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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);

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Land reform (A/4439) (continued)

CONSIDERATION OF DRAFT RESOLUTIONS (A/C.2/L.461 AND ADD.1 AND A/C.2/L.466) (continued)

1. Mr. BERNARDO (Argentina) said that his delegation was in sympathy with the aims of the draft resolution on partnership for economic and social development (A/C.2/L.461) submitted by the United Kingdom delegation. His delegation was anxious to promote the economic and social advancement of all peoples and attached great importance to international co-operation. It nevertheless had some doubts about the practical value of the draft, which was somewhat different in form from the resolutions usually adopted by the Committee, as five of the six paragraphs were declarations of principle. The same was true of the draft declaration of the USSR (A/C.2/L.466). While his delegation endorsed the principles set out in the draft declaration, it doubted that they would lead to practical action. As the subject of the two drafts was the same, consideration might be given to the possibility of combining them.

2. The text of draft resolution A/C.2/L.461 was not entirely satisfactory and would undoubtedly be improved by the various amendments proposed. With regard to paragraph 4 (a), he pointed out that the desired goal would not be attained by merely enabling the less developed countries to sell more of their products; they must also be enabled to sell them at a better price. In some cases sales increased because prices were very low and there was no gain in export earnings. His delegation supported the suggestion that a new paragraph dealing with the elimination of protectionism should be added. Action to eliminate protectionism was essential to enable the less-developed countries to attain higher rates of growth. He agreed with the Peruvian representative that paragraph 5 (a) should refer to long-term as well as short-term fluctuations. The Pakistan representative's interesting move at the previous session of the General Assembly concerning compensatory measures might also usefully be taken into account.^{1/} His delegation did not intend to submit a formal amendment at the present stage in view of the United Kingdom representative's assurance that the sponsors intended to revise the text in the light of the comments made during the debate. His delegation would comment on the revised text and would if necessary submit an amendment at that stage.

3. Mr. BOIKO (Ukrainian Soviet Socialist Republic) said that the draft declaration submitted by the Soviet Union was of the utmost importance for the development of economic relations between States with different social systems. The declaration was in line with a number of General Assembly resolutions concerned with promoting the coexistence of all countries. It was

^{1/} Official Records of the General Assembly, Fourteenth Session, Annexes, agenda items 30 and 12, document A/4321, paras. 43-52.

the Second Committee's duty to help to develop and strengthen international trade relations, which at present left much to be desired. The existence of discriminatory restrictions in international trade was a matter of common knowledge. Such obstacles did nothing to improve the world political situation and should not be underestimated. It was most important to create a climate of confidence and eliminate all forms of economic warfare.

4. International economic co-operation could not be based on the inequality of rights of trading partners; it must be based on the principles of the United Nations Charter and ensure reciprocal benefits to countries concluding economic agreements. It was essential that the Second Committee should draft an international instrument setting out the principles of economic co-operation between States with different social systems. The USSR delegation had submitted a draft declaration which met that need. Adoption of the Soviet draft declaration would contribute to the establishment of peaceful co-operation between States, help to promote international trade—which was a factor for world peace—and open new horizons to the under-developed countries. The capitalist countries themselves had recognized the need to avoid any kind of economic warfare. Application of the principles set out in the Soviet draft declaration would safeguard the interests of the under-developed countries, ensure respect for their sovereignty and prevent interference in their internal affairs. Unfortunately, some delegations automatically rejected all constructive proposals put forward by the socialist countries, on the pretext that they were mere propaganda. They should realize that the principles set out in the draft declaration were of the highest importance, since they would provide a framework for international economic relations at a time when many States were achieving political independence. His country was determined to play its part in consolidating peace and mutual confidence and his delegation therefore whole-heartedly supported the Soviet draft declaration.

5. Although the draft resolution of the United Kingdom and seven other Powers (A/C.2/L.461 and Add.1) contained a number of useful ideas, it was open to criticism and could be improved. He proposed therefore to make a few suggestions. There were gaps in the text, since it did not mention the coexistence of States with different social systems or the need to establish mutually beneficial trade relations. The United Kingdom representative had said that the draft resolution was not directed against anyone, but he had added that it did not apply to some States; it would be interesting to know which States those were. The United Arab Republic representative had pointed out that the draft resolution was not in the usual form, as it had no preamble. That defect might be removed by turning the first two paragraphs into a preamble. Another point which should be emphasized was that one of the major tasks of the United Nations was to close the gap between the industrialized and the under-developed countries. That idea might be included in paragraph 2 or be the subject of an additional paragraph. The representative of the United Arab Republic had also pointed out that the under-developed countries must play a major role in their own development. That point should be reflected in the text of the draft resolution: the General Assembly would recognize that economic development required the mobilization of all the resources of the under-developed countries. That

provision might be included in paragraph 3. Paragraph 4 (c) should include a reference to the training of local personnel. A sub-paragraph (f) might be added to paragraph 4 calling upon the different States to respect the right of under-developed countries to devote their natural resources primarily to raising the levels of living of their peoples. It would also be useful to add a sub-paragraph (g), in which the General Assembly would recognize that foreign capital and assistance could contribute to the development of the under-developed countries, provided that the political and economic independence of those countries was not impaired.

6. His delegation wished also to submit two formal amendments (A/C.2/L.477) to the draft resolution. First, it proposed that operative paragraph 4 (a) should be reworded to read:

"The maintenance of a high level of economic activity and of mutually advantageous multilateral and bilateral trade to enable the less developed countries to sell more of their products in expanding markets at reasonable and stable prices and thus provide them with a real opportunity of increasing their export earnings and their own resources for financing economic development."

It was obviously essential to include a reference to bilateral trade, which, as was well known, had real advantages. Secondly, his delegation proposed the addition to paragraph 5 (c) of the words: "and the establishment of priorities in furnishing economic assistance to the under-developed countries should not be subordinated to political motives". The amendment was well justified and should receive unanimous support. His delegation supported the Cuban proposals concerning paragraphs 5 (a) and (c) of the draft resolution.

7. Mr. OMAR (Afghanistan) said that the joint draft resolution reaffirmed the Charter principles and at the same time reflected the views expressed by a great many delegations with regard to international co-operation for the promotion of the economic and social advancement of all peoples. The text could, he thought, be improved and if the sponsors accepted the many proposals and suggestions that had been made, his delegation would be happy to support the draft resolution.

8. While it was important to define objectives, it was even more important to attain them. It was the duty of Member States, in particular the developed countries, and of the Organization to take energetic measures to attain the goals set out in the draft resolution, which otherwise would be of very little value.

9. Turning to the draft declaration submitted by the USSR, he said that the expansion of trade and the development of economic relations between States irrespective of their social and economic systems were important problems which called for further action at both the national and international levels. Some progress had already been made in that direction. Some trade barriers and restrictions on exports had been removed and the most favoured nation clause had been more widely applied. Some planned economy countries had become parties to GATT or intended to do so. Notwithstanding that progress, much remained to be done. The draft declaration stated a great many principles of major importance to the under-developed countries. At the same time it raised certain technical difficulties and might place some countries in a difficult position.

Such a declaration demanded thorough study and the Economic and Social Council would appear to be the body best qualified to examine it. He would therefore suggest that the draft declaration and the comments that had been made on it should be transmitted to the Council and that the Council should be requested to study it. He hoped that his suggestion would be acceptable to the USSR and the other members of the Committee.

10. Mr. SERBAN (Romania) pointed out that the world situation was not static and that a series of important changes had taken place since the signature of the Charter of the United Nations. Many countries had adopted a socialist system and were making rapid advances. The national liberation movement had brought new States into being. Economic relations among States had developed. The question of the economic development of under-developed countries had become increasingly important and it had become essential to ensure their economic independence. In addition there was a growing trend towards regional integration. There was therefore evident need for a statement of new principles adapted to the new situation.

11. The draft declaration submitted by the Soviet Union met that requirement. It reaffirmed the principles of the Charter and stressed the importance of peaceful coexistence and competition between States with different economic and social systems. The adoption by the United Nations of a declaration embodying those principles would assist the new countries. It was important that economic relations should be based on sound principles but some countries were continuing to violate the principles of the Charter and were applying discriminatory measures that hampered international co-operation. In particular, they resorted to embargoes, a practice that was detrimental to all countries. Their embargo had reduced trade between the capitalist and the socialist countries but the capitalist countries had been the losers. In the course of the general debate, a great many delegations had voiced support for the elimination of discriminatory policies and artificial trade barriers. The USSR proposal would contribute to the removal of such obstacles and the promotion of international co-operation.

12. He had been surprised to see the United Kingdom delegation submitting a draft resolution on the economic objectives of the United Nations and the means of international co-operation. The United Kingdom position in that respect had been clearly set out in document E/3202/Add.1/Rev.1, which contained the replies of various Governments to the questions formulated in General Assembly resolution 1321 (XIII). Whatever the reasons which had prompted the United Kingdom delegation to submit the draft resolution, he welcomed its change in attitude.

13. The text as it stood was far from satisfactory and the amendments suggested at the previous meeting would undoubtedly improve it. His delegation proposed the inclusion of an additional paragraph reading:

"Reaffirms also the principle that the economic independence of every State and the sovereign right of every State to dispose of its wealth and its natural resources should be respected, and that the principles of equality, of trade on equal terms and of mutual benefit should be observed in international economic relations."

The proposed additional paragraph was based on General Assembly resolution 626 (VII) and Economic and Social Council resolution 586 D (XX). He also proposed that the words "should not be used for purposes of exploitation or to gain political, economic or other advantages for those providing such assistance" should be inserted after the words "or otherwise" in paragraph 5 (c).

14. Mr. EL-MUTWALLI (Iraq) said that he was grateful to the United Kingdom delegation for submitting a draft resolution which embodied most of the important ideas put forward during the general discussion. His delegation supported the United Arab Republic delegation's amendment and the suggestions made by the Thai, Sudanese, Cuban and Brazilian representatives at the previous meeting.

15. He felt that the new sub-paragraph, which the Cuban representative had proposed should be added to paragraph 4, would be improved by the addition of a phrase making it clear that States entering into regional economic agreements should take into account the legitimate interests of third countries. He also suggested that the word "development" should be inserted before the word "capital" in paragraph 5 (c), and that the words "should be increased and" should be added after the word "otherwise". Although his delegation fully appreciated the Peruvian representative's point of view and his legal arguments, it could not support the suggestion that the last phrase of paragraph 2 should be deleted.

16. Mr. AYARI (Tunisia) said that the two texts before the Committee did not present the African countries with a problem of choice, but with a question of conscience. The representatives of African countries felt that there were certain realities in international economic relations which should be taken into account in elaborating principles of international economic co-operation. Those realities had a particular bearing on the trade and economies of the African countries, all of which had a twofold immediate objective: they wanted to sell their foodstuffs and raw materials at remunerative prices and they wanted to obtain the capital needed to finance their industrial and economic development. In order to achieve that goal, the African countries had to find means of improving their trade with their principal markets in the European countries, which were at present entrenching themselves in what might be termed zones of solidarity. The members of the European Economic Community and the European Free Trade Association should inform the African countries of the ways in which they could develop their economic relations with Europe. The experience of Greece, which had recently joined the European Economic Community, would undoubtedly be helpful to the African countries in that respect.

17. Turning to the draft declaration of the USSR, he said that his delegation felt that all expressions with political connotations such as sovereignty, economic warfare and peaceful coexistence should be eliminated as the text was not intended to be purely political. At the end of paragraph 2 the words "discriminatory measures" should be substituted for the expression "economic warfare". His delegation also suggested that the words "within the framework of bilateral or multilateral agreements based on mutual benefit and, where necessary, supervised by the international Organization" should be added at the end of paragraph 5. Although such supervision might raise difficulties in

practice, as the Under-Secretary for Economic and Social Affairs had pointed out (671st meeting), it was nevertheless desirable. His delegation also considered that both the draft declaration and the draft resolution should take the immediate needs of the African countries into account and mention the necessity of ensuring better markets for primary commodities and promoting the industrialization of the less developed countries.

18. Mr. TEIXEIRA PINTO (Portugal) considered that draft resolution A/C.2/L.461 had many merits. In particular, it was not directed against anyone and was essentially pragmatic.

19. The United Arab Republic amendment was consistent with the spirit underlying the draft and emphasized its universal and practical nature. Nevertheless there were certain omissions. In paragraph 4 (a) it should perhaps be made clear that the text referred to economic activity in the industrialized countries. It would also be desirable to mention the developing as well as the less developed countries. As he had suggested at the previous meeting, paragraph 4 (a) should indicate that the under-developed countries should be enabled to increase their export earnings. He also agreed with the Iraqi representative that a reference should be made to the necessity of increasing the volume of capital available to the under-developed areas. The words "an increasing volume of" might be inserted in paragraph 4 (b) after the words "The provision of". The addition would be in keeping with the spirit in which the draft resolution had been submitted. The word "bilateral" at the end of the same paragraph might be deleted, as financial assistance could be provided through agreements other than bilateral ones. In paragraph 5 (a) the words "and apply" should be added after the word "study". He also felt that the title of the draft resolution was somewhat ambitious, as the text dealt with only a part of the proposed partnership for development and appeared not to include any provisions concerning social development in the strict sense; the title should therefore be modified by the deletion of the words "and social".

20. He agreed with the Afghan representative that the Economic and Social Council would be in a better position than the Second Committee to make a thorough study of the draft declaration (A/C.2/L.466), which was of great importance and touched upon aspects of international economic co-operation beyond the scope of the

Second Committee's consideration, as had been pointed out by several speakers.

21. Mr. ALI (Pakistan) said that draft resolution A/C.2/L.461 contained nothing very new and seemed to restate ideas which had already been expressed in various resolutions and in the deliberations of the Second Committee and the Economic and Social Council. His delegation nevertheless welcomed it because it rightly emphasized, for the first time, the importance which the United Nations should attach to the economic and social advancement of the economically backward countries.

22. His delegation wished to propose a number of amendments (A/C.2/L.478) which it considered essential if the objectives set out in paragraph 2 were to be attained. In paragraph 5 (a), the word "moderating" should be replaced by "preventing", and the words "short term" should be deleted. A new paragraph should be inserted between paragraphs 5 (a) and (b) reading:

"Urgent attention should be given by the States Members and the international organs concerned to the adoption of measures designed to assist in offsetting the effects of large fluctuations, whenever they occur, in commodity prices on balance of payments, with special reference to compensatory financing, so as to enable countries with under-developed economies to contribute their own resources to the maximum extent towards sustained programmes of economic and social development".

The new paragraph was taken almost word for word from the text of General Assembly resolution 1423 (XIV). His delegation considered that there was no point in mentioning the necessity of preventing excessive fluctuations in primary commodity trade without also emphasizing the importance of compensatory financing. He also suggested that the words "a major" in the existing paragraph 5 (b) should be replaced by the words "an important".

23. Mr. DUDLEY (United Kingdom) said that the sponsors of the draft resolution would enter into consultation with the representatives who had proposed suggestions and amendments and would consider the possibility of drafting a revised text taking into account all the proposals which they considered acceptable.

The meeting rose at 5.45 p.m.