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AGENDA ITEMS 12, 29 AND 74

Report of the Economic and Social Council (chapters II (sections I, II and III A, except paragraphs 189-198), III, IV and VII (section I and paragraph 645)) (A/4415) (continued)

Economic development of under-developed countries (continued):

- (a) **International flow of private capital: report of the Secretary-General and recommendations thereon by the Economic and Social Council (A/4487, E/3325 and Corr.1-3);**
- (b) **Question of the establishment of a United Nations capital development fund: report of the Secretary-General (A/4488, E/3393, E/3393/Add.1-4);**
- (c) **Methods and techniques for carrying out a study of world economic development: report of the Secretary-General and comments thereon by the Economic and Social Council (A/4489 and Add.1, E/3379, E/3379/Add.1-7);**
- (d) **Promotion of wider trade co-operation among States: report of the Secretary-General (A/4490, E/3389)**

Land reform (A/4439) (continued)

CONSIDERATION OF DRAFT RESOLUTIONS (A/C.2/L.465/REV.2) (continued)

1. Mr. MAHDAVI (Iran) said he was glad that the Czechoslovak delegation had been able to reach agreement with the sponsors of the various amendments to its draft resolution and felt that the revised text (A/C.2/L.465/Rev.2) represented an improvement. His delegation also supported the amendments and sub-amendments put forward by the Argentine, Greek, Indian and Italian delegations (A/C.2/L.504-507) and would be prepared to vote in favour of the Czechoslovak draft, with those changes.

2. Mr. AMADOR (Mexico), introducing his delegation's amendment (A/C.2/L.508), said that it was intended to remove an incongruity in the present text of the draft resolution. Since it was agreed that the less developed countries should diversify their industries, there seemed no reason to place special emphasis on their traditional products.

3. U HLA MAUNG (Burma) said that his delegation welcomed the fact that the draft resolution underscored the urgent need of the less developed countries for long-term credits. As originally worded, the draft had also placed great stress on the need for industrialization, although he was sure its sponsor had not intended to give industrialization precedence over all other aspects of economic development. His own Government was convinced that, essential though industrialization was to the under-developed countries, it must not be allowed to obscure the importance of other sectors. Undue emphasis on industrialization might, while correcting one imbalance, give rise to others. Because agriculture would continue to be the main occupation of the less developed countries for many years to come, those countries, and particularly those with food shortages, must continue to give attention to agricultural development. The degree of emphasis to be placed on the various aspects of development was essentially a matter for decision by each individual country and it was the great merit of the amendments suggested by Greece (A/C.2/L.505) and by Afghanistan and the United Arab Republic (A/C.2/L.487/Rev.1) that they drew attention to that fact. His delegation congratulated the Czechoslovak representative on having accepted those amendments (A/C.2/L.487/Rev.1) and would support the draft resolution in its revised form (A/C.2/L.465/Rev.2).

4. Mr. HASSAN (Sudan) wished to make it clear that his delegation had not expressed a preference for loans rather than grants; it felt that all forms of financing were useful to the less developed countries and supported the Turkish amendment (A/C.2/L.503) for that reason. However, it considered that short- and medium-term loans were less effective than long-term loans for assisting the development of the

less developed countries. Grants could also be of great value, provided that they had no tinge of charity, were extended unconditionally, and had no harmful effects on the trade or economic development of the recipient countries. His Government supported the United Kingdom amendment (A/C.2/L.501/Rev.2) because it had been its experience that loans were sometimes tied to economic conditions and that goods supplied as a form of economic aid were sometimes made available at non-competitive prices. His delegation also fully endorsed the Indian representative's remarks at the previous meeting on the financing of specific projects and stressed the importance of providing financing on a project rather than a country basis. It had no objection to the United States amendment (A/C.2/L.486). Where the Italian amendment (A/C.2/L.507/Rev.1) was concerned, it would like to know whether there were any constitutional or administrative objections to requesting that the Committee on Industrial Development should make suggestions on the matter; if not, his delegation would strongly urge that the request should be included in the draft resolution.

5. Mr. PENTEADO (Brazil) supported the Argentine amendment (A/C.2/L.504). As the International Development Association had not yet begun its operations, the inclusion of a reference to its advantageous terms was somewhat premature.

6. Mr. VAN DER PEYL (Netherlands) said that the revised draft resolution represented a considerable improvement over the original version. His delegation welcomed the fact that grants had now been given their proper place as a means of financing but would like to see the reference made to them in the form proposed by New Zealand (A/C.2/L.500). His delegation supported the Greek proposal contained among its amendments (A/C.2/L.505) that the words "and social projects" in operative paragraph 1 (c), formerly operative paragraph 1 (b), should be replaced by the words "social and other projects" in view of the great importance of the development of the transport and communications sectors of less developed economies. His delegation also supported the United Kingdom amendment (A/C.2/L.501/Rev.2), and hoped no change would be made in its text; in that connexion, it would point out that most international assistance was in fact given on a project basis.

7. Mr. RAJAPATIRANA (Ceylon) welcomed the revised text of the draft resolution (A/C.2/L.465/Rev.2), and drew attention to the particular importance of its third preambular paragraph. His delegation could not support the United States amendment (A/C.2/L.486) because it seemed too early as yet to make a specific reference to the International Development Association in the present context. It agreed with the Indian representative that some mention should be made of grants, which must be regarded rather as a form of compensatory financing than as charity. It would also suggest that, for the sake of clarity, the words "that development" at the end of operative paragraph 1 (a) should be replaced by the words "the development of the less developed countries". His delegation understood the first clause of operative paragraph 1 (b) not as prohibiting economic aid for particular projects, but merely as a recommendation that extensive reliance on the practice should be avoided. While he felt that the recommendation contained in the second part of

the paragraph might involve some difficulties, since there were occasions when the aid in question could only be offered at other than competitive prices, he was prepared to accept the clause.

8. Mr. ABDEL GHAFFAR (United Arab Republic) said that his delegation welcomed the establishment of the International Development Association, but did not feel that a reference to it was appropriate in the draft resolution. It would therefore support the Argentine sub-amendment (A/C.2/L.504).

9. Mr. EL-MUTWALLI (Iraq) said that his delegation had favoured most of the amendments which had been submitted to the Czechoslovak draft resolution and their incorporation had greatly improved the text. During the general debate his delegation had mentioned (659th meeting) that Iraq had received long-term low-interest loans from Czechoslovakia and the Soviet Union, and it hoped that the adoption of the Czechoslovak draft resolution would encourage loans of that type. He agreed with what most speakers had said about the United States amendment (A/C.2/L.486) and supported the Argentine sub-amendment (A/C.2/L.504) to that proposal. His delegation would vote in favour of the revised Czechoslovak draft resolution.

10. Mr. WOULBROUN (Belgium) thought the statement in the third preambular paragraph that "industrialization means the diversification of the economies of the less developed countries" was incorrect; in fact, industrialization might involve a variety of other factors. He therefore proposed that the paragraph in question should be reworded as follows: "Realizing that the diversification of the economies of the less developed countries implies industrialization and is becoming increasingly more urgent ...". Consequent upon that amendment, the fourth preambular paragraph should be reworded as follows: "Noting that diversification, the establishment of modern industries in the less developed countries and development of their economies must take place in such a manner ...".

11. Mr. PHILLIPS (United States of America) accepted the Argentine sub-amendment (A/C.2/L.504) to the United States amendment (A/C.2/L.486) in order to meet the objections raised by several delegations. Furthermore, since some countries might have balance-of-payments difficulties and since in certain circumstances assistance for particular projects might be preferable, he proposed that operative paragraph 1 (b) should be reworded as follows: "To avoid, except for balance-of-payments reasons, reliance on the practices of restricting economic aid to particular sources of supply or exclusively to particular projects ...".

12. Mr. DUDLEY (United Kingdom) and Mr. B. K. NEHRU (India) accepted the wording proposed by the United States representative for operative paragraph 1 (b) and consequently withdrew respectively their amendment and sub-amendment to that paragraph (A/C.2/L.501/Rev.2 and A/C.2/L.506).

13. Mr. BERNARDO (Argentina) thanked the United States representative for having accepted his sub-amendment (A/C.2/L.504); that document should now be considered as a joint United States and Argentine amendment.

14. Mr. SMID (Czechoslovakia), reviewing the various written and oral amendments which had been

made to his delegation's draft resolution, pointed out that the Turkish amendment (A/C.2/L.503), now appeared as the second preambular paragraph in the revised text (A/C.2/L.465/Rev.2). However, the words "public and private" before the word "capital" had been omitted on the ground that it was unnecessary to specify what kind of capital was required but merely that it should be acceptable to the receiving countries.

15. His delegation accepted the Belgian oral amendments to the third and fourth preambular paragraphs, as well as the additional preambular paragraph jointly proposed by Argentina and the United States. It also accepted the Mexican amendment (A/C.2/L.508) to the concluding phrase of the fourth preambular paragraph.

16. With regard to operative paragraph 1 (a), he wished to make it clear that the Czechoslovak delegation was by no means opposed to grants but had doubted whether the draft resolution was the most appropriate place to include a reference to that form of assistance. However, in order to meet the views raised by certain delegations and also to take into account the New Zealand amendment (A/C.2/L.500), he proposed that paragraph 1 (a) should be reworded as follows: "to encourage, on a bilateral and multilateral basis, the extension as appropriate of long-term loans, grants, or credits on favourable terms ...". Consequently, the words "including grants" would be deleted at the end of that paragraph and, in deference to the proposal made by the representative of Ceylon, the concluding words would read "which are important factors in the development of the less developed countries".

17. In regard to operative paragraph 1 (b), which had been based on the United Kingdom amendment (A/C.2/L.501/Rev.2), he accepted the new wording suggested by the United States representative and also agreed to delete the words "no more than" in accord with the revised amendment of the United Kingdom.

18. He accepted all the Greek amendments (A/C.2/L.505) to operative paragraph 1 (c), so that it would now read "to co-operate in financing industrial, agricultural, social and other projects for productive purposes ...".

19. His delegation could accept neither the Greek amendment (A/C.2/L.505) nor the revised Italian amendment (A/C.2/L.507/Rev.1) to operative paragraph 3 and would maintain the text as it stood, since it felt strongly that the Committee for Industrial Development should be specifically mentioned.

20. Mr. GURUN (Turkey), Mr. AMADOR (Mexico), Mr. BERNARDO (Argentina), Mr. GREEN (New Zealand) and Mr. CARANICAS (Greece) withdrew their respective amendments (A/C.2/L.503, A/C.2/L.508, A/C.2/L.504, A/C.2/L.500 and A/C.2/L.505).

21. Mr. FRANZI (Italy) maintained his amendment (A/C.2/L.507/Rev.1) as it seemed to meet with general approval. It would be far better to speak of the Council and its appropriate committees rather than to single out the Committee for Industrial Development.

22. Mr. HOLMES (Ireland) suggested that, in view of the textual changes made in preambular paragraph 4,

it might be appropriate to replace the word "Noting" by "Believing".

23. Mr. SMID (Czechoslovakia) accepted that amendment.

24. Mr. HASSAN (Sudan) thought there could be no doubt that the subject of the draft resolution was within the province of the Committee for Industrial Development, which should therefore be specifically mentioned in operative paragraph 3 to ensure that it was given an early opportunity to consider the matter. He did not think that such a reference could in any way be regarded as out of place and asked if there were any constitutional reasons against its inclusion, as the Italian representative had seemed to imply.

25. Mr. MALINOWSKI (Secretary of the Committee), speaking in his capacity as Secretary of the Economic and Social Council, said that such a reference would not be inappropriate, since the Council had formally established the Committee for Industrial Development and had fixed the date for its first meeting.

26. Mr. PHILLIPS (United States of America) said he would support the Italian amendment, as he believed that the General Assembly should allow the Economic and Social Council to decide how best to allocate such an important subject, which also came within the province of other of its committees.

27. Mr. NATORF (Poland) pointed out that the Committee for Industrial Development had been set up to deal with precisely such matters as the one covered by the draft resolution and the Council could not do otherwise than refer the matter to that Committee. His delegation would vote against the Italian amendment.

28. Mr. GURINOVICH (Byelorussian Soviet Socialist Republic) shared that view. The "appropriate committees" mentioned in the Italian amendment could, in fact, only be the Committee for Industrial Development and the Technical Assistance Committee, and references to the latter Committee had often been made in General Assembly resolutions.

29. Mr. KAKITSUBO (Japan) doubted whether it was appropriate for the General Assembly to request directly the Committee for Industrial Development to make suggestions bypassing the Economic and Social Council, since under resolution 751 (XXIX) that Committee's express function was to advise the Council. Nor was it clear to whom the Committee was requested to make suggestions.

30. Mr. FRANZI (Italy) explained that he had revised his original amendment in order to obtain the unanimous consent of the Committee. As a matter of fact, although the subject of the draft resolution was clearly within the competence of the Committee for Industrial Development, that Committee had not yet begun its work; besides, the subject was undoubtedly of interest to the Economic Committee.

31. Mr. OMAR (Afghanistan) requested a separate vote on the word "grants" in operative paragraph 1 (a).

32. Mr. CAMARA SIKHÉ (Guinea) said that, while in all other respects the revised draft resolution met the views of his delegation, he could not accept the reference to "grants" in operative paragraph 1 (a). The concept of grants had no place in the economic development of under-developed countries, and it was

not desirable to encourage the practice of grants on a bilateral basis. He suggested that the words "development of the less developed countries" at the end of operative paragraph 1 (a) should be replaced by the words: "economic and social progress of the less developed countries".

33. Mr. SMID (Czechoslovakia) accepted the latter amendment.

34. Mr. ALVAREZ RESTREPO (Colombia) urged the Committee not to delete the word "grants" in paragraph 1 (a). Grants were not degrading or an affront to national dignity, since they enabled advanced countries to dispose of surplus and unwanted goods which were often desperately needed in under-developed countries. The deletion of the word might create the impression that the General Assembly wished to discourage advanced countries from assisting others by means of grants, and his delegation would vote for the retention of the word.

35. Mr. DANGEARD (France) agreed with the Italian amendment, which he felt would ensure the draft resolution's unanimous adoption. He requested a separate vote on operative paragraph 1 (b), on which he would abstain. The final text of that paragraph was unsatisfactory, as the references to balance-of-payments difficulties and competitive prices were open to widely different interpretations and involved complex issues. It would have been preferable to stress the freedom of countries to choose their source of economic assistance.

36. The CHAIRMAN put the Italian amendment (A/C.2/L.507/Rev.1) to the vote.

The amendment was rejected by 25 votes to 24, with 23 abstentions.

37. The CHAIRMAN put to the vote the word "grants" in operative paragraph 1 (a).

The word was retained by 48 votes to none, with 20 abstentions.

38. The CHAIRMAN put operative paragraph 1 (b) to the vote.

Operative paragraph 1 (b) was adopted by 63 votes to none, with 7 abstentions.

39. The CHAIRMAN put to the vote the Czechoslovak draft resolution (A/C.2/L.465/Rev.2), as amended orally by the sponsor during the meeting.

The draft resolution, as amended, was adopted unanimously.

40. Mr. MARAMIS (Indonesia), explaining his vote, said that the draft resolution indicated the correct way to deal with the problem of the development of the under-developed countries and spotlighted many of their difficulties. It rightly emphasized the need to speed up their progress through both self-help and foreign aid, preferably in the form of long-term loans and grants.

The meeting rose at 6.40 p.m.