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**Chairmen: Mr. Leo MATES (Yugoslavia) and
 Mr. Ernest CHAUVET (Haiti).**

Report of the Economic and Social Council, chapters II and III (A/2430) (*continued*)

[Item 12]*

1. Mr. ARKADYEV (Union of Soviet Socialist Republics) wished, in discussing the Economic and Social Council's report, to outline his delegation's view on the world economic situation. The first signs of an economic crisis were becoming increasingly clear and obvious in the United States and the countries under its domination. In the United States, for instance, the demand for agricultural produce was collapsing, and stocks were increasing. Statistics published by the Federal Reserve Board had shown that the index of industrial production had fallen from 243 in March 1953 to 234 in October of the same year. The production of automobiles and other consumer goods was falling. The decline had been reported by a group of economists who had contributed to the periodical *U.S. News and World Report*, which had published a comparison of the economic situation in November 1953 with that in the preceding year. The comparison showed that expenditure on construction had fallen from \$36,000 million in 1952 to \$34,000 million in 1953, that output in the automobile industry had fallen from 162,000 to 124,000 automobiles a week and that the value of orders placed with industry had fallen from \$28,000 million to \$22,000 million. In addition, the price index had fallen from 116 to 111, although, owing to the influence of the monopolies, retail prices were still rising. It was forecast that general production would decline 10 to 15 per cent, and that there would be a 20 per cent drop in the production of steel, coal and pig-iron. Already the threat of unemployment was hanging over the whole United States economy. To deal with its difficulties, the United States Government was resorting to measures that had disastrous repercussions on the balance of world trade. The United States was relying on industries connected with rearmament and had carried out a militarization of its economy which was causing untold damage to civilian industries and helping to worsen the state of general crisis. An increasingly large proportion of raw materials was being diverted from the non-

military sector to the armaments industry. That situation was reflected in the monopolization of international trade. As a result, gold reserves had declined in eleven countries in 1953, and currency reserves had dropped in sixteen. The inroads into reserves of raw materials were causing serious harm to the under-developed countries. Furthermore, the United States had involved the countries of Western Europe in its armament preparations. In 1954 the Atlantic Bloc planned to spend the vast sum of between \$250,000 million and \$300,000 million on armaments. The military budget of the western European Powers alone had amounted to \$70,000 million in 1953. Those Powers were no more able than the United States itself to support such expenditures with impunity. The result was increasingly heavy taxation, but that was not a matter of concern to the United States monopolies, for which rearmament was in fact a source of profit. They had even enlisted the services of certain economists to attempt to show that rearmament was supplying the American economy with the stimulus it needed. Meanwhile, the real value of the dollar was falling steadily, and in the United States the burden of taxation had become enormous. The same was true in the countries of Western Europe, where the people had to bear increasingly heavy burdens, and governments were faced with real financial difficulties. Rearmament had created artificial activity in those countries and had diverted industrial production from its proper purposes.

2. Incidentally, there was nothing in the report of the Economic and Social Council to show that the United Nations was concerned with remedying that situation. At the sixteenth session of the Economic and Social Council the Soviet Union had submitted a draft resolution¹ calling for the cessation of the armaments race, but the draft had been rejected. By rejecting the draft, the Economic and Social Council had incurred heavy moral responsibility.

3. Turning to the incidence of rearmament on standards of living, he said that the cost of living had risen steadily in the United States, and that the American people in general were experiencing growing difficulties in satisfying their needs. The result was a serious disorganization of the domestic market. The farmers did not profit from the rise in the cost of living; they were in a difficult position, as it was extremely hard for them to sell their products. The monopolies, on the other hand, continued to draw enormous profits from rearmament; their gross profits in 1953 were \$45,000 million, and their net profit after taxation were \$20,500 million. That figure was 10 per cent higher than in the preceding year.

4. The disorganization of the international market was equally serious. By its measures of blockade and embargo against the people's democracies, the imposition

* Indicates the item number on the agenda of the General Assembly.

¹ See *Official Records of the Economic and Social Council, Sixteenth Session, Annexes*, agenda item 2, document E/L.531.

of import quotas, the levying of customs duties, which in some cases increased the prices of dutiable goods by 90 per cent, and the inclusion of preferential clauses in commercial agreements, the United States Government was distorting the structure of world trade. The United States used its aid to other countries to invade markets, after destroying the financial balance of the countries under its domination. Many under-developed countries, including Pakistan, India, the Philippines, and Brazil, were faced by falling earnings, while their adverse balance of trade and dollar shortages were increasing. The world economic situation was made worse by the fact that the United States had taken advantage of the Second World War to capture many markets in which it was now attempting to consolidate its position. That action was causing dissatisfaction in other countries that was harmful to the interests of the people of the United States. In that connexion, he quoted material from the *Wall Street Journal* reporting the dissatisfaction created by the activities of United States private investors in Latin America, in particular in Venezuela and Bolivia. He also referred to the protests that had been made regarding protectionist measures in respect of dairy produce and fisheries products. Those were not isolated cases, and other countries, including Italy, Australia, New Zealand and Sweden, had protested against the damage to the economies caused by protectionist measures in the United States. In the United Kingdom there was a demand that that country should free itself from the conditions imposed by the United States and resume commercial relations with the countries of Eastern Europe and the People's Republic of China. The same was true in Indonesia, where the resumption of commercial relations with China and the Union of Soviet Socialist Republics had been requested in Parliament. In view of those attempts to regain economic independence, the United States had attempted to conciliate the countries over which it wished to retain domination by giving them financial assistance. He protested against that alleged generosity: the aid involved was not free, but took the form of deliveries of war materials and was occasion for the extraction of military and strategic concessions. In many cases, furthermore, the so-called aid served to repay debts previously contracted by the beneficiaries. Thus, France had actually received only \$290 million of the \$480 million it had been granted in 1952, the difference being used for the settlement of earlier debts. Those debts were steadily increasing, and economic aid remained a powerful means of pressure which the United States did not hesitate to use. Thus, Senator McCarthy had suggested that the aid granted to the United Kingdom should be made conditional on the breaking of that country's commercial relations with the People's Republic of China. Similarly, it was considered natural in certain American circles that the granting of economic aid to France should be made dependent on the recognition by that country of German rearmament, although history had proved on three occasions the danger of German military power to France. It was not surprising, therefore, that people everywhere were trying to free themselves from the American grip, and that there had been reactions against exploitation by private capital throughout the world. In that connexion, he referred to the protests regarding the fabulous profits made by United States capital in Nicaragua, Chile and Bolivia; he also mentioned the measures of economic aggression taken by the United States Government against Uruguay and the policy of colonialist exploitation pursued

by the United States in its relations with a number of independent States, such as Indonesia and Thailand. He stressed the disastrous results of United States policy, which was concerned only to protect the interests of the monopolies and was completely indifferent to the economic advancement and well-being of the masses.

5. However, the peoples of the world were interested neither in armaments nor the atomic bomb. They looked for peace and wished to develop their economies. Countries which had refused to let themselves be exploited by monopolies had obtained astonishing results. That was the case with China, the Eastern European peoples' democracies and even Eastern Germany, whose economic progress had been consolidated during 1953.

6. The Government of the People's Republic of China had concentrated on land reform and had taken measures to promote the industrial and economic development of the country. In 1952 there had been a rapid rise in industrial production in China. That tendency had been strengthened during the first year of the five-year plan. The China-USSR agreement provided for USSR aid to China for the establishment of heavy industry and various undertakings in other sectors of economic activity. The remarkable progress in agriculture would make available a larger number of commodities for export and would thus facilitate the development of foreign trade.

7. During 1952 and 1953 the USSR had continued to work for economic and cultural progress. Production in the chief sectors of the economy during the first ten months of 1953 had been 10.5 per cent above the level for the corresponding period of 1952. In 1952-1953 agricultural methods had been modernized, large hydro-electric schemes had been completed, and work had been started on a canal between the Volga and the Don. Prices had been reduced; the government had devoted large sums to the development of social and cultural services for the workers. Those sums had risen from 40,000 million roubles in 1940 to some 130,000 million roubles in 1953. In 1952 the real income of salary and wage-earners had been 68 per cent above the 1940 figure. Schools, hospitals and kindergartens had been built. The fifth five-year plan included a more extensive building and town-planning programme. In 1952 the social insurance budget had been two and a half times above that of 1940, and it must not be forgotten that in the USSR social insurance was entirely at the government's charge.

8. In 1953, the government had taken far-reaching measures for the development of agriculture and stock farming in order to meet the needs of the population. Large numbers of agricultural machines and tractors would be available for farmers, and many specialists, engineers and technicians would advise on the improvement of methods of cultivation. In 1953 credits to agriculture would be about 70,000 million roubles.

9. In October 1953 the USSR Government had also taken measures with regard to the production of the principal consumer goods. Between 1954 and 1956 it was proposed to build about forty new plants for the production of such goods, in particular for textiles and paper, and to improve the quality of the goods produced. Between 1954 and 1956 more than 1,000 large new food-processing concerns, in particular butter and cheese factories, would be established. Measures had also been taken to develop and improve internal trade. Many stores, markets and restaurants would be opened in towns and villages.

10. With regard to foreign trade, the USSR had endeavoured to implement its policy of developing normal trade relations with the peoples' democracies of Eastern Europe and the People's Republic of China and also with other countries. In 1953 the USSR had concluded trade agreements with France, Italy, Switzerland, Denmark, Finland, Norway, Iceland and Greece. Under those agreements, the USSR undertook to supply oil products, cement, wheat and flour in exchange for commodities such as wool, rayon, machinery, textiles, butter and cheese. The terms of payment in the agreements enabled the countries signing them to escape from their dollar dependence. The French newspaper *La Croix* had expressed its satisfaction at the conclusion of the agreements, which, it said, would make it possible to double French exports to the USSR and French imports from the USSR; it thought that French industry could only gain by the arrangement. The Danish press had also welcomed the trade agreements and had pointed out that it was in Denmark's interest to develop trade relations with Eastern European countries. It was clear that such trade could only improve the economic position and stimulate the production of the countries which accepted it. The agreements were based on the principle of the equality of States, mutual interest and respect for national sovereignty. They would serve the cause of international co-operation and would make possible the ending of hatred and hostility and the creation of international peace, the hope of all nations.

11. Mr. FORD (United States of America) stated that the long speech in which the USSR representative had foretold the collapse of the American economy, and in which he had merely repeated what Mr. Vyshinsky had said in the First Committee,² had added nothing new to the discussions of the Second Committee, which still had important matters to discuss. He saw no purpose in refuting the USSR representative's arguments, since he was sure that all the members of the Committee would be able to judge the United States' and the world's economic situation for themselves. If the United States economy was in such a bad way, it was hard to see why the USSR delegation had argued in other Committees of the General Assembly that the United States was in a position to continue its present rate of contributions to the United Nations.

12. The USSR representative appeared to believe that American businessmen preferred war to a peace-time economy. As a businessman, he could say that United States businessmen preferred a peace-time economy, which enabled them to earn more money. The USSR representative seemed to think that, if national defence production were to stop, the United States economy would collapse. That was not so. His country wished to reduce its military expenditure as quickly as possible, and its economy would be able to absorb such a decrease in war production, which would naturally have to be gradual. The United States Government could use the resulting savings for the building of schools and roads which the country needed. It could also reduce taxes. The funds thus released would be invested in productive enterprises which would stimulate the national economy. With regard to the fall in production which the USSR representative had mentioned, he would refer merely to the automobile industry, which he knew well. If automobile sales had decreased, it was because the industry was preparing to bring out

new 1954 models and had cut down production in order to stimulate next year's demand. The USSR representative had also spoken of monopolies, but it was well known that there were no monopolies in the United States. The United States was a free enterprise economy based on competition. The fall in United States exports was explained by the dollar shortage in other countries. The United States deplored that fact and was endeavouring to find a remedy. Even if, as the USSR representative claimed, the value of the dollar had fallen, he was nevertheless glad to state that the dollar was still a very acceptable currency. Finally, he regretted that he could not say how many restaurants would be opened in the United States next year. The United States had a free economy, and anyone could open or close a restaurant as he pleased.

13. Mr. MORALES (Argentina) said, with reference to paragraph 197 of the Economic and Social Council's report, that his delegation had joined with the Egyptian delegation at the 710th meeting of the Economic and Social Council in submitting an amendment to a draft resolution concerning the report of the Food and Agriculture Organization. The two delegations had agreed to withdraw their amendment if its complete text was given in the Council's report. Although paragraph 197 of the report gave the gist of the amendment, it did not give the full text. He wished merely to draw attention to the omission and expressed the hope that nothing of the kind would occur again.

Economic development of under-developed countries (continued)

[Item 26]*

REPORT OF THE RAPPOREUR (A/C.2/L.217)

14. The CHAIRMAN proposed that the Committee should examine the Rapporteur's report forthwith, although it had only been circulated that morning.

It was so decided.

15. Mr. HALIQ (Saudi Arabia), Rapporteur, wished to make a slight alteration to paragraph 10 of his report. The Egyptian representative had submitted (277th meeting) an oral amendment to the French amendment. The Egyptian amendment was that the words "in conformity with the principles and purposes of the United Nations Charter" should be replaced by the words "within the framework of the United Nations". He proposed to mention the Egyptian representative's oral amendment in the report.

16. With regard to the footnote relating to paragraph 13 of his report, he said that the summary records contained many comments by members of the Committee on the Czechoslovak amendment (A/C.2/L.214), but there had been two main objections. Some representatives had thought that there could be no question of interference in any country's domestic affairs, as the resolution was concerned with an international body operating under United Nations auspices. Others had felt that, since the principle stated in the Czechoslovak amendment was already affirmed in General Assembly and Council resolution, there was no need to restate it in the draft resolution. During the discussions, reference had been made to Council resolution 368 (XIII), which dealt with the investment of foreign capital in general, but he had considered it preferable to reproduce the language used in Council resolution 222 (IX) on the Expanded Programme of Technical Assistance, since

² See *Official Records of the General Assembly, Eighth Session, First Committee*, 670th meeting.

the assistance given under that programme was similar to the assistance that would be granted through the Special Fund.

Mr. Chauvet (Haiti) took the Chair.

17. Mr. JUNG (India) reminded the Committee that the deletion of the fourth paragraph of the preamble had at first been requested (276th meeting) by his delegation as well as by the Saudi Arabian delegation; he asked that the necessary changes should be made in paragraph 8 (c) and paragraph 10 of the draft report.

18. He also asked that the second sentence of the footnote relating to paragraph 13 of document A/C.2/L.217 should be altered to show that the proposed Special Fund not only did not carry any implication of economic and political privileges, but also that it was not intended to do so.

19. Mr. HALIQ (Saudi Arabia), Rapporteur, said that he would comply with the Indian representative's first request. He felt that the Committee should take a decision regarding the second request as it related to a controversial matter.

20. Mr. EL-TANAMLI (Egypt) pointed out that his delegation had submitted a written and not an oral amendment at the 277th meeting. He suggested that the Rapporteur should merely say "an amendment" when he amended the first part of paragraph 10 of his report as he had indicated.

21. The draft report failed to mention the Egyptian proposal to include a statement of the principal underlying the Czechoslovak amendment in the report, although the proposal, the text of which had been distributed as document A/C.2/L.216, had been formally submitted to the Committee. It should therefore be mentioned in the report. He wished that the proposal had been adopted, but, as the Rapporteur had decided to deal with the matter in a footnote he would not press it; however, he requested that the word "uncontested" should be inserted in the first sentence of the footnote to qualify the word "principle".

22. Mr. JUNG (India) pointed out a drafting error in the first sentence of the English text of paragraph 6, where the words "in which" should be deleted.

23. He also drew the Rapporteur's attention to the wording of the second sentence of the footnote. The Czechoslovak delegation had submitted its amendment in order to clarify the meaning of a paragraph of the draft resolution which it had thought ambiguous, but the Committee had felt it unnecessary to adopt the amendment because it considered that the paragraph in question did not require clarification if it was read in its context. The footnote should make that point clear.

24. Mr. MURADI (Indonesia) pointed out that the words "the Philippines" in paragraph 19 should be replaced by "Indonesia".

25. The CHAIRMAN reminded delegations wishing to have alterations made in the draft report that they should advise the Rapporteur of their desire or submit the text to the Secretary of the Committee.

Mr. Mates (Yugoslavia) resumed the Chair.

26. Mr. ARKADYEV (Union of Soviet Socialist Republics) said that the Iraqi delegation had submitted a proposal at the 278th meeting to include a specific text in the Rapporteur's report, and that the Egyptian delegation had withdrawn its proposal in favour of the Iraqi motion. He asked why no further action had been taken on that formal proposal.

27. Mr. HALIQ (Saudi Arabia), Rapporteur, assured the USSR representative that he had consulted the Iraqi representative before drafting his report, and that the footnote relating to paragraph 13 took into account at least the spirit of the Egyptian and Iraqi suggestions.

28. Mr. DE SEYNES (France) said that in drafting the footnote the Rapporteur had been prompted by a laudable desire to effect a compromise. Nevertheless, it was fairly clear, in his view, that there were serious objections to the method adopted. The Rapporteur had attempted to explain the rejection of the Czechoslovak amendment in the footnote. The various delegations had advanced a number of arguments in support of their decisions, but the footnote did not bring out the principal reason for which the French and other delegations had been unable to accept the Czechoslovak amendment: the amendment had been rejected because of the statements made when it was presented which had tended to convert it into an express condemnation of the policy of certain governments and the International Bank, an international institution established and operating under the auspices of the United Nations. Had it not been for that essential reason, the French delegation would not have raised the slightest objection against the Czechoslovak amendment. The Rapporteur's explanatory note did not bring out all the facts.

29. He did not propose to discuss all the procedural tangles which had led the Committee to the present deadlock. He wished to point out, however, that all the proposals made as a result of the submission of the Czechoslovak amendment had been designed to achieve unanimity on a subject which the Committee had discussed at such length. Unfortunately, the desired unanimity had not been reached, and no delegation was more sorry than France. In the circumstances, any further attempt to reach a compromise seemed useless. He wondered whether it was too late to appeal to Committee members to adhere to the sound tradition that the Second Committee's report should only be a straightforward record of facts. Any departure from that tradition would create a dangerous precedent for the Committee, especially at the present stage of its work. Although the French delegation was extremely grateful to the Rapporteur and thought that his proposed text represented a distinct advance on the proposals previously before the Committee, it was nevertheless convinced that the best course would be to delete the footnote to paragraph 13 of the draft report.

30. Mr. ARKADYEV (Union of Soviet Socialist Republics) said that there was no trace of the Egyptian proposal (A/C.2/L.216), which the USSR had supported because it seemed to be the only fair solution possible after the Czechoslovak amendment had been rejected. He was amazed that there should be such vigorous resistance to the mention of a principle to which no exception had been or could be taken. In his opinion, the Committee's report should state the view of the majority on a subject of such importance as foreign investment, and do so in straightforward, simple and clear terms.

31. The CHAIRMAN reminded the USSR representative that the Egyptian representative had withdrawn his proposal in favour of the Iraqi delegation's text (278th meeting). That text, like the text submitted by the Greek delegation, had been intended only to guide the Rapporteur in drawing up his report, and had been duly transmitted to him.

32. Mr. EL-TANAMLI (Egypt) explained to the Chairman that, properly speaking, he had not withdrawn his proposal, but had agreed to the replacement of the text which he had asked to be inserted in the report by the version suggested by the Iraqi delegation at the 278th meeting. As that version did not appear in the draft report, his original proposal (A/C.2/L.216) that the principle of the Czechoslovak amendment should be stated in the body of the report remained before the Committee.

33. His delegation had not submitted the proposal with a view to achieving unanimity in the Committee, as the French representative seemed to think, but in order to remove any false impression that might have been given to the public by the rejection of the Czechoslovak amendment.

34. Miss BURWASH (Canada) supported the French representative's statement. The Rapporteur's commendable efforts afforded further proof of the difficulties that were inevitably encountered when an attempt was made to explain the reasons for the adoption or rejection of any motion. She warned the Committee against the danger of adopting that procedure which might set a precedent for the General Assembly.

35. Mr. WOULBROUN (Belgium) said that his delegation fully agreed with the French and Canadian representatives. The question referred to in the footnote had been decided by the Committee, which had rejected the Czechoslovak amendment by a large majority; the inclusion of the footnote in the report would to some extent cancel that decision. It was as unnecessary to mention the principle in question in the text of the report as in the draft resolution. The Committee had before it a number of proposed amendments to the footnote. If it wished to avoid a further debate which would be a mere repetition of the discussion on the Czechoslovak amendment, the Committee should give up the idea of including any explanatory or interpretative note in the report.

36. Mr. EL-TANAMLI (Egypt) said that the Economic and Social Council had adopted a solution similar to that recommended by his delegation; so that it could not be argued that his proposal was contrary to the traditional practice of the United Nations. He was not opposed to a compromise, but did not consider that the footnote relating to paragraph 13 of the draft report was acceptable. He would discuss the matter with the Rapporteur as the Chairman had suggested and, if agreement was impossible, would be obliged to press for the inclusion of the formula suggested by the Iraqi delegation.

37. Sir Clifford NORTON (United Kingdom) concurred with the views expressed by the representatives of France, Canada and Belgium and reserved the right to speak on the subject again at the next meeting.

38. Mr. AL-JAMALI (Iraq) said that in the absence of Mr. Umari he would reserve the right of his delegation to speak again at the next meeting.

39. Mr. HALIQ (Saudi Arabia), Rapporteur, said that the footnote he had drafted took fully into account the proposals made by the representatives of Egypt and Iraq at the 278th meeting. The Egyptian proposal (A/C.2/L.216) left the Rapporteur free to insert the proposed text wherever he deemed appropriate. In the footnote he had reproduced a large part of the Iraqi text verbatim. He thought that the note reflected the opinion of the majority of the members of the Com-

mittee as faithfully as possible. He felt that a footnote was the best solution, and that the Committee should retain the note while attempting to improve the proposed wording.

40. The CHAIRMAN said that he fully agreed with the Rapporteur on that point.

41. Mr. ARKADYEV (Union of Soviet Socialist Republics) said that the Committee was following a procedure of gradual elimination. It had first rejected the Czechoslovak amendment while agreeing to include a statement of the principle on which it was based in the report. Now certain delegations were trying to eliminate any reference to it from the report. It was interesting to note that the delegations concerned were those of the capital-exporting countries. He was surprised that the French representative, who had been the first to support the Indian proposal for the complete deletion of the fourth paragraph of the preamble of the draft resolution on the Special Fund (276th meeting), had changed his mind completely and was insisting on the deletion of the footnote, although the latter was far from satisfactory to those who would like a clear statement of the principle that foreign capital investments should not be made conditional on any demands for economic, political or military privileges.

42. Mr. STANOVNIK (Yugoslavia) said that, when the Committee had adopted the fourth paragraph of the preamble of the draft resolution on the Special Fund, it had been understood that, in accordance with the formal request of the Egyptian delegation, the Rapporteur's report would mention the principle embodied in the Czechoslovak amendment. It was on that understanding alone that a number of delegations, including the Yugoslav delegation, had rejected an amendment which they approved in principle but which they felt was out of place in the draft resolution under consideration. He therefore hoped that the footnote relating to paragraph 13 of the draft report would be retained, with the amendments suggested by the Indian and Egyptian delegations.

43. Mr. CHAUVET (Haiti) said that the Committee could not dictate the attitude of States, which had the sovereign right to decide whether they would grant or refuse privileges: the most-favoured-nations clause which figured in so many international agreements was an example of the exercise of that sovereignty. The proposal based solely on the provisions of the Charter, which had been originally submitted by the French representative (A/C.2/L.215), was the most acceptable compromise solution open to the Committee. As the Committee had not accepted the proposal, he felt that the only course was to submit a neutral report without appreciation or interpretation.

44. Mr. J. S. F. BOTHA (Union of South Africa) said that the Rapporteur should be congratulated on the manner in which he had endeavoured to carry out an impossible task. The South African delegation could not agree to the inclusion of the footnote relating to paragraph 13 of the draft report: it could not forget that the idea embodied in it originated in a Czechoslovak proposal which had been supported by statements that were unacceptable to many delegations. The considerations which had led various delegations to reject the amendment were clearly stated in the summary records of the Committee's debates, and there was no need to return to the question in the report.

45. Mr. CHAVARRIA (El Salvador) said that his delegation wished to retain the footnote, because it

would be unfortunate if the rejection of the Czechoslovak amendment could be interpreted as a refusal by the Committee to recognize the merits of the principle it embodied. It must not be forgotten that it was only for reasons of form that the majority had decided against the inclusion of the Czechoslovak text in the draft resolution under consideration.

46. With regard to the French representative's observations, he said that respect for tradition was justified only if it was not a barrier to progress, and that the best traditions were those capable of renewal. His delegation had voted for the Czechoslovak amendment, not because it thought that certain specialized agencies of the United Nations were essentially serving capitalist interests, but because it believed that foreign investments were not always favourable to the economic development of under-developed countries, and that they might be harmful as well as beneficial; in that respect the fourth paragraph of the preamble, which was not only concerned with the Special Fund but was to some extent a general declaration, required clarification.

47. Mr. MORALES (Argentina) complimented the Rapporteur on his efforts. It was no longer a question of achieving a compromise on the Czechoslovak amendments, which the Committee had rejected, but of indicating to the General Assembly and to world public opinion the attitude of the Second Committee towards

a principle of fundamental importance. He regretted that political considerations and propaganda statements had slipped into a debate which should have been confined to the discussion of principles. His delegation, considering the matter from the standpoint of the national interest of the under-developed countries, felt that the inclusion of the footnote relating to paragraph 13 of the draft report, with the amendments proposed by the delegations of Egypt and India, was wholly desirable.

48. Mr. ARKADYEV (Union of Soviet Socialist Republics) said, in reply to the Haitian representative, that the USSR delegation regarded it as much more important to defend the interests of the under-developed countries than the rights of foreign investors. The Economic and Social Council had appreciated the situation correctly, as was clear from the formal statement included in resolution 368 (XIII), on which the Czechoslovak amendment had been based. He supported the views expressed by the representatives of El Salvador and Argentina.

49. The CHAIRMAN proposed that all amendments or additions to the draft report should be submitted in writing to the Rapporteur or the Secretary of the Committee before midday, 30 November.

It was so decided.

The meeting rose at 2.25 p.m.