

**United Nations
GENERAL
ASSEMBLY**

SEVENTEENTH SESSION

Official Records



**SECOND COMMITTEE, 807th
MEETING**

Wednesday, 17 October 1962,
at 10.40 a.m.

NEW YORK

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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) (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, 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)

1. Mr. VELARDE DORADO (Bolivia) recognized that the work of the United Nations was gradually revealing the negative factors, essentially subjective in nature, which tended to obscure the real causes of under-development and to prevent the adoption of multilateral remedies for the economic backwardness and dependence of most peoples. It was important to fulfil the objectives of the United Nations Development Decade in order not only to eliminate growing injustice, but also, and in particular, to avoid the serious repercussions which might soon be felt by the nations which were developing at an accelerated rate far from the countries hitherto regarded as suppliers of raw material. It was difficult to speak of international solidarity or world peace so long as the division of labour separated, as it did today those who, in order to eke out a meagre existence, had to extract raw materials with increasingly expensive tools and those who processed those raw materials on increasingly advantageous terms. Nor could science and technology be allowed indefinitely to be used, in practice, only to deprive the economically under-developed countries of foreign currency while facilitating the discovery of products to replace natural raw materials. The United Nations truly deserved credit for dispelling a number of erroneous ideas, particularly with regard to assistance for development. As the Indonesian representative had rightly pointed out, assistance was no longer regarded as charity but as a paying commercial investment for the developed countries, which

was likely to enhance their prosperity. Similarly, foreign trade was no longer regarded as a tactical weapon in the cold war but as a means of development.

2. The Bolivian people had striven for fifteen years for political independence at the beginning of the nineteenth century. They had now begun to attack the problem of their under-development, because they realized that their poorly organized economy had been placed at the service of large foreign monopolies, which had amassed huge fortunes by transforming Bolivia into a mining camp and imposing on it a feudal régime as well as uneconomic exploitation of its land. Thus Bolivia, which needed capital to launch its own industry, had, by the strangest of paradoxes, become a major exporter of capital. It was because its wealth had been continually plundered that Bolivia was now urgently requesting compensation in the form of foreign assistance. It was fully aware that it could not free itself without sacrifices and hard work on the part of its own people, but even if all its resources were fully mobilized, it would be unable to achieve tangible results so long as its products were subject to the restrictions imposed by the great nations and so long as the terms of trade of the countries exporting raw materials continued to be unfavourable. Bolivia was especially vulnerable because it was at the mercy of those who set the price of tin on the world market. If that market was unstable or if the prices were too low to provide a return on investments, any measures which it might adopt internally might well prove inadequate or even futile. Consequently, only equitable terms of trade would make economic expansion possible. By that, he did not mean that trade alone would suffice or that assistance served no useful purpose; developing the Italian representative's argument, he said that, on the contrary, both assistance and trade—which was merely another form of assistance—were needed.

3. It was to be hoped that all those serious problems could be solved by the forthcoming international trade conference. The organization of work proposed by the Tunisian representative (802nd meeting) appeared to be satisfactory. It would indeed be desirable to set up three committees: the first to deal with general economic questions, the second to consider international machinery for financial compensation and for stabilizing primary commodity prices, concerning itself particularly with the conclusion of international trade agreements and the establishment of a development insurance fund, and the third to be concerned with the effects of economic groupings on the trade of third countries.

4. Among the measures proposed by the specialized agencies, it was pertinent to note the principle which the International Monetary Fund had rightly emphasized, namely, that the highly developed countries should maintain their level of economic activity by carrying out sound policies which would help rather than threaten the economies of countries which were their trade partners. The group of experts of ILO, whose report^{1/} was referred to in document E/3613/Add.1, had stressed the importance of employment among the objectives of development; for that purpose, immediate steps should be taken to intensify the exchange of experts and technical staff and to increase the credits available for training. Lastly, the sov-

eighty of countries over their own resources and natural wealth at all times should be guaranteed, for every State had the inalienable right to use its resources, freely in its own sovereign interests. Agreements for the provision of assistance, loans or investments were, of course, indispensable, but they should not damage the interests of developing countries and should respect the principle of the equal rights of countries and the right of peoples to self-determination.

5. In conclusion, he recalled that the Conference on the Problems of Economic Development, which had been held at Cairo, had taken note of the concern expressed by certain land-locked countries and had recommended in paragraph 25 of its Declaration (A/5162) that "appropriate facilities of access to the sea ... should be extended" to them. That was exactly what the Bolivian people, whose aspirations could not be stifled, were urgently seeking. The Bolivian Government had, in co-operation with experts from the Bureau of Technical Assistance Operations of the Secretariat, from ECLA and from FAO, drawn up a ten-year plan of economic and social development in keeping with the country's distinctive characteristics. But its characteristics were not those of a remote land-locked country without waterways to link its populated areas with the rest of the world; on the contrary, at its founding Bolivia had had a coastline. Numerous difficulties would therefore arise if, through a continuation of the present situation, it was compelled to disrupt its economy despite all its legitimate aspirations.

6. Mr. ALLANA (Pakistan) said that the sad plight of the under-developed countries was clearly apparent from such utterly impartial reports as the annual report of the Secretary-General on the work of the Organization (A/5201) and the report of the Economic and Social Council (A/5203). Most of those countries had only recently gained their political independence, but unless political sovereignty was translated into economic freedom, the disillusionment and frustration of their peoples might become a threat to more prosperous peoples. It was to avoid the catastrophic consequences of the world's present division into rich and poor that the General Assembly had decided to proclaim the United Nations Development Decade, a lofty and laudable objective which his delegation fully supported. But that enormous task would succeed only if all peoples wanted to make it succeed. Specifically, it was important that effect should be given to the recommendations of the Economic and Social Council in resolution 916 (XXXIV), in particular that the goal of \$150 million for the Expanded Programme of Technical Assistance and the Special Fund should be promptly attained and that the objective of \$100 million in commodities, services and money for the World Food Programme should be achieved.

7. With a view to accelerating the economic development of the under-developed countries, the General Assembly had, by its resolution 1706 (XVI), extended the mandate of the Committee on a United Nations Capital Development Fund. The Committee had submitted to the Economic and Social Council, at its thirty-fourth session, a depressing report (E/3654). The representatives from those capital-exporting countries which had long opposed creation of the fund had indicated that the position of their Governments had not changed, while representatives from capital-exporting countries favouring creation of such a fund had considered it unrealistic to press for its establish-

^{1/} International Labour Office, *Employment Objectives in Economic Development, Studies and Reports, New Series, No. 62, Geneva, 1961.*

ment, especially in view of recent developments in the balance-of-payments positions of many of the countries concerned. Nevertheless, representatives of the less developed countries continued to press for the fund's establishment, pointing out that that was especially necessary if the Development Decade was to be turned into an effective instrument for economic development and if the United Nations share in economic assistance to less developed countries was to be increased beyond the 2 per cent measured in 1960. In view of the fact that, according to the figures in the Secretary-General's report, at least \$2,000 million of additional capital would be required, the future seemed far from hopeful. At present, development could not be achieved without foreign aid, but that aid was being withheld because the developing countries were still under-developed. It was for the developed countries to break that vicious circle.

8. The Cairo Conference, in which Pakistan had taken part, had enabled the thirty-six participating countries in all sincerity and honesty to face their common problems and to attempt to find solutions for them. While it was undoubtedly true that the Cairo Declaration of Developing Countries might not meet with the full approbation of every country, it merited serious and sympathetic consideration because it had been drawn up on a realistic basis and without political bias.

9. The problem of short-term fluctuations in the prices of primary commodities had occupied the attention of the General Assembly for several years. Indeed, unless a solution was found very quickly, an economic collapse might occur in many of the developing countries. The measures so far taken by the United Nations had been very inadequate: it was therefore a source of satisfaction to note that the Economic and Social Council in its resolution 915 (XXXIV), had appointed a technical working group to review schemes for compensatory financing. His delegation hoped that the Council would take effective steps to implement the recommendations of the Commission on International Commodity Trade in regard to compensatory financing. That Commission itself had recently concluded that the average prices of primary commodities moving in international trade had continuously declined for four successive years and that the terms of trade of the producing countries had fallen to their lowest level since 1950. At the same time, the price of manufactured goods had reached virtually a record high in 1961. Thus, while the cost of living in under-developed countries was steadily increasing, the peasants of Asia, Africa and Latin America, despite their toil in particularly arduous conditions, were receiving less and less for their long hours of work. It was difficult for them to understand why they continued to suffer poverty, hunger, malnutrition and disease while the United Nations met year after year to seek solutions for their woes. The taking of effective measures through an international agency to offset fluctuations in prices of primary commodities was a matter which brooked no further delay; the IMF could be called upon to play a more active role in that regard, for instance, by encouraging its members to appeal to it for help in solving difficulties arising from short-term fluctuations.

10. As the Under-Secretary for Economic and Social Affairs had correctly pointed out in his statement (795th meeting), there were many obstacles to the development of the under-developed countries. Pakis-

tan, for example, had lost through fluctuations in primary commodity prices more than double the total of the financial assistance it had received. Since, at the same time, prices of manufactured goods and of capital equipment had continued to rise, Pakistan could purchase today, with the foreign exchange earnings from its exports, less than 50 per cent of what it had been able to buy a decade earlier. The same was true of all the under-developed countries. All indications showed that the prices of manufactured goods would continue to rise, that the prices of primary commodities would continue to fall and that the search for substitutes, in the form of synthetics manufactured in the industrialized countries, for the products traditionally exported by the under-developed countries would continue, while the demand of the under-developed countries for manufactured goods would continue to rise. Thus, the gap between the living standards of the rich and the poorer peoples would continue to widen with each passing year. It would be fatal to imagine that the peasants of the under-developed countries were not aware of that fact; they knew perfectly well that 1,362 million inhabitants out of a total of 1,800 million had an average income of \$8 per month whereas the average income of the inhabitants of the highly industrialized countries was \$9 per day.

11. All recently published figures gave every ground for pessimism. The report of the Organization of American States, prepared in co-operation with ECLA, described the economic stagnation of the Latin American countries: while the rate of population growth was 3 per cent annually, the rate of economic growth had been only about 1 per cent in 1961, as compared with the target figure of 2.5 per cent set by the Inter-American Economic Conference at Punta del Este; agriculture, Latin America's major activity, had increased by only 2.5 per cent and exports in international trade had declined by 11.5 per cent in comparison with 1957; moreover, it was likely that the whole of the economy of the region would suffer from an increase in the tariffs of the European Economic Community and increasing Soviet exports to world markets.^{2/} The prospects were hardly any brighter in Africa, even though the peoples of that continent, having just liberated themselves from colonialism, were determined to improve their lot. The economy of Asia, which had suffered so much during the last two centuries of colonial exploitation, was far from healthy. According to recent statistics, Pakistan's total exports had fallen from £128.2 million in 1954 to £106.2 million in 1958, while its population had grown by approximately 12 per cent over those four years. While it was true that India's total exports during the same period had increased slightly, that expansion was more than offset by the population growth during the same period. Ceylon's exports had fallen from £131.4 million in 1954 to £123.8 million in 1958, while, again, the population had continued to increase.

12. Could the representatives of Asian, African and Latin American countries be blamed, therefore, for advocating immediate international measures to bridge the gap between the levels of living in the developing countries and the advanced countries? And yet, the

^{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.

representative of an industrialized country had said that "slogans" had been used to advocate increased trade. They were not slogans, but the cries of millions of human beings who were being born and were dying in poverty. Pakistan hoped that their appeal would strike a sympathetic chord in the hearts of those who lived in the more fortunate parts of the world.

13. The world was no longer what it had formerly been. The age of feudalism had given place to liberal idealism and democracy. Today it was accepted by all nations that each citizen had full and equal rights and that national prosperity should have the broadest possible base. Not content merely to criticize a society in which prosperity was enjoyed only by a minority, the present world was marching towards increased international co-operation that would open the way to a new era of interdependence. In that spirit, the developing countries urged that wealth and prosperity should no longer be concentrated in the hands of a few nations. The twentieth century had no reason to feel proud of a world which was an ocean of poverty with only a few islands of prosperity. Poverty was all the more unbearable when economic development offered the means of banishing it forever from the earth. If the industrially advanced countries continued to develop in a vacuum, then the under-developed countries would become progressively poorer in relation to them. Such poverty even had, in a sense, a moral claim on the conscience of the advanced countries.

14. Pakistan shared the view, recently expressed by Pope John XXIII, that help should be provided more quickly to the developing countries to enable them to achieve the well-being to which they aspired. Unfortunately, in the world of today, attention was given mainly to national or regional welfare, without consideration of the need for a balanced world-wide economic development. Adequate resources did exist; what was lacking was a willingness on the part of the advanced countries to play, through the United Nations and the specialized agencies, the benevolent role which the world expected of them. Some of them, it was true, had on many occasions given proof of their willingness to do so. What was needed, however, was a charter for the economic emancipation of the under-developed countries and its speedy implementation. Some held that problems of such magnitude called for careful consideration. Although not advocating haste, Pakistan wished to stress that time was of the essence. The masses in the developing countries were understandably impatient and many leaders felt that an accelerated and orderly economic growth constituted the best guarantee against internal disorder and external pressure. If those countries were so strongly urging that immediate measures should be taken to hasten the solution of their problems, it was because they had seen at too close range the destruction wrought by famine and the deathly face of poverty, squalor and disease.

15. Pakistan shared the serious concern of the developing countries of Asia, Africa and Latin America at the emergence of trading blocs which might well pose a threat to the objectives of the United Nations Development Decade. As the President of Pakistan had stated in his address to the General Assembly (1133rd plenary meeting), the trend towards regional economic integration was an event fraught with such profound consequences for the future of the world that the problems it posed should be approached in a world perspective. His delegation therefore fully endorsed

the convening of a United Nations Conference on Trade and Development at an early date and was pleased to note that almost all delegations approved of that idea in principle. Pakistan would express in due course its views on the holding of such a conference, but it already wished to mention that that Conference should consider, *inter alia*, first, the need to ensure markets for exports of primary commodities and manufactured goods by the developing countries, secondly, financing measures to mitigate the effects of short-term fluctuations in the export earnings of primary exporting countries and measures to remedy the adverse long-term trends and the deterioration in their terms of trade and, finally, an expansion of the scope and functions of GATT.

16. Conflicting views had been expressed on regional economic groupings. At the 1138th plenary meeting, Mr. Spaak, the Minister for Foreign Affairs of Belgium, had replied forcefully to the criticisms directed against the European Economic Community, but he had not indicated whether the major transformation in the pattern of world trade would result from action by the Community or whether the entire world community, acting under the auspices of the United Nations, should also influence that process. He had also failed to explain why competition between the advanced countries stimulated economic growth, whereas such competition from an under-developed country was regarded as market disruption. Unless such contradictory attitudes were harmonized, the world would soon be divided, not merely into opposing ideologies, but into two groups of countries, the "haves" and the "have nots". Mr. Spaak had nevertheless said that modern Europe would not appear before the world as an association of rich and selfish countries, as that would make it generally hated, and that it was no longer the Europe of the previous century, that century which a French writer had described as the "stupid nineteenth century". Future generations should not be allowed also to refer to the stupid twentieth century—stupid because it had failed to solve world problems on a just and equitable basis, without distinction of race, colour, creed, country, region or religion. The frontiers of all regional economic groupings were to narrow for the world of today. Prosperity and higher levels of living could not be locked up in them. They should, on the contrary, spread throughout the world the benefits of life, hope and enlightenment.

17. Mr. SEYDOUX (France) noted that, since the end of the Second World War, vast changes had transformed the economic situation of the principal regions of the world. There had been a steady growth in the Eastern European countries and the virtual rebirth of Western Europe, while, on the other hand, the under-developed countries had been striving to develop their own resources, although their efforts had unfortunately not succeeded in narrowing the gap between the levels of living of the poorer nations and those of the economically more advanced countries. That situation was a matter of concern both to the industrialized and to the developing countries. They did not share the same type of concern, but the common source of their concern should bring them closer together instead of dividing them.

18. There was no doubt that the desire to promote the economic and social advancement of the under-developed regions had been felt for several years in the industrialized countries, and the economic and technical aid they provided for those regions represented, in some cases, a substantial fraction of their

national income. However, that had not been their main concern. The principal aim of their economic policy was to achieve and maintain a satisfactory rate of growth of production and trade. In 1961, for example, France had devoted almost 19 per cent of its gross national product to capital formation and more than 2 per cent to aid the under-developed countries. By so doing, the industrialized nations were helping indirectly to improve the welfare of peoples who lacked the most elementary needs, as the Under-Secretary for Economic and Social Affairs had pointed out. While the net national product of the members of the European Economic Community had increased by an average of about 29 per cent, the volume of their imports from third countries had risen by 34 per cent during the same period.

19. Monetary stability was also a primary concern of the industrialized countries, whose trade represented 80 per cent of total world trade; the problems it involved necessitated close co-operation between the major Powers and called for efforts on their part commensurate with their responsibilities. In that connexion, France would endeavour to co-operate in maintaining the stability of the principal currencies, while maintaining its already substantial efforts on behalf of the insufficiently developed countries. However, it was only reasonable for it to proceed cautiously in view of all the other equally urgent tasks with which it was confronted.

20. Another problem was that of finding an outlet for surplus agricultural commodities—a paradoxical situation in a world where so many were still suffering from hunger. In that connexion, the agricultural policy of the European Economic Community had been the target of considerable criticism, but its critics were frequently unaware of the aims and methods of that policy. Should the members of the Community—for the sake of a liberalism which could never solve the problems of agriculture—refrain from organizing and strengthening their farm production, while North America was practising a policy of high domestic and low external prices, while the countries of Eastern Europe sheltered behind the shield of State trading and while others were isolating themselves under a preferential trade system? It was strange that the criticism sometimes came from countries which did not themselves follow a liberal economic policy and was directed against countries which had succeeded in establishing stable conditions in that respect, conditions which were not only to their own advantage but also benefited all other producers.

21. The chief anxiety of the under-developed countries was to achieve economic expansion despite the pressure of population, the decline in commodity prices and the requirements of industrialization. Capital formation in those countries was lagging too far behind population increase; the key problem was to attain a rate of growth sufficient to offset the effects of population pressure and to increase national per caput incomes, thereby releasing domestic resources which would enable the countries to contribute more and more to their own development. Their efforts were often jeopardized by the instability of export revenues due to the continuous fall in commodity prices on the world markets. Taking 1953 as base year (100), commodity prices had fallen to 90 during the last quarter of 1961, while the prices of manufactured goods had risen to 110, so that the terms of trade between the industrialized and the

under-developed countries had altered from 100 in 1953 to 82 in 1961.

22. Commodities presented a complex problem and was posed in terms which varied according to the type of product considered, whether raw materials for industry, which were the prerogative of a few producing countries and a handful of companies, or agricultural products, which, in contrast, were the concern of a great many medium or small-scale producers. There was accordingly no single answer to the continuous fall in prices, but expedients in the form of disguised extra assistance to exporting countries as short-term compensation for their losses appeared ineffective, for they failed to strike at the deep-rooted causes of price fluctuations.

23. The ever-widening gap between the prices of commodities and those of manufactured products had become apparent just when the under-developed countries had started trying to industrialize. Despite what had been said on that subject in Eastern countries, France did not look askance at the establishment of industries in regions which lacked them; on the contrary, it was doing a great deal to help in that process. Industrialization offered a simultaneous solution to the problems of training manpower and management, utilizing modern production techniques and finding outlets for manufactured goods. On the whole, under-developed countries, with their abundant manpower, had lower wage levels than industrialized countries and thus enjoyed a natural advantage so far as the establishment of processing industries was concerned. There were already signs that specialization had started and that the developing countries would process their own raw materials and leave the industrialized countries free to concentrate on the more advanced stages of production. Such a development was in line with the wish expressed by the representative of the United Arab Republic (799th meeting).

24. Both the industrial countries and the developing countries would soon face an additional and novel problem connected with the possible effects of the European Common Market on the economy of countries outside it. The very success of European integration made it necessary to take sides on the problems of economic development and the solutions offered by integration. That immediately involved the further question of how to restore the balance of international economic relations. The key question was how the international community could adapt its resources to the changing conditions of a rapidly developing world and use them in the combination appropriate to the stage of development of the countries it was desired to encourage. The need for adaptation was as imperative in the field of trade as in that of international assistance.

25. Since the volume of economic and technical assistance was limited, the first necessity was to try to make the best use of available resources. In most cases, recourse to foreign aid could no longer be left to individual initiative. It was true that private investment had a part to play, but the need for the under-developed countries to shield their economies from the free play of natural forces made public capital practically the sole source of finance for infra-structure and the support of nascent industries. That had happened in France, where the State had provided 65 per cent of the assistance rendered in 1961.

26. Foreign aid, to be effective, must be adapted to the stage of development of the country to be industrialized. In countries where industrialization was just beginning, the emphasis must be placed on infrastructural operations; in those which possessed processing industries, the essential task was to equip them with heavy industries and modern technology; in either case a development plan was a necessity. The French bilateral programmes prominently featured training for positions of responsibility and were gradually shifting the emphasis to loans rather than gifts. Similarly, the European Economic Community was paying increasing attention to projects for the establishment of new industries. IDA, for its part, would have fresh resources at its disposal.

27. Food aid, which was increasingly important in bilateral and multilateral programmes, could help indirectly to finance the development plans of recipient countries and could become an essential element in a policy of stabilizing the prices of major agricultural products. The French point of view on the commodity problem was not always clearly understood. The principles of free trade and non-discrimination involved subjection to the laws of a form of competition that was distorted by over-production and controls. France preferred practical methods designed to organize markets, product by product, and to combine reasonable limitation of production with assured, stable and profitable outlets. The International Coffee Agreement was a step in the right direction. France, which had signed all the international commodity agreements, was ready to participate in such others as might prove necessary and to make good the shortcomings of those which already existed.

28. As to international trade problems, the question facing the developing countries was how to protect their new industries: they needed both temporary protection of the home market and assured external outlets. In that connexion, the Contracting Parties to GATT had taken the view that the principle of equal tariff concessions should gradually give way to more elastic formulas which would allow under-developed countries to take better advantage of opportunities to sell in expanding markets. The members of the European Economic Community, for their part, had agreed that associated countries might place or keep restrictions on their imports, even from Community countries, without losing the benefit of free access for their goods to the European Common Market. The State trading system in operation in the communist countries raised serious problems for countries with a different system, and those problems could not be solved simply by recourse to the principles of free trade and non-discrimination. Nothing short of a full-scale code of trade practices would be needed if East-West trade was to be seriously expanded.

29. Lastly, the emergence of regional economic groups entailed modifications in the traditional trading system. What critics of the European Economic Community called "discrimination" was merely the application of a common external tariff to imports of goods originating from other countries; what no one remembered to mention was that, since its inception, the common external tariff had several times been reduced, either unilaterally or as a result of negotiations with several countries. In some cases, the reduction had left the tariff far below its original level. It was therefore wrong to say, as did the representatives of Eastern countries, that the European

Common Market was an autarkical system prejudicial to the interests of countries outside it. It was not closed to negotiations, but tariff questions must be negotiated with the Community as a whole, not with individual members. It was equally wrong to claim that European economic integration offered outside countries only three solutions: entry, association or discrimination. There again, difficulties could always be resolved by negotiation. With regard to temperate agricultural products, the Community would have to take into account the situation of countries which had until recently formed a customs union with France; with regard to tropical products, substantial reductions in duties had afforded some relief to the exports of non-associated countries. In general, the producers of all agricultural products should be relieved of the uncertainties due to the law of the market and agreements should be reached to stabilize primary commodities and even, when possible, to raise their prices.

30. At the thirty-fourth session of the Economic and Social Council, the French delegation had supported the idea of holding a United Nations Conference on Trade and Development in the near future. By voting for resolution 917 (XXXIV), it had clearly shown its determination to take part in and make its full contribution to the work of the preparatory committee. Some representatives seemed to think that the members of the European Economic Community were hostile to such a conference in principle, for fear that the movement to integrate the European economy might come under attack. France, however, had no intention of shirking discussion on the effects of the European Common Market, provided that the Conference dealt with the problem of regional economic groupings as a whole. In studying the phenomenon of regional integration, the Conference should also take into account the effects produced by the existence of the Council for Mutual Economic Assistance (COMECON) and by the Treaty of Montevideo establishing the Latin American Free Trade Association.

31. Among the important problems of contemporary trade which the conference would have to study, the following were of particular interest to the French delegation: stabilization of primary commodity prices; trade of under-developed countries with the communist world and with Western countries; and the structure of GATT and the possibility of adapting it to the new conditions of world trade. His delegation thought that the best date for the conference would be 1964. Many representatives would prefer an earlier date, but it should not be forgotten that an international conference on trade and development must be thought about for some time in advance if the preparatory work on the problems to be examined was to be done thoroughly and the conference was to make recommendations. In urging the General Assembly not to fix the date in 1963, the French delegation's sole concern was to ensure the success of an exceptionally important conference.

32. As the Under-Secretary for Economic and Social Affairs had said, the world was animated by a spectacular desire for change. It was nevertheless essential to avoid diffuseness in the development that was taking place both in the foreign-aid field and in that of trade. "Understand and adapt" seemed to be the right motto for international action. The European Economic Community represented an outstanding effort of adjustment to the necessities of modern economics.

33. Mr. CHAKRAVARTY (India) said that today the need for international action to ensure the economic progress of developing countries was no longer questioned by anyone. The question now was how to set about reaching that objective as quickly as possible. Unfortunately, the more that problem was studied, the more clearly it emerged as a problem of vast scope and complexity.

34. The idea of a United Nations Development Decade had caught the public imagination all over the world. Voluminous studies had already been made on the subject and more would undoubtedly follow. It was regrettable, however, that practical measures had not yet been taken to attain the objectives of General Assembly resolution 1710 (XVI) and to give tangible form to the idea put forward by President Kennedy. In his report on proposed measures (E/3613), the Secretary-General had outlined the task that lay ahead. The aim was to achieve an annual rate of growth of the national incomes of developing countries of 5 per cent by 1970. To reach that modest objective, it would be necessary to double the present rate of investment in those parts of the world. The greatest difficulty was, of course, to find the necessary resources. Undoubtedly, the developing countries must themselves shoulder the major part of the burden. They were so poor, however, that their development would entail much privation and hardship. It was for the most affluent members of the international community of countries to lighten that burden by giving their financial support during the initial stage of development. The task of the United Nations was to assist each Member State in the way that would produce the best results.

35. The United Nations already had several specialized agencies to deal with the problems of development in various fields. The question had been raised whether an agency was needed to deal solely with industrial development, which was of great importance to economic advancement. In its resolution 873 (XXXIII), the Economic and Social Council had requested the Secretary-General to consider the possibility of strengthening the Secretariat staff for industrial development purposes and to appoint a committee of ten experts to examine the question of whether it would be advisable to establish a specialized agency for industrial development. His delegation hoped that that committee would be set up at an early date and that the Secretary-General would continue his endeavours to secure the skilled personnel that would inevitably be needed.

36. In its resolution 1522 (XV), the General Assembly had recommended that the developed countries should increase the flow of international capital to the developing countries so that it reached 1 per cent of the national income of the economically advanced countries. The statistics on that subject were not sufficiently precise. What was needed was to know the net inflow of economic aid. That involved deducting from the gross inflow sums repaid or distributed in interest and also non-economic assistance such as military aid and expenditure on administration and security. If allowance was made for those factors it would seem that, very often, the 1 per cent figure was not achieved. It should not be forgotten that any shortfall in the earlier part of the Decade would make the task disproportionately difficult in the later stages.

37. The Secretary-General's report on proposed measures envisaged an increase of 4 to 5 per cent

annually in the national incomes of the developing countries. It was doubtless necessary that the world output of goods and services should increase if the needs of the ever-growing world population were to be met. It would seem, however, that a higher rate of growth should be aimed at in the under-developed countries than in the economically advanced countries, and that per caput income in the former countries should increase faster so as to reduce the existing disparity between the two groups of countries. According to the studies which had been made, however, there seemed to be no prospect that the under-developed countries would catch up. It should not be forgotten that the poorer countries wished to live with that sense of dignity which was attainable only by eliminating the fear of want. Bearing in mind the objectives set and assuming that the requisite funds would be available, the best that could be hoped for was that the disparity between the two groups of countries would not increase. It followed that the targets envisaged for the Development Decade represented the bare minimum and that the international community must do its best to ensure that those targets were reached.

38. In the course of the Decade, countries which, like India, had already achieved a degree of industrial development should advance to the stage of self-sustaining growth. Others would have to build up their infrastructure and their economic and social institutions. In any case, the need for external assistance to all those countries would progressively increase in the coming years. Thus it was necessary to look ahead not merely in terms of the Decade, but in terms of a generation. The objective of a contribution from the developed countries of 1 per cent of their total national incomes for the development of the under-developed countries would before long prove inadequate. A higher objective could be set for countries whose per caput income was, say, more than \$1,000 a year. The problem of securing an adequate flow of capital to the countries that needed it and were capable of using it must be kept constantly under review.

39. At present, the major proportion of aid was given on a bilateral basis and the criteria adopted varied a great deal. Many Member States rightly felt that such aid should take a more clearly multilateral form. A specific step in that direction would be an increase in subscriptions to IDA. It was gratifying to note that the President of the International Bank for Reconstruction and Development had initiated a move in that direction at the annual meeting of the Governors of the IBRD and IDA.

40. It was certain that disarmament would enable the advanced countries to make a greater contribution to development. He wished, in that connexion, to congratulate the experts who had been able to adopt their report unanimously (E/3593/Rev.1). It was to be hoped that an agreement could be reached on disarmament so that material and intellectual resources could be released in order to solve the problems of the two thirds of the human race that still lived in poverty. As to the form of assistance, the aid received by some countries had been furnished on a short-term basis and that had made their task more difficult. Furthermore, that assistance had been given for the purpose of specific projects under the recipient country's development plan. To carry out their development programmes, countries needed foreign exchange with which to buy raw materials and goods that could not be produced at home. The structural changes neces-

sary to balance foreign exchange requirements against the demands of a developing economy were bound to take time. The international community must therefore recognize the need to provide assistance that would enable the developing countries to pay for at least some of the imports required for their over-all development.

41. What countries needed was assistance, not loans on normal commercial terms. They needed long-term loans at low interest rates, so that servicing the debt did not become an intolerable burden at a time when their economy was beginning to develop. The role of the United Nations in financing development had so far been somewhat limited. That question had been examined both in the General Assembly and in the Economic and Social Council. Hence it was disappointing that the establishment of a United Nations capital development fund had not yet found favour with those whose support was essential. The United States representative had rightly emphasized that it was out of the question for certain countries to depend permanently on others. There was no doubt in his own mind that all the developing countries would be glad when they no longer had to ask for foreign aid. In India, a major effort had been made in that direction under the Third Five-Year Plan. However, while developing countries must do their utmost to mobilize domestic resources, it was important that outside assistance should be sufficient to meet their requirements.

42. Developments in recent years had drawn attention to the problems of international trade and, more specifically, of commodity price fluctuations and of stabilizing those prices. He was happy to see that several international agencies such as FAO, IMF and the Organization of American States were studying the possibility of some scheme of compensatory financing. Two questions arose at present, that of trade and that of aid. Trade was undoubtedly the more important question, for the developing countries must eventually stand on their own. Nevertheless, for some time to come these countries would need aid from the more affluent nations. His delegation would therefore support any specific and constructive measures which could be taken to link those two aspects of international economic relations. The IMF was to be congratulated on its efforts to take measures appropriate to the new conditions in both developed and under-developed countries.

43. The problem of trade between the developed countries and the less developed countries had assumed a new significance with the establishment of the European Economic Community. The question arising was what bearing such regional groupings had on world trade as a whole. That question was important enough to be discussed in an international forum under the auspices of the United Nations.

44. Another important question was that of the repayment of debts incurred by developing countries to finance their development programmes. Service charges on such debts now absorbed a growing and usually excessive proportion of their earnings. It was obvious that those countries must increase their exports if they were to keep up the payments. Unfortunately, not all the developed countries seemed willing to increase their imports from the less developed countries. The problem was a difficult one, and it would be useful to examine what factors had so far inhibited the growth of the less developed countries' export earnings and why those countries had not been able to

benefit from the expansionary trend in the industrialized countries.

45. The Conference on the Problems of Economic Development and the Cairo Declaration of Developing Countries (A/5162) adopted by the participating countries represented an important contribution to the solution of the problem and it would now be useful to learn the world community's reaction. The Cairo Conference, which had been attended by thirty-six of the less developed countries, had not been an attempt to set up a group or bloc. The industrialized countries should liberalize their trade with the developing countries; it was indeed paradoxical that the advanced countries, which were supplying some assistance, should withhold from the under-developed countries the only means of repaying their debts. Only by exporting their primary products and their manufactured or semi-manufactured goods could the developing countries achieve a viable economy. The industrialized countries should take the necessary steps to remove restrictions upon imports from developing countries. In that connexion, the adoption by the United States of the Trade Expansion Act of 1962 was a welcome development. Markets should be found for the manufactured articles produced by the developing countries. International trade must be reoriented in that direction. It was to be hoped that the European Economic Community would be prepared to make concessions to countries outside it.

46. The policies of the developed and the developing countries should be brought into harmony. Methods of increasing the volume of the less developed countries' trade with one another should also be explored. At its thirty-fourth session, the Economic and Social Council had adopted resolution 917 (XXXIV) providing for the convening of a United Nations Conference on Trade and Development. In his delegation's opinion, that Conference should be held as soon as possible and the United Nations should examine the problem in all its aspects, with a view to evolving a policy which met the requirements of the United Nations Development Decade. The Conference would be faced with a difficult task and would require careful preparation at both the national and the international level. The preparations, however, must not delay the meeting.

47. The United Nations Development Decade provided mankind with an opportunity to promote co-operation throughout the world. It was to be hoped that the Committee could make progress towards practical achievement. The time had come to pass from theory to practice, from generalities to specific measures.

48. Mr. FRANZI (Italy) said that, having regard to the Pakistan representative's observations, he thought he should repeat the part of the statement he had made at the 801st meeting concerning the slogan "trade, not aid".

49. In that connexion, he had referred to the appeal coming from the developing countries and to which Italy could not remain insensible, since Italy itself, once it had achieved its economic reconstruction, had asked the United States to facilitate its imports of Italian products.

50. He could give the representative of Pakistan assurance that the appeal made by the developing countries evoked the greatest sympathy among the Italian people.

The meeting rose at 1.25 p.m.