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AGENDA ITEMS 12, 29 AND 74

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**CONSIDERATION OF DRAFT RESOLUTIONS (A/C.2/
L.474 AND ADD.1)* (continued)**

1. Mr. PAYNE (United States of America) said that the economic and social progress of the less developed countries under conditions of freedom was one of the main objectives of United States foreign policy. The United States delegation therefore approved the purposes of the draft resolution on an accelerated flow of capital and technical assistance to the developing countries (A/C.2/L.474 and Add.1) as well as many of the arguments put forward by the representative of India in submitting it (694th meeting). In particular it agreed with that representative that external assistance should complement and not replace national effort. In that connexion, he would recall an observation made by the Executive Secretary of ECLA, who had said that the economic development of the Latin American countries depended primarily on a higher rate of capital formation, and that much of the capital those countries received from abroad would be wasted if they did not take certain measures, particularly in the sphere of taxation, in order steadily to increase the rate of national savings until foreign capital was no longer essential. It was clear that what was true for the Latin American countries was also true for the other under-developed areas of the world.

2. Different definitions could be given of the term "economic aid" and there was one form of bilateral assistance provided by the United States which appeared not to be fully understood by some members of the Committee; that was what was called "defence support". The object of such assistance was to increase the economic resources of the under-developed countries receiving it. It consisted of commodities and equipment such as fertilizers and sugar, steel and motor vehicles, machinery and electric generators. It did not include any military equipment.

3. The United States was at present contributing in many ways to the economic development of the under-developed countries and its contribution amounted probably to about 1 per cent of the national income. It was not, however, prepared to undertake to contribute a given fraction of its national income for that purpose. There were constitutional and governmental reasons why it could not do so. The assistance of the United States to the under-developed countries had constantly increased and it could be hoped that it would continue to do so. But the cause of the less developed countries would not be helped by the adoption of formulas which the Governments of the donor countries could not accept.

4. Mr. BERNARDO (Argentina) agreed in principle with the views expressed in the preamble to the draft

*Resumed from the 701st meeting.

resolution. Indeed, emphasis had frequently been laid on the danger inherent in the gap between the levels of living of different countries and on the need to accelerate the flow of capital towards the less developed countries and to extend the technical assistance provided by the advanced countries. It was difficult, however, for his delegation to accept operative paragraph 1, which fixed the level to be reached by the assistance given to the under-developed States. As one representative had said, the implementation of that paragraph would raise a number of technical problems. Furthermore, the paragraph was contrary to the principle that contributions should be voluntary, a principle which had been recognized in particular with respect to the Special Fund. The contribution of each country was a matter of internal policy in which there should be no interference. His delegation hoped that the sponsors of the draft resolution would be able to find a formula which would enable it to vote for the draft.

5. He protested against a remark by the representative of India implying that the civilizing mission of Spain in South America had been a form of colonialism. Argentina was proud of the accomplishments of the Spaniards, which had done much to promote its people's progress.

6. U HLA MAUNG (Burma) drew attention to one important feature of the draft resolution—the fact that it was addressed not to the United Nations but to Member States themselves, which were invited to perform one of the noblest tasks in history. Looked at from a strictly practical angle, the draft had certain faults and invited criticism. It should, however, be approached from a broader point of view, and all the circumstances which had led its sponsors to submit it to the Second Committee should be borne in mind. The latter, it should be remembered, was not merely a body of diplomats, economists and administrators; it was also an organ of the General Assembly responsible for promoting the objectives of the United Nations in the economic sphere. Its actions ought therefore to be in keeping with those objectives and it should not confine itself to a narrow, purely technical study of the items on its agenda.

7. The international community had in recent years become more and more aware of the need to abolish poverty and destitution in the under-developed countries. The industrialized countries had already made a noteworthy contribution to that end, principally through the technical co-operation programmes. The results of their efforts had considerably enhanced the prestige of the United Nations in the world. They had also, however, aroused in the beneficiaries a desire for more rapid progress, a desire which was all the more natural in that, owing to population growth, the existing rate of development of the under-developed countries was barely sufficient to maintain the present inadequate level of living of their inhabitants.

8. That situation should be borne in mind in considering the draft resolution and the measures it proposed for accelerating the flow of capital towards the developing countries. The text suggested that action should be taken not merely through the organizations in the United Nations family but also through bilateral and multilateral agreements.

9. In relation to the needs of the under-developed countries the figure of 1 per cent of national income,

which was the amount of capital which the economically advanced countries would be urged to devote to assistance to the under-developed countries, was certainly a minimum. It had been said that it would be very difficult to fix a percentage based on national income. That might be so, but in any event there was no question of asking the industrialized countries to impose additional taxation to obtain the necessary resources. What the sponsors of the draft resolution had had in mind was a yardstick against which the developed countries could measure their own effort. That criterion was the best that could be devised.

10. Mr. FLERE (Yugoslavia) said that the Second Committee should not limit itself to discussing generalities, but that it was its duty to draw up specific recommendations for promoting international action in the field of assistance to the under-developed countries. The Indian representative and the other sponsors of the draft resolution should therefore be thanked for the initiative they had taken, as their draft resolution contained a number of important recommendations.

11. In operative paragraph 1 all economically advanced States were urged to ensure an adequate outflow of capital to the under-developed countries. Several representatives had said that that paragraph would have the effect of creating an obligation for the industrial countries; the sponsors had, however, acted in conformity with the Charter and the paragraph would not entail any international obligation in the legal sense. In any case, the time was ripe for the United Nations to accept the idea that industrial countries should actively encourage the flow of capital to the under-developed countries. The latter needed capital, and specific steps should be taken to provide them with it. Such steps were unavoidable and were, moreover, calculated to improve relations between States. A minimum flow of capital to the under-developed countries should be ensured, and an order of magnitude had to be established to give that recommendation some practical significance. The only feasible criterion was national income, and the sponsors had accordingly given the figure of 1 per cent. The idea of earmarking 1 per cent of national income for assistance to under-developed countries was current in political, economic and trade-union circles. It would be discussed in the Second Committee and in other United Nations bodies in the years to come, because the need to increase the flow of capital to under-developed countries was a matter of urgency.

12. The sponsors of the draft resolution acknowledged that operative paragraph 1 raised a number of questions. Several representatives had asked, for example, how the funds in question were defined and what statistical data should be used in order to arrive at the figure of national income. It should be noted that the total referred to in operative paragraph 1 was a net total, after allowing for the flow of funds in the opposite direction, e.g. for the repatriation of profits. That should be borne in mind in connexion with private capital. In general, the interpretation of operative paragraph 1 was a matter of great importance. But that was no reason for abandoning the objective the resolution sought to achieve.

13. The sponsors had also dealt with the manner in which funds should be exported to the under-developed countries. Two ideas on that subject were

expressed in operative paragraph 2: first, that the funds going to the under-developed countries should not bear heavily upon their future balance of payments; and second, that they should be channelled as far as possible through the United Nations and its specialized agencies.

14. The recommendation in operative paragraph 4 would allow the United Nations, and in particular the Second Committee and the Economic and Social Council, to make a closer study of the question of accelerating the flow of capital to the developing countries.

15. He hoped that the ideas contained in the draft resolution would serve as a stimulus to the Governments of the industrial countries and to the discussion of the matter in the United Nations.

16. Mr. FRANZI (Italy) said that his delegation had studied the draft resolution, not only on the basis of the text before the Committee, but also in the light of the explanations given by the Indian representative. Those explanations were particularly helpful inasmuch as the draft resolution left many questions vague and the countries concerned would have to interpret the provisions of the resolution for themselves.

17. His delegation approved the ideas expressed in the preamble regarding the inadequacy of the present flow of capital to the under-developed countries. In that connexion it would be recalled that paragraph 4 of the draft resolution on concerted action for economic development (A/C.2/L.461/Rev.4), which the Committee had adopted—a resolution of which Italy had been one of the sponsors—provided that technical assistance and the supply of development capital should be further increased. The draft resolution at present under consideration appeared to have two objectives: first, to fix the total funds that were necessary for assistance to the less developed countries; and second, to indicate the ways in which those funds could be made available by the developed countries. The idea contained in operative paragraph 1 was new to the United Nations and the countries concerned should therefore have been given time to study it thoroughly. At the moment the only data available to the Committee were those given by the representative of India.

18. The avenues of escape suggested by the Indian representative were unacceptable to his delegation because his Government would consider the adoption of the legal and practical measures recommended in paragraph 3 solely in the light of the usefulness of the proposal and the prospects of carrying it out. None of the economically developed Member States intended to shirk its responsibilities towards the less developed countries and those responsibilities derived directly from the signing of the Charter rather than from the acceptance of draft resolutions.

19. The Indian representative had estimated the annual sum required for technical, economic and financial assistance to the under-developed countries at \$7,000 million and the net total of funds at present being allocated for that purpose at about \$3,500 million. However, documents prepared by the Secretariat (E/3369, E/3395 and Add.1) showed that the flow of public and private capital was between \$4,500 and \$5,000 million. The discrepancy between those two estimates was of some importance, since it raised the question of what the Committee would do

if it had several different figures before it when attempting to determine whether various countries were implementing the recommendations of the United Nations. Furthermore, the sponsors of the draft resolution seemed to think that, once adopted, the provisions of operative paragraph 1 would have the effect of virtually doubling the total assistance supplied. But the present level of assistance to the under-developed countries was the result of at least ten years' work, and the funds made available by the principal contributing countries, such as the United States of America, the United Kingdom and France, had reached and even exceeded 1 per cent of their national incomes. That being so, the flow of capital to the under-developed countries would certainly not be doubled by the efforts of the other industrial countries. It was therefore questionable whether the system proposed by the draft resolution was sound.

20. His Government had not had time to study the other aspects of the draft, but the recommendation in operative paragraph 3, that States take such legal and organizational steps as might be necessary to achieve the objectives of the resolution, might raise difficulties. His delegation had taken careful note of the suggestions made by the Indian representative in that connexion, but considered that it would have been well to address similar suggestions to the developing countries, particularly in regard to the provision of safeguards to private investors against the risk of expropriation.

21. He was unable to vote in favour of the draft resolution as currently worded and regretted that in the present instance he could not support a proposal which was concerned with assistance to the less developed countries.

22. Mr. KAKITSUBO (Japan) said that his delegation was in agreement with the fundamental objective of the draft resolution, which was designed to accelerate the flow of capital and technical assistance to the developing countries.

23. The preamble was unexceptionable, but his delegation had some doubts concerning operative paragraph 1. It was questionable, for instance, that it was either desirable or feasible to set a percentage. Only the economically advanced States were mentioned, and if they failed to take the desired action, they would be the target of criticism. It might also be asked which countries were to be considered economically advanced. In the light of the preamble, it would seem that the term applied to countries whose population enjoyed a high standard of living. If that was the case, per caput income could be taken as a criterion, although it would still be necessary to decide when per caput income was high and when it was low. It would be difficult to secure agreement on that point, and major injustices might result. It should also be noted that the lower the level of income selected, the greater the inequality would be. If a national income were taken as a criterion, there would be other difficulties. For example, the statistics quoted in the Committee by the representative of India included no national income figures for the socialist countries. It was reasonable to ask whether figures could be obtained for those countries and, if so, whether they were comparable to those for other countries. It was important in particular to know whether they took into consideration the tertiary

industries, which were an important factor in the national income of non-socialist advanced countries. For example, tertiary industries accounted for 51 per cent of the net national income of the United States and 49 per cent of that of Japan in 1958. If the figures were not calculated on a comparable basis, it was impossible to set a percentage based on national income. Further, unlike most tax systems, which provided for a progressive income tax scale, the draft resolution envisaged a uniform rate of 1 per cent, which would be unfair to the less wealthy States.

24. The industrial countries would have a moral obligation to contribute a certain amount. That contribution would include public and private capital, but if the outflow of private capital was reduced as a result, for example, of cyclical factors, the State would have to provide public capital to make up the difference, which would involve difficulties. The industrial countries could not readily accept a draft resolution that failed to take those questions into account. They might be inclined to feel that an attempt was being made to interfere in their domestic affairs. It should also be borne in mind that the advanced countries might wish to aid the under-developed countries in the social field as well as the economic. If a rigid criterion were established for aid to the economically less developed countries the result might be that priority would be given to certain needs and that other equally important needs would be neglected. The industrial countries would not be able to accommodate themselves to such a criterion, just as the under-developed countries would be unable to accept a request from the United Nations that they should allocate a specified percentage of their national income to their own economic development. The development of the under-developed countries depended in large measure on the economic growth of the industrial countries and the latter should not be obliged to take measures that might slow down their growth.

25. For those reasons, his delegation would find it difficult to support the draft resolution, in particular operative paragraph 1.

26. Mr. ZAIN (Indonesia) said that the draft resolution was of major importance to the international community, from the point of view both of world economic development and the maintenance of peace and security. While it was true that the economic development of the under-developed countries was largely dependent on the economic progress of the more advanced countries, the continued economic growth of the highly industrialized nations depended on the economic progress of the less developed countries; the demand for capital goods in the under-developed areas, in which two-thirds of the world's population lived, could provide the basis for a large-scale expansion of production in the industrialized countries. The draft resolution was intended to accelerate the development of the under-developed countries, which was essential to world economic growth. It laid no obligation on the economically advanced countries. The sponsors of the draft resolution merely sought to establish standards that would ensure a more equitable division of the burden of international assistance.

27. Foreign aid was, of course, only one factor in the economic development of the under-developed

countries, but without foreign aid rapid progress would be impossible and the international community could not afford to wait too long. The inhabitants of the poor countries were aware of the advantages enjoyed by the peoples of the industrial nations. The widening gap between the rich and the poor nations was a source of resentment that was a threat to internal stability in all the less developed countries and also to world peace and security. The world had entered on a period of revolution and of change and the past could no longer be relied upon as a guide, since the conditions of the past no longer existed. It was necessary to look to the future. The draft resolution showed the path which the world must follow if it wished to survive. If the joint action did not achieve its goal, the cost of failure would be much higher than the cost of promoting continuing economic growth.

28. The less developed countries were responsible for their own economic development. It was for them to mobilize their human and material resources and the capital and skills necessary for their economic advancement. But there was no need to emphasize how difficult it was for them to obtain the necessary capital in view of the low level of national savings. It was therefore the duty of the international community to assist them. No opportunity should be lost of promoting the economic progress of the less developed countries, reducing international tension and ensuring the development of the world economy in a climate of peace, security and co-operation. The adoption of the draft resolution would be an important step towards that goal.

29. Mr. SIRIWARDENE (Ceylon) said that his country was pleased to be a sponsor of the draft resolution on the accelerated flow of capital and technical assistance to the developing countries. In introducing the draft resolution, the Indian representative had ably demonstrated the character and magnitude of the problem and the necessity of increasing the flow of capital and technical assistance to the under-developed countries. During the general discussion on the economic development of under-developed countries, it had been emphasized that insufficient capital was available to meet the needs of the under-developed countries and that their rate of development had in consequence been extremely slow. The gap between the developed and the under-developed areas was steadily widening. In one of his publications, Mr. Hoffman, Managing Director of the Special Fund, had said that in 1957 a hundred countries had had a per caput income of around \$100, and that between 1950 and 1960 the national income of those countries had increased by about 3 per cent per annum, while their populations had increased, on the average, by 2 per cent per annum. The increase in income, which was due in part to an increased flow of capital and technical assistance from the industrial countries, meant very little to the average man, as the average per caput rate of increase had been only 1 per cent, of \$1 a person a year. That was obviously insufficient to raise levels of living and provide savings for increasing capital development.

30. In absolute figures, the international economic assistance provided over the past ten years seemed substantial, but in relation to needs it was insignificant. In the Economic and Social Council's report (A/4415) attention was drawn to the marked rise in the volume of investment and also to the absence of

capital goods industries in the under-developed countries. There had been no change in the relationship between the different sectors of the economy, and economic development and the rate of expansion of investment had been relatively slow. It was therefore essential to find means of expanding the volume of investment in order to increase productive capacity in all directions, with a view to producing the goods and services necessary for capital formation.

31. The flow of capital and technical assistance must, therefore, be accelerated and brought up to a level which would guarantee the continued economic development of the less developed countries. Mr. Hoffman had estimated that the foreign currency needs of the under-developed countries over the next ten years would amount to \$70,000 million. That figure was an estimate of the total investment needs of the under-developed countries if any appreciable progress was to be realized. If the problem was such, the question was what action could be taken to attain the desired goal. Mr. Hoffman thought that there must be joint action by the under-developed and the industrial countries. He considered that per caput income should be raised from \$100 to \$125 between 1960 and 1970, an increase of 25 per cent, or an average of \$2.50 a person a year, over the ten-year period. That modest target should be attainable.

32. During the discussion of the draft resolution it had been argued that the proposed method of increasing the flow of assistance was not satisfactory. But the contribution called for did not seem beyond the means of the advanced countries, and an effort to provide the capital requested would promote the development of the under-developed countries and the prosperity of the whole world. There was no question of discrimination, since the contribution would depend on the individual position of the countries concerned. Nor was the proposal a levy on the economically advanced countries. The sole object of operative paragraph 1 was to draw attention to an obligation which, if an attempt was made to fulfil it, would enable the under-developed countries to carry forward their economic development. The misgivings expressed by various representatives, in particular the Japanese representative, were unwarranted. An accelerated flow of capital and technical assistance was vital. The advanced countries could help the under-developed countries to achieve their goals and, to that end, should accept the proposal embodied in the draft resolution.

33. Mr. GARCIA TEJEDOR (Spain) said that he approved the purpose of the draft resolution, which was intended to reduce the inequalities between countries. His delegation would, however, have some difficulty in supporting the draft resolution, in particular operative paragraphs 1 and 3, which raised certain organizational and legal problems. Spain needed capital to develop some sectors of its economy and recognized the value of the co-operation it had received from the industrial countries, which had enabled it to make substantial progress.

34. He thanked the Argentine representative for his reference to the importance of the work Spain had done in colonizing South America.

35. Mr. ROA KOURI (Cuba) said that he welcomed the initiative taken by the Indian delegation in putting forward the draft resolution, and agreed with the

sponsors that it was essential to increase the flow of capital and technical assistance from the advanced countries to the under-developed countries. The fact remained, however, that neither form of assistance was a substitute for national effort. In addition, the Governments of the under-developed countries should make special efforts to ensure the rational use of assistance received, in accordance with their plans for economic development. As the Executive Secretary of ECLA had pointed out, fiscal reform was one of the first steps that should be taken in under-developed countries, since in the absence of such reform there could be no question of increasing the rate of capital formation. Tax reform in itself would, however, be insufficient to bring about a fundamental change in the situation if the structure of interests which had created that situation remained intact. It was no easy task to replace that structure by one that would promote the country's economic development, as was shown by the examples of Cuba, the United Arab Republic, Guinea, and the particularly difficult case of the Congo (Leopoldville).

36. His delegation was not certain that it was necessary for the draft resolution to specify a minimum level of assistance to be granted by each of the advanced countries to the under-developed countries. The important thing was that the flow of assistance should be increased, and that each of the advanced countries should provide assistance in proportion to its resources. It was also important that as much as possible of the capital provided should be channelled through the United Nations. His delegation supported the draft resolution in principle, but was not yet able to take a final position with regard to the text.

37. Mr. DEWULF (Belgium) said that while he agreed that the industrial countries should make a greater contribution to the economic development of the under-developed countries, he could not support the specific proposals made in the operative part of the draft resolution or the manner in which they were presented. An increase in the contribution by the advanced countries could result only from friendly co-operation between countries, and such co-operation involved respect for undertakings assumed, the creation of a favourable climate for private investment, and the relaxation of international tension. The under-developed countries would obtain increased assistance by persuasion, not by exerting unilateral pressure on those in a position to assist them. The Indian representative had said that the threat of expropriation hampered the flow of private capital to the under-developed countries, and that capital exporters should insure against that danger, but it might well be asked what insurers would be prepared to do this, in view of the many recent examples of unjust expropriations. In any case, Governments which expropriated or nationalized business undertakings should at least pay fair compensation to the owners, under bilateral arrangements in the case of foreign interests. Some Belgian holders of private overseas investments had recently been unjustifiably deprived of their property and would inevitably be more cautious in future.

38. Private capital played a considerable, even the main, part in financing the economic development of under-developed countries. Many of those countries were also anxious that the flow of public capital should be increased. In fact, whether loans were

made by IBRD or by other lending agencies, most public capital was furnished by the private enterprise countries. Their economic system had produced the highest standard of living in the world.

39. The draft resolution, if adopted, would face the Belgian Government with constitutional difficulties. His delegation could not, therefore, support the draft resolution. He suggested that the sponsors should make a fresh and detailed study of the matter.

40. Mr. HASSAN (Sudan) associated himself with previous speakers who had congratulated the Indian representative on his initiative, and recalled that under the United Nations Charter, Member States had an obligation to promote higher standards of living, full employment, and conditions of economic and social progress and development; they were also bound to take joint action in co-operation with the United Nations for the achievement of those purposes.

41. The division of the world into rich and poor countries was a grave threat to peace, and every possible effort must be made without delay to close the steadily widening gap between the two groups. The flow of capital and technical assistance to the under-developed countries must obviously be increased, but it was equally essential that such aid should be extended in a true spirit of co-operation. In that connexion, financing agencies, foreign companies and investors would do well to recognize the usefulness of joint ventures in which foreign capital was associated with domestic capital. The best way to remove any danger of expropriation was to ensure that investments were made in the interest of both the investors and the recipient countries. Capital-exporting and -importing countries alike could also take tax measures to stimulate foreign investment. The United States, the United Kingdom, Sweden and the Federal Republic of Germany, for example, granted tax exemptions to companies earning profits abroad. His own country encouraged the investment of private foreign capital provided that it contributed to the country's development, and the Government granted the same facilities to enterprises financed with domestic capital as to those whose capital came from abroad.

42. Operative paragraph 2 was of particular importance, for it was essential for the United Nations to play a leading role in the distribution of international financial assistance so that such aid was granted without political conditions. It was disquieting, in that connexion, to learn that the Secretary-General of the North Atlantic Treaty Organization (NATO) wished that Organization to consider the political aspects of aid programmes formulated by its members; the suggestion raised doubts about the purely defensive character of NATO. In any event, that should not be used as a pretext for the use of NATO equipment in Algeria or elsewhere.

43. Operative paragraph 3 imposed no legal obligation on States. Paragraph 4 would make it possible to draw a useful comparison, each year, between what had been done in the field of international assistance and what remained to be done in order to meet the needs of the under-developed countries.

44. Mr. AGANAYE (Chad) said that he supported the draft resolution and requested that his delegation should be included among the sponsors (A/C.2/L.474/Add.2). The resolution, which was worded in flexible

terms that did not seek to dictate to anyone, should meet with the approval of at least the great majority of the delegations. The references to the Charter in the resolution were an assurance of the soundness of the intentions and aims of the sponsors. The founders of the United Nations had wished to alleviate the ills of mankind and had expressed the hope that the "have" States would assist the "have-nots". There was reason to fear that the gap between the living standards of the two groups might one day result in a general conflagration. The present representatives of the countries which had founded the United Nations could not repudiate the commitments undertaken by their Governments, particularly since the effort asked of them would not be a permanent one.

45. He did not wholly agree with the Argentine representative and felt that it would be unfair to call only upon the wealthier States to assist the poorer ones. Chad, whose budget was one of the most exiguous in the world, had nevertheless made a token contribution to the United Nations budget; he felt that all countries, even those in the process of development, should unhesitatingly grant assistance to those which needed it the most.

46. Mr. ABDEL GHAFFAR (United Arab Republic) said that the Belgian representative seemed to confuse two completely different things, expropriation and nationalization. The United Arab Republic had neither expropriated nor confiscated any foreign enterprise and had merely exercised the right of any sovereign State to nationalize an enterprise with an accompanying offer of fair compensation to the owner. The measures taken by the United Arab Republic were in conformity with international law and with many resolutions of the General Assembly.

47. Mr. HAKIM (Lebanon) said that he had found the Indian representative's arguments extremely convincing and that he unreservedly supported the draft resolution. Operative paragraph 1, which was couched in flexible and altogether reasonable language, imposed no obligation on the economically advanced States. It was a well-known fact that, at the present time, the annual net outflow of public and private capital from the advanced to the under-developed countries did not exceed one-half of 1 per cent of the national income of the capital-exporting countries. Some of those countries were at present in a position to provide financial assistance to the under-developed countries at an annual rate of more than 1 per cent of their national income. National taxes were usually progressive and similarly the financial assistance extended by the advanced countries to the less favoured countries could be proportionate to the donor country's resources.

48. Channelling the greater part of international assistance through the United Nations would make it possible to ensure a better distribution of capital among the under-developed countries in accordance with their needs and their ability to utilize the aid received. Recipient States would also have an assurance that the assistance could not be accompanied by any unacceptable conditions. A further consideration was that multilateral assistance furnished through the United Nations was a safeguard against wastefulness.

49. Mr. IRWIN (Canada) said that he was very much in sympathy with the objectives sought by the spon-

sors of the draft resolution, who were trying to obtain an increase in the flow of capital to promote the development of the under-developed countries. Canada would like that flow to be as great as possible and had endeavoured, in recent years, to increase the amount of aid which it extended to the under-developed countries in the form of public capital. Although Canada's own demand for capital could not be fully met by domestic savings, the flow of private capital to the under-developed countries had also increased.

50. His delegation, which fully appreciated the urgency of the problem of financing economic development, felt that it was their awareness of that urgency which had prompted the sponsors of the draft resolution to present the problem in oversimplified terms. In the present instance, neither the problem nor its solution was simple. The Indian representative had himself acknowledged that the language in which his proposal was formulated might give rise to endless controversy. Indeed, it might even result in recrimination, and it was questionable whether the resolution would really accomplish the purposes of its sponsors.

51. Although the Indian representative had emphasized that the under-developed countries themselves must make the greatest effort to develop their economies, the draft resolution was silent on that point and did not even note that, at the present time, the under-developed countries were in fact making the greatest effort.

52. Furthermore, any attempt by the United Nations to impose on its Members a certain pattern of national expenditure might have unfortunate conse-

quences not only for the advanced countries but also for the under-developed countries.

53. He also noted that the draft resolution made no distinction between the different types of advanced countries, although the Indian representative had pointed out the difference between the countries with a high gross national income but a low per caput income and those with a high per caput income.

54. Finally, the Indian representative had said, in introducing the draft resolution, that the sponsors were trying to set a norm against which the performance of all developed countries could be judged. His delegation questioned the wisdom of trying to solve a problem like the present one by permitting certain countries to pass judgement on others instead of using the method of persuasion.

55. His delegation considered it essential to increase the flow of capital to the under-developed countries and acknowledged that Canada's assistance to those countries still represented less than 1 per cent of its national income.

56. Canada could not vote for the draft resolution, for it could not commit itself at present to raise the amount of its assistance to the under-developed countries to the level indicated in the resolution. The fulfilment of such a commitment would mean an increase in the net outflow of capital, which would bear heavily on Canada's balance of payments and could be accomplished only by increasing taxes—a step that could not be considered under present economic conditions.

The meeting rose at 5.25 p.m.