was carried out in an orderly manner and adequate targets were set. Economic planning was therefore essential for all States, but particularly for those whose obsolete production systems prevented them from taking full advantage of the better life which human ingenuity had made possible.

32. While trade was the most promising path to economic and social progress, the real motive force lay within the developing countries themselves. National effort was the key to development, but to be effective, it must be planned. The importance of planning lay in the fact that it enabled the State to bring all economic, political and social factors affecting development into play simultaneously and harmoniously.

33. First, planning required a spirit of order and national enterprise; only nations imbued with a clearly felt national consciousness were capable of overcoming the resistance of vested interests and of opening the doors to progress. Secondly, there could be no single formula for hastening the transition of traditional economies into modern economies: each country must be free to choose the formula which it found most adapted to its own circumstances. Planning did not mean State control or measures imposed and carried into effect by State intervention. The role of the State lay rather in providing the data needed to guide all forces engaged in the economic process in the direction of set objectives. Neither did planning mean bureaucracy, for it should conciliate individual interests with those of the community and must respect human liberty. Finally, a clear distinction should be made between the stage of preparation and the stage of execution.

34. The third main aspect of development was industrialization. To be effective, development must be based on the simultaneous operation of all the main sectors of economic and social activity, but at the same time, it must be accepted as a pragmatic conclusion that planning, in the final analysis, implied industrialization. Moreover, while industrialization could not be effective unless, at the same time, there was development in all the other economic and social sectors, it was nevertheless true that, without it, modernization of the under-developed economies was inconceivable. In that sense, the controversy between agriculture and industry could be regarded as definitively settled and, in any event, the non-agricultural sector must expand to absorb surplus manpower if per caput income was to increase.

35. In the final analysis, industrialization was merely a synonym for diversification. In countries with an over-populated agricultural sector and in countries, like Argentina, with a relative abundance of fertile land and a shortage of population, it was necessary, in order to increase productivity in the agricultural sector, to create a technological base and a support industry so as to absorb surplus manpower and create an expanding market for industrial products. Most frequently, a country—barring special circumstances—began by establishing a light industry for the production of consumer goods, but industrialization could not progress rapidly in the absence of the necessary infra-structural investment and basic industries.

36. The gravity and importance of the problems facing the under-developed countries in the matter of industrialization required effective international co-operation. As the Advisory Committee of Experts on the Industrial Development Activities of the United Nations System had pointed out in its report (E/3781, annex VIII), the resources devoted to work in the field of industrial development were notably inadequate. Those limitations became even more obvious when they were compared with the action taken by the United Nations in other fields. The Advisory Committee's

work had demonstrated a clear need for further action to tackle the vast and complex objectives of the Development Decade, which aimed at an over-all annual increase of 5 per cent in the developing countries.

37. His delegation considered that the Advisory Committee's proposal for the establishment of a United Nations industrial development organization was not enough to attain the desired objective. The Advisory Committee had rejected the idea of establishing a specialized agency, believing that such an agency would require much time to start operating, might make less advantageous use of the resources available than other institutions and services already in existence, and might make co-ordination even more difficult. His delegation disagreed with all those arguments. First, if there was a genuine desire to launch the new specialized agency, it could start functioning within a year. Secondly, existing services were obviously inadequate and it was precisely because of their inadequacy that the need had arisen to investigate other possibilities. The arguments that duplication and complications might arise in the matter of co-ordination were of secondary importance in relation to the proposed objectives. If a new agency was established, other organizations would surrender some of their functions to it. It should not be forgotten that many agencies were at present dealing with industrialization but none of them very effectively.

38. With regard to the international division of labour, he pointed out that the industrialization of the developing countries presupposed their access to international markets. The future system of international trade should be more complex than a mere exchange of primary commodities for manufactured goods. Despite the United States representative's statement, there was still a long way to go before an adequate international division of labour was in fact achieved. The experience of recent years showed that international trade was expanded most between countries trading in industrial products. The more advanced countries therefore must accelerate the process of transferring technical and scientific knowledge for the purpose of promoting the industrialization of the less developed countries, and make the corresponding readjustments in their industries in order to adapt them to the new realities of international trade.

39. The United Nations Conference on Trade and Development must adopt practical measures in order to facilitate that development. One such measure could be to modify the concept of reciprocity and trade relations between countries at different stages of development, so that preferential treatment could be granted to the less developed countries.

40. Another aspect of great importance to industrialization was economic integration. A sound industrial system necessitated a high level of demand, but a large population was unfortunately not always synonymous with a large market. Priority should therefore be given to the possibilities offered by economic integration, already under way in Latin America, thanks especially to the Latin American Free Trade Association.

41. Scarcity of capital was a major obstacle to economic development. In the long run, the capital needs of the developing countries must be met by the more intensive use of internal factors, such as national savings, and by the optimum utilization of national resources. Foreign capital, while marginal, was

indispensable to start off development, and it was the responsibility of the developed countries to provide it. Financial assistance was one of the most powerful means of promoting the exports of the developed countries. The determining factor in national growth was, however, the flow of public capital, and in that connexion it was disheartening to read in the introduction to the Secretary-General's annual report (A/5501/Add.1) that perhaps only one or two of the industrial countries were as yet devoting even one half of the proposed 1 per cent of their national income to development in the developing countries. The most direct objective of financial assistance was to bridge the gap between the need for capital to maintain a self-sustaining process of economic growth and national capacity for savings and investment.

42. Current financial assistance was inadequate, not only in volume, but also because of the terms on which it was given. The restriction that bilateral funds could be used only for the purchase of goods from the donor countries was another impediment. Despite the efforts of the International Bank and its subsidiaries, only a small portion of the international funds for development was channelled through multilateral organizations. That fact had led to the idea of establishing a United Nations capital development fund, which Argentina enthusiastically supported. In that connexion, his delegation supported the suggestion put forward by the Brazilian delegation at the Council's thirty-sixth session that a standing committee of the Council should be established to study the flow of capital to the developing countries and their capital requirements. Steady economic progress called for steady technical progress, and international co-operation in that field should be intensified. The habit of inquiry and innovation must take root in the developing countries if self-sustaining development was to be achieved.

43. A new prospect of progress in disarmament had arisen. It would be foolish to be unduly optimistic in that regard, but he hoped that the great Powers would reach an agreement whereby the funds now wasted on military preparations could be used for purposes of far greater value to mankind.

44. Mr. FERNANDO (Ceylon) said that although, as Mr. de Seynes had pointed out, certain economic indicators, including commodity prices, had shown a welcome improvement during the last quarter of 1962 and the early months of 1963, economic development over the past decade did not present a satisfactory picture. It was evident from the reports of the Council and its subsidiary bodies that the situation with regard to the developing countries was particularly disconcerting. For example, those countries' share in total world trade had been progressively declining, while that of the industrially advanced countries had been increasing in recent years. One of the outstanding characteristics of the past decade was the slow long-term growth of demand for the primary exports of the developing countries, accompanied by a progressive deterioration in their terms of trade. The average price for the primary exports of the developing countries had been even lower in 1962 than in 1961; however, the demand for imports in those countries had been steadily increasing and had placed severe strains on their balance of payments and meagre foreign reserves. In many countries, the failure of export earnings to match rising import demands had resulted in scarcities leading to inflationary pressures. That in turn had led to a curtailment of development pro-

grammes which would make it more difficult to achieve the goals of the United Nations Development Decade. The question must be asked, moreover, whether the growth rate target of 5 per cent to be achieved at the end of the Development Decade was not too modest a figure in view of the magnitude of the problems involved, and since, as part I of the World Economic Survey, 1962 (E/3774) showed, the developing countries had, in fact, attained an average growth rate of 4.65 per cent over the previous decade. A much higher target should be established if those countries were to raise the living levels of their expanding populations and provide employment for a rapidly increasing labour force.

45. The problems of foreign trade were inextricably linked with the problems of development, and the pace of economic growth depended largely on the extent to which they were solved. The developing countries were making very serious efforts to solve those problems, but it was not easy for them to make rapid structural changes in exports which were affected by a stagnant or declining long-term demand, because, among other factors, they lacked the essential dynamism and the capacity for rapid adjustment which the industrially advanced countries possessed. It was therefore the responsibility of the developed countries, which benefited directly from the low prices of the developing countries' primary exports, to help solve the problem. One of the most effective ways in which they could help was to increase substantially their supply of capital to the developing countries. The importance of providing development capital on generous terms in respect of interest and repayment was emphasized by the fact that one of the most pressing problems currently confronting the recipient countries was the increasing burden of servicing their external debts in the face of stagnant or declining earnings.

46. It was essential to adopt effective measures and, where necessary, to establish, for foreign trade, new institutional machinery which would ensure the expansion of the developing countries' trade in primary commodities and the semi-processed and manufactured products of their nascent industries. His Government appreciated the efforts made by the Council and its subsidiary bodies to promote the study of commodity problems and would welcome any international measures for the vigorous and comprehensive organization of commodity markets on a world-wide basis, with the object of securing stable, equitable and remunerative prices for primary commodities.

47. GATT was currently the most important instrument for solving international trade problems, but despite its commendable efforts, considerable obstacles to the trade of the developing countries still remained in many developed countries. For example, notwithstanding the obligations under the General Agreement to refrain from imposing quantitative import restrictions except for balance-of-payment reasons, many developed countries which had a sound balance of payments continued to maintain such restrictions against the exports of developing countries. While raw materials were generally admitted free of duty in order to encourage their processing within the developed countries, restrictive tariffs operated against exports from the developing countries of materials in processed or semi-processed forms. Yet the processing of traditional raw materials was often the first step in the development programmes of those countries.

48. The recent formation of regional economic groupings in Western Europe tended to weaken the principles underlying GATT. It might be possible to take advantage of the weakening of those principles, hitherto regarded as more or less sacrosanct, to find ways and means of promoting the trade of the developing countries. For example, the industrially advanced countries might consider applying preferential tariffs to the products of the newly established industries of the developing countries.

49. His delegation was especially gratified to note that the question of compensatory financing for export fluctuations had been included in the provisional agenda of the forthcoming United Nations Conference on Trade and Development. The new financing facility provided by IMF did not offer a completely satisfactory answer to the problem.

50. The Economic Projections and Programming Centre was doing commendable work and the studies it had undertaken on the planning experiences of both the centrally planned and the private-enterprise economies could be of considerable value to the developing countries in formulating their development plans.

51. His Government attached great importance to the United Nations activities in the promotion of industrial development. Those activities should be intensified, and any measures designed to expand the centre for Industrial Development were welcome.

52. It was regrettable that the net flow of long-term capital to the developing countries had apparently failed to reach the modest target, set by General Assembly resolution 1522 (XV), of 1 per cent of the combined national incomes of the economically advanced countries. He hoped that the target specified would be exceeded in view of the partial nuclear test ban treaty signed at Moscow in August 1963, the avowed desire of the great Powers to hasten plans for progressive disarmament, and the possibility that the cost of the moon project would be shared.

53. His delegation was not satisfied with the progress that had been made towards the establishment of a United Nations capital development fund, a proposal which had received the general support of the developing countries. According to the latest report (A/5536) of the Committee on a United Nations Capital Development Fund, a substantial majority of its members had recommended to the General Assembly that the Secretary-General should make a study of practical steps to transform the Special Fund into a capital development

fund in such a way as to include both pre-investment and investment activities. It had also been recommended that the study should be submitted for consideration to the United Nations Conference on Trade and Development, to the Council at its thirty-seventh session and to the General Assembly at its nineteenth session. He emphasized that any arrangement, whether institutional or otherwise, would have to meet all the requirements so consistently stressed by the developing countries.

54. The conversion to peaceful needs of the resources released by disarmament had acquired new significance with the recent signing of the Moscow Treaty. His delegation endorsed the steps being taken by the United Nations and its specialized agencies to keep under continuing study and review problems relating to the economic and social consequences of disarmament as they affected both the militarily strong nations and the developing countries. It also supported the request addressed by the Council in resolution 982 (XXXVI) to the Secretary-General, asking him to make a survey of the possibilities for undertaking an international study of the problems that might arise in relation to those primary commodities for which the demand would be significantly affected by disarmament.

55. His delegation further endorsed the broad lines of the plan set forth in the Secretary-General's note on the establishment of a United Nations training and research institute (E/3780). Such an institute, established in accordance with the objectives of General Assembly resolution 1827 (XVII) and along the lines indicated in the Secretary-General's proposal, would be of great value in training personnel for national service and service with the United Nations. It therefore supported the Council's recommendation that the Secretary-General should be authorized by the General Assembly to pursue that project.

56. The reports of the Governing Council of the Special Fund on its ninth and tenth sessions (E/3717, E/3789) showed, he was glad to note, that the Fund had appreciably increased its activities over the past year. Greater emphasis should, however, be placed on its pre-investment assistance with regard to industrial development. He stressed the importance of utilizing the considerable cash balances available in the Fund to the maximum extent and with the maximum speed consistent with sound financial policy.

The meeting rose at 5.50 p.m.