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AGENDA ITEMS 12, 29 AND 74

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

Economic development of under-developed countries (continued):

(a) **International flow of private capital: report of the Secretary-General and recommendations thereon by the Economic and Social Council (A/4487, E/3325 and Corr.1-3);**

(b) **Question of the establishment of a United Nations capital development fund: report of the Secretary-General (A/4488, E/3393, E/3393/Add.1-4);**

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(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.469/REV.1) (continued)

1. Mr. NATORF (Poland) withdrew his amendment (A/C.2/L.510) to the draft resolution of Pakistan, the substance of which had been incorporated in the revised draft resolution (A/C.2/L.469/Rev.1).

2. Mr. HAKIM (Lebanon) requested that his delegation's amendment (A/C.2/L.511) be put to the vote. Disarmament would undoubtedly result in major structural imbalances in the economies of the advanced countries, 10 per cent of whose national product was at present devoted to military purposes, and it seemed an appropriate time to study plans for future corrective measures. One possible remedy was increased capital investment in the under-developed countries. Paragraph 1 (a) provided for the study of the general economic problems raised by disarmament and paragraph 1 (b) might therefore appropriately refer to a more specific consequence and a possible remedy.

3. Mr. RODRIGUEZ (Chile) expressed the hope that general and complete disarmament would become a reality in the foreseeable future. The matter was, however, essentially in the hands of the major Powers and there was little that the smaller countries could do, although his Government had initiated a move in the Council of the Organization of American States to examine the possibility of limiting the armaments of Latin American countries. The economic consequences of disarmament were a matter of great importance to all countries and he felt it would be appropriate for any study carried out under the present draft resolution to take into account the findings of the Organization of American States. Nevertheless, he had grave doubts regarding the timeliness and value of such a study at present, even if carried out with full information and in consultation with highly qualified experts. His delegation believed, as it had said at the twenty-ninth session of the Economic and Social Council (1109th meeting) when the matter had first been considered, that the United Nations would do well to devote its limited resources to current problems, including that of the development of the under-developed countries, and to wait until some progress had been made with disarmament at the political level before embarking on a study of its economic and social consequences. He did not think there was any justification for devoting funds to a project based on a hypothetical situation and would therefore abstain from voting on the draft resolution.

4. Mr. ABDEL-GHANI (United Arab Republic) said that he would support the Lebanese amendment, which was in line with the general purpose of the draft resolution. It seemed appropriate to emphasize the economic development of under-developed countries, since the resolution had been submitted under that item of the agenda. Although there were differences of

opinion with regard to the measures needed to correct any possible economic imbalance resulting from disarmament, there were strong economic arguments in favour of increased capital investment in the under-developed countries as a remedy.

5. Mr. SAMUEL (India) said that he would support the draft resolution and also the Lebanese amendment. Public opinion in favour of disarmament was growing and agreement between the major Powers might be achieved earlier than expected. It was therefore appropriate to examine possible future measures to deal with the economic and social consequences of disarmament, which would undoubtedly affect the economies of all countries and the world economy as a whole. Capital would have to be switched to constructive production and the under-developed countries protected against any resultant adverse changes in the commodity markets. Furthermore, little progress was being made with disarmament at the political level and the resolution would provide an opportunity for the problem to be examined from a fresh standpoint. He welcomed the Pakistan representative's acceptance of the view that the study should be carried out by the Secretary-General in consultation with competent experts, chosen with due regard for equitable geographical distribution.

6. In reply to a request by Mr. FINGER (United States of America), Mr. ALI (Pakistan) agreed to insert the words "of States Members of the United Nations" after the word "Governments" in paragraph 5.

7. Mr. DORSINVILLE (Haiti) said that he would support the draft resolution, which reflected his own delegation's view on the probable repercussions of disarmament. He would be grateful if the Lebanese representative would clarify further the purpose of his amendment, since he failed to see how increased capital investment in the under-developed countries could correct structural imbalances in the economies of developed countries. He would suggest that the words "such imbalances" at the end of the proposed subparagraph (b) be replaced by the words "international economic relations".

8. Mr. BRILLANTES (Philippines) suggested that the new subparagraph (b) proposed by the Lebanese representative be amended to read:

"The possible development of structural imbalances in national economies as a result of the cessation of capital investments in armaments industries, and the adoption of possible corrective measures to prevent such imbalances".

The highly developed countries which had the greatest investment in defence industries would be primarily affected by disarmament and it seemed inappropriate to refer only to the possible corrective effect of expanded capital assistance to the under-developed countries.

9. Mr. DUDLEY (United Kingdom) thought that the draft resolution had been improved with regard to the suggested method of study. He agreed with the Haitian and Philippine representatives that the Lebanese amendment might create confusion regarding the subject of the study, which should be objective and scientific. He noted that the question of what had been called corrective action was referred to in paragraph 1, and thought it would be ill-advised to ask the Secretary-General or the group of experts to try not

only to predict the effects of hypothetical situations which might arise in the future but to go further and to study the possible uses to which hypothetical funds released by unknown measures of disarmament might be put. He would therefore ask the Lebanese representative to consider withdrawing his amendment, or at least altering it as suggested by the Philippine representative.

10. Mr. KORTEWEG (Netherlands) announced that his delegation would vote in favour of the revised draft resolution, particularly as it now recommended that the Secretary-General should conduct the proposed studies with the assistance of expert consultants. He was glad that no specific recommendation had been made concerning the manner in which the savings achieved as the result of disarmament would be employed since that was a matter for individual countries to decide. It was also gratifying that the impact of disarmament on the economies of the under-developed countries had received special mention. His delegation would abstain on the Lebanese amendment since its aims seemed to be already covered in the draft resolution.

11. Mr. BERNARDO (Argentina) said that his delegation had originally thought that studies of the economic and social consequences of disarmament would be premature but that in view of the improvements made to the draft resolution, the arguments put forward by the Pakistan representative and the general support which the draft resolution had received, it would now be prepared to vote for the proposal on the understanding that the studies to be made by the Secretary-General would be only preliminary and would not duplicate the efforts already being made in the field of disarmament within the Organization of American States. Since it would be unwise to introduce specific topics for study at the present stage, the Lebanese amendment should be either withdrawn or amended on the lines suggested by the Philippine representative.

12. Mr. KAKITSUBO (Japan) said that the serious doubts which his delegation had originally entertained about the timeliness and practicability of the Pakistan proposal had been somewhat allayed by the statement of the Under-Secretary for Economic and Social Affairs, Mr. de Seynes (685th meeting) but had not been entirely removed. Despite the efforts which had been made during the last fifteen years, little progress had been made in the field of disarmament and the actual development of disarmament since the adoption of General Assembly resolution 1378 (XIV) had been far from encouraging. In such circumstances the studies requested in the Pakistan draft resolution would be hypothetical and therefore of little practical value. If, however, the Powers largely responsible for arms expenditure were prepared to co-operate in the implementation of the draft resolution, his delegation could support it in the hope that any remaining doubts about its usefulness would have been dispelled by the time the Secretary-General's report was published. He agreed that the points raised in the Lebanese amendment were already covered in the draft resolution and hoped that the amendment would be withdrawn.

13. Mr. GREEN (New Zealand) pointed out that a meaningful and productive study of the economic and social consequences of disarmament presupposed a much clearer picture of the form, content and timing of future disarmament than was currently available. It was therefore questionable whether the studies sug-

gested by the Pakistan representative could now be carried out in the precise terms which he had suggested. For example, before the effects of disarmament on international commodity trade could be studied, some assumptions would have to be made concerning the raw materials previously used in armaments and their alternative civilian use. The question was, however, not being neglected. Individual countries and the Secretariat were continuously engaged in studying the question of disarmament and its effects in the economic and social field must naturally form a part of these continuous studies. Specialized bodies concerned with commodities were also well aware of the likely impact of disarmament on commodity trade and would take up detailed study when progress made that practicable. Existing studies and studies of actual disarmament and demobilization since the recent war could more realistically aim to make clear the kind of assumptions that would have to be made by individual Governments if further disarmament were achieved rather than to attempt to work out hypothetical effects. It was to be hoped that the proposed studies would be conducted with the necessary degree of realism and caution.

14. His delegation was glad that the proposed studies were now to be entrusted to the Secretary-General rather than to an intergovernmental committee, and would vote in favour of the revised draft resolution. It would oppose the Lebanese amendment as being redundant.

15. Mr. VIAUD (France) said that if that was the general feeling of the Committee, he was prepared to support the revised draft resolution. However, he still felt that a study of the economic and social effects of disarmament which was not linked to an actual disarmament plan could be no more than exploratory. He was willing to concede a certain usefulness to the proposed study, but on one condition. If in the near future it looked as though there might be an agreement on disarmament proper, the French delegation would not agree to the study now entrusted to the Secretary-General being used later as an argument against extending the negotiations to the economic and social effects of disarmament, even though they might be held in a different context or in another place.

16. In his view, there were two objections to the Lebanese amendment. First, it would be difficult to find a place for a study of the long-term effects of disarmament in the preliminary report envisaged in the draft resolution. Second, to decide now that granting additional assistance to the under-developed countries would make it possible to correct structural imbalances in national economies arising out of disarmament would be tantamount to prejudging the results of the study envisaged in the draft resolution. For those reasons, the French delegation would be unable to support the Lebanese representative's amendment. He hoped that the amendment would be withdrawn, on the grounds that its adoption might reduce the majority which the Pakistan draft resolution seemed certain of obtaining.

17. Mr. PENTEADO (Brazil) said that he supported the draft resolution but opposed the Lebanese amendment as being somewhat controversial.

18. Mr. FRANZI (Italy) suggested that it would be more logical to insert paragraph 5 of the draft resolution after paragraph 2 and to renumber the other paragraphs accordingly.

19. Mr. ALI (Pakistan) accepted that suggestion.

20. Mr. HAKIM (Lebanon) expressed surprise at the objections which his amendment had elicited. His delegation merely wanted the Secretary-General to make an objective study of one of the most important consequences of disarmament, temporary and long-term imbalances between investment and consumption. The present text did not mention that problem and the omission was a serious defect.

21. Certain of the highly industrialized nations would be faced with considerable changes in investment patterns after arms expenditure had been eliminated and corrective action would clearly be necessary. While he agreed with the Philippine representative that expanded capital assistance was not the only corrective measure that should be studied, he felt that it was the most important of such measures and should be specifically mentioned. In order to take the Philippine representative's suggestion into account, he would therefore reword the last part of his amendment to read: "...and the adoption of possible corrective measures to prevent such imbalances, including expanded capital assistance to the under-developed countries".

22. The United Kingdom representative had argued that the amendment was inappropriate because it was concerned with measures to be taken rather than with facts to be ascertained. However, paragraphs 1 (a) and (c) in the draft resolution also envisaged corrective measures and the amendment did no more than elaborate on the possible effects of one of those measures.

23. With regard to the French representative's comments on the amendment, he agreed that the topic mentioned might be more fully covered in subsequent reports but felt that the Secretary-General's preliminary report would be incomplete if it did not include a preliminary survey of the problem of structural imbalances arising from disarmament.

24. The CHAIRMAN asked the representative of the Secretariat to comment on the financial implications of the draft resolution.

25. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) said that the Secretariat did not at present have the resources needed to undertake the proposed study. The staff of the economic services had too much work already and moreover the proposed study would require persons having some knowledge of the problems involved. It would seem that at least six expert consultants would be needed; if that number were appointed, and met, as he had suggested earlier, for two weeks in the spring of 1961 and for four or five weeks in January 1962, the cost would be \$14,400 for travel expenses, \$21,100 for subsistence allowances, and from \$15,000 to \$20,000 for salaries. In view of the changes made in the draft resolution, the Secretariat had been unable to prepare a written statement of financial implications in time for distribution to the Committee; such a document would, however, be distributed before the final vote on the draft resolution in the General Assembly. ^{1/}

26. Mr. ALI (Pakistan) said that his delegation had been heartened by the Committee's overwhelming support of its draft resolution. A note of pessimism had

^{1/} Subsequently circulated as document A/C.2/L.469/Rev.1/Add.1.

also been struck in the Committee; he would comment, in that connexion, that in matters such as disarmament, history showed that ideas always outran events and that if progress was to be made events must follow ideas rather than *vice versa*. Moreover, it had always been the distinguishing quality of leadership to plan for and shape the future, and the world was looking to the United Nations for leadership in the matter of disarmament.

27. With regard to the text of paragraph 2, his delegation thought that the Secretary-General, with the help of the expert consultants to be appointed by him, would be able to produce excellent reports; it would, however, voice the hope that in utilizing the services of those consultants the Secretary-General would give them the greatest possible opportunity to work together, so as to achieve an interplay of views. Unless that interplay took place the studies might be inadequate in many respects.

28. His delegation had given careful consideration to the Lebanese amendment, but felt that it was not the purpose of the draft resolution to single out specific issues for attention and that the particular issue the Lebanese representative had in mind fell within the broad field referred to in operative paragraph 1.

29. The CHAIRMAN put to the vote the Lebanese amendment (A/C.2/L.511), as revised.

The revised amendment was adopted by 19 votes to 15, with 35 abstentions.

30. The CHAIRMAN invited the Committee to vote on the draft resolution of Pakistan (A/C.2/L.469/Rev.1), as revised.

The draft resolution, as amended, was adopted by 66 votes to none, with 4 abstentions.

31. Mr. MORARU (Romania) said that his delegation had voted in favour of the draft resolution. Many statistics had been published showing the favourable effect which disarmament would have on the lives of the people of the world; for example, it had been calculated that if the amount spent for armaments were distributed equally among the people of the world, their level of living would rise by one and a half times. In connexion with Mr. de Seynes' statement, his delegation would point out that the Achilles heel of the Secretariat's Department of Economic and Social Affairs, as at present constituted, was its composition. He trusted that the choice of the expert consultants to be appointed under paragraph 2 would be an equitable one as regarded not only their qualifications but also their knowledge of countries with different economic systems. His delegation had abstained in the vote on the Lebanese amendment because the question did not affect the socialist countries, which were exempt from the imbalances at issue because of their structure. He expressed satisfaction at the support given the draft resolution by certain delegations which had opposed the draft resolution on the same subject submitted to the twenty-ninth session of the Economic and Social Council by the USSR (E/L.861); it was to be hoped that that change of views was a good augury for the work of the Committee, and that the example thus set would be followed in other Committees of the United Nations.

32. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) said that his delegation had voted in favour of the draft resolution, which was, in its view, essentially a good one, or at least a good beginning. However, it considered that the assignment to the Secretary-General of the responsibility for conducting the proposed study was inopportune and inappropriate; that responsibility should have been given either to the Economic and Social Council or to the group of expert consultants. Nor had it been necessary to entrust the Secretary-General with the tasks assigned to him under paragraphs 1, 3 and 4.

33. Mr. DUDLEY (United Kingdom) recalled his Government's clearly expressed views on disarmament, the possibility of using any savings from disarmament for the development of the under-developed countries, and the desirability of a scientific examination of the possible economic and social consequences of disarmament. His delegation had abstained in the vote on the draft resolution because of its belief that if a useful examination was to be undertaken it must be kept objective and be free, so far as was possible, from *a priori* conclusions such as those to which he had already drawn attention in paragraphs 1 (a) and (c) of the original draft resolution and to which another had just been added through the adoption of the Lebanese amendment.

34. Mr. NATORF (Poland) said that his delegation had voted in favour of the revised draft resolution, although it would have preferred both the general approach and the specific procedure embodied in the original version; in its view, the General Assembly rather than the Secretary-General should have been given responsibility for appointing the group of experts. It would also have preferred the original form of its own amendment, and hoped that the co-operation of all Governments would eventually be sought. It also hoped that the expert consultants referred to in paragraph 2 would be appointed as soon as possible and in the spirit of that paragraph. The Committee had taken a very important decision, and his delegation was confident that successful study of the question would accelerate the conclusion of an agreement on general and complete disarmament.

35. Mr. HASSAN (Sudan) said that his delegation considered the adoption of the draft resolution an important step forward, especially in view of the constructive outline of the work to be undertaken contributed by Mr. de Seynes (685th meeting). He hoped that the examination to be carried out would help to increase public awareness of the dangers the world now faced and contribute to the attainment of peace and social progress.

36. Mr. CARANICAS (Greece) said that his delegation had voted against the Lebanese amendment, although it recognized that the amendment touched on a very important problem, because it felt that any plan of disarmament adopted would be gradual in nature, and that the market economy countries would have time to study the problem as it affected them. His delegation had voted in favour of the draft resolution as a whole, which it regarded as a useful first step.

The meeting rose at 1 p.m.