

GENERAL ASSEMBLY

SIXTH SESSION

Official Records



SECOND COMMITTEE 173rd

MEETING

Thursday, 3 January 1952, at 10.30 a.m.

4 FEB 1952

Palais de Chaillot, Paris

CONTENTS

Page

Economic development of under-developed countries : report of the Economic and Social Council (chapter III) (A/1884 and A/1924) (<i>continued</i>)	
(d) General aspects of economic development (A/C.2/L.81 and Corr.1 and A/C.2/L.120) (<i>continued</i>)	169

Chairman : Prince WAN WAITHAYAKON (Thailand).

Economic development of under-developed countries : report of the Economic and Social Council (chapter III) (A/1884¹ and A/1924) (*continued*)

(d) General aspects of economic development (A/C.2/L.81 and Corr. 1 and A/C.2/L.120) (*continued*)

[Item 26]*

DRAFT RESOLUTION SUBMITTED BY POLAND (A/C.2/L.81 and Corr.1)

1. The CHAIRMAN opened the discussion on the draft resolution submitted by the Polish delegation concerning integrated economic development and long-term trade agreements (A/C.2/L.81 and Corr.1) and on the amendments thereto submitted by the United States delegation (A/C.2/L.120).

2. Mr. KATZ-SUCHY (Poland) said that, before making a statement on the substance of his delegation's draft resolution, he wished to raise a procedural question concerning the United States proposals contained in document A/C.2/L.120. The first point to be settled was whether those proposals were true amendments, within the meaning of rule 129 of the rules of procedure, or whether they did, in point of fact, constitute an entirely unrelated new draft resolution.

3. The similar move made at the Committee's previous meeting by the United States with regard to the Haitian draft resolution (A/C.2/L.95) might perhaps be considered a precedent. By its action, the United States delegation was attempting to circumvent the Committee's decision to place a time limit on the submission of draft resolution. A superficial study of the United

States proposals contained in document A/C.2/L.120 would suffice to show that they could not be considered as amendments within the meaning of the final sentence of rule 129. It was evident that the United States proposals would remove the substance of the Polish draft resolution for they proposed the deletion of paragraph 4 referring to long-term trade agreements, which was an essential part of the draft. Furthermore the United States proposals included a complete text of the draft resolution incorporating the changes proposed.

4. In keeping with the precedent set by the Committee at the General Assembly's fifth session when amendments to a draft resolution concerning the report on national income had been withdrawn by its sponsors, the Chilean and Cuban delegations, and had then been re-submitted as a new draft resolution following a decision by the Committee to waive the time limit for submitting draft resolutions, he said that his delegation would, in the present instance and as an exceptional case, be inclined to invite the Committee to allow the United States delegation to submit its proposals in the form of a new draft resolution which would be discussed and voted upon according to the usual procedure. He would welcome the Committee's views on that procedural issue.

5. Mr. LUBIN (United States of America) pointed out that the Polish representative had cited paragraph 4 as being the heart of his draft resolution. If the United States text proposed to delete paragraph 4 of the Polish draft resolution, would such a proposal be regarded as contrary to the rules of procedure governing the nature of amendments?

6. His delegation would welcome the implementation of certain parts of the Polish draft resolution but it believed that, as it stood, that draft resolution introduced some implications which it could not accept. He requested that his delegation's proposals should be admitted as amendments and should consequently be discussed in conjunction with the Polish draft resolution.

¹ See *Official Records of the General Assembly, Sixth Session, Supplement No. 3.*

* Indicates the item number on the General Assembly agenda.

7. The CHAIRMAN said that under the rules of procedure which in his country governed similar cases the principles underlying the draft resolution were discussed first whereupon, if the principles had been accepted, the amendments were considered. The United Nations rules were different. Since under those rules each delegation was entitled to table amendments, he considered that the Committee should proceed with its consideration of the United States proposals as constituting amendments to the Polish draft resolution. The amendments met the requirements of rule 129 of the rules of procedure since, although the United States delegation did not attach the same importance to long-term trade agreements as did the Polish delegation, the value of such agreements was recognized in its seventh amendment. Furthermore the amended text of the Polish draft resolution had been included in the United States document purely for the Committee's convenience and did not in any way alter the fact that the proposals made by that delegation had not been submitted *en bloc* but consisted of separate amendments, each of which could be adopted or rejected by the Committee.

8. The Chairman then opened general discussion on the procedural question raised by the Polish representative.

9. Mr. SANTA CRUZ (Chile) believed that the Polish representative had raised a specific point of order which, under the rules of procedure, should be ruled on by the Chair. If they so desired, members of the Committee were, of course, in a position to challenge the ruling.

10. Mr. KATZ-SUCHY (Poland) could not agree with the Chilean representative's view that a ruling by the Chair was called for. He had raised a question of interpretation of the rules of procedure, and more specifically of the last sentence of rule 129, and that required thorough discussion by the Committee. The procedure suggested by the Chilean representative would necessarily place severe limitations on the expression of views. The need for broader discussion was all the more apparent in view of the situation which had arisen at the previous meeting when the United States delegation had entirely changed the nature of the Haitian draft resolution by its amendments. However, the situation was different in that the Haitian delegation had agreed to incorporate them.

11. Mr. SANTA CRUZ (Chile), speaking on a point of order, said that to open a general discussion on the procedural issue involved might create a dangerous precedent. The interpretation of the rules of procedure was rather a matter for the Sixth Committee. The Polish representative had merely requested a decision on the interpretation of rule 129 with particular reference to the United States amendments. That was clearly a point of order on which the Chair should give a ruling in accordance with rule 106 of the rules of procedure.

12. Mr. STADNIK (Ukrainian Soviet Socialist Republic) said the United States proposals were wholly unrelated to the Polish draft resolution and hence not admissible as amendments as defined in rule 129. He therefore supported the request made by the Polish representative to open a general discussion on the procedural question.

13. The CHAIRMAN noted that the Polish representative had not specifically raised a point of order.

However, in accordance with rule 106, he directed the discussion to proceed on the Polish draft resolution and on the United States amendments thereto.

14. Mr. KATZ-SUCHY (Poland) considered that rule 106 was not applicable to the problem before the Committee. He therefore reiterated his request to the Committee to decide whether the United States proposals were in the nature of *bona fide* amendments and whether it would not, in that particular case, agree to waive the time limit for submitting new draft resolutions.

15. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) felt that the Chilean representative had referred incorrectly to rule 106. That rule did not restrict the Committee's right to discuss points raised by individual representatives; it merely described the Chairman's functions and, among other things, made him responsible for ensuring the observance of the rules. Any representative was free to raise the matter of the application and observance of a rule. All the Committees of the General Assembly, and not merely the Sixth Committee to which the Chilean representative had referred, were competent to consider such procedural questions.

16. The Polish draft resolution was a serious proposal which deserved the attention of the Committee; it dealt with integrated economic development and long-term trade agreements, an aspect of the general subject of the economic development of under-developed countries which the Committee had not yet considered in detail. The United States proposals would in effect nullify the substance of the draft resolution, and hence, being an attempt to destroy the serious Polish proposal under cover of introducing alleged "amendments", should be voted out of order. If the United States delegation was opposed to the Polish proposal, it could express its view by voting against it. The Committee should protect the Polish draft resolution from the improper manoeuvre to torpedo it. He therefore supported the procedural proposal submitted by the Polish representative.

17. Mr. NARIELWALA (India) appreciated the Chairman's difficulty in ruling on the procedural issue. Technically any representative was free to move amendments to any proposal, but, if an amendment tended to change the substance of a proposal, it had to be decided whether the amendment was in conformity with the spirit of rule 129. He drew attention to rule 120 which provided that "any motion calling for a decision on the competence of the General Assembly or the Committee to adopt a proposal submitted to it shall be put to the vote before a vote is taken on the proposal in question". He suggested that either the Chairman should ask the Committee to vote on whether the changes suggested by the United States representative should be considered as amendments, or give a ruling that they were in conformity with rule 129 and, therefore, in order.

18. The CHAIRMAN replied that, since the Indian representative had raised the issue as a point of order, his ruling was that the changes submitted by the United States delegation should be considered as amendments.

19. Mr. KATZ-SUCHY (Poland) said that, for well-known reasons and in view of precedent, he would not challenge the Chairman's ruling. He nevertheless maintained his position that the changes suggested by the United States representative could not be regarded

as proper amendments to his draft resolution since they were totally foreign to the spirit and substance of the original text.

20. As explained in the introductory statement by his delegation at the previous meeting, the aim of the Polish draft resolution was to find media, other than those already discussed, of promoting the economic development, particularly the industrial development, of under-developed countries and of financing such development. For the first time in the Committee's discussion, the Polish proposal stressed the need to consider, in view of the existing world situation, the possibility of including long-term trade agreements for supplying to the under-developed countries machinery and equipment essential for the fulfilment of the plans for the economic development of those countries in exchange for raw materials exported by them.

21. The United States amendments, on the other hand, constituted an attempt to substitute for the economic needs of the under-developed countries the requirements of the United States, which was particularly desirous of securing raw materials for its armaments race. The United States was appealing to the under-developed countries, which were the main suppliers of vital raw materials, to increase their exports for the United States war machine, oblivious of the serious difficulties thus engendered.

22. He felt that his draft resolution and the policy of the United States in international economic and political affairs should be discussed as two separate items. The object of the United States amendments was to prevent a detailed discussion of the Polish draft resolution. In the past the United States delegation had felt ill at ease when the discussion had centred on the actual possibilities of financing the economic development of under-developed countries and attempts had been made to drown the discussions by introducing mostly irrelevant political elements. Another purpose of the amendments was to secure the passage of a resolution which would make it possible to exert pressure on the countries supplying raw materials.

23. Although he would have preferred his draft resolution and the aggressive policy of the United States to have been discussed as separate points, he was prepared to consider them jointly in view of the Chairman's ruling and of the eloquent silence of the Committee. It should be noted that the United States delegation in the First Committee was trying to convince the world that the United States was in favour of disarmament, whereas in the Second Committee the same delegation was appealing to the under-developed countries to increase and to facilitate the international movement of goods required for the United States armaments industry. Paragraph 2 of the United States amendment referred to the "free nations of the world". Without wishing to consider whether those countries were really free, he pointed out that those words were contrary to the spirit of the Charter since they tended to divide the United Nations into blocs and groups.

24. In discussing the economic problems confronting the under-developed countries, the main issue was surely the need to develop those territories. The need to improve the world economic situation was a secondary, though related, subject. Paragraph 6 of the United States amendments referred to "the international movement and equitable distribution of capital goods, essential consumer goods and raw materials especially

needed for the maintenance of international peace and security...". The Committee was thus being invited to take up a matter which fell within the competence of the Security Council and the First Committee. If the United States representative was prepared to accept certain suggestions which he (Mr. Katz-Suchy) would put forward to clarify the United States amendments, a working party might be appointed to study the possibility of preparing a joint text.

25. He suggested that the words "(that) the overriding needs of the defence of the free nations of the world..." in paragraph 2 of the United States amendments should be amended to read "the fact that strategic stock-piling and the aggressive armaments race started by the North Atlantic Treaty has resulted in a sharp increase in the demand for raw materials and in inflationary pressure which restrict the facilities available for economic development".

26. Paragraph 3 of the United States amendments would also be covered by such a reference. Paragraph 4 of the United States amendments should be deleted and a new operative paragraph 5 inserted relating to the needs set forth in paragraph 4 of the Polish draft resolution. Paragraph 6, sub-paragraph (i), should be amended to read :

"To facilitate the international movement and equitable distribution of capital goods, essential consumer goods and raw materials especially needed for the *development of national industries in the under-developed countries and the improvement of the standards of living in those countries.*"

27. Mr. LUBIN (United States of America) said he could not accept the Polish representative's rewording of paragraph 2 of the United States amendments; the Committee would remember how the United Nations had had to act to resist aggression in Korea and what action certain countries had had to take to deal with the Berlin blockade. He was prepared to amend the words "the overriding needs of the defence of free nations of the world" in that paragraph to read "the overriding needs of defence".

28. He had tabled his amendments in a sincere spirit of co-operation with a view to furthering the interests of all Member States. Unfortunately the Polish draft resolution, which referred to the importance of obtaining capital goods with raw materials under prevailing difficult world conditions was very narrow in scope and included certain statements which distorted the facts and which were therefore unacceptable. The United States amendments, which suggested how all Member States could take steps to meet some of the problems involved in the development of under-developed countries while bearing the strain imposed by defence precautions, were reasonable and in harmony with previous United Nations action.

29. The point of the proposed amendment to paragraph 1 of the Polish draft resolution was to emphasize that the programme of the economic development of under-developed countries should not only benefit them but also an expanding world economy. The second United States amendment to paragraph 1 had been submitted because the original text was not historically accurate.

30. Paragraph 2 of the Polish draft resolution stressed the harmful effects of inflation in the under-developed countries and the difficulties of acquiring the machinery

and equipment necessary for their economic development; the United States amendments to that paragraph set forth those ideas in separate paragraphs for the sake of clarity and indicated the reasons for current economic difficulties. Those difficulties were in fact due to the overriding needs of defence caused by aggression and by the threat of aggression.

31. Paragraph 4 of the United States amendments amended paragraph 3 of the Polish draft resolution, which was much too narrow. In contrast to the Polish statement that the problem for the under-developed countries was to assure exchange of raw materials for capital equipment, the amendment stressed that the important point was to create conditions under which the under-developed countries could most effectively make use of their foreign exchange resources.

32. Paragraph 5 of the United States amendments dealt with an aspect of one of the ideas which was incompletely expressed in paragraph 2 of the Polish draft resolution. The occurrence or absence of inflation depended on whether measures were taken to check it by the government immediately concerned and whether other countries were in a position to assist it by making supplies available. Paragraph 5 of the United States amendments therefore recognized that inflation was not inevitable, but that if it remained unchecked it would have harmful consequences.

33. Paragraph 6 of the United States amendments deleted paragraph 4 of the Polish draft resolution, because, while the method of conducting economic relationships suggested in that paragraph might be applicable in some countries, it ran counter to the economies of others. Every country had, of course, the right to make bilateral trade agreements; but the economic principles which guided the United States were reflected in its treatment of the export trade, and to embark on long-term trade agreements could commit his Government to engaging in activities which went far beyond what the American people regarded as the desirable functions of government in normal times. The United States had taken certain measures in that field to meet the prevailing exceptional circumstances and it would continue to take every feasible measure, subject only to overriding defence needs, to assist the under-developed countries in obtaining machinery and equipment. Paragraph 4 of the Polish draft resolution indicated only one way of assisting the under-developed countries—through long-term trade agreements. Paragraph 6 (i) of the United States amendments, on the other hand, placed no restriction on the range of possible action and offered much greater scope for achieving the desired ends. Paragraph 6 (ii), complemented paragraph 6 (i) and was concerned with the development of productive resources.

34. Paragraph 7 of the United States amendments merely introduced drafting changes in the statement of the principle, contained in paragraph 5 of the Polish text, that no agreement entered into should violate the sovereign rights of the contracting parties.

35. Paragraph 6 of the Polish draft resolution did not suggest any specific measures which the under-developed countries might take to meet their difficulties. On the other hand, the Economic and Social Council at its twelfth session had dealt with the question of measures for integrated economic development and had adopted resolution 341 (XII), paragraphs 1 to 4 of which made specific recommendations concerning the points

covered by the Polish draft resolution. The Council's resolution provided much more useful guidance than paragraph 6 of the Polish resolution, which gave the impression that no action had so far been taken in that field by the United Nations.

36. Finally the United States amendments would bring up to date reports submitted to the Council and would thus assist the Council's further consideration of the question.

37. U KYIN (Burma), commenting on the Polish draft resolution, said that its provisions relating exclusively to trade and commerce contained recommendations similar to that in paragraph 3 of Council resolution 367 A (XIII) for both recommended an adequate supply of machinery and capital goods to the under-developed countries. The necessity for such supplies had also been stressed by the Economic Commission for Latin America and by the Economic Commission for Asia and the Far East, as could be seen in paragraphs 363 and 396 of the Council's report. His delegation was glad to find that that recommendation had been embodied in the Polish draft resolution.

38. Continued economic development could only be ensured by long-term trade agreements, which were essential in order to overcome foreign exchange difficulties and ensure a constant flow of goods. They should, of course, in no way interfere with the sovereign or political rights of the countries concerned. Although his own country had had no foreign exchange difficulties, it had found it difficult to obtain an adequate supply of goods and had therefore recently entered into long-term barter agreements with India and Japan.

39. A striking difference between Council resolution 367 A (XIII) and the Polish draft resolution was that while the Council resolution took account of "overriding needs of defence", the Polish draft resolution denounced strategic stock-piling and the armaments race as harmful to the under-developed countries. The Polish draft interpreted the views expressed by ECAFE and ECLA. Rearmament led to an acute worsening of the supply of primary commodities and created an artificial barrier to development which must be destroyed. His delegation therefore strongly supported the Polish draft resolution and urged all peace-loving countries to do the same.

40. He considered that the United States amendments completely negated the original sense of the Polish draft resolution and hence his delegation could not support them.

41. Mr. NOSEK (Czechoslovakia) said the Polish draft resolution dealt with an aspect of economic development which had as yet been neglected by the General Assembly and the Economic and Social Council.

42. The principal reason for the deplorable economic situation of the under-developed countries was the armaments race into which the developed countries wished to drag them. The capitalist countries only made investments that would ensure strategic materials for them or markets for their products, as the United States Secretary of State himself had told the Senate Foreign Relations Committee on 3 March 1950.

43. Some 70 per cent of United States imports of strategic materials came from the under-developed countries and there was a tendency for that proportion to increase. It was therefore easy to see along what lines

the United States would attempt to develop the under-developed countries. Its chief method was to compel those countries to conclude unequal trade agreements with it. Other methods were suggested by the aims of President Truman's "Point Four" programme. Those aims, as indicated by an Iraqi newspaper, were to invest American capital abroad so as to avoid a domestic crisis, to strengthen resistance to communism, and to introduce American influence in neutral countries. It was obvious that the under-developed countries had no interest in the promotion of such aims.

44. Nearly all representatives of under-developed countries on the Committee had stated that though continuing to export raw materials, their countries were experiencing difficulty in obtaining the capital goods they required. It was clear that the only aim of the industrialized countries was the complete enslavement of the under-developed countries.

45. The difference in standards of living between under-developed and developed countries was constantly widening and living conditions in the under-developed countries were deteriorating. One of the reasons for the bad conditions was the fluctuation in the prices of raw materials on the world markets which rendered the under-developed countries completely dependent on

the industrialized countries. Moreover, the industrialized countries tended to dump their surplus consumer goods on the under-developed countries, a practice hardly conducive to economic development. The under-developed countries must, in future, be assured of a supply of capital goods and equipment required for industrial development in exchange for their raw materials. Such measures would also provide a guaranteed market for the industrial goods of the developed countries and so reduce unemployment.

46. Czechoslovakia had had valuable experience of long-term trade agreements in those it had entered into with URSS and the countries of the peoples' democracies. Through its agreement with the USSR, Czechoslovakia had received vital raw materials and capital goods to carry out its economic plans and had also been able to add to the population's food supply. Moreover, through long-term trade agreements, Czechoslovakia in its turn was contributing to the economic development of Albania, Hungary and Bulgaria.

47. His delegation supported the Polish draft resolution, which was an attempt to solve a most serious problem.

The meeting rose at 1.5 p.m.