

United Nations
**GENERAL
ASSEMBLY**

FIFTEENTH SESSION
Official Records



**SECOND COMMITTEE, 691st
MEETING**

Thursday, 24 November 1960,
at 10.50 a.m.

NEW YORK

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AGENDA ITEMS 12, 29 AND 74

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(d) Promotion of wider trade co-operation among States: re-
port of the Secretary-General (A/4490, E/3389)

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CONSIDERATION OF DRAFT RESOLUTIONS (A/C.2/
L.471/REV.2, A/C.2/L.472 AND ADD.1-3) (continued)

1. Mr. LYCHOWSKI (Poland), speaking on behalf of the
sponsors of the three-Power draft resolution, in-
troduced a revised draft (A/C.2/L.471/Rev.2) in-
corporating most of the suggested amendments. A
reference to recently admitted Members had been
introduced into the second preambular paragraph, as
suggested by the representatives of Iraq and the United
Arab Republic; the text proposed by the Sudanese
representative for the third preambular paragraph had
been adopted; and the fourth preambular paragraph had
been expanded and redrafted along the lines suggested
by the representative of Greece. The reference to
highly industrialized countries had been deleted from
operative paragraph 2, which had been further amended
to meet the suggestions of the representatives of
Greece, Iraq and the United Arab Republic. Operative
paragraph 4 now provided for a preliminary exchange
of views between the regional economic commissions,
as suggested by the representative of Pakistan.

2. Mr. GURUN (Turkey) said his Government at-
tached great importance to the improvement of the
trade conditions of the less developed countries and
would support the draft resolution in so far as it
pursued that aim. Its formulation, however, was not
entirely satisfactory, since it appeared to imply that the
two problems it dealt with were interdependent. Im-
provement of the trade conditions of the less developed
countries was still a major problem, but trade be-
tween the centrally planned and the free enterprise
economies was not, and a solution of the latter prob-
lem would not in his view appreciably affect the former.
Turkey's trade with East European countries was
satisfactory and was limited, not by the difference in
economic systems, but by normal market factors such
as demand and prices. His delegation would have pre-
ferred a text giving greater prominence to the problem
of the less developed countries, which could ultimately
be solved only by ensuring that those countries had
adequate and stable markets for their exports and could
use their foreign exchange earnings for their own
development.

3. Mr. FINGER (United States of America) withdrew
the first four of the amendments he had proposed in
document A/C.2/L.517, as they had been taken into
account in the revised draft. He would however maintain
his fifth amendment, since he believed that it was in-
appropriate to make specific requests to the Economic
and Social Council regarding its agenda. He did not
agree with the claim, made by the representative of the
United Arab Republic at the previous meeting, that a
precedent for such requests existed in an earlier
General Assembly resolution.

4. Mr. ABDEL-GHANI (United Arab Republic) re-
called that the United States had been a co-sponsor of

General Assembly resolution 1316 (XIII), which requested the Secretary-General to submit an interim report to the Economic and Social Council at its twenty-eighth session and a final report to the General Assembly at its fourteenth session for consideration under the item entitled "Economic development of under-developed countries". The sponsors had adopted that wording on the suggestion of his own delegation. With regard to the present draft resolution, he thought that the United States delegation's objection might be met by making paragraph 4 of the operative part a separate operative paragraph preceded by the words "Recommends to the Economic and Social Council".

5. Mr. FINGER (United States of America) pointed out that his delegation had never suggested that the report mentioned in resolution 1316 (XIII) should be considered under only one agenda item. Since resolution 1316 (XIII) had been introduced under agenda item 28: Economic development of under-developed countries, the United States had assumed that the Council would discuss the resultant report in connexion with its usual item on the same subject. In a spirit of compromise, it had made this implicit assumption explicit (564th meeting). Since the resolution also dealt with problems of co-ordination, certain aspects of the report had gone to the Council's Co-ordination Committee. This action, however, constituted no precedent for the present case. He still believed that the Council should be free to arrange its own agenda and he would maintain his amendment to the present draft resolution.

6. Mr. HASSAN (Sudan) agreed with the representative of Turkey that the problem of improving the trade conditions of under-developed countries should be given prominence. Nevertheless, the draft resolution rightly drew attention to the importance of removing artificial economic barriers and increasing trade, a field in which the United Nations had so far taken little action. Like the United States representative, he did not consider it appropriate for the General Assembly to make recommendations to the Council regarding its agenda, particularly as the Council's membership was not sufficiently representative.

7. Mr. GREEN (New Zealand) said that his delegation could support operative paragraph 4 only on the understanding that the preliminary exchange of views would not require a special joint session of the regional economic commissions, involving additional expenditure. He considered that the implication in the second preambular paragraph that the expansion of East-West trade constituted one of the most efficient means of accelerating the development of the less developed countries was misleading, since that trade amounted to only about 3 per cent of world trade as a whole. He would therefore request a separate vote on the words:

"and, in particular, of trade between countries of different social and economic systems as well as of trade between countries at markedly different stages of economic development is of importance for the progress and welfare of all peoples, contributes to the strengthening of peace, and".

8. Mr. KAKITSUBO (Japan) regretted that the sponsors had not accepted his suggestion to refer to countries with centrally-planned economies in operative paragraph 2, since those countries, because of their rapid industrial development, constituted a large potential market for primary commodities. That development had not so far been adequately reflected in their

imports of primary commodities and a study on the subject by the Commission on International Commodity Trade would have been useful. He also preferred the original text of the third preambular paragraph, with its reference to mutually beneficial and non-discriminatory international trade. He felt that, since the second preambular paragraph referred to an expansion of international trade, the provision of a study on the possibility of expanding trade might appropriately have been included in operative paragraph 2. He would not, however, press those amendments. He would support the United States amendment proposing the deletion of the words "under a separate item" in operative paragraph 4.

9. Mr. DORSINVILLE (Haiti) said that he would support the draft resolution, as his Government was entirely in agreement with its purpose. To improve the text he would suggest the insertion of the word "real" before the word "importance" in the second preambular paragraph, and the replacement of the word "importance" by "necessity" in the third preambular paragraph.

10. Mr. DEWULF (Belgium) announced that he would abstain during the vote on the draft resolution because he shared the reservations already expressed by the French and Italian representatives. He would not vote against it because it contained several constructive ideas. As a country which exported 40 per cent of its production, Belgium was in favour of the improvement of trade conditions throughout the world and particularly for the benefit of the economically less developed countries. In recent years Belgium had signed trade agreements with certain countries of Eastern Europe and if they had not all always yielded the results that might have been expected, the rigidity of the state trading system must be blamed among other causes. The problems of international trade were highly technical and could best be examined in detail by such bodies as GATT. Vague and general statements like those contained in the draft resolution were of doubtful value, since they could be interpreted in a manner which might be inconsistent with the terms of detailed agreements reached after lengthy and careful negotiations and mutual concessions freely agreed.

11. Mr. HERZI (Somalia) expressed admiration for the spirit in which the sponsors had introduced the joint draft resolution and had accepted amendments to it; he would vote in favour of it.

12. Mr. DUDLEY (United Kingdom) said that the joint draft resolution, although appreciably improved by the inclusion of the various amendments, still contained nothing very new or helpful. His delegation would therefore abstain on the vote. He agreed with the Turkish representative that by some curious alchemy two quite separate ideas had become fused in the second preambular paragraph. His delegation was not opposed to an increase in trade between countries of different social and economic systems and was absolutely convinced that every effort must be made to expand the trade of the under-developed countries; but, as the New Zealand representative had already pointed out, it was quite untrue to state that the expansion of trade between the countries of Eastern and Western Europe constituted one of the most efficient means of accelerating the increase in the rate of development of the less developed countries. His delegation would vote against the clause to that effect when it was put to a separate vote.

13. It would also vote against paragraph 1 of the operative part, to which the Italian representative had already objected. A perusal of resolution 6 (XV) of ECE, 1/ which he read to the Committee, showed clearly that it had nothing to do with the improvement of the trade conditions of the economically less developed countries, and was concerned solely with European affairs and specifically with the work of ECE.

14. Mr. FRANZI (Italy) confirmed that his delegation would like a separate vote on paragraph 1 of the operative part, which was concerned with the efforts of ECE to improve trade between Eastern and Western Europe, an aim which Italy whole-heartedly supported. However, the point had already been covered in the fourth paragraph of the preamble and the objective of improved East-West trade would hardly be attained by interfering in the work of ECE and requesting it to complete its studies under resolution 6 (XV) with such undue haste.

15. Mrs. WRIGHT (Denmark) said that the words in the second preambular paragraph on which the New Zealand representative had requested a separate vote caused considerable difficulties to many delegations including her own. She hoped therefore that the sponsors could delete them in order that unanimity might be achieved.

16. Mr. Lychowski (Poland) explained that the joint draft resolution dealt concurrently with the problem of the lagging trade between countries of different social and economic systems and the larger problem of the exports of the under-developed countries because the sponsors felt that those two issues were the most vital for the improvement of general trade conditions. As he had stressed during the general debate (649th meeting), an expansion of trade between the industrialized countries would in fact create larger markets for the under-developed countries, a fact which explained the title of the draft resolution. The two problems were part of a whole and must be considered together in any draft resolution dealing with the present state of international trade.

17. With regard to the amendments and suggestions put forward, he pointed out that the only difference which remained between the sponsors of the draft and the United States delegation was the question whether the points covered in the operative part should be dealt with by the Council as a separate item. That was not an important difference and should the United States amendment be adopted those points could easily be taken up by the Council as part of its consideration of the world economic situation. He accepted the suggestions made by the representative of Haiti but could not accept that of the New Zealand delegation that the phrase in the second preambular paragraph "and, in particular . . . contributes to the strengthening of peace, and" should be deleted.

18. Mr. Chernyshev (Union of Soviet Socialist Republics) said that the misgivings expressed by the United Kingdom, French, Belgian and other delegations could only be interpreted as an admission that they were not prepared to improve trade relations between the countries of Eastern and Western Europe. The Belgian representative's statement that the system of state trading represented an obstacle to such trade was

completely without foundation. State planning was an important element in Soviet Union trade policy and, far from restricting foreign trade, served to increase it. Nor could he accept the Japanese representative's contention that the socialist countries had failed to increase their imports from the under-developed countries. The fact was that certain Western countries had done their utmost to impede such trade.

19. The CHAIRMAN put to the vote the United States amendment (A/C.2/L.517) that the words "under a separate item" should be deleted from operative paragraph 4.

The United States amendment was adopted by 30 votes to 20, with 24 abstentions.

20. Mrs. WRIGHT (Denmark) asked for a separate vote on the Haitian proposal to insert the word "real" before the word "importance" in the second preambular paragraph.

The Haitian amendment was adopted by 33 votes to 2, with 37 abstentions.

21. The CHAIRMAN put to the vote the phrase in the second preambular paragraph:

"and, in particular, of trade between countries of different social and economic systems as well as of trade between countries at markedly different stages of economic development is of real importance for the progress and welfare of all peoples, contributes to the strengthening of peace, and . . .".

The phrase was adopted by 38 votes to 18, with 17 abstentions.

Operative paragraph 1 was adopted by 30 votes to 17, with 27 abstentions.

The draft resolution as a whole, as amended, was adopted by 64 votes to none, with 13 abstentions.

22. Mr. Caranicas (Greece) recalled his earlier statement (690th meeting) that Greece would vote in favour of any draft resolution promoting an improvement in trade relations if it met with sufficiently wide support from both East and West. Since the discussion in the Committee had shown that that was not the case, Greece had felt it advisable to abstain.

23. Mr. Dangeard (France) explained that his delegation's negative vote concerning operative paragraph 1 did not imply that France was opposed to the development of trade between East and West. On the contrary, France fully supported and participated in the work that was being undertaken by various ECE bodies for the expansion of East-West trade relations. It had objected to the inclusion of the paragraph because, by urging ECE to accelerate its work, it might be taken to imply that the Commission had not worked with the requisite speed in the past—an implication with which France could not agree.

24. Mr. Dudley (United Kingdom) said that his delegation must categorically deny the suggestion by the Soviet Union representative that the United Kingdom was opposed to increasing trade between the Eastern and Western countries. The United Kingdom had objected to two of the paragraphs in the draft resolution merely because they suggested, quite unwarrantably, that the work of ECE involved in its resolution 6 (XV) and the expansion of East-West trade were of material importance to the prosperity of the under-developed countries. It felt that an attempt was being made to

1/ Official Records of the Economic and Social Council, Thirtieth Session, Supplement No. 3, p. 55.

introduce and obtain support for an irrelevant subject without adequate explanation. Moreover, it would be inappropriate for the General Assembly to intervene in the internal business of ECE any more than in that of the Economic and Social Council.

25. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) said that his delegation had gladly voted for the draft resolution, as it would greatly contribute to the work of the Second Committee and of the General Assembly as a whole. He had been gratified to hear from the representative of the United Kingdom and France that their countries were in favour of expanding intra-European trade relations. However, it was hard to see why they had opposed the second preambular paragraph.

26. Mr. FRANZI (Italy) said that his delegation had shared the objections to operative paragraph 1 voiced by other delegations. However, he wished to point out that Italy had recently concluded a bilateral trade agreement with the Soviet Union and was at present negotiating a similar agreement with Poland. Italy was thus taking practical steps to increase its trade with Eastern Europe and hoped to increase it still further in the future.

27. Mr. GURUN (Turkey) explained that his delegation had opposed the inclusion of two paragraphs in the draft resolution because it had considered that their deletion would have lent greater emphasis to the problems of the under-developed countries.

28. Mr. KAUFMANN (Netherlands) explained that his delegation had abstained from voting on the draft resolution not because it was opposed to the expansion of trade relations between East and West or between countries at different stages of economic development. On the contrary, the Netherlands was in favour of the expansion of international trade. However, it had felt that certain statements in the draft resolution, as well as the suggestion that the General Assembly should intervene in the business of ECE, were uncalled for. Moreover, the draft had failed to include an appropriate reference to GATT. However, since the Netherlands had no major objections to most of the paragraphs in the draft resolution, it had not voted against it.

29. The CHAIRMAN invited the Committee to consider the draft resolution on the establishment of a United Nations capital development fund (A/C.2/L.472 and Add.1-3).

30. Mr. PAVICEVIC (Yugoslavia), introducing the draft resolution, pointed out that the question of establishing a United Nations capital development fund, far from being a new one, had been much debated in the past both in the Committee and in other bodies. Therefore, it was no longer a matter of considering technical details but of ascertaining whether the United Nations was prepared to undertake specific action. The question of United Nations financing of development had reached a stage at which a substantive decision of policy was called for. For the stage of debating whether such action was feasible or whether development should rather be financed out of private capital had happily been passed and all were agreed that there was an urgent need to increase the flow of public capital to the under-developed countries. There were no longer any grounds for the objection that it was impossible to establish multilateral financing machinery, and the achievements of the Expanded Programme of Technical Assistance and the Special Fund had demolished the

argument that the United Nations was not the appropriate body to administer assistance programmes. Nor was it necessary to wait until savings had been achieved through disarmament measures, since the national economies of the industrial countries had been considerably strengthened in latter years.

31. Recently the membership of the United Nations had been increased by the admission of a number of newly independent countries, whose economic emancipation would be greatly facilitated by United Nations assistance. Moreover, the fact that political tensions were very often the result of the growing disparity between the highly and the less developed countries, called for a considerable increase in the economic activities of the United Nations.

32. Thus, operative paragraph 1 had been drafted in such a way as to meet the need for an unequivocal decision by the United Nations to undertake to finance the economic development of the under-developed countries. Operative paragraph 2 provided for the one essential preparatory measure, namely the preparation of the draft statutes by a committee of representatives of Member States. It was, moreover, so worded as to leave the proposed committee complete freedom of action.

33. The fact that the less developed countries were unanimous in requesting that their development should be financed through the United Nations should not be overlooked by the industrial countries. In fact, such action by the United Nations was an obligation for Member States under General Assembly resolution 724 (VIII). For not only was it unnecessary to await the completion of general disarmament before embarking upon such a course, it was essential to start immediately in the interests of peace itself. Surely countries which could afford to spend such vast sums on armaments were in a position to contribute to the financing of economic development. More important still was the question of the future role of the United Nations in international political and economic relations. There could be no better means of strengthening the United Nations than by establishing a United Nations capital development fund. Such a measure would help to improve political and economic relations among peoples and contribute to the economic emancipation of the under-developed countries. It would not only make it more difficult for the cold war to spread to the less developed countries but help to lessen existing tensions.

34. Mr. NASCIMENTO BRITO (Brazil) recalled that at the thirtieth session of the Economic and Social Council his delegation had drawn attention to the inadequacy of existing international credit organizations as far as non-commercial projects in the less developed countries were concerned. A shortage of funds, the commercial nature of their operations and various political considerations had restricted the usefulness of such bodies. Possibly the establishment of the International Development Association would benefit some countries but it was far from being an ideal solution, and the fact that IDA was affiliated to and administered by IBRD meant that it could not entirely fulfil the expectations of the less developed countries. That could be seen from the fact that various carefully argued reports by United Nations experts had been turned down whereas a number of unsuitable projects had, surprisingly, been approved. The Brazilian delegation accordingly saw no alternative to reviving the SUNFED

project, to whose abandonment a number of Member States had never been truly reconciled.

35. It was time that the economically advanced countries realized that what was at stake was not the funds which, in the past at least, they had been so reluctant to make available to international bodies, but the very political and social structures of their nations: for the world was at a turning point and if immediate and effective measures were not taken, the future of liberal and democratic institutions might be seriously endangered. Economically, the struggle was one for survival and not merely for a higher standard of living. Fortunately there seemed to have been a heartening change of mentality on the part of the more developed countries in recognizing the need to assist the less developed nations. Now that the psychological moment had come, the Brazilian delegation sincerely appealed

to the economically advanced countries to liberalize their views on SUNFED. Their fear that their markets might be adversely affected by the economic development of backward areas was surely groundless, since the eventual rise in the standard of living of heavily populated areas would undoubtedly create an unlimited market for the traditional industries of the West. There was therefore no need to postpone the establishment of a United Nations capital development fund. For their part, the under-developed nations had set aside racial and religious differences and had united in a common realization of the economic need for such a fund. Since the explosive growth of population would lead to chaos if energetic and prompt measures were not taken in the next decade, Brazil hoped that the draft resolution could be adopted unanimously.

The meeting rose at 1.10 p.m.