

# United Nations GENERAL ASSEMBLY

SEVENTEENTH SESSION

Official Records



SECOND COMMITTEE, 806th  
MEETING

Monday, 15 October 1962,  
at 10.40 a.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) (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>	57

*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. KOMIVES (Hungary) said that the newly independent countries had been left a grim heritage by the colonial régime, and that was why their industry was under-developed and their economy was based on a system of monoculture. The economically less developed countries accounted for only 10 per cent of the industrial production of the capitalist world and were mainly producers and exporters of primary commodities. Attention was drawn to that state of affairs in paragraph 7 of the Cairo Declaration of Developing Countries (A/5162).

2. The situation could not continue, for it was directly at variance with the historical changes that had occurred in the world. All countries must combine their efforts to eliminate the difficulties arising out of the present system of the international division of labour and of world trade. It was generally recognized that the principal role in overcoming economic under-development must be assumed by the developing countries themselves. They must carry out social reforms and utilize their domestic resources in order to ensure the necessary conditions for rapid economic development. To that end, the State must take an active part in economic management, and that was why a centralized power of an anti-colonialist nature was the most dynamic and decisive factor for liquidating the economic and social aftermath of colonialism and for creating conditions propitious for economic advancement.

3. A very important aspect of economic activity was planning. The developing countries unfortunately had insufficient specialists and statistical data in that field. That should not prevent them, however, from elaborating an economic policy. They should aim particularly at diversifying their economy through industrialization. Although the shortage of specialists and funds often made it difficult for them to build up industries of their own, they should not renounce industrialization; relying on their domestic resources and on foreign credit, they should be able to build up the food and light industries, increase the production of energy and raw materials and develop their communications network. In that way, the possibility would be created for the gradual development of other industries for the manufacture of the means of production and of durable consumer goods. That required an expansion of the State-controlled sector. Obstruction of the development of the public sector by foreign private capital constituted interference in the domestic affairs of the State.

4. State sovereignty over natural resources and the utilization of those resources in the national interest were prerequisites for rapid progress in developing countries. In addition to genuinely effective foreign aid, such progress required the strengthening of co-operation between the developing countries themselves. The regional economic commissions could play an important role in that respect. In 1961, the General Assembly had adopted resolution 1709 (XVI) concerning decentralization of the economic and social activities of the United Nations and strengthening of the regional economic commissions. The report of the Secretary-General on the application of that resolution (A/5196) indicated that some progress had been made in strengthening the regional economic commissions. Unfortunately, the report did not give figures on the personnel and budgetary funds allocated to the commissions for that purpose. His delegation considered that progress in that area was too slow and that more effective measures should be taken.

5. The question of foreign trade was of great importance at the present time. In the past decade the exports of the industrialized countries had doubled, while those of the primary producing countries had risen by only 41 per cent. That situation was closely related to the deterioration in the terms of trade. Owing to the instability of their exports, the primary producing countries were prevented from diversifying their economies and raising the level of living of their people. The losses sustained by many countries exceeded the amounts they had received in the form of aid.

6. In recent years the development of international trade had been increasingly hampered by the European Economic Community, which, through its discriminatory policies, prevented third countries from increasing their trade with its members. The policy of discrimination had had particularly adverse effects on the exports of the developing countries and the socialist countries, including his own. In view of its geographical position and its rapid economic development, it would be possible for Hungary to expand its trade with the member countries of the Community. The Hungarian Government estimated that in 1961 the increase in customs duties had caused it a loss of \$3 million. It had thus been obliged to adopt a system of double customs tariffs under which it could apply higher tariffs to countries which discriminated against Hungarian goods. The Hungarian Government considered that every State had the right to join an eco-

nomie or political grouping, provided that the principles and practices of such a grouping were in keeping with the provisions of the United Nations Charter. The Hungarian Government was not alone in thinking that the European Economic Community violated the interests of other countries.

7. In view of the problems posed by the international trade situation and the urgent need for their solution, it was essential that an international conference on the subject should be convened in 1963. It might be asked whether there would be sufficient time to prepare for a conference of such importance. The documents on international trade prepared by the United Nations and the specialized agencies seemed, however, to provide most of the necessary background information. In addition, the Secretary-General could take the necessary measures to prepare for the conference; in that connexion his delegation thought that the proposals to enlarge the Preparatory Committee established by resolution 917 (XXXIV) of the Economic and Social Council were worthy of consideration. The problems requiring study were so general in character that the conference should welcome every country which wished to participate. It should concentrate on the main problems of world trade, namely, the establishment of an international trade organization, the elimination of discriminatory barriers in foreign trade and the fixing of fair prices for raw materials and manufactured goods. The inadequacies of GATT made it clear that the time had come to establish an international trade organization based on the principles of universality, equality of all members, reciprocity and mutual benefit. Such an organization should set itself to achieve the maximum development of trade between States and, to that end, should employ every means deemed necessary by its members. With respect to discrimination in world trade, his delegation attached special importance to the application of the most-favoured-nation clause, which had proved very useful in the development of international trade in the past. Moreover, the fixing of fair and stable prices for raw materials and manufactured goods would promote the growth of international trade and the rapid progress of primary producing countries. The conference would help to improve international relations, promote closer ties between peoples, strengthen international economic co-operation and consolidate universal peace by lessening international tension.

8. The development of the socialist countries had been proceeding at an accelerated pace. Their industrial production had tripled during the past decade, while that of the capitalist countries had increased only one and a half times. The share of the socialist countries in the world's industrial production was today about 37 per cent, as against 27 per cent in 1955. Those facts demonstrated the superiority of the socialist system of production and the effectiveness of the fraternal co-operation of socialist countries.

9. Hungary's industrial production was growing at a rapid pace and had increased by 12 per cent in 1961. Owing to unfavourable weather conditions, agricultural production had not increased as planned, but had shown considerable improvement, production in the years 1959-1961 having been 8 per cent higher than the average of the preceding three years. That showed the efficiency of the system of collective farming. Moreover, the per caput real income of manual and non-manual workers had increased by 34 per cent and the personal consumption of farmers by 23 per cent.

10. Pursuing a policy of peaceful coexistence, the Hungarian People's Republic wished to develop economic and technical co-operation with the countries liberated from the colonial yoke that were fighting for the consolidation of their national independence. It would give those countries every assistance commensurate with its means. It also wished to develop its trade with them. In the years 1958 to 1961, its purchases from developing countries had risen by 72 per cent, and its current five-year plan envisaged a fourfold increase in imports from those countries. At the same time, in accordance with the principle of peaceful coexistence, it was ready to develop its economic relations with the highly developed capitalist countries.

11. Mr. SCHURMANN (Netherlands) said that the Committee was the proper forum for the discussion of practical and constructive measures. While it was generally acknowledged that the developing countries would have to exert considerable efforts to ensure their economic development, it was equally true that the economically more developed countries would have heavy responsibilities in the matter. As the President of the International Bank for Reconstruction and Development had said at a meeting of the Governors the Bank and its affiliates, the industrialized countries were today in a much better position to increase their contributions to the international development effort than they had been a few years ago.

12. That was the spirit in which the Netherlands Government would like to tackle the problems of the United Nations Development Decade, which it considered the most important item on the Committee's agenda. If the Decade was to be a success, efforts must first be made to prevent the existing gap between the standard of living of the developing countries and that of the industrialized countries from widening. To that end, it was vital that the assistance furnished to developing countries should be considerably increased, care being taken to maintain an equitable distribution of assistance among the various countries of the world. The Netherlands Government was convinced that such an effort was within the reach of all countries and that no time should be lost. For that reason, the Committee should concentrate on activities of a constructive and practical character. For its part, the Netherlands Government furnished assistance in very varied forms, ranging from multilateral aid to bilateral aid, and in the form of programmes combining the two elements. The consortiums, in which groups of countries provided their assistance jointly, under the auspices of an institution like the International Bank for Reconstruction and Development, were examples of such programmes. In general, the Netherlands placed the main emphasis on multilateral activities within the framework of the United Nations, as Queen Juliana had stressed at the opening of the Netherlands Parliament on 18 September 1962.

13. Where development finance was concerned, the Netherlands Government was continuing its active participation in the activities of the International Bank, the International Finance Corporation and the International Development Association. The International Bank and IDA deserved special commendation for the action they had taken to adjust their policies to the changing needs of the developing areas and for their advocacy of sound principles of assistance. His Government had decided to participate in consortiums under the auspices of the Bank and other international

bodies. It would also take part in the work of consultative groups such as those set up by the Organization for Economic Co-operation and Development (OECD). It had noted with satisfaction the progressive expansion of IDA activities and appreciated the necessity for replenishing the resources of that agency.

14. It was generally acknowledged, however, that those assistance activities would be insufficient to meet all the needs. Private investments would thus have to be called upon. His Government hoped that ways would be found to increase the flow of private capital to developing countries and that the studies undertaken in that field would lead to positive results. To that end, close co-operation between the developing and industrialized countries was required.

15. With regard to the Special Fund, his Government continued to feel a special sympathy for that institution. It hoped that all countries would do their utmost to reach the target of \$150 million for the Special Fund and the Expanded Programme of Technical Assistance. For its part, the Netherlands had decided, subject to parliamentary approval, to increase its contribution to the Special Fund by 50 per cent and its contribution to the Expanded Programme by 20 per cent.

16. Much attention had been given to the possible establishment of a United Nations capital development fund. The proponents of SUNFED should be congratulated because it was mainly due to their endeavours that the Special Fund and IDA were now in existence. In his delegation's opinion, the SUNFED idea was still highly topical, and it was not over-optimistic to expect that the capital development fund would become a reality, perhaps through an expansion of the present mandate of the Special Fund.

17. The World Food Programme constituted another practical step towards the achievement of the aims of the United Nations Development Decade. The Netherlands contribution amounted to \$1.5 million for the first period of three years. Three years would not, of course, suffice to solve the problem of hunger in the world. The provision of sufficient food for developing nations was a long-term objective which would require the attention of all countries for many years to come. The Netherlands knew from experience how vital it was to develop national industries without neglecting agriculture. While the industrialization of developing countries was of paramount importance, the improvement of agricultural production was of equal significance. If insufficient attention was paid to that aspect of economic development, it would be found that industrial development was seriously hampered by lagging agricultural production, as the countries with centrally planned economies had learned from experience.

18. There was a close link not only between the industrial and the agricultural aspects of economic development but also between its economic and social aspects. The Netherlands Government had decided to make a gift of \$1 million for the establishment of a United Nations Research Institute for Social Development, whose task it would be to study the relationship between the economic and social aspects of development.

19. Turning to the problems of international trade, he said that the Netherlands Government fully endorsed resolution 917 (XXXIV) of the Economic and Social Council on a United Nations Conference on Trade and

Development. The Netherlands was one of the world's leading trading countries. It did not look upon international trade as a means of political penetration or propaganda. It knew, on the other hand, how important it was to live in a world in which the economy was expanding and markets were functioning smoothly. Its experience might therefore give food for thought to those who engaged in somewhat too facile and superficial criticism of its participation in the European Economic Community. The Treaty of Rome instituting the Community was based on a great political idea. The basic purpose was not to exercise sinister pressures, but rather to liberate western Europe and the world from all the discord and dissension which had been the cause of so much misery in the past. The European countries had made enormous efforts in the post-war period to reconstruct and modernize their machinery of production, with the generous help of the United States of America. The European Economic Community was determined to be not a closed bloc but a positive force in the world economy. It was open to all European States, and other States might become associated with it. Its aim was to create, not to restrict, trade. It was always willing to consider problems affecting the export markets of other countries. Many developing countries had already availed themselves of that possibility.

20. In his statement (795th meeting) the Under-Secretary for Economic and Social Affairs had pointed to the probability of increased trade between the various regions of the world. Among the regional organizations, he had mentioned the Council for Mutual Economic Assistance (COMECON), the economic organization of the communist countries. At present, however, it was impossible to overlook the rather surprising fact that negative criticism of the European Economic Community stemmed mainly from the communist countries, which had themselves combined in a somewhat exclusive economic grouping. The COMECON countries traded mainly between themselves; their commerce with the rest of the world formed only a minor part of their total trade. Of course, every State had the sovereign right to give its international trade whatever direction it thought fit, but it was equally true that the countries of the European Economic Community need not accept criticism from the communist countries, which preferred an essentially closed system and regarded international trade mainly as a means of political penetration. The total imports of the countries of the Community from non-member countries had increased from \$16,000 million in 1958 to nearly \$20,500 million in 1961. The total trade of the Union of Soviet Socialist Republics with the countries outside the communist world was considerably smaller than the total trade of a small country like the Netherlands. The Netherlands Government was, therefore, convinced that the net effect of the Community in the economic and commercial field would be favourable to developing countries, and it had decided to follow policies which would bring about that effect.

21. The Netherlands Government was fully aware of the overriding importance of problems connected with the deterioration in the terms of trade of the developing countries. In the short run, it considered that sharp fluctuations in the prices of primary products were both undesirable and dangerous. Every possible endeavour should, therefore, be made to establish an effective system of stabilization. In practice, such a system would be as important as direct aid and assistance to developing countries. The ability of the Inter-

national Monetary Fund to cope with balance-of-payments fluctuations had already been substantially strengthened, and the Fund should play an important part in that field. It was also gratifying that a serious study was being made of possibilities of applying the scheme of a development insurance fund proposed by the group of experts of the Commission on International Commodity Trade in chapter 4 of its report (E/3447).

22. In the long run, stabilization agreements and insurance schemes would undoubtedly have to be supplemented by far-reaching policies to facilitate and increase the exports of both primary and industrial products by developing countries. The Netherlands Government intended to apply a liberal policy for that purpose. It did not regard increasing industrial exports from developing countries as a threat to its national industries, for experience had shown that sound and competitive markets opened up bright prospects for all the parties concerned. There was a growing tendency in the more developed countries to limit industrial activities to processes requiring a high level of skill and large amounts of capital. The necessary adaptation of trading patterns should of course be a gradual process, without artificial export stimuli, which in the long run would only be detrimental to a sound and over-all expansion of world trade.

23. Thus the world trade pattern beyond the period covered by the United Nations Development Decade was already emerging. If the European Economic Community was to play its part in that process, it might set a useful example to other regional economic groupings, notably the Latin American Free Trade Association.

24. In conclusion, he stressed the need for careful preparation of the United Nations Conference on Trade and Development. The success of that conference would depend largely on the outcome of the work of the preparatory committee, whose role in that connexion was just as important as that of the Conference itself.

25. Mr. BOIKO (Ukrainian Soviet Socialist Republic) said that the nature of international economic relations was determined by the interplay of the three forces which now divided the world. In fact, there were three groups of countries: the highly developed capitalist countries, the under-developed countries and the socialist countries. Despite the differences in levels between the countries in each group, which undoubtedly made the situation extremely complex, it was undeniable that no analysis could be valid unless it was based on the tripartite nature of the international economic structure. The Secretariat had understood that reality, on which it had based the entire World Economic Survey, 1961 (E/3624/Rev.1). In spite of the opposition of those who refused to accept the idea of the "troika", which in any case was as fundamental politically as economically, there could be no doubt that the manner in which the administration of the United Nations would be organized must inevitably be adapted to that structure of the modern economic world.

26. In accordance with the programme adopted at the twenty-second Congress of the Communist Party, the Ukrainian SSR had undertaken to accelerate its production growth and to eliminate the slight lag in its agricultural sector while continuing its industrialization, since industrial progress should enable it to

develop all the sectors of its economy, particularly those affecting the well-being of its population. Thus in 1962 it would produce 31 million tons of steel, 28 million tons of cast iron and 65 million tons of iron ore, while electrical production would amount to 67,000 million kWh. Output of cotton goods would exceed the figure for 1961 by 25 per cent, that of refrigerators by 23 per cent and that of furniture by 13.5 per cent. State investments would make it possible to build 12.6 per cent more dwellings than in the preceding year. The over-all production of the Ukrainian SSR in 1962 would exceed the 1961 figures by 8.5 per cent. Accordingly, industrial output during the first four years of the seven-year plan would have grown by 46 per cent instead of the prescribed 38 per cent. By comparison, production in the United States had increased by only 9 per cent in the four years 1958-1961.

27. Objectively, there was nothing to prevent the nations of the world from co-operating peacefully irrespective of their economic structure and the level of their development. In fact, however, there were some in the Western countries who opposed that peaceful economic competition. They had resorted to endless devices to prevent the study, proposed by the Soviet Union, of the economic and social consequences of disarmament. Their designs had succeeded at the twenty-ninth session of the Economic and Social Council, but they had had to modify their position at the fifteenth session of the General Assembly. By studying the report of the group of experts (E/3593/Rev.1) and drawing up an economic programme for disarmament, in accordance with the plans for the current session, the Second Committee could provide sound guidance for United Nations activities.

28. He had perused with interest the report (E/3613) in which the Acting Secretary-General suggested the various forms that United Nations activities might take during the Development Decade, but he noted the unduly general character of the proposals. Only a series of practical long-term measures, drawn up in accordance with national plans in co-operation with the regional economic commissions, could contribute to the development of the under-developed countries, on which the United Nations should concentrate its attention. It was bound to help countries which had recently attained independence to take effective measures to eliminate the economic and social consequences of colonialism, which had hindered their advancement. It was important to declare unequivocally, as all the economists who had studied the question had declared, that industrialization was the only means whereby the under-developed countries could make their economy sound and independent. Undeniably some progress had already been made, since twenty-two of the thirty under-developed countries for which statistics had been available for the period 1950-1960 reported an annual growth of at least 5 per cent in their industrial output. Nevertheless, their situation remained insecure, because industrial output usually represented only one-fifth or one-quarter of their total production. Most of them therefore continued to suffer from the difficulties caused by the decline in the prices of their exports while inflation raised their domestic prices.

29. The Committee for Industrial Development, after studying the problem, had stressed the leading part which governments should play in promoting industrialization. It was therefore gratifying to note that

State organs were assuming increasing importance in the economy of the under-developed countries. On the other hand, it was regrettable that the programme prepared by the Commissioner for Industrial Development was too much of an organizational blueprint and did not include enough practical measures. The Commissioner should co-operate with the specialized agencies in drawing up a detailed programme of assistance to under-developed countries, in order to help them to train their own skilled industrial workers and technicians.

30. The problems raised by the financing of economic development had already been examined by the United Nations many times and had recently been studied by the Conference on the Problems of Economic Development, at Cairo. The position of the Ukrainian SSR on that subject was perfectly well known. Nevertheless, he wished to stress that the economic difficulties of the under-developed countries were due not only to their colonial past, but also to the current practices of the highly developed Western countries which were their principal trading partners. As Mr. Khrushchev had so rightly pointed out on 11 February 1960, in his speech to the Indian Parliament, the developed countries owed their high standard of living to the oppression and pillage they had committed in colonial territories and it would be only just if they gave back at least part of the wealth of which they had robbed those territories. Many under-developed countries were already trying to secure a greater share in the profits of foreign companies exploiting concessions in their territory; Iran, Venezuela and Iraq had taken some interesting measures affecting the exploitation of their oil resources. Similarly, Ghana now obliged foreign companies to invest 60 per cent of their profits in the country, and Brazil had just passed a law limiting the export of profits. The United Nations should intervene to help those countries in their struggle against the exploitation of their resources by foreign monopolies, which sometimes made as much as 50 or 70 per cent profit on their investments. Those profits would undoubtedly be better justified if they were used to raise the standard of living of the local population.

31. The progress of the under-developed countries was also hampered by inequality of prices of commodities and unfavourable development of terms of trade. That was one reason why the Ukrainian SSR would support the draft resolution submitted by the Soviet Union (A/C.2/L.645) to hold an international conference on trade problems in 1963, determine the main items of the agenda of the international conference on trade problems and establish an international trade organization. It was particularly regrettable, when so many specialized agencies had been set up, that the decisions taken fifteen years ago by the Economic and Social Council concerning the creation of an international trade organization should never have been applied. The establishment of an international trade organization would do much to strengthen world economic co-operation.

32. The international conference on trade should first of all establish fair price relations, in order to stop the unfavourable movement of the terms of trade of the under-developed countries, which in the past ten years had already suffered losses depriving them of valuable resources for the execution of their development plans. If it were borne in mind that the total volume of the imports and exports of the under-developed countries had amounted to approximately \$56,000 million in 1960 and 1961, that three-quarters

of that trade had been with the industrialized Western countries and that the terms of trade of the under-developed countries had declined by 25 per cent in the past ten years, the losses suffered by those countries in favour of the Western countries between 1950 and 1960 might be estimated at \$10,500 million. And yet the Managing Director of the Special Fund himself had admitted that what was customarily known as the "assistance" of the Western countries had not exceeded \$3,500 million over the same period. That situation could not continue, and the conference should seek urgently for measures to put an end to it.

33. To that end, the United Nations Secretariat should submit to the conference a study of the economic factors causing the prices of primary commodities and of manufactured products to move in opposite directions. To do so, it would have to study the divergencies between domestic prices and world prices, which was due to action by capitalist monopolies, and also the effects on prices of the non-use of productive capacity and manpower. In the latter connexion, the classical law that prices declined in proportion to the non-use of productive capacity did not seem quite accurate. Although, in the United States—and that country is taken as an example because its share in the industrial production of the capitalist world was 52 per cent in 1954 and 43 per cent in 1961—the domestic prices of primary commodities had decreased by approximately 30 per cent in ten years whereas the prices of all goods had risen by 6 per cent, which suggested that the rise in the prices of manufactured goods had been relatively high. At the same time, the unused productive capacity of the United States had been growing and, according to President Kennedy's report to the Congress on the economic situation, it had reached, in 1960, 20 per cent of the entire industrial production capacity of the country. Nor had the non-use of productive capacity in the Western countries led to a decline in the prices of the goods sold by those countries on the world market. From 1954 to 1961, the wholesale price indices of the manufactured goods sold by those countries had risen by 33 per cent in France, 21 per cent in Japan, 15 per cent in the United Kingdom and the Federal Republic of Germany and 10 per cent in the United States. Accordingly, that would appear to be one of the reasons for the 11 per cent rise in the prices of the industrialized countries' goods on the world market, to the extent to which undertakings included in the cost price the amount of capital invested in unused production equipment. Since the world market prices of primary commodities had declined by 13 per cent over the same period, there could be no doubt that the under-developed countries, which produced those commodities, had been the ones to suffer.

34. Unemployment also helped to raise the prices of goods in the industrial capitalist countries. It was well known, for instance, that for five years nearly 6 per cent of the manpower in the United States had been unemployed and had therefore taken no part in creating resources. If all those persons were employed, production would increase more than enough to compensate for the increase in total wages and, as a result, prices would inevitably decline. Furthermore, costs and consequently sale prices charged to foreign buyers would no longer be swelled by the unemployment and social security benefits at present being paid. Thus, it was not the obvious humane motives alone that favoured measures to abolish unemployment

in the capitalist countries; such measures should be analysed impartially in the documents which the Secretariat would submit to the conference.

35. Just as a clear trend towards international co-operation in trade and economic development was becoming apparent throughout the world, the ruling circles of the United States had embarked for political reasons upon an economic blockade of Cuba. Having failed to stop the liberation movement in that country, they had decided to take repressive measures to subject it to their monopolies and were putting direct pressure on the governments of maritime nations to force them to join in that shameful plan. The United Nations should condemn those measures, which were contrary to the Charter and to the principle of peaceful coexistence.

36. The creation of closed economic groupings such as the European Economic Community had also led to concern in the countries which were harmed by not being members, particularly the young States wishing to free themselves from economic dependence. The forthcoming international trade conference was to examine closely the influence of those economic groupings on world trade. In that connexion, the United Kingdom representative had seen fit to speak of the Council for Mutual Economic Assistance (COMECON) while admitting that he had little information about it. He must have been aware that, in the Economic Commission for Europe, his country had opposed the hearing of the Council's representative who had come to make a statement at the seventeenth session of the ECE at the express invitation of the Commission's Executive Secretary.

37. In conclusion, the Ukrainian representative expressed concern over the work programme drawn up for the Economic Projections and Programming Centre established under General Assembly resolution 1708 (XVI). The Secretariat should not only pursue theoretical studies but also furnish practical aid to the under-developed countries. It was also regrettable that the implementation of General Assembly resolutions 1518 (XV) and 1709 (XVI) on decentralization had been unduly delayed, and in particular that a regional projections centre had not been set up in Geneva. It was important that practical measures be taken to extend decentralization to the Economic Commission for Europe, which was performing great services for its region and the whole world. Its activities in petroleum chemistry, in the production of synthetics and plastics and in automation should be developed. It was deplorable that the tactics of the Western countries had prevented the German Democratic Republic from entering the ECE on an equal footing with the Federal Republic of Germany, the result being that it could neither contribute to the development of international economic co-operation nor participate in the exchange of technical and industrial techniques within the ECE.

38. Mr. USHIBA (Japan) said that the very thorough and competent statement made by the Under-Secretary for Economic and Social Affairs (795th meeting) would serve as a focal point for the Committee's discussions. The Committee had before it the excellent report of the Economic and Social Council (A/5203) which, with its technical agencies, had accomplished a substantial amount of work.

39. The year 1961 had seen the start of the United Nations Development Decade, a wholly new experiment in human co-operation against the ancient enemies of



mankind—disease, hunger, ignorance and poverty. All nations ought to contribute unstintingly to its success. Its goals had been clearly defined on several occasions. The Development Decade should be a growing concept rather than a static master plan. Many details remained to be hammered out. His delegation attached great importance to the establishment, by resolution 920 (XXXIV) of the Economic and Social Council, of the Special Committee on co-ordination with particular emphasis on the United Nations Development Decade. The task of keeping under review the social and economic activities of the United Nations and its related agencies and of setting priorities in relation to the objectives of the Development Decade was itself of the highest priority. The developing countries should be helped not only to increase their income but also to build a self-sustaining growth. To the limit of its ability, his Government would contribute both cash and personnel to the United Nations technical co-operation programme. The success of the Decade also required an increase in capital assistance. The IDA had been doing a creditable job for that purpose. If, however, it was to do more to fill the gap between supply and demand in capital assistance, its funds would have to be replenished to match its loans. It had a significant part to play in the multi-lateral assistance programmes as a major source of funds, and his Government intended to give it all possible help.

40. Economic and Social Council resolution 917 (XXXIV), calling for a United Nations Conference on Trade and Development, was most noteworthy. Trade problems, however, were not simple. World economic development in recent years had added to their complexity by presenting phenomena previously unknown, such as the emergence of regional and sub-regional economic groupings, the instability and wide fluctuations characterizing the basic commodity markets and the unfavourable movement of the terms of trade of the developing countries. It was therefore necessary to tackle those problems with the utmost prudence and in a most realistic and practical manner. Above all, the Conference should be thoroughly and carefully prepared. Council resolution 917 (XXXIV) held out the best hope of arriving at a practical and fruitful solution of the important and complex problems of world trade, since it was adopted unanimously by all the members of the Council after long and arduous exchanges of views both within and without the Council meetings. The Conference should therefore be convened on the basis of the Council resolution. For the place and date of the Conference, his Government would support the decision taken by the Council on the recommendation of the Preparatory Committee. That Committee would do well to examine carefully certain ideas expressed by the Under-Secretary for Economic and Social Affairs. While major emphasis should be placed on the particularly urgent question of basic commodity problems, attention should also be given to the elimination of discriminatory trade practices applied to manufactured products from low-income countries.

41. Above all, the Conference should make a realistic search for ways of bringing about a steady and effective expansion of the trade of the developing countries, with special emphasis on the connexion between trade and the problems of development. In that connexion, it should be borne in mind that the General Agreement on Tariffs and Trade had, since its inception, been making major contributions to the furtherance of free

trade on a multilateral, non-discriminatory basis. FAO, the Commission on International Commodity Trade and a number of specific commodity agreements were also solving some aspects of trade problems. In particular, a tribute should be paid to GATT for the practical and effective manner in which it had contributed to the promotion of international co-operation in international trade. GATT had tried to solve international trade problems according to a pattern which might well be followed in the interest of future co-operation.

42. Referring to the Trade Expansion Act of 1962 recently passed by the United States Congress, he said it was expected that that law on the expansion of trade would make possible tariff negotiations of unprecedented scope and most dynamic nature among the free trading nations of the world. Those negotiations would contribute to the expansion of world trade not only among the industrial nations but also between those nations and the developing countries, which depended largely on primary commodities for their export revenues. It was hoped that the European Economic Community would exert further efforts in pursuit of trade policies conducive to freer relations among the trading nations of the world. Its economic upsurge would thus enhance the prosperity of all countries, whether they belonged to it or not.

43. At its thirty-fourth meeting, the Economic and Social Council had approved in resolution 915 (XXXIV), the decision adopted by the Commission on International Commodity Trade at its tenth session to set up a technical working group whose terms of reference included examination of the scheme for a development insurance fund submitted by a United Nations group of experts and the scheme of compensatory financing for fluctuations in export receipts drawn up by the Organization of American States. The work of the Commission on International Commodity Trade in that field might be expedited so that the preparatory committee of the Conference could receive its results in time. In that way, the Conference would be able to give due consideration to that important problem.

44. The Cairo Declaration of Developing Countries (A/5162) was a statesmanlike and important document. While entertaining some reservations on certain points raised in that Declaration, his Government supported the bulk of its recommendations. The developing countries had to face varied and complex problems in order to achieve balanced economic and social development. Those problems had been clearly indicated by the Acting Secretary-General in the speech on the United Nations Development Decade which he had made to the Students Association at Copenhagen in May 1962. In that speech he had stressed the need to achieve balance between sectors, to prevent agriculture from lagging behind industry, to ensure a rational programming of industry and to see developing economies as organic wholes. The Acting Secretary-General's remarks had shown the way. Japan had had to face those same problems. The measures taken by his Government were aimed at creating an atmosphere favourable to the development of private enterprise. Fiscal and monetary policies had been determined accordingly. Nevertheless, his Government had maintained vigilance to ensure that the sectors which in its view would become increasingly important as the economy expanded were provided with the necessary prerequisites for sustained and steady growth.

45. Thanks to the high rate of literacy in Japan, the labour force had been able to respond to the demands of new technological skills with facility. Domestic savings had reached a very comfortable level, and the domestic capital investment necessary for the rapid expansion of the economy was therefore high. It was noteworthy that Japan had been able to expand its industry largely with its own resources. The Japanese economy had developed rapidly since the end of the war. From 1950 to 1961, the average annual rate of increase in the gross national product at constant prices had been 9.5 per cent. Mining and manufacturing production in 1961 had been more than four times its pre-war level, and agricultural production during that year had been 48 per cent above its pre-war level. The standard of living had improved, and per caput consumption in 1961 had been 55.8 per cent above the pre-war level. The high rate of economic growth during 1961 had been caused primarily by a large increase in equipment investment stimulated by the progress of the policy of trade liberalization. Equipment investment in the private sector had increased by about 30 per cent over the preceding year. However, private consumption had only increased by about 16 per cent during the same period.

46. The resulting increase in total demand had brought about certain unfavourable signs in the Japanese economy, indicating what was called an "overheated" economy. Thus, in the latter part of 1961, the Government had taken certain measures to remedy the situation and had introduced a tight money policy. At the same time, it had made efforts to promote exports in an over-all programme to improve the balance of payments. The rate of economic growth

for Japan in 1962 was estimated at 4.5 per cent, compared with about 13 per cent in 1961. The balance of payments had recovered equilibrium, thanks mainly to increased exports to the United States and Europe. The International Monetary Fund had granted Japan a stand-by credit of \$305 million which had greatly contributed to the speedy recovery of the Japanese economy. It should be noted that the crisis had been tided over without restriction of imports or other steps which would have adversely affected other countries. The degree of trade liberalization achieved by October of the current year had been 88 per cent. Japan, of course, was dependent on its foreign trade, and especially on the import of primary commodities. It was one of the largest importers of primary commodities in the world. In terms of price values, those imports had increased in 1961 by more than 30 per cent over the preceding year.

47. His delegation was in complete agreement with the recent trend to decentralize the economic and social activities of the United Nations and to strengthen the regional economic commissions. However, that strengthening should not be carried out at the expense of weakening the authority of Headquarters to control and co-ordinate the global activities of the United Nations. Japan was very interested in the work of ECAFE. In that connexion, the establishment of an Asian institute for economic development represented a significant forward step. Japan had pledged all its support and considerable funds to that institute, which was important as an ideal training ground for personnel to raise their professional ability and competence in development planning and implementation.

The meeting rose at 1.10 p.m.