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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, A/C.2/L.429, A/C.2/L.431 and Add.1, A/C.2/L.432, A/C.2/L.434, A/C.2/L.436-440)

GENERAL DISCUSSION (continued)

1. Mr. MEASKETH (Cambodia) said that in view of the relaxation of international tension and the desire for a general disarmament expressed by all countries of the East and the West, it was possible to view the situation with greater optimism. His delegation had no doubt that when agreement was reached on disarmament, the funds thus released would be made available to the under-developed countries to help them in their efforts to fight poverty and hunger. It was clear that United Nations technical assistance, effective though it was, was not backed by sufficient resources to meet the needs of all the under-developed countries.

2. Surveying the economic measures taken by his country, he observed that, led by its Prime Minister, the entire Cambodian population had decided by com-

mon consent to devote days of work to the country's economic and social reconstruction and the labour thus supplied had been used to sink wells and build irrigation dams. Although it lacked technicians Cambodia had thus made a frontal attack on its major problem, that of water resources. As a neutral country, the friend of everyone and the ally of none, it had been privileged to benefit from the assistance of countries from both blocs and thus been enabled to strengthen its economy by building a number of factories to make essential goods. By way of example he mentioned the plywood factory which had benefited from the help of continental China. In the present century, no one, as the Minister of Economy of the Federal Republic of Germany had said, could fully enjoy his own prosperity while his neighbour was still living in poverty, and the concrete results achieved in Cambodia through bilateral and multilateral assistance should encourage representatives to consider what steps should be taken to bring about a considerable expansion of assistance to the under-developed countries, particularly on a multilateral basis.

3. There should also be an increase in investments of public and private capital to augment the resources the various countries could allocate to major development projects. His own country had benefited from investments of private capital, chiefly by French companies, and had been able to establish a number of automobile and light motorcycle assembly lines. The Economic and Social Council could stimulate a large flow of foreign capital to the under-developed countries by bringing its influence to bear on companies and institutions which might be interested in financing projects in the under-developed countries. A fact that should be borne in mind, however, was that those countries could not pay for the capital they received in the same way as rich countries; the interest charged and the conditions required of them ought not, therefore, to be unduly high having regard to their financial capacity. It was time for the United Nations to take definite steps to set up a development fund under its auspices and his delegation therefore hoped that the forty-seven Power draft resolution (A/C.2/L.431 and Add.1) would be adopted unanimously.

4. In order to reduce their vulnerability to economic fluctuations, the poor countries must industrialize and the United Nations ought therefore to take positive measures to promote industrialization. As the majority of the poor countries possessed resources which were wholly or largely unexploited, his delegation would support any proposal recommending surveys of mineral resources, in particular of petroleum, for petroleum was an essential commodity which the under-developed countries could at present obtain only with hard currency.

5. With the discovery of synthetic substitute products it would seem impossible to maintain commodity

prices, the stability of which was essential to the under-developed countries; the only remedy, therefore, would be to set up an international compensatory fund to make good the losses suffered by the raw material producing countries. Efforts should be made to set up such a body, which seemed to be acceptable to the representatives of the industrialized countries. The maintenance of price stability also called for the broadest possible international co-operation and, in particular, the continuous exchange of economic information between all States. The statistical work of the United Nations was invaluable but it would be preferable for the exchanges to be made directly between countries since each country was in the best position to know what was needed, or could be supplied, by others.

6. Mr. SUPHAMONGKHON (Thailand) observed that all delegations were agreed that it was essential to find a way of solving the problem of under-development facing a large part of the world. Some of the solutions advocated, such as the industrialization of the under-developed countries and the expansion of international trade, appeared to be conflicting. Every infant industry needed protection against competition and if all countries industrialized and became self-sufficient, international trade would become superfluous. In fact, the industrialization of all countries would seem neither desirable, since it would lead to a tremendous waste of resources, labour and capital, nor feasible, since all countries did not have the same possibilities. It would be better for each to specialize in the type of economic activity most suited to it and for each to help the others without attempting to compete with them. An agricultural country was not necessarily poor and hopeless, as was proved by the case of Australia, where the farmer could enjoy all the benefits of modern civilization. A country which industrialized, on the other hand, had to cope with all kinds of difficulties and must deal with the problems of management and labour relations, collective bargaining, strikes, unemployment, recessions and crises, which were certainly not signs of a healthy economy. It could also be maintained that the goal of life was happiness, and that the worker in the metropolis with his gadgets was not necessarily happier than the farmer cultivating his small plot of land. But that perhaps was a little unrealistic, and the hard lessons of experience must be learned.

7. Thailand, which before the war had specialized in agriculture and the production of rice for export and had at that time possessed a strong economy, had to face a number of difficulties since the war: interruption of overseas trade, post-war commitments, fluctuations in primary commodity prices, new competition in traditional markets, trade restrictions, price support policy, adverse balance of payments, foreign exchanges losses etc. It could no longer rely on specialization and found itself obliged to diversify its economy and to industrialize. Innumerable obstacles were being encountered on the way; he instanced the case of the setting up of a small gunny bag plant which only through Government intervention had been able to survive after a deliberate sharp decrease in the prices of gunny bags from abroad. The Government had also had to ban the import of ridiculously cheap goods with which another country was flooding the Thai market.

8. Thailand realized that it must bear the main burden of its development. It was nevertheless grate-

ful for the advice and assistance of friendly countries and the generous help received through the United Nations and its specialized agencies. A mission of experts sent to Thailand, at the request of the Government, by the International Bank for Reconstruction and Development had examined the country's economic and social conditions and its development potentials and had made valuable suggestions and recommendations. The Thai Government was at present drawing up its economic development plan. The National Economic Development Council had been reorganized; an investment board had been created and the Industrial Development Act had been revised in order to facilitate private capital investment, whether domestic or foreign.

9. The countries of the East and the West were competing to demonstrate the superiority of their respective economic systems. Thailand, which was deeply attached to individual freedom, had made its choice, and intended to base its economic development on the free enterprise system. For that reason the Thai delegation had been glad to hear the United States representative say that his Government was doing all in its power to encourage private American investors to export their capital and their skills.

10. Mr. Suphamongkhon emphasized the contrast between the privations which millions of people were enduring and the technological advances of the modern era, between the poverty of many and the large sums of good money spent by others on alarming nuclear tests and efforts to reach the moon. For the first time, however, mankind was beginning to realize the necessity of helping needy people, and appropriate measures were being taken to that end. The United States, with its immense power and good will, had taken a leading role, and there was no doubt that other prosperous countries would wish to follow suit, for much remained to be done. His delegation warmly supported the idea of creating a United Nations capital development fund, although it feared that the forthcoming establishment of the International Development Association might further delay the long-awaited SUNFED project.

11. In view of the immensity of the problem of economic development, all concerned should combine their efforts to find a solution. It was essential to plan long ahead, since the problem became more and more acute as time passed. Assistance rendered might give rise to difficulties for the donor. Promotion of industry might mean building up another potential competitor. Advantageous offers might upset traditional markets of nations. The formation of regional economic groups might conflict with the interests of other areas. New successes created new needs, which advances in science and technology might not always be able to satisfy. The problems raised by world economic development called for a comprehensive study, as proposed in the draft resolution (A/C.2/L.439), of which his delegation was a sponsor. He expressed the hope that the expectations aroused among the peoples of under-developed countries by the prospect of disarmament would not be disappointed, that no one would seek to use economic means for political purposes, or political means for economic purposes, and that all countries would sincerely unite their efforts to bring justice and prosperity to the entire world.

12. Mr. ARKADEV (Union of Soviet Socialist Republics) thought that the most striking feature of present-

day economic developments was the fact that, although there had been some recovery in the economic activity of capitalist countries, the latter were still having difficulties in some branches of industry, as was shown by the large number of business failures and the high unemployment figures. The Soviet Union and other socialist countries, which had planned economies and never experienced crises, were continuing to develop at an ever-increasing rate. The underdeveloped countries, faced with serious difficulties which had been still further aggravated by the crises in the capitalist countries, were continuing to seek ways of improving their economic situation and carrying their development plans into effect. Many underdeveloped countries had been helped by their trade relations with, and the assistance they had received from, the Soviet Union and other socialist countries.

13. In recent times comparisons had often been made between rates of growth in the Soviet Union and in certain Western countries, and some people had been surprised to find that the USSR's rate of growth was the fastest. In the past five years, industrial output in socialist countries had increased at an average annual rate of 11 per cent, four times as fast as the rate of increase in countries whose economies were based on private enterprise. As a result of the seven-year plan for the development of the national economy in the Soviet Union, and rapid progress in other socialist countries, the socialist countries as a group would soon be producing more than half of the total world industrial output. There was nothing surprising in that. It was a quite natural achievement for a system which ensured the development of all productive forces, the exploitation of natural resources, the development of mechanization and the utilization of all technical skills. The socialist system was never faced by the problems which arose from the limitations of national markets or periodic crises. It permitted the full use of the resources of nature, industry, science and labour in solving economic and social problems.

14. The national economy of the Soviet Union was constantly developing. In 1958 industrial output as a whole had been thirty-six times higher than in 1913, output from the chemical industry 127 times higher and from the machine-tool and metallurgical industries 240 times higher. In 1960, steel production would reach the figure of 65 million tons, compared with 6.8 million tons in 1933 and 55 million tons in 1958. In 1960 there would also be a substantial increase in the production of petroleum and energy. Full use would be made of the vast available resources of natural gas, and the whole country would be covered by a network of pipe-lines for transporting the gas. The use of natural gas was bringing about a genuine technical revolution in the national economy.

15. His country's seven-year plan provided for a considerable increase in industrial output. In 1965, it would be possible to produce in five and a half days as much as tsarist Russia had produced in a whole year. The Soviet Union was now completing the first year of its seven-year development plan and already, in 1959, industrial output had increased by about 11 per cent over the 1958 figure. National income was increasing, and trade expanding, year by year.

16. Considerable advances had also been made in agriculture. Agriculture output had increased by 8.6 per cent between 1954 and 1958. Land under cultiva-

tion in 1959 amounted to 196 million hectares, 40 million hectares more than in 1953. The output of livestock, poultry, meat, milk, eggs and wool had increased considerably. Agricultural output would be increased still further in 1960, by more intensive mechanization and by bringing still more land under cultivation. The output of consumer goods had increased and would increase considerably in 1960, when textile output would reach the figure of 7,900 million metres and 407,500,000 pairs of shoes would be made. In the case of refrigerators, wireless and television sets and washing machines, 13-14 million units would be produced in 1965, compared with 6 million in 1959.

17. On 16 October 1959, his Government had decided to increase the output of household goods and articles used for cultural purposes. Factories were accordingly being built for the manufacture of sewing machines, watches, television sets, electrical apparatus, pianos, furniture, etc. His Government's concern for the people's welfare was shown by its decision of 25 October 1959 to arrange for a considerable expansion in the meat and poultry processing and canning industry.

18. His Government also attached great importance to housing. Between 1954 and 1958, 223 million square metres of housing, equal to the total housing stock in 1913, had been built in rural and urban areas. The seven-year plan provided for the building of 15 million apartments in towns and 7 million houses in rural localities.

19. Progress achieved in the economic field had made it possible to reduce the number of working hours without decreasing wages. By the end of 1959, a seven-hour working day would be introduced in all branches of industry and, in 1960, all workers would have their working day reduced to six or seven hours without any decrease in wages.

20. The impressive results achieved in Soviet economic development had been accompanied by remarkable progress in science, technology, culture, the arts, education and medical services, which were provided free of charge. In the field of higher education, technical educational establishments had produced 94,000 engineers and 402,000 technicians in 1958. In 1960, 119,000 engineers, 290,000 specialists and 551,000 technicians would be trained.

21. The Under-Secretary for Economic and Social Affairs had, in his statement to the Committee (605th meeting), referred to economic development in China in a manner which might imply that there had been some setbacks in that country. The facts showed that, on the contrary, industry and economic development in China were making great strides forward. China was now the seventh largest steel-producing country in the world, whereas it had ranked only twenty-sixth in 1949. It was the third largest coal-producing country, whereas it had only been seventh in 1949. In 1959 its agricultural and industrial output would be five times larger than in 1940. A considerable increase had also been recorded in the production of energy, machinery and tools. Between 1949 and 1958, cereal output had risen by 130 per cent. China had also achieved a very large increase in the area of land cultivated and in its livestock population. In 1958, the volume of its foreign trade had been three times what it was in 1950. Rapid progress had been made

in the field of health, education and the training of specialists.

22. The economic development of the Soviet Union and the other socialist countries opened up increasing possibilities for the expansion of trade and economic relations with other parts of the world. The Soviet Union had always favoured the development of such relations. In an article on peaceful coexistence published in an American magazine, Mr. Khrushchev had stressed that a policy of peaceful coexistence could only achieve stability if it was based on very broad international exchanges and that, to improve relations between countries, all trade barriers must be removed.

23. During recent years, favourable exchanges had taken place between the countries of Western Europe and the socialist nations. The latter's foreign trade had reached the figure of 93,000 million roubles in 1958. Trade between the Soviet Union and the capitalist countries had more than tripled between 1950 and 1958. The Soviet Union had had trade dealings with seventy countries. The scope for international trade between the capitalist countries alone was not unlimited. Competition between them on the world market led to the establishment of economic groups such as the European Economic Community. It must be agreed that the formation of such blocs was not favourable to international trade; they represented nothing more than a struggle for the redistribution of markets with a view to obtaining the lion's share. The real aim should be a system which ensured equal advantages for all States. If they continued to ignore the opportunities of developing their trade relations with the Soviet Union, the capitalist countries would be acting against their own interests.

24. The Soviet Union pursued a policy aimed at improving trade relations with all States. It had concluded long-term agreements with the United Kingdom, France, Italy, the Federal Republic of Germany, Finland, Sweden and other Western countries. Trade between the Soviet Union and countries like Japan and Canada had grown; new trade agreements had been concluded with Greece and Denmark, and a considerable increase in trade relations with Italy was envisaged. The development of the Soviet Union's trade relations showed that there existed in that field considerable potentialities which merely had to be put to proper use. There was room for an expansion of trade with the countries of Latin America, Asia and Africa. Some people were trying to prove that the Soviet Union's proposals for the extension of its trade were a sign of weakness and that it was forced to increase its commercial exchanges in order to fulfil its economic plans. That was not the case. It was increasing not only its exports but also its imports, while its development plans were based solely on the productive and technical resources of the country.

25. The Soviet Union had never favoured economic self-sufficiency. Thanks to the success of its economic plans, it could supply machinery and agricultural commodities, but at the same time it was also an importer of different types of industrial products and raw materials. Its economic development programme, which was aimed at raising the level of living of its population, compelled it to increase its demand on the world market. The Soviet Union's seven-year plan and the way in which it was carried out should induce certain business circles to draw

practical conclusions. The Soviet Union would continue to import machinery under its seven-year plan. Its production of energy and chemicals would increase considerably, numerous industrial enterprises were to be set up, and there would be a significant expansion in means of transport. For the execution of its seven-year plan, the Soviet Union would have to import increasing quantities of raw materials for the production of consumer goods. Its 1959-1965 development programme opened up vast prospects for the expansion of trade with other countries. During the years 1959 and 1960 alone, its foreign trade was expected to rise by 25 per cent and to double during the execution of the seven-year plan.

26. Three-quarters of all the USSR's commercial operations were conducted with the socialist countries on the basis of long-term agreements, an arrangement which increased the stability of trade. Economic and technical assistance also played an important role in the relations between the socialist countries. Thus, the Soviet Union had helped to install 383 industrial undertakings in twenty-two countries. The socialist countries took joint measures for co-ordinating their production. For example, between 1959 and 1964, they envisaged the construction of electric power lines connecting them with the Soviet Union and the unification of grids. In 1962 and the following years, the Soviet Union would supply the socialist countries with different types of capital goods, petroleum, iron-ore, cotton, cereals and other goods. It had purchased machinery, heavy equipment and means of transport in Czechoslovakia, the German Democratic Republic, Poland and Hungary. Such economic co-operation in no way diminished the prospects of increasing world trade; all the socialist countries were ready to develop their commercial exchanges with the non-socialist countries and were already doing so. For example, the German Democratic Republic traded with many countries and particularly with under-developed ones. A GATT publication pointed out that, for the years 1957 and 1958, the industrialized countries had exported to the countries with planned economies twice the amount they imported from them.^{1/} The Soviet Union and the other socialist countries would be able to participate more fully in international trade provided the conditions were satisfactory. The importance of credit arrangements for the development of international trade should be stressed. The Soviet Union and the other socialist countries applied a system of long-term, low-interest credit which enabled the under-developed countries to put their development plans into effect.

27. Any discussion of the expansion of the world market and international trade should not ignore the increasing demand originating from the development of the under-developed countries. The latter were mobilizing all their resources, they were receiving assistance and funds, and they were striving to increase the production of export goods. They were therefore called upon to play an increasingly important role as they developed. The characteristic feature of their economy was their dwindling gold and foreign exchange reserves and the growing deficit in their trade returns and in their balance of payments. Their unfavourable position in the primary commodity market compelled them to reduce their development

^{1/} The Contracting Parties to the General Agreement on Tariffs and Trade, *International Trade 1957-58*, Geneva, July 1959.

plans. In the field of raw materials, it should be noted that the Soviet Union and other socialist countries had not decreased their purchases, in fact they had increased them in 1957 and 1958. The World Economic Survey, 1958 (E/3244) showed that in 1958 exports from the countries of Asia and Latin America to the socialist countries had increased by 8 per cent as compared with 1957. According to GATT publications, purchases of rubber by the Soviet Union, the People's Republic of China and the socialist countries of Europe had risen in 1958. Their purchases of such products as non-ferrous metals, spices, fruits, etc. had also gone up. During recent years, the Soviet Union had bought large quantities of sugar from Cuba and wool from Uruguay. His country's trade with Latin America could expand considerably.

28. The Soviet Union and the other socialist countries had extended their economic relations with the new countries of Asia, Africa and the Middle East and had concluded long-term agreements with them. Those countries thus had the opportunity of obtaining products they needed without drawing upon their gold and foreign exchange reserves. They made those purchases in exchange for their own goods and enjoyed a stable market for the sale of their products. The Soviet Union was increasing the number of trade agreements which concerned mainly the delivery of industrial installations.

29. Industrialization modified the structure of the under-developed countries and exerted an influence on their economic position as well as on the world economic situation. Certain people maintained that the industrialization of such countries was unnecessary and would not contribute towards their economic development. However, well-known economists had expressed a wholly different view. The Executive Secretary of ECLA had said that the Latin-American countries should create their own industries and produce their own capital goods, although the initial expenditure might be very high. The Soviet Union had always supported the efforts of nations which wished to develop their industry and create an independent national economy, and thus raise the level of living of their peoples.

30. The supplying of machinery and installations for industrial enterprises was an important factor in the solution of economic problems. Yet at present, imports of capital goods by the under-developed countries were decreasing slightly. Meanwhile, the Soviet Union was increasing its deliveries, which had amounted to 5,000 million roubles in 1956-1957, and had included complete industrial installations, means of transport, tractors and agricultural machinery. In 1958, the Soviet Union had delivered machinery and industrial installations worth more than 3,000 million roubles. The products of its engineering industry had been exported to more than forty countries, as compared with thirty-four in 1953. In 1960, such exports would increase considerably. An increase of 21 per cent was foreseen.

31. The Soviet Union was prepared to give economic and technical assistance to the countries recently freed from the colonial yoke. For example, it had granted India a loan which would enable it to construct power stations, machine factories and oil refineries, and had granted Egypt a loan for the construction of the Aswan dam.

32. Listening to some of the statements which had been made in the Second Committee, one might really believe that the United Nations could do everything, particularly with regard to assisting the under-developed countries. The Economic and Social Council and other bodies had certainly taken some steps to assist countries in carrying out their development plans and to eliminate trade restrictions, but much still remained to be done. Of course, certain actions might be listed to the Council's credit, such as the resolutions adopted at its twenty-eighth session dealing with the international exchange of scientific and technical experience (resolution 727 A (XXVIII)), the supplying of drugs at a cost within the reach of low-income groups (resolution 731 I (XXVIII)), and the ways by which the United Nations could assist interested Governments to obtain advice on the development of their petroleum resources (resolution 740 B (XXVIII)). The activities of the regional economic commissions to promote economic development were also of very definite value. But it must be admitted that the debit side of the Council's ledger was very heavy, and that in many cases it had not dealt with existing problems as it should have. For example, the Council had taken no decision with regard to the development of petroleum resources, and had not even been able to approve the programme of action in the field of industrialization prepared by the Secretariat, although that programme had merit. At its twenty-seventh session, the Council had not given priority to the important question of supplying material and equipment to the under-developed countries. It had not taken a decision, as it should have, in favour of the establishment of a body to deal with industrialization, and it had never adequately promoted technical, scientific and cultural co-operation and exchanges of information. Moreover, a tendency was noticeable in certain Western countries to divert the Council's activities from the economic field and to distort its functions, so that the Council was no longer able to act in accordance with its mandate or to carry out the programme expected of it. Yet it was extremely important that it should be an instrument for real international co-operation in the establishment of a world common market, the industrialization of the under-developed countries and the intensification of scientific and other exchanges.

33. Some delegations had said that economic development should be financed basically by private capital, and had ignored the part that must be played by Governments, which must take stock of a country's resources, decide how they should be used, train cadres and allocate the available resources. Economic development could take place only under a general plan worked out by the Government, as the examples of India, the United Arab Republic and Indonesia proved. But to enable Governments to carry out their plans, action must be taken to stabilize commodity prices at an appropriate level, so that the primary producing countries would be able to obtain the funds they needed to import the capital goods necessary for their development. A United Nations equipment fund should also be set up which would grant loans to the under-developed countries on favourable terms.

34. It was, moreover, incumbent upon the United Nations and the countries concerned to work out a plan of general and complete disarmament, as proposed in the General Assembly (799th plenary meeting)

by Mr. Khrushchev, whose suggestion had aroused a favourable response in the Assembly, the Press and world public opinion. Such a disarmament plan would make it possible to return millions of engineers and workers to civil production and to set free considerable sums which could be devoted to the equipment of the under-developed countries and the raising of the level of living of all peoples. Military budgets amounted in total to \$100,000 million per year, and in forty-five years the military expenditure of the whole world had amounted to \$2.5 million million. Although some pessimistic voices had been raised to say that that plan of disarmament would bring about an economic collapse, the President of the New York Stock Exchange had expressed the opposite view with regard to the United States, and had said that the American business world should devote itself to peace and not war. In fact, disarmament would provide a powerful stimulus to world trade.

35. The Soviet Union and other countries had long ago taken a position in favour of the establishment, within the framework of the United Nations, of a single, universal international trade organization, open to all countries, which would promote the development of international trade. A draft resolution on that question, submitted by the delegations of Bulgaria, Poland and Czechoslovakia (A/C.2/L.429), was now before the Committee. Such an organization would make it possible to establish contacts between the different business groups, the various countries and the numerous existing economic organizations such as the Organisation for European Economic Co-operation and the Economic Co-operation Commission of the socialist countries. His delegation would support the draft resolution, which also dealt with the stabilization of commodity markets, and he hoped it would be given a favourable reception by the Committee.

36. In the Soviet Union's opinion, the establishment of regional trade organizations, which had been contemplated at the twenty-eighth session of the Economic and Social Council, might be a first step towards the establishment of a world trade organization, it being understood that those regional organizations should be open to all the countries of the area. The establishment of organizations of that kind seemed particularly opportune at a time when a trend towards the formation of closed economic groups was evident.

37. It was clear that a decisive turning point had been reached in world economic relations. Mr. Khrushchev's visit to the United States of America and the conversations he had had with President Eisenhower had opened up favourable prospects for economic relations between the United States and the Soviet Union. The improvement of trade relations between countries was a powerful factor for peace; hence all countries should give due importance to those questions.

38. Mr. FAWZI (United Arab Republic) said that world economy and economic relations called for infinitely more attention than they had hitherto received, because, despite the laudable efforts of the United Nations and various Governments, groups and private individuals, the desired level of production and synchronization was still far from having been attained.

39. Full production had certainly not yet been achieved everywhere. In Asia, Africa and Latin America in particular, vast resources remained almost completely untapped. The great task of putting them to use should be faced boldly, and the time had come when it should be tackled with determination. Of that the Arab countries constituted a typical example. Admittedly they had already accomplished a great deal: in ten years many modern industries had been established, particularly the oil industry. But past efforts were little compared with what remained to be done in the future.

40. Construction of the Aswan dam would soon start. It would extend the cultivable area by about 2.5 million acres—more than one third of the amount of land currently under cultivation—and would provide electric power for numerous industries. That was one phase of the United Arab Republic's endeavour to raise the people's standard of living and to deal with the rapid increase in population. It was also an illustration of its constructive co-operation with other countries—co-operation which would, it trusted, become steadily broader. The United Arab Republic was collaborating with many nations, including the other Arab countries, China, Czechoslovakia, Germany, India, Italy, Japan, the Netherlands, Norway, Poland, Sweden, Switzerland, the USSR, the United States and Yugoslavia. On 8 November 1959, the United Arab Republic had concluded an agreement with the Sudan concerning the Nile waters and the economic relations between the two countries, and that was an expression of the policy of co-operation among the Arab countries. The latter would soon, also, have an Arab financial institution for economic development.

41. It was a foregone conclusion that a fully productive group of Arab countries would mean infinitely greater economic exchanges with the rest of the world, better markets, and an increased ability to defend themselves and to contribute to the maintenance of peace and security. During the transitional period, there would be a need for close technical, economic and financial co-operation with other countries, but less capital would be required as time went by; the same would be true of technical assistance, which would probably, nevertheless, always be needed in certain sectors. The Arab countries possessed great potential wealth. The net revenue from oil alone was rapidly approaching \$2,000 million a year, a figure which was expected to increase very substantially during the coming years thanks to more intensified production and the newly discovered oil reserves in the Syrian Region of the United Arab Republic, in Libya and in Algeria. Agriculture, mining and industry would also be developed.

42. The programme for agricultural and industrial development in the United Arab Republic included higher quality and quantity in agricultural production; the mechanization of agriculture; irrigation and drainage; and the development of the iron and steel industry, heavy industry and machine industries, the textile industry, the chemical industries (with special emphasis on the production of fertilizers), the oil industry, and mining in general. Transport and communications, harbours and the Suez Canal were to be improved, and aerodromes constructed.

43. For that work, which would be for the good of all mankind, the Arab countries would need a breathing-space and the exercise of common sense. The Arab

League would be the centre for the co-operative activities of the Arab States, and its economic activities should receive increasing attention from the United Nations and other international organizations.

44. As an African country, the United Arab Republic was co-operating actively with the States emerging on the African continent. It regarded the Economic Commission for Africa as an appropriate means of achieving closer ties and co-operation between African countries in the various sectors of economic and social development, in a continent endowed with enormous human and natural resources. The United Arab Republic had also held regional conferences with the Independent African States, which had revealed a unanimous view to the effect that the great economic resources of Africa had not been exploited to the full advantage of the African peoples; that non-African forces had arbitrarily divided the continent into separate economic regions, when there was a need to integrate it further; that large sections of the economies of sovereign States were not yet emancipated; and that certain neo-colonialist steps had recently been taken to incorporate the dependent African territories into the economic systems of certain European Powers. In order for all-African economic co-operation to be achieved, many measures would be needed, with a view to increasing trade among African countries, making mineral resources more readily available to them, and developing African economy not only in the interests of the Africans but for the common benefit of the human race.

45. At the world level, more was required than mere modifications and readaptations. In regard to production, distribution, prices of raw materials, communications and economic and financial agreements, there was a real need for a complete overhaul and for the abandonment of outworn ideas. With particular reference to the prices of raw materials he pointed out that the countries of Asia, Africa and Latin America needed to establish modern industries; in order to do so, they required capital equipment, for which they were dependent on the earnings of their exports of raw materials. Those earnings were far less than, in fairness or foresight, they should be. Moreover, they showed a tendency to develop in a manner constantly unfavourable for the producing countries. According to the report of the Commission on International Commodity Trade on its seventh session (E/3225), the price of long staple cotton—the main export product of the United Arab Republic—had been quoted in January 1959 at a level 25 per cent to 30 per cent lower than that of January 1958. Any decline in prices, however small, inevitably resulted in a decline in the export earnings of the under-developed countries. To make matters worse, prices for raw materials had been declining at a time when those for manufactured goods had been rising. That deterioration in the terms of trade for countries producing primary commodities had limited the development of those countries and had forced them to draw upon their foreign exchange reserves or to obtain credits from abroad, so that their burden grew steadily heavier. The countries concerned had had to curtail their imports of capital and consumer goods; and such measures, taken at the world level, might set off a most unwelcome chain reaction in international trade.

46. The main victims of such a situation were obviously the under-developed countries. The Commodity

Survey, 1958^{2/} stated that between mid-1957 and mid-1958 the deterioration in the terms of trade had represented for the under-developed countries a loss in import capacity equivalent to about one sixth of their official gold and foreign exchange holdings or to about six times the amount which they had received from the International Bank in 1956-1957. It was stated in the GATT publication Trends in International Trade that it would be unwise to count on any substantial contribution from improved terms of trade as a means of financing the import requirements of the primary producing under-developed countries. As the general situation was so bad, it should be easy to understand the anxieties of countries whose principal export commodity—such as coffee, cotton or lead—was being over-produced.

47. In a statement which he had made in October, at the annual meeting of the International Bank, the Minister of Finance and Economy of the United Arab Republic had shown clearly that the trend was not a new one. According to United Nations publications, there had, from the latter part of the nineteenth century to the eve of the Second World War, been a regular downward movement in the prices of primary goods in relation to the prices of manufactured goods. Subsequently, the 1958 annual report of the International Monetary Fund (E/3197 and Add.1 and Corr.1) had indicated that there had been a further deterioration of 5 per cent in 1955-1956, 2 per cent in 1956-1957 and 4 per cent in 1957-1958. The under-developed countries had therefore helped the industrial countries to raise their level of living, although the latter had made no equivalent contribution to the improvement of conditions in the former. The Minister had further noted that the rate of interest on loans to the under-developed countries had been steadily increasing in the last few years, and that the major industrial countries of Western Europe and Eastern Europe had formed, or were in the process of forming, common markets which would tend to increase trade amongst themselves but to reduce imports from primary producing countries, or at least to lead to the establishment of tariffs discriminating against the latter. The creation of those economic entities, and the quota system introduced by other industrial nations, added to the difficulties of the under-developed countries.

48. One of the main problems which the under-developed countries had to face was the financing of development. They met a large part of their capital needs from their own resources; in order to do so, they had often followed a policy of austerity with regard to consumer goods and had encouraged the accumulation of individual savings which could be reinvested in development projects. But, since the domestic capital resources of most of those countries were quite inadequate for the financing of all their development needs, many of them had been obliged to seek foreign capital, public and private alike. Unfortunately there was a tendency for private capital to flow towards the more developed countries, including many that were highly industrialized; it was not attracted to the under-developed countries, other than those which produced oil. It had been recognized in the United States, the principal source of private capital, that the immediate capital needs of the under-developed countries were in the fields of power, communications and education, none of which was

^{2/} United Nations publication, Sales No.: 59.II.D.1.

especially profitable. The situation in regard to public foreign capital was better, since during the last few years the under-developed countries had received substantial assistance through bilateral agreements, and had welcomed it as long as no political or ideological conditions were attached to it. Such public capital could be provided on a much larger scale if an agreement on disarmament made it possible to decrease the colossal military expenditures. Many economists considered that one half of those vast sums would suffice to meet the needs of the under-developed countries. In conformity with the Charter, which required that Governments should devote to armaments as little as possible of the world's human and economic resources, the peoples and leaders of all countries now wished to dedicate themselves to peaceful and constructive activities.

49. In September 1959, President Nasser had pointed out that the \$100,000 million spent annually on armaments was equivalent to an expenditure of \$40 per annum for each inhabitant of the world, and that \$2,000 million would be enough to finance the ten-year development plan for the Egyptian Region of the United Arab Republic; he had emphasized that disarmament would be equally beneficial to the great Powers, for it would lead to an era of universal prosperity and, instead of bestowing gifts on the under-developed countries, they could grant them the loans needed for their development. Similarly, Mr. Khrushchev had mentioned the advantages to be derived from a plan of general and complete disarmament, which could open up a new epoch in the economic development of Asia, Africa and Latin America; all the artificial obstacles, such as discriminatory restrictions and prohibitive lists, which now stood in the way of international trade would disappear. Orders received by all industrialized countries, and hence the opportunities for employment, would be multiplied. Thus disarmament would certainly not lead to an economic depression in the industrialized countries of the capitalist world.

50. Lastly, President Eisenhower had expressed the wish that all the free nations of the world should cooperate voluntarily in a long-range programme of assistance to the less-privileged peoples—a programme which should include technical services, private and public loans, mutually helpful trade rela-

tionships, the provision of grants and, above all, continuing efforts to build true understanding among nations. He had said that public and private capital could assist the under-developed countries if the right conditions existed, and more especially if the nations which needed investments adopted a responsible attitude and if intelligent trade relations were established among all free nations. The President had also expressed the hope that the nations of East and West would succeed in eliminating wasteful expenditures for armaments.

51. However, as foreign capital had so far not sufficed to meet the needs of the under-developed countries, it was natural for the latter to look to the United Nations, whose Members were under an obligation to employ international machinery for the promotion of the economic and social advancement of all peoples. As it expected the United Nations to play its full part in the field of economic development, his delegation, together with a large number of other delegations, was submitting a draft resolution proposing the establishment of a United Nations capital development fund. He wished to avail himself of the opportunity of paying a tribute to the constructive and increasing share taken by the Secretary-General and his assistants in the effort to improve economic conditions in the under-developed countries.

52. In conclusion, he stressed the need to undertake a complete survey of the world's human and economic resources, to reorganize and speed up the development of the under-developed countries, and to divert promptly, into constructive fields, the sums at present used for the production of armaments. The problem of the prices of primary commodities should be carefully reconsidered, with a view to those prices being fixed at a fair and remunerative level. Furthermore, the relationship between highly developed and under-developed countries should no longer be that of a generous donor and a grateful recipient, but should reflect countries' endeavours to pool their resources of raw materials, labour, geographical position, capital, technical knowledge and experience in organization. Lastly, the role of the United Nations in the study and development of world economy should be strengthened.

The meeting rose at 5.45 p.m.