

United Nations
GENERAL
ASSEMBLY

SEVENTEENTH SESSION

Official Records



SECOND COMMITTEE, 814th
MEETING

Tuesday, 23 October 1962,
at 10.50 a.m.

NEW YORK

CONTENTS

	Page
<i>Tribute to the memory of Mr. Sukardjo Wirjopranoto, Permanent Representative of Indonesia to the United Nations</i>	111
<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) (continued)</i>	
<i>United Nations Development Decade: report of the Secretary-General (continued)</i>	
<i>Economic development of under-developed countries (continued):</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 (continued)</i>	
<i>International measures to assist in offsetting fluctuations in commodity prices (continued)</i>	
<i>Permanent sovereignty over natural resources (continued)</i>	
<i>The Cairo Declaration of Developing Countries (continued)</i>	
<i>General debate (continued)</i>	111

Chairman: Mr. Bohdan LEWANDOWSKI
(Poland).

Tribute to the memory of Mr. Sukardjo Wirjopranoto, Permanent Representative of Indonesia to the United Nations

1. The CHAIRMAN informed the Committee of the death of H.E. Mr. Sukardjo Wirjopranoto, Permanent Representative of Indonesia to the United Nations, and, on behalf of the Committee, extended his condolence to the Indonesian delegation and to the family of the deceased. He proposed that the Committee observe a minute of silence in tribute to the memory of Ambassador Wirjopranoto.

The members of the Committee observed a minute of silence.

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) (continued)

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) (continued)

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

- (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, A/C.2/L.648, E/3631 and Add.1-4) (continued)

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

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) (continued)

The Cairo Declaration of Developing Countries (A/5162) (continued)

GENERAL DEBATE (continued)

2. Mr. VEJAJIVA (Thailand) thanked the Under-Secretary for Economic and Social Affairs for having given, in his statement (795th meeting), a comprehensive analysis of world economic development during the preceding twelve months.

3. Since the Economic and Social Council had an increasingly larger role to play in the social and economic development of the under-developed countries, it should be more truly representative; steps

should therefore be taken to ensure that the developing nations, which constituted 75 per cent of the membership of the United Nations, should be equitably and adequately represented in that body.

4. In regard to the United Nations Development Decade, which represented a major attempt to bridge the ever-widening gap between the rich and the poor nations, his delegation endorsed the programme of action laid down in Council resolution 916 (XXXIV) for the achievement of the goals of the Decade. It was a welcome development that during the first year of the Decade, there had been established at Headquarters an Economic Projections and Programming Centre, the main function of which was to carry out long-term projections of world economic and industrial trends; he hoped that regional centres would soon be established in all the regional economic commissions.

5. The present division of the world into two distinct groups—the world of rising expectations and the world of affluence—could, if allowed to continue, imperil the future of mankind. The gap between the industrially advanced countries and the developing countries, in income and rate of economic growth, continued to widen at an alarming pace, while prices of manufactured goods increased and those of primary commodities declined. Thus, while the total value of, for example, the ECAFE region's exports had increased in 1961, it still experienced balance-of-payments difficulties because of its greater need for foreign exchange with which to import capital goods and machinery. At the same time, its export earnings were diminishing. Thailand, however, had succeeded in reducing its balance-of-trade deficit in 1961, and the Thai Government, which believed in developing the volume of trade to the fullest possible extent, had concluded trade agreements with two countries and was negotiating similar instruments with several others.

6. His delegation fully shared the apprehension expressed by the countries participating in the Cairo Conference on the Problems of Economic Development and by the ECAFE Committee on Trade about the adverse effects which certain policies adopted by regional economic groupings of industrialized countries would be likely to have on the developing economies. It would be only good sense for the members of the European Economic Community to consider the welfare and interests of all developing countries, and his delegation strongly hoped that EEC would adopt an outward-looking view.

7. His delegation welcomed the Declaration on Promotion of the Trade of Less-developed Countries,^{1/} in which the Contracting Parties to GATT recognized the need to take immediate steps to establish programmes of action and target terminal dates for the progressive reduction and elimination of barriers to the exports of the developing countries. It felt, however, that the industrial countries had so far done little to open their markets to imports from the developing regions and hoped that they would immediately take action to eliminate the numerous barriers of that nature and to create acceptable conditions for the entry of agricultural commodities into world markets.

8. Thailand, as a primary-exporting country, was faced with the problem of undue fluctuations in com-

modity prices; it therefore strongly supported any international measures designed to offset such fluctuations and believed that the establishment of new international machinery to deal with such fluctuations was unavoidable. The proposal contained in the report of the group of United Nations experts for establishing a development insurance fund (E/3447) was more favourable to the long-term interests of the developing countries than the proposal by the Organization of American States on compensatory financing.^{2/} The adoption of any compensatory scheme would help to protect the primary-producing countries from the worst effects of periodic declines in their export earnings, which were essential to their economic development. Both the primary-producing and the industrially advanced countries should participate in such a scheme, and the latter group could very well consider the scheme as one way of aiding the developing countries to achieve uninterrupted economic development. In that connexion, his delegation endorsed resolution 915 (XXXIV) in which the Economic and Social Council approved the creation of a technical working group to consider proposals for compensatory financing.

9. While recognizing that international commodity agreements were not likely to ensure the stability of commodity prices in general, he believed that the United Nations should continue its efforts to stabilize them on a commodity-by-commodity basis by means of negotiations between producers and consumers. The successful example of the recent International Coffee Agreement should be followed by further agreements on other commodities.

10. In its 1962 report on international problems relating to commodities (E/3614), the Interim Coordinating Committee for International Commodity Arrangements had drawn attention to the possible harmful effect on markets of a high level of non-commercial stocks. It was his delegation's earnest hope that the stockpiles and surpluses held in some of the industrially advanced countries would be disposed of in such a way that no harm would be done to the primary-exporting countries and that consultations between the Governments concerned would be held before disposal took place.

11. His Government, convinced that it was high time to seek a radical readjustment of world markets and trade policies, fully supported the decision of the Economic and Social Council to convene a United Nations Conference on Trade and Development (resolution 917 (XXXIV)). The Conference would be an appropriate forum for the discussion of such vital questions relating to international trade as the stabilization of commodity prices, the expansion of markets for the goods of the developing countries, the effects of the regional economic groupings of the industrially advanced countries, the need to eliminate all restrictive devices which the industrialized countries placed on imports from the developing countries, the establishment of compensatory financing mechanisms and the question of stockpiles and surplus disposal. For the Conference to achieve practical results, adequate time would be required for its preparation, but in any event, his delegation hoped that it would be held as early as possible, preferably in 1963.

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

^{2/} See Organization of American States, *Final Report of the Group of Experts on the Stabilization of Export Receipts and Proposed Articles of Agreement of the International Fund for Stabilization of Export Receipts*, Pan-American Union, Washington, D.C., 1962.

12. Because of the limited and unbalanced membership of the Economic and Social Council, his delegation could not endorse the composition of the preparatory committee as proposed in Council resolution 917 (XXXIV) and suggested that that committee should be enlarged to ensure that the developing countries with commercial interests in international commodity trade and countries belonging to the various regional economic associations were adequately represented. The principle of geographical distribution should also be taken into account.

13. While it was generally recognized that foreign aid was no substitute for trade in the financing of economic development, it was essential, as the Secretary-General's study on the capital development needs of the less developed countries (A/AC.102/5) indicated, that, to speed up the pace of economic development, the volume of external economic aid must be substantially raised. His delegation believed that the industrial countries could very well assume greater responsibility in that connexion. Thailand was fully aware that external assistance could merely supplement its own efforts; it was, however, deeply appreciative of the generous and valuable assistance extended to it by the international agencies and many individual countries. It also recognized the vital role played by the United Nations in pre-investment and technical assistance; despite its limited resources, his Government had increased its contribution to the Expanded Programme of Technical Assistance and the Special Fund by 20 per cent over the previous year.

14. In the matter of industrialization, his Government, which had introduced an intensive industrial promotion programme, believed that foreign private investment was of vital importance to the economic progress of the country and had provided all possible incentives for attracting such investment. In particular, it allowed foreign investors to own land and to repatriate their capital and profits and guaranteed them against nationalization, competition from State enterprises and double taxation. In regard to the relevant United Nations activities, his delegation noted the progress made by the Committee for Industrial Development; it hoped that the Industrial Development Centre would be strengthened; it supported the creation of a pool of United Nations industrial advisers to provide direct aid in industrial matters to developing countries; and it welcomed the appointment of the Commissioner for Industrial Development.

15. His delegation was pleased to note the greater participation of the regional economic commissions in the economic and social activities of the countries of their regions. It was confident that, through decentralization, those commissions would be provided with substantive and operational facilities, including sufficient funds, so that they could in truth become the executive arms of the United Nations. In that regard, he commended the work of ECAFE during the past year, particularly its work on the Mekong River Project and the Asian highway project, and supported the proposed Asian Institute of Economic Development.

16. Since its establishment in July 1961, the Association of Southeast Asia, to which the Federation of Malaya, the Philippines and Thailand belonged, had made some progress; in particular, the three countries had agreed on the implementation of a number of specific projects and on a programme of practical technical co-operation. The members of the

Association were small nations sharing common aspirations and determined to work together to promote the well-being of their respective peoples. The Association was not, however, exclusive and its doors were always open to other nations of South-East Asia with similar aspirations. If the States of South-East Asia learned to co-operate among themselves, the resulting Asian solidarity would be beneficial not only to them and to the region but also to the world at large.

Mr. Allana (Pakistan), Vice-Chairman, took the Chair.

17. Mr. GRANADOS (Guatemala) said that his Government shared the view that the economic development of the under-developed countries would have to be based on the mobilization of their domestic resources. The attainment of their economic goals would call for short- and long-term planning, increased domestic savings and redistribution of national income.

18. The trend of international trade in recent years and the drop in the value of Guatemalan exports had caused his Government serious concern, as they were the basic factors hampering the economic growth and social progress of his country. Certain economic measures had had to be taken which had tended to reduce the rate of public investment and restrict the credit available to private enterprise, and that had necessarily affected the level of employment and private investment.

19. The measures so far taken to alleviate the problems of the under-developed countries had yielded some praiseworthy results over the short term, but over the medium and long term they were not adequate. The imbalance of supply and demand was the main cause of the current unfavourable terms of trade; the obvious solution was either to increase demand or reduce supply. However, the latter course would be of no benefit unless prices rose very substantially, and that was unlikely. It was clear that the developing countries would for a long period require more than mere stability of foreign currency earnings. In the long run, they would need to ensure a steady expansion of their exports. They might attempt to improve their position by increasing their production for export of other than traditional commodities, but such diversification might not prove successful, as the under-developed countries might not be in a position to compete, particularly in agricultural products, with developed countries which had the benefit of advanced agricultural techniques.

20. The short-term measures taken to aid the developing countries, while not solving their basic problems, nevertheless constituted a step forward in that they had revealed a change in the attitude of the industrialized countries. Distribution of income was a vital matter both nationally and internationally, and there appeared to be increasing awareness of the inequity of the present imbalance between the situations of the privileged and underprivileged nations. The rising expectations of the latter made it clear that no lasting solution would be found until better distribution of world income was achieved and the producers of primary commodities were more adequately compensated for their labour.

21. Both the socialist group and the western groups of industrialized countries had claimed that they had increased their demand for primary commodities and each criticized the other for restricting imports of

those commodities; but increased demand alone would not suffice. All efforts should be concentrated on expanding the exports of the developing countries.

22. Fortunately, there was a large measure of co-operation between the developed and the developing countries which should lead to specific planning at the international level with a view to solving the world's economic problems. For that reason, his delegation welcomed the decision to hold an international trade conference. To prevent the conference from becoming a mere forum for political propaganda, it might be desirable to postpone it until adequate preparations could be made and practical proposals for action could be submitted.

23. Mr. BOLIN (Sweden) said that public opinion in his country had in recent years shown increasing interest in the problems faced by the developing nations. A commission composed of representatives of the Government and of other interests had reviewed Sweden's aid programme and, on the basis of its findings, new legislation on development assistance had been prepared and adopted by Parliament. For the Fiscal year 1962-1963, foreign-aid expenditure was to be increased from \$10 million to \$25 million. In addition, \$40 million had been earmarked for credit guarantees to exporters doing business with developing countries.

24. The emphasis in his country had therefore been less on the need to improve multilateral aid machinery and more on means of improving Sweden's own contribution to development. Contribution through multilateral programmes was favoured, as aid thus provided lost its national identity and did not entail political ties. Furthermore, multilateral programmes ensured effective co-ordination of aid from many countries, and the international organizations were in a better position than a small individual country to establish needs, distribute funds rationally and administer projects effectively. Nevertheless, a considerable proportion of Sweden's foreign aid would be provided on a bilateral basis in the future, as it was felt that such financial assistance might spur on Swedish private enterprises to greater efforts for the benefit of less developed countries, many of which had recently expressed a strong desire to obtain bilateral credit from Sweden. A training programme for technical assistance experts had been set up, and his Government had offered to place at the disposal of the United Nations a number of qualified junior experts who could be assigned to assist senior experts in their work.

25. His country desired to ensure that its bilateral technical and financial assistance projects fitted into the framework of multilateral assistance and to draw on international experience in order that its action might be as effective as possible. Believing that desire to be shared by other donor countries, it hoped that the United Nations would develop a system of guidance for potential donors of bilateral aid. In that connexion, the proposed information service of the Special Fund might usefully be developed into a general United Nations clearing-house for information and documentation concerning both financial and technical assistance. The United Nations should, in fact, provide some kind of guidance for all efforts, multilateral as well as bilateral, aiming to bridge the gap between the rich and the poor nations. His Government continued to believe, however, that the potential of the existing machinery for developing

assistance should be fully investigated before any new machinery was created. It felt that better co-ordination of multilateral aid could be achieved with the existing institutions. Co-ordination of the work of the international organizations depended on efficiency at the national level, and it was essential that Governments which were members of different international organizations should speak with the same voice in all of them.

26. His Government supported the proposal to strengthen the regional economic commissions. However, it considered that the functioning of the Secretariat services should not be impaired by transfers of personnel to the regions. New staff should be employed if necessary, and the Organization should be provided with the necessary financial means for the purpose.

27. His delegation welcomed the Secretary-General's useful report on proposed measures for the United Nations Development Decade (E/3613). Quantitative growth and diversification were the primary targets for the developing countries, but diversification should not mean industrialization only, for there were dangers in creating economies based on one-sided industrial production. A third target should be integration of the economy at the national or even at the regional level. There was a marked tendency towards regional integration and its aim should be, not the attainment of self-sufficiency behind barriers, but the formation of open and outward-looking groups of economies.

28. One of the most important functions of the Development Decade would be to give the developing countries their fair share of world trade. Sweden was prepared to participate actively in all efforts directed towards that end and endorsed the decision of the Economic and Social Council to convene a United Nations Conference on Trade and Development. Existing international trade machinery had done very useful work, but the worsening world trade situation indicated the need to take further action as soon as possible. However, the Conference should be prepared as thoroughly as possible and the preparations for it should aim not only at settling technical problems, but also at enlightening world opinion on the work that lay before the Conference.

29. Planning and programming must play an important role in the allocation of available resources in the developing countries. However, since complex social and economic processes could never conform to a blueprint, planning should not be all-important and targets should be revised in the light of developments. It was important that planning should not be the prerogative of economists or Governments, but a democratic process in which all social groups participated.

30. The developing countries needed more capital assistance: for the next fiscal year, Sweden would give to IDA an extra contribution amounting to three times its regular budget contribution and would support other measures to increase the flow of multilateral capital to the developing countries. But the importance of capital in the process of growth should not be exaggerated. Recent studies indicated that capital investment accounted for only 10 to 20 per cent of increased output per unit of labour input. Human resources were also important and efforts were being made to improve education in general and vocational and technical training in particular. Investment in training and education yielded high rates of return, especially in the

developing countries where skilled manpower was scarce. In many instances, intangible factors, such as education, training and research, resulted in a rise in total national output far greater than the direct increases in inputs of land, labour and capital. The problem of manpower was a long-term problem and investment in education and training was therefore a matter of great urgency. His delegation welcomed the growing emphasis on the role of manpower in the economic development of developing countries and hoped that the appropriate United Nations organs and individual countries would concentrate on the problems involved.

31. Mr. AMADOR (Mexico) said that the unanimous adoption of General Assembly resolution 1710 (XVI) on the United Nations Development Decade illustrated the general view that the rapid development of the less developed countries was the world's most urgent economic need; moreover, the unanimous adoption of General Assembly resolution 1707 (XVI) demonstrated the universal belief that international trade was the primary instrument for economic development. The less developed countries needed stable and freely accessible markets and fair and remunerative prices for their products. Their exports should not be adversely affected by tariff barriers, quantitative restrictions, internal taxes or other obstacles in the industrial countries, and the prices of their primary products should be properly related to the prices of the capital goods, manufactures and consumer goods which they required. Because of their complexity and significance, those problems could not be solved immediately, but the situation should not be allowed to deteriorate as result of inaction.

32. All countries should join in seeking long- and short-term solutions to international trade problems, because that was the only way of accelerating the development of the under-developed countries until they achieved self-sustaining growth. Joint action should be concentrated on finding practical solutions to the most urgent questions. That could be done at a conference held under United Nations auspices and with an agenda limited to those matters. Other less urgent problems could be considered later, in the light of the results of such a conference. As it had already stated in its reply to the Secretary-General (E/3631), the Mexican Government attached considerable importance to measures for stabilizing primary-commodity prices and to the establishment of a reserve fund which countries producing primary commodities might use in the event of fluctuations in the prices of such commodities. Those two items should be included in the agenda of the proposed United Nations conference on international trade problems.

33. His Government had participated in the Conference on the Problems of Economic Development, which had been held at Cairo, and had welcomed the favourable comments made on the Cairo Declaration of Developing Countries (A/5162). Paragraph 9 of the Declaration affirmed that the developing countries' problems could be solved through common endeavour on the national and international planes and within the framework of the United Nations

Charter and of international co-operation and assistance. His delegation was confident that international economic and social co-operation would expand as the industrialized countries intensified their efforts to that end and the developing countries followed principles such as those embodied in the Cairo Declaration.

34. Mexico was devoting all its energies and efforts to national and international development. It attached considerable importance to education and had considerably reduced illiteracy, despite a large increase in population. One class-room was being constructed every two hours, free textbooks were provided for school children and national educational institutions were generously subsidized. A national training centre was being established, with help from the Special Fund, to train specialized teachers for technological schools.

35. The Mexican Government attached considerable importance to realistic planning and the organ responsible for co-ordinating planning had drawn up a programme for the period 1962-1964. It was proposed to increase the national product by an average of at least 5.4 per cent per annum, which would involve considerable investment and the conversion into capital of increasingly large amounts from the national product. The programme would be financed mainly from internal resources, and a three-year investment plan had been prepared for the purpose. Investment from the public sector would amount to \$3.2 million, 75.7 per cent of which would be devoted to basic investments for development. Public investment had risen from \$672 million in 1960 to \$928 million in 1962 and was being spent on industrial and agricultural development and social infra-structural projects. The stability of the currency was guaranteed by the reserves of the Bank of Mexico.

36. A recent fiscal reform in Mexico was designed to ensure better re-investment of profits and distribution of the national income and a fair taxation system. The financing of Mexico's development had recently been assisted by various foreign loans, including credits from the International Bank and the Inter-American Development Bank and a long-term, low-interest loan under the Alliance for Progress. The President of Mexico had described agricultural reform, which was considerably advanced, as a social transformation. The changes in the system of land tenure at the time of the revolution had been aimed at improving rural living conditions and enabling rural inhabitants to live full and satisfying lives. Social reform was being introduced in the rural areas by the following methods: improved distribution and use of land for the benefit of those who worked it; introduction of efficient techniques to make the best use of available resources; re-organization of work according to regional conditions; co-ordination of agricultural production, industry and trade in rural areas; and modernization of schools, public health facilities and other important aspects of rural life.

The meeting rose at 12.45 p.m.