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*President* : Mr. C. W. A. SCHURMANN (Netherlands).

*Present* :

Representatives of the following States: Afghanistan, Brazil, Bulgaria, Chile, China, Denmark, France, Japan, Netherlands, New Zealand, Poland, Spain, Sudan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela.

Observers for the following Member States: Argentina, Australia, Czechoslovakia, Finland, Ghana, Indonesia, Iraq, Pakistan, Portugal, Romania, Turkey, United Arab Republic.

Observers for the following non-member States: Holy See, Switzerland.

Representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, World Health Organization.

**Statements on the occasion of the adjournment of the session (concluded)**

1. The PRESIDENT welcomed the Vice-President of the United States of Brazil, Mr. João Goulart, who had, for compelling reasons, been unable to attend the Council's meetings at the ministerial level.
2. Mr. GOULART (Brazil) said that the Brazilian Government had accepted with the greatest satisfaction the suggestion that meetings should be held during the Council's thirtieth session at the ministerial level to discuss the world economic situation and the economic development of under-developed countries. The choice of subjects had shown that the problems of improving the living conditions of some 1,500 million human beings afflicted by poverty and suffering from the effects of national under-development were being taken seriously.
3. The claims of the vast numbers of under-privileged human beings loomed large and were bound to form one of the essential foci in any overall political or economic examination of the international situation. To bring the peoples concerned to a level of living consistent with their dignity as human beings was no longer a philanthropic problem; it was mainly a political and a social one, and the way in which it was handled would have a

decisive influence on international life during the next few decades.

4. It would be difficult to deny that economic growth had become the international community's primary objective. In industrialized and under-developed countries alike, the major concern of governments was to achieve economic expansion and to avoid stagnation. Although the problem was of such general concern, the industrialized countries had, however, embarked upon its theoretical study for the purpose, not of developing the less-developed countries, but of avoiding the depressions and cyclical phenomena that so strongly disrupted their economies.

5. Even so, it must be recognized that study of the problem had brought about a change for the better in basic concepts, mainly in relation to the study of inflation, which was considered no longer in static, but in dynamic, terms. The fact, however, that such studies had been launched with the economies of the industrialized countries in mind had created an understandable, but nonetheless harmful, tendency to apply to the growth of the under-developed countries theses and concepts better suited to stimulation of the expansion of the industrialized economies. The fallacy of that transposition was particularly evident in the attempt to reconcile the aims of economic growth and economic stability. Nevertheless, concentration on the problem of maintaining a steady rate of expansion in the industrial countries had led to a more realistic and comprehensive study of inflation.

6. As a result of the flexibility of their structure and their high degree of capitalization, the industrial countries were not particularly vulnerable to inflationary pressures of a structural nature. But although it was true that, even in the more advanced countries, a temporary shortage of certain essential commodities might tend to generate slight inflationary pressures, there were other inflationary threats to their economies caused not by financial but by social or political forces — for example, agricultural price support and the artificial fixing of prices and wages. In the non-industrialized countries, on the other hand, inflation of considerable amplitude and duration might be engendered by purely economic causes.

7. The process of development and the need for mobilizing resources for the production of consumer goods and for investment might themselves create very serious problems in economically weak countries. In such circumstances, merely to apply financial restrictions designed to balance supply and demand with a view to achieving economic stability by preventing "too much money from chasing too few goods" would leave too small a margin of resources for economic development; indeed, in some cases no margin might be left at all, and development might be paralysed.

8. One of the characteristic features of most under-developed countries was the rapid natural increase in the population. Unless the rate of economic development exceeded the increment of population, the under-developed peoples would be doomed for ever to their existing poverty. The first thing to be done was to raise levels of living— in other words, to raise per capita income in the under-developed countries. A few figures relating to his own country might throw a significant light on that problem.

9. According to projections made by the Brazilian authorities, the population of his country, at present less than 65 million, would have reached a figure of 110 million in 1980. The Brazilian authorities fully appreciated the need substantially to raise the country's present per capita income of \$256 per year within a relatively short period to enable it to embark upon a course of continuous and independent economic development. But to raise the per capita income to \$400 per year over the same twenty years, 1960-1980, various requirements would have to be met, among them: first, a reduction in the proportion of capital-goods imports from the present level of 30 per cent to 21 per cent by 1980; second, investment of 15 per cent of the gross national product each year; and third, an increase in exports from their present value of about \$1,500 million to about \$4,000 million by 1980.

10. Assuming that Brazil succeeded in reaching that goal, it would be a country of 110 million inhabitants with a per capita income of \$400 per year. By the same date (1980), according to certain economists, the United States of America, to take only one example, would have a population of about 240 millions with a per capita income of \$3,800 per year. Those figures showed clearly how the gap between the industrialized and the under-developed countries would continue to widen, even if the latter themselves made considerable efforts to stimulate their development. The under-developed countries could not resign themselves to such a course of development. Still less could they accept the advice of those who obstinately clung to classical concepts of economic analysis and confined themselves to advocating financial austerity as the sole means of reconciling the objectives of stability and growth. No unqualified forecasts could, of course, be made on the subject and the figures he had given must be regarded merely as reasonable estimates. Their relative orders of magnitude, however, left no doubt about the vastness of the problem and showed that the under-developed countries would need to develop much more rapidly than at present if they were to narrow the gap in levels of living between them and the industrialized countries.

11. Recognition of those facts was the prerequisite for any practical action to speed up the rate of economic development in the under-developed countries. Until certain out-of-date concepts and others which were quite inapplicable to the less developed economies had been discarded, until it had been realized that the problem of under-development did not affect the non-industrialized countries alone and could not be solved by them without a far greater measure of international co-operation, it would be possible only to apply palliatives to an evil which ought to be attacked at the root. Consequently,

the Brazilian Government had noted with great satisfaction the study of the reconciliation of the twin objectives of economic development and economic stability in the *World Economic Survey, 1959* (E/3361, pp. 10-14). In that study, the United Nations, the representative organ of the international community, was offered two concepts which he personally believed to be fundamental; first, that reconciliation of the two aims was not a purely financial problem, but rather a question of well-directed economic development; and second, that the problem of economic development could not be solved by the under-developed countries alone, but was rather the collective responsibility of the international community.

12. The Secretary-General's endorsement of those principles, which the Brazilian Government had long upheld, gratifying though it was, should not preclude closer consideration of the problem. It was no theoretical or technical matter, nor could it be regarded as a strictly economic question. The fact that it affected human beings and was therefore likely to affect political and social situations made practical measures and the speediest possible solution imperative. The under-developed countries did not simply want their ills diagnosed, they wanted effective help in curing them. It was precisely in that respect that international action left most to be desired.

13. In saying that, he had no intention of belittling the services rendered by international financing institutions or of ignoring the growing feeling of international solidarity that had been apparent since the war. What had been done, however, substantial though it might be, fell far short of what was required. In citing figures to describe the economic development of Brazil as compared with that of the highly industrialized countries, he had chosen that country because it was not among the under-developed countries with the lowest per capita income; it already had a fairly large industrialized sector and was therefore closer than many others to the starting point from which it could embark on the course of continuous and independent development. Hence, in emphasizing the magnitude of the problem for such a country he was not exaggerating its gravity; his criticisms might even be too mild.

14. Looking at the problem in practical terms, he would once again make use of the arguments adduced and the views expressed by the most impartial of all sources — the United Nations Secretariat. The Secretary-General's recent observations (E/3394) on the problem, *inter alia*, of international commodity trade were especially pertinent. The Secretary-General had laid stress in particular on the importance of that trade for the economic development of the under-developed countries and had deplored the static concepts had hitherto governed international action in that sphere and the fact that such international action had been concentrated on incidental problems relating to the abolition of certain trade practices and had virtually ignored the more basic problem of the expansion of international trade as a means of redressing the lack of balance between the growth of the industrial countries and the demand for primary commodities.

15. The Brazilian Government neither ignored nor under-estimated the importance of what had been done.

In particular, there were no grounds for questioning the importance of the work that was being done through the General Agreement on Tariffs and Trade (GATT) for the adoption of fair and equitable rules in international trade. What should be stressed, however, was that the problems of international commodity trade and those of trade generally between industrialized countries and primary producing countries had features which called for more thorough study and more effective action, particularly if the decisive influence of that trade on the development of the under-developed countries was borne in mind. As the Brazilian delegation had indicated at the 1121st meeting, his country had followed during the past few years a clearly defined and perfectly coherent policy in the various international bodies dealing with the problem. It had affirmed the need to keep price fluctuations and quantitative variations in the primary commodity market to the short and medium term, at the same time stressing the desirability of studying the ways and means of stabilizing on a long-term basis the purchasing power of countries exporting such commodities, and it had made it abundantly clear that the priority accorded to the short-term and medium-term aspects of the problem must not be allowed in any way to prejudice the solution of the long-term problem. It was merely a question of giving priority to the most immediate problem, which would itself facilitate the solution of the long-term problem.

16. In that connexion, particular attention should be paid to the problem of compensatory financial measures to offset fluctuations in export income of primary producing countries. In establishing its programme of work on that subject, the Commission on International Commodity Trade had sought the advice of the International Monetary Fund (IMF) about the latter's relevant policies and procedures. IMF's reply, which had been discussed at the Commission's eighth session (E/3383, section III), illustrated very clearly the problem confronting the commodity-producing countries. Briefly, IMF had assured the Commission that it was doing its utmost to achieve the objectives for which it had been set up, which, however, merely required it to give equal treatment to all member States with respect to their short-term balance-of-payments problems. The Brazilian Government fully understood IMF's position. What it could not understand was that the aims of IMF should be confined to granting equal treatment — and not fair and equitable treatment — to all its members. On innumerable occasions, it had endeavoured to demonstrate the unrealistic nature of a policy which sought similar solutions for vastly dissimilar situations.

17. The Brazilian Government had recently had occasion to explain to IMF what the consequences would be for Brazil if it were to adopt the anti-inflationary measures demanded by IMF as a *sine qua non* for the grant of loans to mitigate Brazil's balance-of-payment difficulties at a time when the international coffee market had been in full slump. But IMF could not accept such an argument, since it had been created for the sole purpose of granting equal treatment to all its members regardless of the circumstances peculiar to each. In the face of such an attitude, the non-industrialized countries were

placed in a quandary: they must either stagnate forever in a state of under-development in the name of an ideal loyalty to economic stability or they must adopt unorthodox methods of exchange restrictions and at the same time espouse a liberal financial policy which would inevitably intensify the inflationary pressures inherent in any process of development.

18. The suggestion had been made that the regional economic commissions be given the function of co-ordinating economic development. That was an extremely useful suggestion, which might be carried out on lines similar to what was being done on a smaller scale in South-East Asia under the Colombo Plan. It would be useful because development problems could be solved more easily if studied at the regional level, provided, of course, that international financing was available for infrastructure programmes.

19. President Kubitschek of Brazil had launched "Operation Pan-America" precisely for the purpose of speeding up the study and solution of the problem of under-development in Latin America as a whole. The central idea of "Operation Pan-America" had met with certain objections at first, but events had proved that it had been well conceived and, two years later, its principles had been universally accepted. It had already reached the stage of practical achievements, and the Inter-American Development Bank — the first result of the operation — would shortly begin to function.

20. At the regional level again, the Brazilian Government had taken an enthusiastic part in drawing up the Treaty of Montevideo, by which the foundations had been laid for the Latin American free-trade area, thanks to which member countries would be able to make better use of their own resources, expand their production and increase their regional trade.

21. Given the fact that the problem of poverty in the under-developed countries was a collective international responsibility, it was impossible for his government to concern itself solely with Brazil and Latin America: it was necessary to combat under-development at the regional level, because in each area there were specific problems and situations, which called for equally specific solutions. The Brazilian Government had consistently stressed the fact that the international community should tackle development problems with the same determination in the poverty-stricken areas of Asia and Africa. In pursuance of that policy, the Brazilian delegation had played an active part in setting up the Economic Commission for Africa; for the same reasons, his government supported the plans for assistance to the under-developed countries of Africa and Asia, and was following them with particular attention. The Brazilian Government was especially interested in the African countries which had recently become independent, and believed that the United Nations, which had helped them to attain political sovereignty, should assist them in the work of economic development — a no less important task. Assistance to the new African States would, however, require more funds, since there could be no question of reducing the already slender share of resources intended for other areas. Brazil was willing, so far as it was able, to help the new African countries. The experience which

his countrymen had acquired in creating a tropical civilization, the solution they had found to the problem of the co-existence of different races and the similarity of many of their problems, all made it possible for Brazil to play an effective part in providing the necessary assistance, which the Brazilian Government would do with enthusiasm.

22. The Brazilian Government was convinced that the Council would find it possible to intensify and expand its activities and so make a substantial contribution to the solution of the problem of under-development. The fundamental cause of the unrest and anxiety prevailing in the world was to be found in the poverty, disease and under-nourishment from which millions of human beings in all the under-developed areas were suffering. Poverty was indivisible. So long as the world was divided into privileged peoples and poor peoples, the atmosphere would be propitious for the spread of

political doctrines based on violence and hatred. By assisting the under-developed countries to reach a decent level of living, the United Nations would make a positive contribution to the establishment of "peace in depth" that would banish imperialism and war from the face of the earth.

23. The PRESIDENT thanked the Vice-President of the United States of Brazil for his statement. He regretted that the Managing Director of IMF was not attending the meeting and so could not comment on remarks concerning that agency.

#### Adjournment of the session

The PRESIDENT declared the thirtieth session of the Council adjourned.

The meeting rose at 11.10 a.m.