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**Chairman:** Mr. Bohdan LEWANDOWSKI  
(Poland).

## AGENDA ITEMS 33 AND 94

**Economic and social consequences of disarmament: report of the Secretary-General transmitting the study of the group of expert consultants appointed under General Assembly resolution 1516 (XV) (A/5199; A/5203, chap. II; A/C.2/L.647 and Add.1; E/3593/Rev.1, E/3593/Add.1-5) (continued)**

### **Economic programme for disarmament (A/C.2/L.646) (continued)**

1. Mr. RAJAONARIVONY (Madagascar) pointed out that many delegations had already described the vast resources which would be released by disarmament and which could be used for the economic and social development of the developing countries. It was therefore hardly surprising that the eight-Power draft resolution (A/C.2/L.647 and Add.1) expressed its appreciation for the study of the Consultative Group of experts (E/3593/Rev.1) and endorsed the unanimous conclusion of the experts that the achievement of complete and general disarmament under international control would be an unqualified blessing for all mankind.

2. While waiting for a carefully prepared programme for the peaceful utilization of the resources released

by disarmament to be put into effect, the world would be called upon to pass through a transition period which, if care was not taken, would not be without disturbance. The purpose of the eight-Power draft resolution was to make recommendations with a view to avoiding, as far as possible, such disturbances. The essence of the proposal was contained in operative paragraph 3, in which Member States were asked to devise measures in preparation for the economic and social adjustments that disarmament would entail.

3. In the adjustments which the Consultative Group of experts envisaged as falling essentially into three categories, the following action was proposed: first, the maintenance of world demand; secondly, the structural reconversion of installations presently producing for national defence; and thirdly, the avoidance of fluctuations in the demand for certain primary commodities that would be caused by disarmament. In his view, those three questions were allied. They were, in effect, three aspects of the same basic problem, namely, the need to raise, or to at least maintain, the level of revenue from exports of primary commodities on which the foreign trade of most developing countries was based.

4. After giving a brief account of the action required in each of the three fields, he re-emphasized the fact that the measures for which the eight-Power draft resolution called and for which planning should be undertaken at once, so far as that was possible, were merely transitional and were intended to avoid disturbances pending the application of the first measures aimed at the peaceful utilization of the resources released by disarmament. No one, he thought, would question the dynamic character of those adjustments. The eight-Power text, while recommending the preparation of plans for the future, did not neglect the present. In operative paragraph 5, it affirmed that, pending an agreement on complete and general disarmament, Member States should not relax their efforts to assist the developing countries.

5. Mr. MONTENEGRO (Nicaragua) said that Nicaragua, as a small country, would welcome a rapid and practical solution to the problem before the Committee. Indeed, there was a general desire in Latin America for general and complete disarmament. While it seemed premature to discuss the economic and social consequences of disarmament before disarmament was itself achieved, his delegation would state its opinion since the matter had now been on the Committee's agenda for some time. In the past, there might have been some justification for the arms race. But in the modern world, which was based upon the interdependence and equality of sovereign States, it was difficult to understand why the major Powers insisted on piling up weapons. If they were seeking to defend their interests or promote their ideologies by force, it was hypocritical to speak of peaceful co-

existence or democracy or to subscribe to the United Nations Charter.

6. The major Powers must show their sincerity by practical measures of disarmament so that a peaceful world could be established and so that the enormous sums now wasted on armaments could be spent on reducing poverty and economic backwardness throughout the world. At the same time, if the control of nuclear weapons were vested in the United Nations, the moral authority of the Organization would be considerably reinforced. His delegation supported the eight-Power draft resolution and hoped that general and complete disarmament would be achieved as soon as possible.

7. Mr. KANO (Nigeria) recalled his delegation's original view that discussions of the economic and social consequences of disarmament were academic. Nevertheless, it would participate in them on the understanding that there was no harm in indulging in dreams of a glorious future. The United States and Soviet Union representatives had already covered the broad aspects of the problem, while little could be added to the study of the Consultative Group of experts. His delegation, together with that of Pakistan, had submitted an amendment (A/C.2/L.680) to the eight-Power draft resolution. Its sole object was to place proper emphasis on the United Nations Development Decade. There seemed to be nothing positively objectionable about the Soviet Union draft declaration, followed by a draft resolution (A/C.2/L.646) and after further consideration, it might be possible for his delegation to support it.

8. Mr. KIBRIA (Pakistan) associated himself with the remarks made by the Nigerian representative and stressed that the purpose of their joint amendment was to achieve a balanced text and lay the proper emphasis on the development to the under-developed countries. He hoped the amendment would be unanimously supported.

9. Mr. KOCHUBEI (Ukrainian Soviet Socialist Republic) expressed gratification that the economic and social consequences of disarmament had now assumed an important place in the discussions of the Second Committee. Disarmament opened up world-wide perspectives of prosperity. All countries, whether socialist or capitalist, would gain if the arms race were stopped. More money could be devoted to economic development, particularly of the under-developed countries, and many more experts could be released from military work for employment in technical assistance. As the text proposed by the Soviet Union explained, the demand for raw materials would increase, making it easier to stabilize their prices. Ambitious projects could be completed in the under-developed countries of Asia, Africa and Latin America. As the Soviet Union representative had pointed out, if only a fifth of the resources spent for military purposes were used to promote economic development, \$20,000 million would become immediately available. The study of the Consultative Group of experts and the USSR proposal should convince those representatives who thought that disarmament might lead to an economic recession.

10. Some representatives had maintained that discussion of the economic and social consequences of disarmament was premature. That was not so. Admittedly, it was not easy, but the Committee must ensure that plans were made now to cope with the

problems that lay ahead once disarmament was achieved. To make such plans was of particular importance to the under-developed countries. The proposals contained in document A/C.2/L.646 represented a logical continuation of the work so far carried out. They were not abstract theories but comprehensive recommendations for practical action. They would not only influence the disarmament negotiations themselves but would also provide the under-developed countries with a guide for their own individual projects.

11. In his statement to the Committee (795th meeting), the Under-Secretary for Economic and Social Affairs had drawn attention to the report of the Consultative Group of experts and had pointed out that studies such as theirs helped to cleanse the atmosphere in which both economic and political decisions must be taken. Even the representative of Nigeria, who had felt that the discussion of the economic and social consequences of disarmament was premature, had raised no objection to further study of the matter. Such a study would be further enhanced by the consultations between the Secretary-General and the developing countries which the Soviet Union had recommended. He urged the Committee to adopt the USSR text as a contribution to both peace and progress.

12. Mr. TCHEDRE (Togo) said that the world was faced with a decision: it could either carry out general and complete disarmament, which would guarantee peace, or it could continue the arms race leading inevitably to thermo-nuclear war and the destruction of humanity. Reason should prevail and the incongruous policy of maintaining nuclear deterrents should be abandoned. The spirit of progress and the scientific achievements of mankind demonstrated that it could forge for itself a better future if the situation was not allowed to deteriorate beyond recall.

13. Disarmament would serve not only to prevent a cataclysm, but also to save the economy of the world. Disarmament alone could end the present deadlock between the world's two greatest Powers. The apparently increased willingness of the protagonists to negotiate disarmament gave grounds for optimism and even the remotest prospect of disarmament made consideration of its economic consequences imperative.

14. From time immemorial, man had been engaged in battle with the forces of nature—earthquakes, floods, drought, hunger and disease. He had, however, progressed to the point where many of the ills which beset him could be conquered. Medical advances alone had succeeded in wiping out many of the scourges of the past. The way to much greater successes would be opened if, through co-operative efforts, the vast resources released by disarmament could be directed towards peaceful development. The USSR delegation had suggested in its draft declaration that within twenty-five years, States might realize from disarmament a saving of \$3,000 thousand million. Expenditure of one tenth of that amount would enable humanity to make substantial headway in its attack on the destructive forces of nature, and the cost of three atom bombs alone would suffice to solve many of the problems besetting Togo and to enable it to make good use of its unexploited resources.

15. The aim of both drafts before the Committee was general and complete disarmament and he re-

gretted that certain delegations had voiced objections to particular points which they contained. In the interest of improving the conditions of mankind as a whole, he hoped for a unanimous solution.

## AGENDA ITEM 35

### Economic development of under-developed countries (A/5220) (continued):

#### (c) Industrial development and activities of the organs of the United Nations in the field of industrialization (A/C.2/L.649/Rev.2 and Add.1, E/3600/Rev.1, E/3656, E/3656/Add.1) (continued)

#### CONSIDERATION OF THE JOINT DRAFT RESOLUTION (A/C.2/L.649/REV.2 AND ADD.1) (concluded)

16. Mr. YAKER (Algeria), speaking on behalf of the sponsors of the draft resolution (A/C.2/L.649/Rev.2 and Add.1), said that general agreement had been reached between them and the sponsors of amendments. The second United States amendment (A/C.2/L.679) had been accepted by the sponsors; the proposed wording should be added at the end of the operative paragraph of section II, which would then read as follows: "... of world trade and, to that end, suggests that the Committee for Industrial Development be kept informed of the activities of international bodies concerned with trade". That amendment had been accepted on the understanding that the original part of the operative paragraph would still have full effect. Agreement had been reached with the sponsors of amendment A/C.2/L.673/Rev.1 that paragraph 1 (a) of section I should read as follows:

"(a) Whether it is advisable to deal with problems of industrial development, natural resources, energy and possibly other related fields within the framework of one organizational structure."

He hoped that the draft resolution, as amended, would be supported by all members of the Committee.

17. Mr. VIAUD (France) said that his delegation based its position on Economic and Social Council resolution 873 (XXXIII) which provided for the appointment of an advisory committee of experts to consider, *inter alia*, the advisability of establishing a specialized agency for industrial development or of strengthening or modifying the existing organizational structure in that field. It still considered that the Council's decision was the best one. The Advisory Committee should concentrate on strengthening the existing organizational structure rather than on changes in that structure.

18. Mr. EL BANNA (United Arab Republic) withdrew his delegation's sub-amendment (A/C.2/L.678) in view of the agreement reached on a text for paragraph 1 (a) of section I. Appreciating the great importance of industrialization in the development of the under-developed countries, his delegation would vote in favour of the draft resolution as amended. Industrialization would lead to a more equitable distribution of wealth and income throughout the world. Co-ordination of industrial activities was necessary in view of the number of bodies concerned therewith. The Committee for Industrial Development, in its studies of the relationship between industrialization and trade, should respect the sovereign right of the developing nations to draw up their industrialization programmes along the lines they deemed appropri-

ate. The primary aim of that Committee should be to adapt the world's trade structure to the special needs of the developing countries so as to enable them to carry out their industrialization programmes.

19. Mr. FINGER (United States of America) thanked the sponsors of the draft resolution for accepting his delegation's amendments. The new text of paragraph 2 (a) of section I was an improvement and his delegation was prepared to vote in favour of the draft resolution as amended.

20. The CHAIRMAN invited the Committee to vote on the draft resolution (A/C.2/L.649/Rev.2 and Add.1), as amended.

*The draft resolution, as amended, was adopted unanimously.*

21. Mr. UNWIN (United Kingdom) said that his delegation was pleased with the Committee's decision. It had voted in favour because the text had the merit of allowing the Advisory Committee freedom of action. When the Economic and Social Council received the Advisory Committee's recommendations, it would have the responsibility of deciding what, if any, administrative changes were necessary in order to make the work of the Committee for Industrial Development more effective.

## AGENDA ITEM 39

### Permanent sovereignty over natural resources (A/4905, A/5060, A/5225, A/AC.97/5/Rev.2, A/C.2/L.654 and Corr.1, E/3511, E/L.914, E/L.915, E/L.918, E/L.919, E/SR.1177-1179, E/SR.1181) (continued)

#### CONSIDERATION OF THE DRAFT RESOLUTION OF THE COMMISSION ON PERMANENT SOVEREIGNTY OVER NATURAL RESOURCES (A/C.2/L.654 AND CORR.1) (continued)\*

22. Mr. EASTMAN (Liberia) appreciated the work done by the Commission on Permanent Sovereignty over Natural Resources pursuant to General Assembly resolution 1314 (XIII). He recalled the statement made by his delegation before the Committee (804th meeting) when reference had been made to the need for an objective approach to the question of sovereignty over natural resources. The nature of the question made it necessary to take into account both abstract legal principles and practical considerations.

23. His Government believed that a State did not surrender its sovereignty if, for the purposes of its development, it decided to use external capital investments. Restrictions upon the liberty of a State, whether arising out of ordinary or contractual law, did not affect its sovereignty, provided it had itself agreed to the restrictions and that those did not place it under the legal authority of another State. Liberia had concluded a number of agreements with foreign parties for the development and disposal of some of its natural resources, and those agreements had proved mutually satisfactory.

24. The developing countries should adopt a realistic attitude and appreciate the fact that their internal development was necessarily a matter of concern both to themselves and to the developed countries. Both had a responsibility to ensure that the rights of both categories of nations were protected. They should

\*Resumed from the 842nd meeting.

co-operate honestly and equitably for their mutual benefit. That was precisely the objective of the draft resolution under study (A/C.2/L.654 and Corr.1), concerning which his delegation fully shared the views expressed by the Philippine representative at the 842nd meeting.

25. His delegation was disturbed, however, by the possibility that certain sovereign States might seek to benefit from the natural resources of non-sovereign territories which they administered under the trusteeship system. Agreements, into which such territories might not have entered freely, had been concluded providing for the export of their natural resources. A further difficulty might arise in the case of areas, such as islands, which might have to become a part of some larger unit in order to attain independence and the resources of which might be exploited without much concern for the desires of the indigenous population. However, those situations had legal and trusteeship aspects which were not the direct concern of the Committee.

26. One case which had a truly economic aspect was the Trust Territory of Nauru, the sole natural resource of which—phosphate—would soon be exhausted. The Trusteeship Council had recommended resettlement of the population. The principle of equity would seem not to have been observed if, after the complete liquidation of their natural resources, the people of that territory were unable to invest the income derived from the phosphate in self-generating enterprises and therefore had to seek a new life elsewhere. His delegation wished the Trusteeship Council success in its efforts to bring happiness to an exploited people and regretted that the terms of reference of the Commission on Permanent Sovereignty over Natural Resources had not been made broad enough to enable it to declare illegal such treatment of a people's natural resources.

27. It was unlikely that the draft resolution could be adopted as it stood in view of the number of amendments that had been submitted. Those amendments were, however, most useful and he hoped that they could, in a spirit of conciliation, be incorporated in the draft resolution, which it might then be possible to adopt unanimously. The third Soviet Union amendment (A/C.2/L.670) was a useful contribution, but that country's amendments to the operative part of the draft would alter the fundamental idea of the Commission's text. Similarly, many of the United Kingdom amendments (A/C.2/L.669) were useful. In particular, its third amendment was entirely satisfactory, particularly for States desiring private foreign investment. His delegation could also support the fourth amendment and found no difference of substance between the fifth amendment and paragraph 2 of the draft resolution. The same was true of the sixth amendment but his delegation preferred the words used in the draft. With regard to the seventh amendment, it was an established principle of international law that agreements freely entered into should be faithfully respected and there was therefore no need for specific mention of that fact. The first United States amendment (A/C.2/L.668) also used those words but contained other clauses which his delegation was unable to support. He hoped that the United Kingdom delegation would not press its fifth, seventh, eighth and ninth amendments. His delegation would also be unable to support the Afghan amendment (A/C.2/L.655) because it implied that

there might be some hesitancy in paying compensation to foreign interests in the event of nationalization, which was foreign to both the spirit and the intent of the original draft.

28. Mr. KANO (Nigeria) observed that the title of General Assembly resolution 1314 (XIII), which had established the Commission on Permanent Sovereignty over Natural Resources, namely, "Recommendations concerning international respect for the right of peoples and nations to self-determination", was significant and that it was of the utmost importance that the Committee should not discuss the subject out of its original context. Since its work had considerable political implications, the Commission had been set up in such a way as to reflect all shades of political and social opinions.

29. It might also be useful to recall that the draft covenants which the Commission on Human Rights had completed<sup>1/</sup> included provisions on the permanent sovereignty of nations over their natural resources. The current discussion should therefore aim at determining to what extent States were enjoying that essential element of sovereignty. The emphasis placed on recommendations in General Assembly resolution 1314 (XIII) gave adequate recognition to State sovereignty. That was why the Commission on Permanent Sovereignty over Natural Resources had called for background information with a view to recommending, if necessary, what action States might take either individually or bilaterally. The wording of resolution 1314 (XIII) also gave tacit recognition to the fact that the primary consideration should be the benefit of the under-developed countries where the resources were situated.

30. Thus, arguments concerning whether national sovereignty could be curtailed were, in his delegation's opinion, of purely academic interest in connexion with the item under discussion. The Commission on Permanent Sovereignty over Natural Resources had been instructed to place emphasis on the less developed areas and on the exploitation of natural resources by foreign nations and enterprises, taking into account regional international organizations as well as bilateral and multilateral agreements concerning the exploitation of natural resources. The Commission's intention had therefore been to safeguard the interests of those areas by drawing attention to inequities arising from the fact that the under-developed countries were in a peculiarly weak position in their negotiations with the capital-exporting countries and hence to protect the interests of the weaker States vis-à-vis the stronger. The Commission had reached balanced and constructive decisions. It had quite properly recognized the obligations as well as the rights of the under-developed countries.

31. The development of natural resources should be regarded as a joint venture in which both the interests of the investors, whether private or public, and those of the recipient countries must be adequately safeguarded. His Government had based its policy on that principle even though it was aware, first of all, that all sovereign States were entitled to unconditional ownership of their natural resources; secondly, that the right to alter or abolish existing agreements regarding the development of their natural resources—in other words, the right of nationalization—was inherent in the very concept of sovereignty; and,

<sup>1/</sup> See A/C.3/L.978.

thirdly, that the exercise of that sovereign right was not open to question provided that it was consistent with the accepted principles of equity and international conduct. On the other hand, it was also aware that private capital constituted a substantial part of the funds needed by the under-developed countries and that it was necessary to encourage and even accelerate the flow of such capital. As a consequence, his Government also recognized, as a matter of principle, that adequate compensation should be paid in the event of nationalization, expropriation or requisitioning.

32. Although the subject before the Committee was of considerable complexity, as was evidenced by the number of amendments submitted to the draft resolution, his delegation supported the Netherlands representative's suggestion that the Committee should adopt the draft resolution as it stood or with minor changes in wording, because that draft gave a well-balanced presentation of a complex issue.

33. In connexion with the Ghanaian representative's view that the matter should be referred to the International Law Commission, he noted that, in accordance with the last paragraph of the draft resolution, the International Law Commission would in any case consider the matter and transmit it to the General Assembly.

34. The various points raised in the United States and United Kingdom amendments were adequately covered in the draft resolution. The United States amendment placed undue emphasis on "agreements freely entered into"; in point of fact, the majority of such agreements were like agreements between a lion and a rabbit; and it was a universally accepted principle that agreements concluded under duress should be regarded as invalid, a point which was recognized in the second Soviet Union amendment. He hoped that the United States, Soviet Union and the United Kingdom representatives would follow the example of the Afghan representative and withdraw their amendments.

*Mr. Allana (Pakistan), Vice-Chairman, took the Chair.*

35. Mr. NAHAPPAN (Federation of Malaya) said that he was prepared to support the draft resolution as it stood because it was a clear expression of all the essential findings of the Commission on Permanent Sovereignty over Natural Resources. The moderate and sober tone of the draft should make it possible for it to be adopted unanimously. Much of the debate had revolved around paragraph 4 of the draft resolution, dealing with nationalization and, while his delegation appreciated the good intentions of delegations which wished to make that paragraph more effective, it thought they had failed to adduce sufficiently convincing reasons for their amendments since the original paragraph was clear and its provisions were consistent with the principles of compensation and of permanent sovereignty over natural resources. What was of more importance, however, was the attitude adopted, for, in the final analysis, the effect of the draft resolution would depend on mutual trust, a sense of fair play and a willingness to fulfil agreements.

36. His country had embodied the principle of compensation in article 30 of its Constitution and made no distinction between locally owned and foreign-owned property. It had also taken legislative and

executive measures to ensure fair and equitable treatment to all investors and had entered into bilateral arrangements to provide additional assurance against risks in certain circumstances. As a result of that policy, much foreign capital had flowed into his country within a short time. His Government intended to do its utmost to promote that favourable climate for investment.

37. The draft resolution submitted by the Commission was in the main consistent with the Malayan Government's policy and, since the draft had a definite bearing on the prevailing and prospective climate for investment, it might be well to begin with a maximum degree of goodwill by adopting it unanimously.

38. Mr. FERNANDINI (Peru) considered that the draft resolution was one of the most important that had ever come before the Committee and he fully supported it. Its special merit was that it met the positions of both the capital-exporting countries and the countries that were defending their right of sovereignty over their natural resources. For the developing countries, the recognition of their rights was of basic importance; for the capital-exporting countries, what was important was respect for their investments and the assurance that due compensation would be provided in the event of nationalization.

39. In view of the developing countries' need for capital, foreign investments would be encouraged, although they must not be allowed to impair the sovereignty of the State. In Peru, for example, foreign investors had the same right as domestic investors. The right to compensation was a simple matter of justice. The State must exercise its sovereignty in accordance with international law. The possibility of settling a litigation by voluntary arbitration or international adjudication did not by any means signify that there would be obligatory jurisdiction, since compulsory jurisdiction was incompatible with State sovereignty.

40. The Afghan amendment added nothing to the provisions dealing with compensation in the draft resolution. He therefore welcomed the Afghan representative's willingness to withdraw the amendment, because it was in the interest of the developing countries that the draft resolution should have the affirmative votes of the capital-exporting countries, thus constituting recognition of their sovereign rights over their natural resources. He therefore appealed to the developing countries not to jeopardize a text which had been very carefully worked out.

41. The Soviet Union amendments would destroy the balance reached in the draft since they reflected only the point of view of the countries owning raw materials. If the Committee accepted them, the draft would be opposed by the industrialized countries. Since it was clear that foreign capital was useful for economic development, he hoped that the Soviet Union would support the developing countries by withdrawing its amendments.

42. The United States amendments did not alter the spirit of the draft resolution. The second sentence of the first amendment, however, implied that States would not faithfully observe the agreements they had freely entered into, and it was therefore unacceptable. In any event, agreements which had not been freely entered into were null and void under international law. The last phrase of the same amendment

implied that international jurisdiction would operate from the moment the investment was made. It might be acceptable, however, if it were put in the present tense. The third amendment also expressed an unnecessary doubt. He therefore hoped that the United States representative would withdraw his amendments and support the compromise text.

43. The United Kingdom amendments as a whole added nothing vital and might upset the balance which had been reached in the original draft. The principles of the draft were affected only by the seventh amendment, which also admitted the possibility of agreements not freely arrived at, which would in any case be null and void. The fifth amendment was of a technical nature and an improvement, at least in its Spanish version. Since the fourth, fifth and ninth amendments would not affect the purpose of the draft resolution if they were adopted, they would not pre-

vent his delegation from voting in favour of the draft resolution as a whole. The ninth amendment was similar to the first United States amendment, but his delegation still preferred the original text of operative paragraph 4.

44. Some representatives had requested that the matter should be referred to the International Law Commission, but that point was already covered in the final operative paragraph. In that connexion, he endorsed the observations of the Philippine representative.

45. Somewhat unusually, extreme positions were reflected in the amendments and a happy medium in the original draft. His delegation would vote in favour of the draft resolution because it considered it a happy combination of ideals and interests.

The meeting rose at 1.5 p.m.