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Chairman: Sir Douglas COPLAND (Australia).

AGENDA ITEM 25

Economic development of under-developed countries (A/2686, A/2702) (*continued*):

(c) International flow of private capital for the economic development of under-developed countries (A/C.2/L.241) (*continued*)

1. Mr. DE LA VALLEE POUSSIN (Belgium) said that he had voted for resolution 512 B (XVII) of the Economic and Social Council at the preceding meeting because Belgium, which was both an exporter and an importer of private capital, believed that it was in the interest of all countries to stimulate the international flow of private capital. Capital-importing countries ought to remove the undue restrictions to which, in many cases, foreign capital was at present subject, although measures were also necessary to ensure that international private capital was not channelled in the wrong direction. He hoped that the international investment code suggested by the French representative (324th meeting) would eventually be put into effect.

2. During the past year, the Belgian Government, which had never placed any restriction on the repatriation of capital or the remittance of earnings, had taken certain fiscal measures to attract foreign private capital. It would also continue to encourage the investment of Belgian capital in the Congo and abroad. He hoped that under-developed countries would not hesitate to take advantage of the opportunities offered by foreign private capital because of unjustified fears regarding the intentions of the capital-exporting countries. The United Nations should continue to study means of stimulating the international flow of private capital.

3. Mr. CAFIERO (Argentina) said that he had abstained from voting on the second preambular paragraph of the Council resolution because its meaning, and in particular the meaning of the words "productive activities" was unclear, as he had explained at the seventeenth session of the Economic and Social Council (779th meeting). He had also abstained, for similar

reasons, when sub-paragraph 1 (a) had been put to the vote; the words "discrimination against foreign investments" and "repatriation of capital" were unclear; capital did not have a nationality. He had, however, been able to vote for the text as a whole as amended. He hoped that at subsequent sessions the General Assembly would continue its study of means of stimulating the international flow of private capital.

4. Mr. SAENZ (Mexico) said that he had abstained from voting on sub-paragraph 1 (a) of the text because he considered that the wording was ambiguous. In his view, it should have been clearly stated, firstly, that foreign private investments could not and should not be accorded special protection; secondly, that capital-importing countries should be the sole judges of what action they should take to improve the investment climate and, thirdly, that the resolution would not impose any moral obligation on capital-importing countries to change their fundamental economic policy, especially when that policy was based on constitutional provisions. His delegation had voted for the resolution as a whole because it believed that the recommendations could be interpreted in that way.

5. Mr. STANOVNIK (Yugoslavia) said that he had abstained from voting on the second preambular paragraph because he was not convinced that it constituted a true statement. He had also abstained when the Egyptian amendment (A/C.2/L.243) had been put to the vote because he believed that the emphasis on "voluntary re-investment" implied that the Committee believed that no other reinvestment of profits contributed to economic expansion. He had voted against sub-paragraph 1 (a) because minor aspects of the problem had been stressed and no mention had been made of the main issue; there were also recommendations in the sub-paragraph with which his delegation did not agree. His delegation had therefore decided to vote against the text as a whole.

6. He was not opposed to the principle of foreign private capital investment in under-developed countries, but he considered that the measures outlined in the Council's resolution would not produce the desired results. He hoped that when the Secretariat prepared the annual reports mentioned in the amended version of paragraph 6, it would take into account his delegation's view that the text was useless, because it did not mention the real reasons for the contraction of the international flow of private capital. The crux of the problem was that private capital was attracted to sectors of the economy where profits were high, in particular it was attracted to industries producing raw materials. The result was a one-sided development, and when, as at present, the demand for raw materials was declining, the volume of investment also decreased. Effective world demand could be increased only by means of industrialization and diversification of the economies of under-developed countries, which was impossible without heavy investment in basic projects

which yielded low returns at a slow rate. As such projects were unattractive to private capital, the favourable economic climate to which so many representatives had referred could be created only if the essential infrastructure investments were financed from public funds. It would be unfair to place the main burden of creating such a climate on the domestic public financing resources of the under-developed countries and to reserve for foreign private capital those enterprises which yielded high returns at a rapid rate. It was therefore essential that those countries should follow national policies which would bring about their rapid economic development; the modification of such policies for the purpose of creating more favourable conditions for foreign private capital could not but endanger, in nearly every instance, the very basis of the economic development policies of under-developed countries.

7. Mr. OFER (Israel) said that he had voted for the draft resolution as a whole and for the paragraph on which a separate vote had been taken, although he felt that the wording of the second and fourth preambular paragraphs was too assertive.

8. As mentioned in the second preambular paragraph, the contribution of international private capital to the elevation of living standards and to the diversification of agricultural production depended upon the way in which private investments were channelled and utilised. His delegation, however, had no doubts that such a contribution could be effected, provided that the necessary measures were taken.

9. If the fourth preambular paragraph constituted a true statement, it was also true that an increase in the international flow of private capital would be conducive to an expansion of international trade and to "wider convertibility of currencies".

AGENDA ITEM 66

Establishment of a world food reserve (A/2710 and Corr.1)

10. Mr. CAÑAS (Costa Rica) said that in 1946, after the first session of the General Assembly had urged Governments, under the terms of resolution 45 (I), to take drastic action to conserve food supplies, a Special Meeting on Urgent Food Problems had been held in Washington. One of its most important conclusions had been that the world food shortage was not attributable to the war alone, but also to existing systems of production, distribution and marketing. The Special Meeting had stressed the need for a world allocating agency, which would eliminate the disorganized and competitive buying of foodstuffs and would emphasize the responsibility of States for the food needs of other countries. That might have appeared to be an idealistic hope, but such collective responsibility was the very essence of the spirit of the United Nations.

11. The Special Meeting had also recommended that the United Nations Relief and Rehabilitation Administration (UNRRA) be superseded by a more permanent body to be set up by the General Assembly, though it had done excellent work. It had recommended the establishment of an International Emergency Food Council as an interim measure. Moreover, at the same meeting, the Director-General of the Food and Agriculture Organization (FAO) had been requested to submit to the Conference proposals on any extension of the func-

tions of existing organizations or on any new organizations which the survey might indicate to be necessary. Pursuant to that recommendation the Director-General had prepared a report which proposed the establishment of a world food board¹. The second session of the FAO Conference, held at Copenhagen, had decided to set up the Preparatory Commission on World Food Proposals consisting of sixteen countries, which had met in Washington at the end of 1946. The Preparatory Commission had not recommended the establishment of a new international specialized agency, but had proposed that national food reserves be constituted for possible international use and that a permanent study group be set up to advise the Director-General and to review the world food situation.

12. The International Wheat Agreement and the International Sugar Agreement were examples of co-operation in dealing with food problems, although they both suffered from the defect of referring to single products and did not cover the entire market in those products.

13. The second session of the FAO Conference, held at Copenhagen, and the United Nations Conference on Trade and Employment, held at Havana, had discussed the establishment of an International Commodity Corporation. In that connexion, he recalled that the Economic and Social Council, in resolution 30 (IV), had requested the Secretary-General to appoint an Interim Co-ordinating Committee for International Commodity Arrangements, which had subsequently paved the way for the agreements on wheat, sugar, rubber and other commodities.

14. Certain private organizations such as the International Federation of Agricultural Producers had devoted their attention to the problems of food surplus, price stabilization and the development of agricultural production.

15. In recent years, individual Governments had begun to show a definite interest in solving their food problems at the national level. In 1948, his Government had decided to put into effect, so far as physically possible, the suggestions made by the Director-General of FAO and by the various study groups connected with FAO. In 1927, Costa Rica had been barely self-sufficient in food, although its main industry was agriculture, but the President had, in 1948, launched a campaign to rationalize production and credit facilities. The National Production Board had been reorganized, a commodities reserve had been created and producers had been guaranteed minimum prices with the result that by 1950 Costa Rica had become a food exporter, prices had been stabilized and consumption had increased. On the other hand, it had been impossible to guarantee price stability in respect of exports; the national programme, despite its domestic success, had suffered from the absence of a similar international stabilization policy.

16. Costa Rica had therefore decided to bring the subject to the attention of the General Assembly, having already urged FAO and the Economic and Social Council to consider the possibility of establishing a world food reserve to stabilize the international prices of consumer goods and possibly of raw materials and to encourage the rational distribution of regional surpluses. In that connexion, he drew attention to the

¹ Food and Agriculture Organization of the United Nations *Proposals for a World Food Board*, Washington, 5 July 1946.

observations of the President of Costa Rica cited in the explanatory memorandum presented in support of the request to include in the provisional agenda of the ninth session of the General Assembly the supplementary item "Establishment of a world food reserve" (A/2710 and Corr. 1). Costa Rica had proposed that item, not because it anticipated the immediate establishment of a food reserve, but because it hoped that the other delegations and the Secretariat would devote

their attention to the subject. His delegation intended to sponsor a draft resolution requesting the Secretary-General, with the technical assistance of FAO, to study the problem as a whole and, more specifically, to study previous suggestions regarding the establishment of a world food reserve and the objections raised, and to report thereon to the General Assembly at its tenth session.

The meeting rose at 12.55 p.m.