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Chairman: Mr. Janez STANOVNIK (Yugoslavia).

**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.471/REV.1) (continued)**

1. Mr. LYCHOWSKI (Poland), introducing the revised text of the three-Power draft resolution (A/C.2/L.471/Rev.1), said that the second preambular paragraph had been reworded to take into account the first of the United States amendments (A/C.2/L.517) and the Mexican amendment suggested orally at the 689th meeting. The new third preambular paragraph embodied the phrase which the United States delegation wished to delete from operative paragraph 3. The additional clause suggested by the Canadian representative had been inserted in the fifth preambular paragraph.

2. In the operative part the sponsors had accepted the United States amendments to paragraph 1. In paragraph 2 they had also accepted the United States suggestion to insert the words "to continue" after the words "regional economic commissions" as well as the Mexican amendment to insert the words "in particular" before the words "to the highly industrialized ones". As the highly industrialized countries were the principal export markets of the economically less developed countries, it was important that they should be mentioned and the sponsors could not therefore accept the United States amendment to delete the reference to them. They were also unable to accept the United States amendment to paragraph 4. The problems envisaged in paragraphs 1, 2 and 3 were separate problems and should be discussed as a separate item by the Economic and Social Council.

3. With regard to the objection that the General Assembly could not properly give the Council instructions as to how it should conduct its debates, he pointed out that recommendations of the kind contained in the operative part of the draft resolution were not unusual and had been made on several occasions in the past. In 1959 for example the General Assembly had recommended to the Council that it hold meetings at the ministerial level. At its resumed thirtieth session, to be held in December 1960, the Council would be able to draw up its work programme for 1961 in the light of the recommendation contained in operative paragraph 4.

4. Mr. FINGER (United States of America) withdrew his amendments to the second preambular paragraph and operative paragraph 1 but maintained his amendment to operative paragraph 2. It was somewhat surprising that the sponsors wished to maintain the phrase "in particular to the highly industrialized ones", as the point at issue was that the exports of economically less developed countries to all countries should be increased. The inclusion of the phrase in question seriously limited the scope of the paragraph and also introduced a concept that was not clearly defined. In United Nations parlance, for

example, the term "highly industrialized countries" did not include the centrally-planned economies. His delegation would have to reconsider its position on the whole draft resolution if the phrase were maintained.

5. His delegation had no objection to the inclusion of the new third preambular paragraph but proposed that the words "the General Agreement on Tariffs and Trade concerning" should be inserted after the words "the principles of". The fact that all Member States were not Contracting Parties to GATT should not prevent them from subscribing to its principles, and a reference to those principles would strengthen the draft resolution. With regard to operative paragraph 4, his delegation still felt that the words "under a separate item" should be deleted. The General Assembly was of course perfectly entitled to suggest action to the Council and *vice versa* but the Council should be left to handle its own agenda. He would remind the Polish representative that the General Assembly had not instructed the Council to hold meetings at the ministerial level; that initiative had come from within the Council itself.

6. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) thought that the draft resolution submitted by the Bulgarian, Czechoslovak and Polish delegations was extremely important and represented a logical continuation of the work in the field of international trade undertaken by the General Assembly at its fourteenth session. It was particularly gratifying that General Assembly resolution 1421 (XIV), which had been adopted following a proposal by the socialist countries, was proving a useful means of strengthening the world market and improving trade conditions, especially for the under-developed countries. His delegation was convinced of the need to improve trade between the under-developed and the industrialized countries and hoped that the efforts begun in that direction would soon bear fruit. The three-Power draft resolution stressed the need for co-operation in the development of regional trade as an important step towards world economic co-operation. In that respect, the work of the regional economic commissions and especially of ECE was highly important and should be developed along the lines suggested in the draft resolution. In view of the importance of the studies recommended in the operative part, it was essential that they should be discussed by the Economic and Social Council as a separate item at its thirty-second session.

7. His delegation fully supported the three-Power draft resolution.

8. Mr. ABDEL GHAFAR (United Arab Republic) suggested that in the second preambular paragraph the concluding phrase should read "... less developed countries, of which many had recently become Members of the United Nations". The beginning of operative paragraph 2 should read "... commissions to continue to study the causes and obstacles which have resulted in substantial fluctuations whether in volume or prices of exports ...". In fact, the under-developed countries were concerned not so much with fluctuations in the volume of their exports as with fluctuations in their export earnings.

9. With regard to operative paragraph 4, he recalled that at the thirteenth session of the General Assembly the United States had proposed to the Com-

mittee that the question of the economic development of the under-developed countries should be discussed by the Council in connexion with the item on co-ordination (564th and 565th meetings). The United Arab Republic, however, had proposed (*ibid*) that it should be taken as a separate item. The United States had later withdrawn its proposal and had supported and voted for the United Arab Republic proposal. In other words, the United States had played an active part in setting a precedent for the recommendation that the points raised in the draft resolution should be discussed as a separate item by the Council.

10. Mr. SMID (Czechoslovakia) said that his delegation had joined in sponsoring the draft resolution out of a sincere desire to broaden trade between all countries and to create a world market for all countries on the basis of equality of rights and mutual benefit. It had been said that the questions dealt with in the draft resolution were discussed in other organs of the United Nations, but his delegation did not think that fact should lead the Second Committee to ignore the problems of world trade; on the contrary, it felt that it would be appropriate for the Committee to consider the question every year, in order to review the progress made and to take action to further that progress.

11. The sponsors had endeavoured, in the revised version of the draft resolution, to take account of all the suggestions made to them. He wished to comment at present on only one of the points covered by the draft resolution, the question of the development of trade between countries with different social and economic systems. While there had been a considerable expansion of such trade in recent years, the possibilities for further growth were far from having been exhausted. Businessmen in the capitalist countries were indicating increasing interest in developing trade with the socialist countries and the chief obstacle to further expansion lay in the attitude of certain Governments. In spite of such favourable signs as ECE's decision to study the question, some Governments continued to maintain an unrealistic point of view. One reason for that attitude was a certain lack of clarity as to the principles on which trade with the socialist countries should be based, a lack of clarity which was usually linked with a misconception of the socialist trading system.

12. It was said that because trade was a monopoly in the socialist countries those countries received unilateral benefits which must be balanced through discriminatory practices on the other side. That argument was fallacious, for the socialist trading system, far from being detrimental to the interests of the trading partners of socialist countries, offered them certain advantages, such as the avoidance of price fluctuations. Moreover, it should always be borne in mind that the export possibilities offered to the socialist countries would always be directly compensated for through increased purchases by them in the world market. Trade discrimination was objectionable in principle and harmful in practice, because it introduced an element of uncertainty into international trade and restricted its volume. It was in the light of those considerations that his delegation had considered it important to stress the principle of mutually beneficial trade in the third preambular paragraph of the draft resolution.

13. Mr. EL-MUTWALLI (Iraq) pointed out that many countries were not members of any regional economic commission and therefore would not be covered in the studies referred to in the draft resolution. His delegation would accordingly suggest the addition at the end of operative paragraph 2 of the words "which in its studies and recommendations should take into account the problems of all Member countries, including those which at present do not belong to any regional economic commission".

14. Mr. KAKITSUBO (Japan) said that his country had been making every effort to increase its trade with the centrally-planned economies as well as the rest of the world; it therefore welcomed any action intended to increase world trade. It was a surprising fact, however, in view of the remarkable development of industry in the centrally-planned countries, that trade between them and the less developed countries remained at such a relatively low level; for example, according to the report of the Commission on International Commodity Trade on its eighth session,<sup>1/</sup> Japan alone imported about 50 per cent more primary commodities than all the centrally-planned countries together. His delegation considered that it would be useful for the CICT and the regional economic commissions to study the causes and obstacles which had been preventing a substantial rise in the volume of trade between the less developed countries and the centrally-planned economies; it would therefore suggest the deletion in operative paragraph 2 of the words "in particular" and the insertion, after the words "industrialized ones", of the phrase "and particularly to the countries having centrally-planned economies".

15. Mr. CARANICAS (Greece) said that he fully supported the amendment suggested by the United Arab Republic representative but felt that if a reference was made to price fluctuations, mention should also be made of the Commission on International Commodity Trade. He would therefore suggest the insertion, after the word "recommend" in operative paragraph 2, of the words "to the Commission on International Commodity Trade and", and the insertion, after the words "in particular", in the fourth preambular paragraph, of the words "by the Commission on International Commodity Trade and". In view of the levelling-off in the annual increase in international trade since 1957, his delegation would fully support any draft resolution commanding general support which was intended to promote the expansion of such trade.

16. Mr. IRWIN (Canada) said that, in order to obviate any difficulty the sponsors might have in accepting a reference to GATT in the form proposed by the United States, and in view of the fact that many non-members of GATT were represented in the Committee, his delegation would suggest, as an alternative to the United States proposal, the addition at the end of the third preambular paragraph of the words "such as those embodied in the General Agreement on Tariffs and Trade".

17. Mr. HASSAN (Sudan) said that his delegation supported the draft resolution, which was, it felt, of particular importance to the less developed countries, and need not be controversial. His delegation

had no objection of principle to the inclusion of the proposed reference to GATT, but felt that it might create difficulties, since GATT was not a United Nations body; it would therefore suggest that the third preambular paragraph should be redrafted to read: "Bearing in mind the importance of maintaining and developing generally beneficial trade free from artificial restrictions,". In connexion with operative paragraph 2, his delegation recognized the relevance of the reference to the highly industrialized countries but also recognized the validity of the Japanese suggestion. It therefore felt that the best possible solution would be the adoption of the United Arab Republic representative's amendment, which took both points of view into account. In general, his delegation supported the view that any action to promote world trade was welcome, and felt that the problem had not been given the attention it deserved in the United Nations, since increased trade was the healthiest and most natural means of promoting economic development. At present, there were many artificial barriers to international trade which his delegation would like to see eliminated. For that reason, too, his delegation warmly supported the United Arab Republic amendment.

18. In his delegation's opinion, the request that the Economic and Social Council discuss the findings of the proposed studies under a separate item was an important part of the draft resolution, in view of the need for increased attention to the subject by the United Nations. At the same time, he understood the United States delegation's difficulty in accepting the phrase, and hoped that a form of words could be found which would combine both points of view.

19. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) felt that the Japanese representative's remarks might create a misleading impression with regard to trade between the socialist and the less developed countries. In fact that trade was rapidly increasing. The USSR's trade with those countries was expanding at the rate of 8 per cent a year and had grown six-fold between 1953 and 1958.

20. Mr. KAKITSUBO (Japan) pointed out that he had not referred to the rate of growth of trade between the centrally-planned economies and other countries, which he knew was increasing, but to the actual volume of trade; in the period 1957-1959 Japan had imported 50 per cent more primary commodities than all the centrally-planned economies put together.

21. Mr. AMADOR (Mexico) thanked the sponsors for incorporating some of his suggestions. With regard to operative paragraph 2, his delegation was anxious that efforts should be made to increase the flow of exports from the less developed countries in general, but as the sponsors apparently wished to refer to one specific aspect of that export trade, it was appropriate to emphasize the importance of exports to the main consumer countries. The term "highly industrialized" might however be open to different interpretations and, in the light of the suggested amendments it might perhaps be preferable to omit the words "in particular to the highly industrialized ones" and also the reference to centrally-planned economies suggested by Japan. The United Arab Republic amendment accorded with the view expressed by his own delegation at the previous meeting that the under-developed countries either had not been able to increase the volume of their exports or, if they had

<sup>1/</sup> Official Records of the Economic and Social Council, Thirtieth Session, Supplement No. 6, para. 30.

succeeded in doing so, had not enjoyed a corresponding increase in their foreign currency earnings. If, however, the question of prices was to be introduced, it would be appropriate, as the Greek representative had suggested, to include a reference to the Commission on International Commodity Trade. Like many other members of the Committee, Mexico would find it difficult to accept a reference to the principles embodied in GATT, to which his Government was not a Party.

22. Mr. FRANZI (Italy) thought that in its present form the draft resolution was not in accordance with the interests of all States Members. With regard to East-West trade, he recalled that ECE had set up the Committee on the Development of Trade, which had already met and would continue to meet. In view of differences of opinion between its members, that Committee had appointed a committee of experts to meet in January 1961 and had asked the ECE secretariat to arrange a date for its next meeting in September 1961. It would not therefore be able to report to the thirty-second session of the Economic and Social Council, as recommended in the draft resolution. In any case, the problem of East-West trade was less urgent than other trade problems and, according to the Economic Bulletin for Europe, such trade had increased more rapidly than world trade as a whole. He therefore suggested the deletion of operative paragraph 1 and the appropriate modification of operative paragraph 4. He agreed with the Japanese representative's statement regarding trade between the socialist and the less developed countries; trade between the East European countries, including the USSR, and the less developed countries, excluding mainland China, had ceased to increase since 1959 and had even declined in the case of certain countries.

23. Mr. PANYARACHUN (Thailand) said that his delegation welcomed the draft resolution. With regard to the United States amendment to the third preambular paragraph, it would be difficult for his delegation to accept a reference to GATT, to which his country was not a Party. The formula suggested by the Canadian representative might be more acceptable, although reference to an international organization not part of the United Nations family

might establish an undesirable precedent. He agreed with the United Arab Republic representative that any reference in operative paragraph 2 to fluctuations should refer to the prices, as well as the volume, of exports. He also endorsed the Greek representative's suggestion that the paragraph should include a reference to the Commission on International Commodity Trade, and the Mexican representative's suggestion that no reference should be made to highly industrialized countries or centrally-planned economies. The intention was to promote trade with all potential consumers.

24. Mr. BRILLANTES (Philippines) shared the previous speaker's views regarding the reference to GATT. He also felt that the word "obstacles" was inappropriate in operative paragraph 2 which, as a result of numerous amendments, had become unwieldy.

25. Mr. ALI (Pakistan) said that the draft resolution rightly emphasized the importance of studies by the regional economic commissions and the Commission on International Commodity Trade. However, if undertaken without a full appreciation of the conditions prevailing in other regions, such studies might place undue stress on the peculiar problems of each region and present different evaluations which would later be difficult to correlate. The bodies concerned should be given an opportunity to exchange views and information on commodity demand and prices at an early stage, perhaps at a special joint session. He would therefore suggest the insertion of the following paragraph after operative paragraph 2.

"To recommend that the Commission on International Commodity Trade and the regional economic commissions should hold a joint session in order to discuss their several views before submitting their reports to the Economic and Social Council;"

26. Mr. Lychowski (Poland) said that he would prepare a second revised draft in the light of the amendments suggested.

The meeting rose at 1 p.m.