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Chairman: Mr. Marcial TAMAYO (Bolivia).

AGENDA ITEMS 30 AND 12

Economic development of under-developed countries (continued):

- (a) Report by the Secretary-General on measures taken by the Governments of Member States to further the economic development of under-developed countries in accordance with General Assembly resolution 1316 (XIII);
- (b) Progress in the field of financing the economic development of under-developed countries

Report of the Economic and Social Council (chapters II, III, IV and V) (continued)

(A/4143, A/4211, A/4220 and Corr.1 and Add.1 and 2)

GENERAL DISCUSSION (continued)

1. Mr. Krishna MENON (India) said that he felt some trepidation in speaking for the first time in the Second Committee, as its members were experts who dealt with complex subjects of which they had a profound knowledge, whereas he himself would not be able to contribute anything but general ideas to the discussion. He said that he might depart somewhat from the agenda item, the economic development of under-developed countries, but would endeavour to consider it in the context of the international political situation. The present tendency towards a relaxation of tension associated with the efforts to deal with the basic issues of disarmament would have social and economic, as well as political, consequences.

2. Discussion had long centred on the economic causes and consequences of war, but now the basic challenge confronting mankind appeared to be the balanced expansion of the world economy. It involved not only balanced economic growth within nations,

difficult to achieve as that aim was in itself, but, even more, balanced economic growth among nations, and would thus affect the relations among all nations. It would therefore be a mistake to suppose that the main problem was the economic development of under-developed countries, for the world did not consist only of under-developed countries, and the latter could not transform their economies solely by means of the help or charity of other countries. Even when the under-developed countries succeeded in becoming consumers of many manufactured goods produced by other countries, their economic situation would still remain much the same and the same problems would confront them with equal urgency. Consequently all countries, developed and undeveloped alike, must deal with the world problem of balanced economic expansion.

3. Fortunately it appeared that elemental forces or perhaps destiny were now urging mankind towards closer co-operation, as the Prime Minister of India had pointed out. The time was past when each country could attempt to fend for itself in the economic field, when countries had been free to destroy goods in order to maintain price levels or to prevent other countries from producing certain goods. The spread of democracy, in other words the influence of the people and of public opinion in every country, made it impossible for Governments to resort to such methods. The policy of every country, whatever its economic and social system, must now be based not on considerations of national power, but on due regard for general prosperity and plenty.

4. Recent statements of world leaders had shown that they had understood that requirement. Mr. Eisenhower had said that peoples of the world were no longer prepared to resign themselves to poverty, disease and oppression, that the problem of the under-developed countries was more important to Western civilization than the problem of the conflict between the West and the Communist world, and that all the more developed countries should work together in helping the less fortunate nations. Mr. Khrushchev, for his part, had proposed a programme of general and complete disarmament that would make it possible to devote enormous sums of money to constructive activities and to aid for the under-developed countries; he had stated that even a small part of the funds that the great Powers spent on arms would make it possible to begin to change the face of Asia, Africa and Latin America.

5. There was a paradoxical situation in the present world; although in one sense it was shrinking in another it might be said to be expanding, since millions of men who had been mere chattels were now growing into a full awareness of life and the discovery of new resources and technological progress were enlarging the frontiers of the world.

6. Mankind's paramount task was now to plan for plenty, in order to meet the needs and aspirations of

the world population of 5,600 million that would be reached by the end of the century. The world population had steadily increased ever since the beginning of the Christian era, as a result of the change in the means of production and in patterns of trade, and neither birth control nor any other method would halt the population expansion now taking place, which was not confined to the under-developed countries. Far from taking a pessimistic view and believing that man had reached the limit of what could be done to increase food production, he considered that the advances of science and modern technology would make it possible to prevent any food shortage. Even at the present time mankind was producing more than it would consume. Two-thirds of the food produced was eaten by the animal population; that included creatures that were harmful or useless, but they could be wiped out only by international planning, as had been demonstrated in the case of locust control. Furthermore, some countries obtained a higher yield per acre, because they had reached a more advanced stage of technological development. As a result of the spread of scientific knowledge and modern techniques, mankind would soon be able to change methods of cultivation everywhere, to make more use of fertilizers and even of isotopes to fertilize land that was now unproductive, to undertake the essential task of reforestation, perhaps one day to irrigate deserts, and remove the salts from sea water, thus providing additional water resources. A combination of technological and meteorological knowledge would make it possible to control the weather, and to obtain beneficial rainfall when and where required, always provided that planning was done at the international level.

7. From the time when man discovered that energy and matter were one, and that every gramme of matter contained 25 million kilowatt-hours of energy, there was no further possibility of any shortage of power, and consequently of any shortage of food or other supplies, since once mankind had learned how to tap the energy that lay hidden in matter, he would have access to infinitely greater world resources than at present. Formerly States had attempted to deal with population expansion by extending their living space through immigration and conquest; now what was needed was more power, instead of more space. Nuclear fusion would soon make it possible to use resources hitherto lying idle, such as the tar oil buried deep in the soil of Canada that required underground explosions for its exploitation. The energy in the heart of volcanoes, and in the sea, the wind and the sun, could all be harnessed in the service of mankind. In view of all those potentialities, it became evident that the most valuable and sorely needed of resources was a supply of technicians; the training of technicians was the most urgent need of the present age and one of the conditions of mankind's survival. Consequently the advancement of technical studies should also be the subject of serious planning throughout the world.

8. It was clear, however, that mankind would be unable to use all those sources of power or to exploit all the earth's resources if the present disputes and imbalances continued. The most serious imbalance appeared to be that resulting from the enormous disparity between levels of living in the more advanced and the under-developed countries. Mr. Black, the President of the International Bank for Reconstruction and Development had said that the resulting tension

might become serious enough to overshadow the problem of the cold war. He had said that the time had gone when money could be the sinews of diplomacy and the means of winning friends and allies. He had added that although economic assistance gave encouraging results, in all too many cases ill conceived assistance, given hastily for the wrong motives or the wrong objects, did more harm than good. Instead of creating a sense of partnership among nations, assistance sometimes led to bitterness and even downright enmity. The development of the under-developed countries was an objective of vital importance in itself, and it was worth while making unceasing efforts to achieve it regardless of the ups and downs of the world political situation or the fluctuations of international trade.

9. Economic aid and trade alone would not suffice to solve the problems of the under-developed countries and enable them to raise their levels of living; they must also be able to industrialize. For example, it was desirable in order to meet the needs of mankind that all countries should produce as much steel, in proportion, as the United States of America. But it was obvious that it would be necessary to plan the world economy so as to prevent any conflict, between the more advanced countries and the currently less developed countries which would eventually become industrialized, over the raw materials that all would need. Increasing industrialization throughout the world and automation would create further problems, in regard, for example, to full employment and the use of leisure, and steps should be taken now to find solutions.

10. But in order to ensure peace, on which the progress of mankind depended, it was also necessary to make an immediate attack on all the causes of instability and tension, to improve the terms of trade of the under-developed countries, to eliminate the barriers to the international exchange of goods and ideas, to produce with a view to general prosperity rather than in terms of existing patterns of production and to strive to increase per caput incomes in the poorest countries.

11. In practice all those problems would have to be tackled one by one. In the meantime, while the technical assistance programmes and the operations of the Special Fund were being expanded and while means were being sought to establish SUNFED, he proposed that the Second Committee should undertake a study to determine how the world's resources could be utilized to free mankind from want. Wisdom demanded that mankind should endeavour to plan for future generations. Mankind could survive, achieve its aspirations and at last live in a world of plenty, provided that it learned how to use the discoveries of science for constructive purposes. It was for the Second Committee to begin to guide men's activities towards that promising goal.

12. Mr. KURKA (Czechoslovakia) said that world economic problems should not be considered from the point of view of the cold war. Only a realistic examination of the facts would enable countries with differing economic structures to engage in peaceful competition and co-operate in economic matters.

13. One of the factors and trends which had decisively affected the world economy was the rapid development of the socialist system since the end of the late war. The Soviet Union, China and the other

socialist countries occupied a quarter of the earth's land area and included 35 per cent of the world's population. In 1958 their industrial output had represented 36 per cent of the world's industrial production and their grain harvest had accounted for nearly half of the world harvest. With the rapid growth of their national incomes between 1955 and 1958 their steady advance had continued. During the previous five years the annual rate of increase of production in the socialist countries had been approximately 11 per cent as against barely 3 per cent in the capitalist countries as a whole. The volume of industrial production in the socialist countries had increased by 150 per cent as compared with 19 per cent in the capitalist countries. Although the volume of production in the socialist countries in 1950 had been 46 per cent lower than that in the capitalist countries on a per caput basis, in 1958 the industrial output of the centrally planned economies had been 6 per cent higher than that of the capitalist countries. The socialist countries were able to carry out their extensive plans because of close co-operation based on the principle of mutual interest, without any political or military conditions. In 1965 their industrial production would be more than half of world production.

14. Thanks to the expansion of its economy since the end of the Second World War, his own country was now one of the highly developed countries and enjoyed a very high level of living. Between 1948 and 1958 its industrial production had increased by 11.7 per cent annually. In per caput production of primary products Czechoslovakia surpassed a number of advanced capitalist countries, including even France, and it was catching up with such industrially developed capitalist countries as the Federal Republic of Germany, the United Kingdom and even the United States in particular in coal mining and power, steel and cement production. When the third plan was completed in five years time, the volume of industrial production would be at least six times higher than it had been before the war. Moreover the rate of increase in industrial production would be twice that of the production of consumer goods, for the expansion of productive capacity was the most solid basis for the raising of material levels of living and the diversification of cultural life. Between 1960 and 1965 the planned 42 per cent increase in national income would further raise individual consumption by 30 per cent. The rapid pace of its development would enable the country to attain its social objectives secure from any fluctuation or crisis.

15. That picture contrasted with the situation in the capitalist countries generally, which was characterized by cyclical fluctuations, the growing disparity between the highly industrialized and the less industrialized countries, the instability of world markets, and unregulated price movements which threatened international trade. The difficulty of finding markets was growing, expenditure on armaments was still enormous, and the concentration of capital was becoming increasingly pronounced. All those factors resulted in the depression of the level of living of the working classes and in unemployment. The World Economic Survey 1958 (E/3244) showed that the real growth of the economies of the non-socialist countries between 1955 and 1957 had been slight and that the subsequent recession, the most serious of the post-war period, would gravely affect the long-term development of the countries concerned. The general situation was far from satisfactory, for in numerous sectors productive capacity was not being

fully utilized and inflation was still a threat. The recession in the United States had had repercussions in Western Europe. Although some recovery had taken place, it was mainly attributable to the expansion of armaments production. The United States economy was still very weak and unemployment persisted. On the whole, the volume of production in the capitalist countries had barely regained its pre-recession level. The recession had also had disastrous effects on the economies of the under-developed countries. It had curtailed markets for the goods they produced, and the fall in primary commodity prices had reduced their real incomes.

16. The under-developed countries had undoubtedly achieved some success in their efforts to diversify production and strengthen many sectors of their economies through industrialization, but the outcome of the undertaking depended on their ability to import the capital goods they needed. The under-developed countries had to export raw materials to finance their imports of machinery; fluctuations in world primary commodity prices were of special significance to them. It was therefore tragic that, owing to circumstances beyond their control, the under-developed countries had, at a time when they were embarking on large-scale development programmes, suffered very heavy losses as a result of the recent depression in the developed countries.

17. The World Economic Survey showed that although the majority of the commodity exporting countries considered industrialization a long-term objective, very few of them had succeeded in making industry their main sector of production. National measures were not sufficient for that purpose. The real solution lay in greater international co-operation. Accordingly urgent action should be taken within the framework of the United Nations to improve trade by studying, in particular, means of stabilizing primary commodity trade and primary commodity prices and eliminating the disparity between raw material prices and the prices of manufactured goods. He noted with satisfaction that the authors of the Survey had concerned themselves with the basic problem of primary commodity trade and had formulated proposals for remedying the present situation. Those proposals merited study but they were defective because they dealt with only one aspect of the problem. In order to change patterns of trade, it was necessary to consider both the exportation of raw materials and the importation of machines and equipment.

18. Trade between the under-developed and the socialist countries had expanded considerably in recent years. The socialist countries, whose economies had not been subject to fluctuations, had concluded agreements with a number of under-developed countries relating to the importation of raw materials, and had thus helped to stabilize primary commodity prices and increase the export earnings of the countries concerned. In that connexion he drew attention to the advantages of long-term agreements for the exchange of industrial equipment for raw materials and the provision of credits on favourable terms. Such co-operation was of considerable importance to the economic development of under-developed countries and, in particular, to their industrialization, the main factor in their development.

19. The capitalist countries on the other hand did not contribute to the development of the under-developed

countries, whose present condition was attributable to exploitation by the colonial Powers and private investors. The assistance the capitalist countries furnished did not meet the needs of the under-developed countries, for their investments were made only in sectors such as the oil and raw material producing industries in which large profits could be earned.

20. Relations between the socialist countries and the under-developed countries were altogether different. There, the assistance granted to the latter constituted an element of stability and left them great freedom of action. It also contributed to their industrialization, since in recent years it had taken the form of long-term loans at low interest, which made possible the purchase of machinery and industrial equipment. The socialist countries had also furnished technical assistance for the construction of manufacturing plant, to be owned solely by the under-developed countries. They did not engage in capital investment, since that would have been a form of exploitation.

21. Czechoslovakia, one of the largest exporters of machines and industrial equipment, played an important part in the economic co-operation with under-developed countries. It had furnished them with large quantities of material and equipment which had been used to set up various forms of plant, including metallurgical works in India and an oil refinery in the United Arab Republic. Czechoslovak experts also helped to erect the plants and train technicians. Relations between Czechoslovakia and the under-developed countries did not, therefore, consist solely in an exchange of goods, there was a form of economic co-operation well designed to create ties of friendship between the peoples.

22. In order to hasten the development of economic co-operation, the main requirement was to maintain peace and ensure peaceful coexistence. The Czechoslovak people therefore entirely endorsed the view of Mr. Khrushchev, expressed in an article in the American press, that peaceful coexistence could and should take the form of peaceful competition in meeting humanity's needs in the most effective way. At present, the tension in international relations, the armaments race and the dangers of war had baleful effects on economic progress and hindered the development of international economic co-operation. Only complete disarmament could ensure a prosperous economy and liberate the funds needed to improve the economic position of all countries.

23. The rapid development of the socialist countries and the growth of their economic potential had radically altered the structure of the world's economy and the economic relationships between States. Conditions had become favourable for the development of international co-operation. A serious negative aspect of the present development was that, despite the acknowledged necessity of broad and expanding co-operation among all countries, attempts were still being made to divide the world politically and economically and create closed blocs, to the detriment of world economy and, in particular, world trade which, as a result, suffered from considerable instability. In 1958, the capitalist countries' foreign trade had decreased by 6 per cent in comparison with 1957; that made a further contraction foreseeable in the markets of those countries, which did not take advantage of the possibility of increasing their trade with the socialist countries. The capitalist countries at present displayed a tendency towards integration

and the creation of groups which impeded international economic co-operation. That policy of discrimination led to tension in the relations between the various States, and constituted a danger for the under-developed countries.

24. For that problem—so important from the standpoint of relations between States and of international trade—a solution must be sought in the development of regional co-operation, whereby discrimination would be eliminated. Mutually beneficial exchanges, without political reservations, would reduce tension and increase confidence between States. Measures must be taken to eliminate discriminatory practices and to ensure equal rights for all countries. The United Nations regional economic commissions had a great part to play in that field.

25. So far, neither the Economic and Social Council nor the other United Nations organs had exerted themselves, as the Charter had intended, to promote large-scale international co-operation. They had not fulfilled their task of strengthening and expanding the world market and assisting the under-developed countries, particularly in the field of industrialization. The General Assembly should take practical measures to that end at the current session. At the fourteenth session of the Economic Commission for Europe, the Czechoslovak delegation had supported a proposal by the Soviet Union for the establishment of an all-European trade organization. ^{1/} It had likewise welcomed a new proposal, submitted by the Soviet Union at the twenty-eighth session of the Economic and Social Council (1069th meeting), for the creation of four regional trade organizations for Europe, Asia, Africa and Latin America, which would deal with both intraregional and interregional trade, advise on trade policies, and study questions of payments and other similar operations, the development of international co-operation, and the stabilization of economic relations on the basis of long-term agreements. The creation of regional trade organizations would be a first step towards the establishment of a world trade organization, the need for which was so strongly felt. An organization of that type could contribute decisively to the peaceful coexistence of all peoples, the strengthening of economic ties and the relaxation of international tension. Ideological differences must not constitute an obstacle to the expansion of international co-operation, which would enable full use to be made of every country's productive capacity.

26. The changes which had taken place in countries' political relationships should be matched on the economic plane. The time had come to eliminate all artificial barriers which hampered the development of international economic co-operation. It was in that spirit that Czechoslovakia, together with Poland and Bulgaria, had submitted a constructive draft resolution (A/C.2/L.429) dealing with economic relations between countries having different social structures, with a view to promoting a better international atmosphere. The measures proposed would make possible the strengthening of economic ties between nations and the creation of stability and well-being throughout the world. The United Nations could play a useful and effective role in that connexion.

The meeting rose at 6.10 p.m.

^{1/} Official Records of the Economic and Social Council, Twenty-eighth Session, Supplement No. 3, paras. 239-242.