

United Nations GENERAL ASSEMBLY

SIXTEENTH SESSION

Official Records



SECOND COMMITTEE, 729th
MEETING

Monday, 23 October 1961,
at 12 noon

NEW YORK

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AGENDA ITEMS 12, 28, 29 AND 30

Report of the Economic and Social Council (chapters II, IV, V (sections II-V), VI (paragraph 489) and VIII (paragraphs 650 and 651)) (A/4820 and Corr.2, A/4911) (continued)

Economic development of under-developed countries (A/4820 and Corr.2) (continued):

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Questions relating to international trade and commodities (A/4820 and Corr.2, E/3452/Rev.1, E/3466, E/3468, E/3486, E/3497) (continued):

(a) **Strengthening and development of the world market and improvement of the trade conditions of the economically less developed countries: report of the Economic and Social Council (A/4885, E/3519, E/3520 and Add.1, E/3530);**

(b) **Improvement of the terms of trade between the industrial and the under-developed countries: report of the Economic and Social Council**

Questions relating to science and technology (A/4820 and Corr.2) (continued):

(a) **Development of scientific and technical co-operation and exchange of experience: report of the Secretary-General (A/4904, E/3515);**

(b) **Main trends of inquiry in the natural sciences, dissemination of scientific knowledge and application of such knowledge for peaceful ends: report of the Economic and Social Council (A/4898)**

GENERAL DEBATE (continued)

1. Miss SALT (United Kingdom) said that the statement quoted by the representative of Iraq (728th meeting) had been made by a member of the Opposition in the House of Lords and that it was therefore normal that it should contain criticisms of government policy. It was undesirable to introduce quotations from debates in national legislatures into debates in the United Nations, which was a forum for inter-governmental discussion. Any quotations should be from authoritative statements by government spokesmen. The Iraqi representative's views on Kuwait were not shared by other Governments, as was illustrated by the fact that Kuwait had been admitted unanimously to the principal specialized agencies and had participated in the United Nations Pledging Conference on the Expanded Programme of Technical Assistance and the Special Fund. The political aspects of the question did not concern the Committee. She hoped that a member of a Kuwait delegation would be able in due course to explain the economic policy of its Government. The large sums received by the Kuwait Government from the oil industry could hardly be called exploitation and if that

Government prudently decided to invest part of those funds, that was its own concern. The upshot was that profits and dividends flowed from the United Kingdom to an under-developed country, which was precisely what all concerned with economic development were trying to achieve. The description of neo-colonialism as "a myth" was, as far as her country was concerned, fully justified by the facts.

2. Mr. VEJAJIVA (Thailand) said that, although world tension continued to paralyse international co-operation and to waste enormous resources which could otherwise be used to fulfil mankind's rising expectations, there were encouraging indications of economic growth in the United States, Western Europe and Japan, as well as in the Soviet Union and its partner countries. On the whole, however, it could not be said that similar progress was being made in the under-developed areas, for the fundamental obstacles which continued to impede the development of those regions required a more determined international effort than had yet been put forward.

3. In his own country, agricultural output had increased by over 30 per cent since 1959, and many new industries had been launched. The country's gold and foreign exchange reserves had increased from \$346 million in December 1960 to \$388 million in June 1961. The baht value had improved over the past three years. However, the wholesale price and cost-of-living indices had risen as compared with 1960. In the first half of 1961, exports had risen by 18 per cent and imports by 5 per cent. It was to be expected that exports in the second half would not rise as much as the first half, while the upward trend in imports noted during the first half of the year 1961 was likely to continue, owing to increased purchases of the capital goods which were essential to the country's economic development.

4. As Thailand's export earnings were derived principally from the sale of primary commodities, it was still concerned with the problem of undue fluctuations in commodity prices which continued to be vulnerable to outside market conditions, and to hope that international measures, such as long-term bilateral and multilateral purchase and sale contracts, the reduction of subsidies for commodity exports and the moderation of agricultural protectionist policies, would be taken. In that connexion, his delegation endorsed resolution 846 (XXXII) adopted by the Economic and Social Council at its thirty-second session calling on Member States, and particularly the industrialized countries, to pursue national and regional agricultural policies which would encourage an expansion of world trade in agricultural products.

5. His Government also wholeheartedly supported the use of international agreements to deal with fluctuations in commodity prices and was of the view that such agreements would make a real contribution to the solution of the problems arising in international trade if only the Governments of both producing and consuming countries were willing to participate. In that connexion, his delegation welcomed the recent statement by the United States Secretary of the Treasury that the United States was ready to co-operate in seeking workable solutions for commodity problems and in the activities of the various international bodies in that field. Nevertheless, it was widely recognized that progress in concluding international commodity agreements had not been as rapid as expected and that, as was pointed out in the report by the group of experts

appointed by the Secretary-General (E/3447), such agreements were not likely quickly to make any comprehensive contribution to commodity price stability. His delegation therefore considered that the suggestions concerning compensatory financing for commodity price fluctuations made by the group of experts should be further examined, and hoped that the Commission on International Commodity Trade, at its next session, would be able to make specific recommendations in that respect. The joint session of the Commission and the FAO Committee on Commodity Problems to be held in 1962 would also permit further progress in the study of commodity trade problems.

6. Thailand had embarked on its first six-year plan for economic and social development covering the period 1961-1966, which envisaged an increase in the annual rate of growth of gross national product to 5 per cent from the present 4 per cent, and of per caput income from the present 2 per cent to at least 3 per cent per annum. During the first half of the plan, his Government intended to concentrate on development of basic infra-structure, and emphasis was placed on diversification of economy, promotion of private industry, optimum utilization of natural resources, achievement of equilibrium in foreign trade and stabilization of baht value. The plan called for an annual increase in budget expenditure by \$24 million, and the economic development expenditure would be raised from 19.5 per cent in 1961 to 28.7 per cent in 1966. His Government was fully conscious of its duty towards its own people and Thailand realized that it must depend mainly on its own efforts in order to advance towards economic prosperity. It was, however, clearly apparent that the country would be unable to carry out its six-year plan without considerable technical and financial assistance from abroad in the form of both grants and loans. Although, as the Secretary-General had pointed out in his analysis of world economic trends at the thirty-second session of the Economic and Social Council, an annual contribution of 1 per cent of the national product of industrial nations for financial assistance to developing countries was now generally recognized as desirable and necessary, the report on the international flow of long-term capital and official donations, 1951-1959 (A/4906) showed that the net flow from the industrial countries to the rest of the world represented 0.8 per cent of their aggregate income. His delegation considered that the industrial nations should assume a greater degree of responsibility towards the under-developed countries. It remained firmly convinced also of the need for a United Nations capital development fund. In that connexion, it regretted that the Committee on a United Nations Capital Development Fund had been unable to submit draft legislation governing the establishment of the fund to the General Assembly at its current session, and hoped that such legislation would be placed before the Second Committee in 1962.

7. The Committee for Industrial Development deserved congratulations on the progress it had made at its first session, and he strongly supported the establishment of the Industrial Development Centre. He had also been pleased to note the progress made towards ensuring greater participation of the regional economic commissions in the execution of economic and social operational projects, and hoped that the resolutions on decentralization and the strengthening of the regional commissions would be fully implemented in the very near future. In that connexion, he commended the work of ECAFE. During the past year, the Commission had

played an increasingly important and fruitful role in evolving programmes for concerted action in support of economic and social development. Regional projects such as the investigations of the lower Mekong basin and the proposed network of Asian highways were of great importance to the development of the region. The Commission's various programmes of studies, seminars and conferences, especially in the field of economic development planning, had proved to be very useful to the under-developed countries in the region. One of the serious obstacles to the formulation and implementation of economic development programmes by the under-developed countries of the region was the shortage of economists and trained personnel. His delegation had therefore been pleased to learn that the Conference of Asian Economic Planners had recently agreed to recommend to ECAFE the establishment within the region of an Asian institute which would provide practical and theoretical training in economic and social planning for government personnel.

8. Although the under-developed countries of Asia realized that the formation in that region of a free trade area or common market on the Western European model would be immensely difficult, they nevertheless believed that intra-regional trade co-operation should be encouraged. The ECAFE Committee on Trade had indicated possibilities for regional and sub-regional co-operation in the stabilization of primary commodity prices, market research, standardization of products, promotion of tourism and long-term trade agreements and contracts.

9. His Government attached great importance to the economic and social activities of the United Nations and its specialized agencies, and in particular had followed closely the work of the Economic and Social Council. Its faith in economic and cultural co-operation had also led it to join with the Federation of Malaya and the Philippines in establishing the Association of South-East Asia to promote the well-being and economic, social and cultural progress of the region. The Association was in no way connected with any outside Power or Power bloc and was directed against no other country. It was in fact in furtherance of the purposes and principles of the United Nations. As the Minister for Foreign Affairs of Thailand had stated in the General Assembly (1027th plenary meeting), the Bangkok Declaration, issued for the purpose of launching the Association, embodied the new spirit of South-East Asia, which sought to harmonize rather than divide, to build rather than to destroy and to co-operate rather than merely to coexist. The three nations had come to join together bound by their faith in freedom and independence and animated by the desire to see Asia follow a destiny of progress and prosperity through friendly and practical co-operation.

Mr. Mahdavi (Iran), Vice-Chairman, took the Chair.

10. Mr. MAÑUECO (Spain) said that, although there had been spectacular gains in certain sectors of the world economy, a series of adverse factors persisted partly because of cyclical fluctuations and partly because of structural defects. According to the World Economic Survey, 1960 (E/3501/Rev.1), the recession at the end of 1960 and the beginning of 1961 had affected the low income countries just when they were seeking to liberalize their import restrictions. The reduction in the demand for their exports had increased their external deficits and impeded their plans to raise their standards of living.

11. The adverse effects of such cyclical fluctuations were very difficult to eliminate over the short term because of the economic structures of many under-developed countries. Being based exclusively on the export of primary commodities, their economies were more vulnerable to economic crises. The major problem was to strengthen those economies, for they could not hold their own on world markets.

12. While in the aggregate the world economy was still expanding at an extraordinary tempo, there remained a group of more than 1,000 million human beings whose annual per caput income fluctuated around \$130. The gap between the national incomes of the industrialized and less industrialized countries had not narrowed.

13. Fortunately, international co-operation for development was now generally accepted not merely as a duty but as an economic necessity. Proof of that new outlook could be found in the fact that economic development was the central theme of the Second Committee. It was also reflected in the growing contributions of many countries both to United Nations and bilateral programmes. The contribution of the Western countries to such programmes was indisputable.

14. Nor could there be any argument about the principle of assisting the development of all countries. There might be differences of opinion about methods but the idea was gaining ground that such assistance should take into account not only the economic needs but also the particular domestic conditions of each country. It should never be imposed but should be the result of a joint plan worked out by both donor and recipient.

15. Spain had often stressed the need to define the concept "under-developed countries" more clearly. A rigid definition excluded many countries which had reached an intermediate stage of development. International assistance should not be a bone of contention between two arbitrarily defined groups of countries but a joint effort made by countries with different characteristics and problems. Political controversy would then be reduced and more practical results achieved.

16. Economic development would be of no avail if attention was not also devoted to the social progress of the peoples concerned, which should include education. A valuable contribution had been made by the Report on the World Social Situation,^{1/} submitted to the Economic and Social Council at its thirty-second session, chapter II of which had presented an analysis of the problem of balanced social and economic development. Furthermore, assistance should not be limited to the provision of aid for economic rehabilitation; it should also foresee the time when the economy of a recently developed country would have to face economies of the industrialized countries on world markets. Unequal treatment at that juncture would not only constitute an injustice but would nullify the efforts made on behalf of the less developed countries. Since it was important to ensure fair terms of trade, so that the less developed countries could face competition, the problems of international trade were closely linked with those of economic development.

17. The best will on the part of the countries participating in plans for international assistance had often proved ineffective, either because of the duplication of work by different bodies with similar aims, or because

^{1/} United Nations publication, Sales No.: 61.IV.4.

it was based only on good intentions and not on the actual means available. As the representative of the United States had emphasized, it was essential to rationalize the system of international aid for development. Effectiveness should not be sacrificed to urgency. One of the most important results achieved at the thirty-first session of the Economic and Social Council had been the adoption of the report of the Committee for Industrial Development (E/3476/Rev.1), which recommended the establishment of an Industrial Development Centre within the Secretariat. It was essential to establish a minimum of equality and economic sovereignty between the donor and the recipient countries, which could only be achieved through industrialization, accompanied by suitable methods of financing. However, such methods should be adopted with due regard to considerations of justice and practical efficiency. Therefore, as far as the creation of a United Nations capital development fund was concerned, it would not be practical at that stage to draw up statutes for a financial organ which did not yet have the necessary resources. In order to avoid duplication, measures would have to be taken to co-ordinate the activities of the various bodies concerned. As recommended by the Committee on a United Nations Capital Development Fund in paragraph 71 of its report (E/3514), before taking a decision a report should be prepared on the capital development needs of the less developed countries. In addition, the existing financing bodies should achieve greater flexibility in the provision of funds and devote special attention to investments which did not yield immediate returns.

18. Since trade in those products which were to provide the under-developed countries with the necessary resources to finance their development plans was of primary importance, a final solution could only be found through an equitable organization of international trade. That solution could only be achieved in a spirit of objectivity, free from motives of political propaganda, and in open discussion to reconcile the economic objectives of countries which were often linked by many ties but had different economic interests. The Economic and Social Council and GATT could make a valuable contribution, since the problems of world trade could not be solved on a purely regional basis, but should be viewed in an international context. The Spanish delegation in the Economic and Social Council had therefore supported resolution 846 (XXXII), which had emphasized the need to increase world commercial trade in agricultural products and decrease the national taxes levied on many of them. As it had stated in the Council, Spain considered that international agreements should be concluded for the stabilization of commodity prices and that the possibility should be studied of agreements relating to several of those products.

19. It was to be hoped that the Committee would contribute to a solution of those problems, which should be based on purely economic reasons and the desire to improve the moral and material conditions of the peoples concerned, and not on political propaganda or motives.

The meeting rose at 1.5 p.m.