

United Nations
GENERAL
ASSEMBLY

SEVENTEENTH SESSION

Official Records



SECOND COMMITTEE, 798th
MEETING

Wednesday, 3 October 1962,
at 3.20 p.m.

NEW YORK

CONTENTS

	Page
<i>Agenda items 12, 34, 35, 36, 37, 39 and 84:</i>	
<i>Report of the Economic and Social Council (chapters I to III, V and VI)</i>	
<i>United Nations Development Decade: report of the Secretary-General</i>	
<i>Economic development of under-developed countries:</i>	
(a) <i>Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General;</i>	
(b) <i>Establishment of a United Nations capital development fund: report of the Committee established under General Assembly resolution 1521 (XV);</i>	
(c) <i>Industrial development and activities of the organs of the United Nations in the field of industrialization;</i>	
(d) <i>Long-term projections of world economic trends: progress report prepared by the Secretary-General;</i>	
(e) <i>Land reform: report of the Secretary-General;</i>	
(f) <i>Decentralization of the economic and social activities of the United Nations and strengthening of the regional economic commissions</i>	
<i>Question of holding an international conference on trade problems</i>	
<i>International measures to assist in offsetting fluctuations in commodity prices</i>	
<i>Permanent sovereignty over natural resources</i>	
<i>The Cairo Declaration of Developing Countries</i>	
<i>General debate.</i>	15

Chairman: Mr. Bohdan LEWANDOWSKI
(Poland).

AGENDA ITEMS 12, 34, 35, 36, 37, 39 AND 84

Report of the Economic and Social Council (chapters I to III, V and VI) (A/5203)

United Nations Development Decade: report of the Secretary-General (A/5194, E/3613, E/3613/Add.1, E/3613/Add.2-3, E/3658, E/3664, E/3674)

Economic development of under-developed countries (A/5220):

- (a) Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General (A/5195);
- (b) Establishment of a United Nations capital development fund: report of the Committee established under General Assembly resolution 1521 (XV) (E/3654);

- (c) Industrial development and activities of the organs of the United Nations in the field of industrialization (E/3600/Rev.1, E/3656, E/3656/Add.1);
- (d) Long-term projections of world economic trends: progress report prepared by the Secretary-General (E/3628, E/3629, E/3661, E/3668);
- (e) Land reform: report of the Secretary-General (E/3603);
- (f) Decentralization of the economic and social activities of the United Nations and strengthening of the regional economic commissions (A/5196, E/3643)

Question of holding an international conference on trade problems (A/5221, A/C.2/L.645, E/3631 and Add.1-4)

International measures to assist in offsetting fluctuations in commodity prices (A/5221, E/3447, E/3644, E/CN.13/43, E/CN.13/45)

Permanent sovereignty over natural resources (A/4905, A/5060, A/5225, A/AC.97/5/Rev.2, E/3511, E/L.914, E/L.915, E/L.918, E/L.919, E/SR.1177-1179, E/SR.1181)

The Cairo Declaration of Developing Countries (A/5162)

GENERAL DEBATE

1. Mr. KLUTZNICK (United States of America) paid a tribute to the Under-Secretary for Economic and Social Affairs, whose interpretation of the current economic situation would facilitate consideration of the vital matters on the Committee's agenda.

2. A year ago, in the wake of President Kennedy's appeal, the General Assembly had proclaimed the United Nations Development Decade. Since then, important decisions had been taken and the progress made was encouraging; United Nations machinery in the field of industrial development had been measurably strengthened; the Economic and Social Council had decided to convene a United Nations Conference on Trade and Development; a constant reminder of the need to increase the resources available for United Nations programmes had borne some fruit; lending by the International Bank for Reconstruction and Development and the International Development Association had reached a record high; the Bank had established a Development Advisory Service; the United Nations had opened an Economic Projections and Planning Centre; a Committee on Housing, Building and Planning had been created; the *ad hoc* Committee of Ten was continuing to explore means of strengthening the organizational structure of technical co-operation and pre-investment programmes; the personnel of the regional economic commissions and its ability were constantly growing; one regional institute to train more specialized manpower already existed in Latin America and two more were in the process of being established, one at Dakar and the other at Bangkok; the World Food Programme had

begun to be implemented; a conference on science and technology would soon be held which should stimulate new ideas and plans to accelerate "leap frog tactics" in the progress of developing countries; the execution of bilateral programmes and the work of multilateral agencies were showing signs of harmonizing their activity to the spirit and tempo of the United Nations Development Decade.

3. In its resolution 916 (XXXIV), the Economic and Social Council had developed the broad framework of the Development Decade. In resolution 920 (XXXIV), it had set up a committee to keep constantly under review the plans and programmes of the Development Decade and the progress made towards accomplishing its objectives. Now that the broad lines of future action had been drawn, every country should unite in the difficult task of achieving practical results, using the tools already available. That did not mean that, as the Decade progressed, new approaches, new programmes and new tools should not be employed. But if the Decade was to be a success, it was necessary to move away from broad generalizations to questions of urgent and immediate concern which, at any given moment, should claim priority. In that respect, the measures taken by the Council to ensure the success of the Decade were particularly gratifying. Those who had participated in its thirty-fourth session had thought that it had been unusually fruitful.

4. In the field of industrial development, the Council had made important progress. It had strengthened the Industrial Development Centre; and it had requested the Secretary-General to appoint an advisory committee of ten experts to study what further organizational changes might be required in order to intensify the efforts of the United Nations in that field. In resolution 893 (XXXIV), the Council had endorsed a proposal which would strengthen considerably the operational activities of the United Nations in the field of industrial development. The United States would support action to provide the necessary funds when that matter came before the Fifth Committee.

5. The Council had also recognized the importance of the problem arising from population shifts within countries, as well as demographic growth, and it had set up a Committee on Housing, Building and Planning. In order to study the role of international trade in the growth of the developing countries, the Council had decided to convene a United Nations Conference on Trade and Development and to set up a preparatory committee to ensure its success. The Council was called upon to play an increasingly important role in the co-ordination of all programmes of technical co-operation, whether bilateral or multilateral and whether carried out under the auspices of the United Nations or not. It was important not only to improve the means by which assistance was administered but also the quality of performance. It was therefore gratifying that the Council had decided, following a proposal by the Technical Assistance Committee, to examine that question very closely by making a careful evaluation of the results of the programmes.

6. One of the great anomalies of the present age is the enormous expenditure on armaments. The United States endorsed the conclusions contained in the study of the group of expert consultants concerned with examining the economic and social consequences of disarmament (E/3593/Rev.1), to the effect that complete and general disarmament would be an unqualified blessing for mankind everywhere. The United

States had therefore been pleased to be one of the sponsors of resolution 891 (XXXIV) of the Council. It felt that the action recommended under that resolution would be useful in preparing for the best possible utilization of all resources released following an agreement on disarmament.

7. Repeated stress had been laid on the need to enlarge the membership of the Economic and Social Council so as to facilitate its work on behalf of the developing countries. Unfortunately, under the threat of a veto for unrelated political reasons, such enlargement had proved impossible. The Council's function in connexion with the United Nations Development Decade was much too important for it to be hampered by political considerations. It was to be hoped that there would no longer be any objections to the enlargement of the Council's membership.

8. While the Council was holding its summer session, a group of developing States had met in Cairo and had issued a declaration which the Committee was to consider and which covered virtually every topic of any interest to the developing nations. It was possible not to agree with all the conclusions of the Conference on the Problems of Economic Development held at Cairo, for it was hardly surprising that divergencies of view should arise in matters of economic development. However, if every country made its contribution, real progress was possible. The Cairo Declaration of Developing Countries (A/5162) deserved careful attention, for it represented an honest and constructive effort.

9. One of the most important decisions taken by the Council, as announced in its resolution 917 (XXXIV), concerned the convening of a United Nations Conference on Trade and Development. Although international aid and investment played an important role in the financing of development, the main source of foreign exchange remained income from exports. The decline in export prices was very disquieting and the international community must intensify its efforts to solve that problem. At the same time, it was recognized that markets must be found for the manufactured products of the developing nations. In that respect, the declaration concerning the promotion of the trade of less-developed countries,^{1/} adopted at the ministerial meeting of the Contracting Parties to GATT which took place in November 1961, was a historic document, forming the basis for new programmes of practical action directed towards the opening up of new markets. The United Nations Conference on Trade and Development should therefore be considered as a supplement to the work of GATT, of the Commission on International Commodity Trade and of other international bodies which were studying the trade problems of the developing countries. The Conference would give all countries an opportunity to exchange views on matters which might affect the lives of future generations. Its success would depend upon the work of the preparatory committee and on the way in which each country prepared its own contribution. Obviously, the Conference would have to take a hard, careful and intelligent look at the trade and development problems of the day and not indulge in polemics or meaningless exhortations. Conferences of such a nature could not be convened frequently. There was no need for haste, since regular United Nations organs could be called upon to deal with urgent questions. The Conference

^{1/} General Agreement on Tariffs and Trade, Basic Instruments and Selected Documents, Tenth Supplement (Geneva, 1962), p. 28.

should be prepared with the greatest care if it was to produce the desired results.

10. The United States Government intended to make the maximum contribution possible to the exchange of views. The United States had been engaged for some time in the development of national views and laws that would enable the country to meet the demanding needs of the hour in the matter of trade. For that purpose, the Congress had vested broad powers in the President by promulgating the Trade Expansion Act of 1962, which was considered a venture in free trade without precedent in United States history. The Trade Expansion Act was designed to enable the President to bargain reductions of the United States tariff in exchange for reciprocal reductions of the new tariff of the European Economic Community. The fact that the United States and the enlarged European Economic Community would be responsible for 90 per cent of the free world's trade showed the vital importance of the prospective negotiations. The Act was not aimed simply at an accommodation between western Europe and the United States. On the contrary, it would provide the means of lowering barriers to trade between all regions of the western hemisphere and all the developing nations of Asia and Africa. Thus, the economic upsurge of the European Economic Community would serve the prosperity of all. As the Belgian Minister for Foreign Affairs, Mr. Spaak, had pointed out to the General Assembly (1138th plenary meeting), the member countries of the Community had already increased their imports from the developing countries. The Act authorized the President to reduce United States tariffs by 50 per cent and to eliminate tariffs entirely on those products in respect of which the United States and the Community accounted for 80 per cent or more of the volume of world trade. It also authorized the President to arrange with the Community for the reduction of barriers to imports of primary commodities from the developing countries. In all of these cases, the concessions would be made widely available through the application of the most-favoured-nation clause.

11. According to President Kennedy's own words, this Act was a "declaration of interdependence" among free nations. During the United Nations Development Decade, nothing would be more important than how this open trade partnership was implemented, because the developing countries had a vital stake in it. The two giant markets on both sides of the Atlantic were at once the biggest customers and the biggest suppliers of those countries, and no other market in the world offered them greater reliable opportunities to earn their way out of poverty. Those export opportunities were, moreover, not confined to traditional products. Each Atlantic market was pledged, difficult as the adjustment might be, to accommodate an increasing volume of manufactured products from the developing countries. No other nations were so pledged; no other nations were taking more of their manufactured products today. The Secretary of State of the United States had often said that the interests of his country are the same as those of the rest of the free world. Every time the United States negotiated a reduction in tariff barriers with western Europe, other trading countries in the world would benefit. In that sense, the Act identified the United States with the developing countries as much as with the North Atlantic community. The idea that the unification of Europe was a first step towards universality had,

moreover, been very recently expressed by Mr. Spaak in the General Assembly.

12. Many negotiations had taken place to alleviate the difficult problems of international commerce, and no institution had done as much as GATT to bring about free trade. GATT was the most favourable forum for action on trade problems because its work was founded on a structure of legal rights and obligations which member countries sought to keep in balance. The Cairo Conference had underlined the major role of GATT, particularly in paragraphs 34 and 35 of its Declaration in which it recommended the immediate and energetic implementation of the programme of action adopted by GATT with a view to improving the export prospects of the developing countries, and in which it invited Governments to co-operate effectively within the framework of GATT for the purpose of protecting their common interests. The importance of GATT, a result of the growth in the number of members and of its determination to treat fairly the problems under its jurisdiction, coupled with its deep concern with the trade of developing countries, had been eloquently emphasized by the Under-Secretary for Economic and Social Affairs, in his statement before the Committee (795th meeting).

13. The Commission on International Commodity Trade had also done much since its reconstitution in 1958. The United States had participated actively in the debates on the possible use of compensatory financing as a means of alleviating fluctuations in commodity prices and it was giving its most sympathetic consideration to all the problems of this type which were studied by this Commission and also by the commodity study groups, the councils of the Organization of American States and other regional bodies.

14. The most notable event of the recent period was certainly the signing of the International Coffee Agreement by the principal producing and consuming nations. Its importance lies in the vital part played by this product in the economy of numerous African and Latin American countries. If this agreement was successfully executed—and the United States would do everything possible to further that objective—it would make a major contribution to the economic and social development of those countries. The event had shown that an agreement of that kind required prolonged negotiations, illustrating what an over-simplification it was to divide the producing and the consuming countries into two groups, for within each group the differences between one country and another were often considerable. Even an excellent agreement like that had not been able to give entire satisfaction to all countries. One could hope, however, that the International Coffee Council would enable some aspects criticized by certain countries to be remedied. At all events, that example demonstrated the magnitude of the task to be tackled in order to settle the problems raised by other commodities.

15. Finally, the International Monetary Fund had also increased its activities on behalf of exporters of primary commodities, and it was pleasing to note that eleven new nations had become members of the Fund in 1961 and that seventeen more countries, principally African, had applied to join. Because of the numerous international agencies occupied with all those problems, the report of the technical working group set up under resolution 915 (XXXIV) of the Economic and Social Council would be particularly useful, because

it would permit international activities to be organized most rationally and, in addition, would facilitate the work of the preparatory committee for the United Nations Conference on Trade and Development.

16. At the stage of development reached by the world, it seemed possible to say truthfully that most countries had made some progress, witness the abandoning of the words "under-developed countries" and the substitution of the words "developing countries". The painful slowness of the process, however, had led numerous experts to reappraise programmes undertaken to further it. That examination had shown how mistaken it was to think that trade and aid were mutually exclusive. In fact, they were two indispensable means, different and complementary, of remedying poverty. Bearing in mind the lessons of the last fifteen years during which it had given aid to developing countries, the Government of the United States had recently concluded that its activities should in future be based on the following principles: first, the developing country should recognize the indispensability of self-help measures; secondly, it should draw up long-range development plans specifying definite goals and clear priorities; thirdly, social progress should allow the whole population to profit from development; fourthly, all national efforts, bilateral and multilateral, should be harmonized and integrated, with a continuing and objective evaluation of performance.

17. Those principles, moreover, paralleled those expressed by the countries participating in the Cairo Conference. In their Declaration, they had recognized the importance of maximum mobilization of internal resources of the developing countries, including the establishment of suitable institutions for that purpose, recommended the implementation of national development plans and stressed the importance of the maintenance of financial and monetary stability, the encouragement of savings and the mobilization of resources for economic development. The OECD—whose members contributed 90 per cent of the capital and resources furnished to developing countries and multilateral agencies—had invited its members to assess the results of their activities and to share their experience in order to ensure that the aid given was directed towards uses which contributed most to the development of the recipient country, and had declared that increased aid would make its maximum contribution only if it was matched by effective self-help efforts from the recipient countries, particularly through the adoption of sound economic, social and financial policies. It was therefore particularly

encouraging to note that the developed as well as the developing countries were showing a growing consciousness of how to make aid as effective as possible and had reached a large measure of agreement among themselves on the basic requirements for progress.

18. But there was one aspect which could not be too strongly emphasized: development could not take place unless the countries concerned were ready to create the necessary institutions, to adopt sound fiscal policies and budget control, to secure benefits for the people through social as well as economic progress, respecting a pre-established order of priorities and preparing a comprehensive plan continually modified in the light of experience, in order to use external aid as well as local wealth efficiently. It was also clear that the people of contributing nations should feel that their contributions were serving to help the developing countries in promoting self-sustaining growth. Both the developed and the developing countries had domestic problems, often of political significance, which were in danger of impeding a satisfactory partnership unless the necessary measure of understanding could be attained. Aid bestowed in terms of soft loans or grants should be temporary and used in such a way as to hasten the day when they would no longer be needed. No country could resign itself for ever to being a recipient or a donor. Such a situation would almost be a contradiction of the principle of national sovereignty. Each country should ultimately require no more than normal credits to finance its development, and none should be obliged to use its tax revenues to provide aid to other countries. Certainly, that ideal was not attainable within a few years, but it was the only tenable goal consistent with the independence of the developing countries. Assuredly, neither trade nor aid would suffice to carry out so vast a task, and private investment had a vital role to play. He would take the opportunity later to describe that role when the Committee considered specific proposals on capital flows.

19. In conclusion, he said he was certain that, despite the crushing complexity of their problems, all the States represented in the Committee were resolved to make an energetic attack on the economic and social scourges that affected the world. Although, to be sure, an immediate solution could not be seen, that will to succeed prompted the hope that mankind was at last to embark upon the path of progress.

The meeting rose at 4.20 p.m.