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Chairman : Prince WAN WAITHAYAKON (Thailand).

Economic development of under-developed countries : report of the Economic and Social Council (chapter III) (A/1884¹ and A/1924) (continued)

(d) General aspects of economic development (A/C.2/L.81 and Corr.1, A/C.2/L.127/Rev.1 and A/C.2/L.128) (concluded)

[Item 26] *

DRAFT RESOLUTION SUBMITTED BY POLAND (A/C.2/L.81 and Corr.1) (concluded)

1. Mr. NARIELWALA (India) thanked those delegations who had collaborated in the previous day's informal discussion from which had emerged a consolidated joint amendment co-sponsored by Chile, Denmark, Egypt, France, Greece, India, Indonesia, the United Kingdom and the United States of America (A/C.2/L.128)² to the Polish draft resolution (A/C.2/L.81 and Corr.1). In that discussion, all reference to political considerations had been eschewed. The joint amendment now moved did not basically alter any of the ideas contained in document A/C.2/L.124 and Corr.1 and 2, but some verbal changes had been introduced in order to bring out those ideas more fully and to clarify the doubts expressed by the United States representative. Paragraph 2 in the new joint amendments had been somewhat amplified in deference to the wishes of the Chilean representative and all semblance of political considerations had been removed from the beginning of the paragraph by the deletion of any reference to rearmament or defence needs.

¹ See *Official Records of the General Assembly, Sixth Session, Supplement No. 3.*

* Indicates the item number on the General Assembly agenda.

² Document A/C.2/L.127/Rev.1 replaced documents A/C.2/L.127 and Add.1 submitted since the previous meeting.

Verbal changes had been made in paragraphs 3 and 4, paragraph 5 (a) had been amplified by a reference to Economic and Social Council resolution 367 A (XIII) and paragraph 8, which had originally appeared in the United States amendments (A/C.2/L.120), had been added.

2. He regretted that it had not been found possible to accept the amendment proposed by Denmark, Iceland, Norway and Sweden (A/C.2/L.127/Rev.1)², the reason being that it was not fully in keeping with the draft resolution. He hoped that the Polish representative would accept the amendments proposed jointly by the nine Powers and that the Committee would unanimously adopt the draft resolution as amended. Finally, he expressed his appreciation of the help given by Mr. Weintraub during the informal discussion on the previous day.

3. Mr. STADNIK (Ukrainian Soviet Socialist Republic), speaking on a point of order, said that his delegation was unable to participate in the discussion as it had not yet received a copy of the Russian text of the joint amendments (A/C.2/L.128).

4. The CHAIRMAN indicated that the Russian and Spanish texts of the amendments would be distributed very shortly.

5. Mrs. WRIGHT (Denmark) said that the joint amendment submitted by the delegations of Denmark, Iceland, Norway and Sweden (A/C.2/L.127/Rev.1) was still before the Committee, but that if it appeared from the discussion that the amendment would give rise to dissension, its sponsors would consider withdrawing it.

6. Mr. ORMSBY GORE (United Kingdom) considered the revised draft of the amendments (A/C.2/L.128) to be a distinct improvement on the original; it avoided, so far as possible, propaganda considerations. Although the Polish representative had expressed the wish that political considerations should not be introduced, that

did not appear to have been completely the case in his draft resolution. The amendments to that draft resolution, on the other hand, while they made no attempt to hide the difficulties caused by the existing political tension, did not specifically refer thereto. The draft resolution as amended would certainly prove helpful in existing circumstances although he hoped those circumstances would soon show a radical improvement.

7. Long-term trade agreements were merely one aspect of the machinery of international trade, and nations ought not to be restricted to one specific form of action for the achievement of the aims of the resolution; he therefore felt that the broader terms of paragraph 5 of the joint amendments placed the matter in better perspective. He hoped that the draft resolution as amended would be approved.

8. Mr. BETETA (Mexico) proposed the addition to paragraph 5 (b) of the joint amendments of the words "or otherwise" after the words "facilitating through commercial agreements". While his delegation did not wish to press that amendment, it felt that it would give the draft resolution greater scope and flexibility.

9. In answer to a question from Mr. KATZ-SUCHY (Poland), Mr. BETETA (Mexico) explained that although commercial agreements were of great value, they were not the only method which might be adopted to promote the achievement of the aims expressed in sub-paragraphs (i) and (ii) of paragraph 5 (b). The possibility should be considered of, for example, invisible exports, such as the tourist trade, or other services which could be rendered without entering into commercial agreements.

10. Mr. SANTA CRUZ (Chile) stated that both the United States representative and he himself the previous day had considered the addition of the words "or otherwise". They had, however, finally decided against it following the change of the title of the document to read "commercial agreements" instead of "trade agreements". While trade agreements were generally understood to be bilateral, the term "commercial agreements" was much broader and might cover either bilateral or multilateral agreements. Moreover, the adoption of paragraphs 6 and 7 of the Nine Powers joint amendments would give scope for and encourage unilateral action by governments to facilitate the attainment of the aims mentioned in sub-paragraphs (i) and (ii) of paragraph 5 (b). It had therefore been felt that the text was sufficiently broad without the addition of the words "or otherwise".

11. ABDEL RAZEK Bey (Egypt) further pointed out that the Mexican representative's reference to invisible exports was covered by the words "goods and services" in paragraph 4 of the joint amendments.

12. Mr. BETETA (Mexico) withdrew his oral amendment, in view of the Chilean and Egyptian representatives' explanations.

13. Mr. LUBIN (United States of America) thanked the Mexican representative for withdrawing his amendment. The point had been thoroughly discussed the previous day and his delegation had agreed not to insert those words although the United States Government on general grounds favoured multilateral rather than bilateral agreements and felt that the draft resolution should be as broad as possible. But, as the Chilean

representative had pointed out, Council resolution 341 A (XII) and 367 A (XIII) contained provision for the use of the broadest and most comprehensive methods of making machinery, equipment and industrial raw materials available to under-developed countries and, since a reference to those resolutions was embodied in paragraph 5 (a), it had been agreed not to insist on the inclusion of the words "or otherwise" in paragraph 5 (b).

14. Mr. KATZ-SUCHY (Poland) expressed appreciation of the work of those delegations who had taken part in the working group's meeting the previous day. In submitting its original draft resolution (A/C.2/L.81 and Corr.1) his delegation's aim had been to emerge from the sphere of theoretical considerations into that of concrete action. In view of current fluctuations on world markets and of difficulties in the supply of capital equipment, his delegation regarded the preparation and conclusion of long-term trade agreements as constituting one of the basic practical steps which could be taken by under-developed countries for the development of their economies. He had not intended to imply that such agreements were the only solution to those countries' difficulties, and he was always open to suggestions for improvement.

15. His delegation had carefully studied the proposals submitted to the working group. Although it considered that the form his delegation had originally suggested was more precise, practical and applicable, it was prepared to agree with many of the points in document A/C.2/L.128. There were, however, some omissions in that document, which, moreover, contained a few points that were not acceptable. His delegation felt that the attempt to remove from the draft amendments any reference to controversial political questions had not been wholly successful in view of the reference to Council resolution 367 A (XIII). Those who had attended the Council's thirteenth session would remember that the inclusion in that resolution of the reference to "overriding needs of defence" had caused considerable discussion and had been opposed by many delegations. His delegation felt that in a resolution which attempted to recommend a practical solution, such a reference could not but be harmful. None of the content of the resolution would be lost if that reference were omitted because all the useful features of resolution 367 A (XIII) were covered by the reference to resolution 341 A (XII), and by the resolution under discussion. He therefore proposed the deletion in paragraph 5 (a) of document A/C.2/L.128 of the words "and in paragraphs 2 and 3 of resolution 367 A (XIII)" and in paragraph 8 of the words "and under Council resolutions 341 A (XII) and 367 A (XIII)".

16. In using the terms "trade agreements" his delegation had had no intention of advocating bilateralism in preference to multilateralism; it had not defined the nature of such agreements but had left it to governments to decide that point. Moreover, his delegation understood the term "trade agreements" to mean much more than the mere exchange of concrete goods and to cover agreements regarding services, financial agreements and others. He was therefore glad that the Mexican representative had withdrawn his amendment.

17. He considered that the joint amendment submitted by Denmark, Iceland, Norway and Sweden (A/C.2/L.127/Rev.1) interpreted the view his own delegation

frequently expressed that some of the difficulties encountered by under-developed countries were due to inequalities in the distribution of their national income and to the fact that a large part of the national income was used for purposes not directly conducive to economic development. His delegation would therefore be glad to accept that amendment or to vote for it, if put to the vote.

18. He also felt that the new joint amendments omitted an important consideration with regard to inflation. He therefore urged the Committee to include, after paragraph 5 of the joint amendments, paragraph 6 of the original Polish draft resolution (A/C.2/L.81 and Corr.1). In deference to the views expressed by the United Kingdom and Indian representatives, he would be prepared to amend that paragraph of his delegation's draft resolution by omitting the words "against the harmful effects of the rearmament race, on the economies of their countries including measures", and inserting the word "would" after the word "which".

19. Subject to those reservations his delegation supported the joint amendments and hoped that the Committee would be able to agree on the adoption of a concrete and practical resolution.

20. U KYIN (Burma) noted that the only achievement claimed by the co-sponsors of the joint amendments had been the exclusion of any reference which might give rise to political controversy. In his delegation's view, it seemed neither desirable nor possible to separate political from economic considerations. Indeed, the fact that the shortage of primary commodities had arisen out of the rearmaments race was stated in paragraph 193 of the Economic and Social Council's report. Moreover, the joint amendments included political considerations insofar as they contained specific reference to Economic and Social Council resolutions 341 A (XII) and 367 A (XIII) which mentioned the "maintenance of international peace and security" and the "overriding needs of defence". The Committee had, at the present session, already adopted resolutions referring to both economic and political considerations, in connexion, for instance, with the financing of the economic development of under-developed countries; to seek to separate those considerations would be as difficult as separating cause and effect.

21. His delegation would, however, associate itself in general with the joint amendments of the nine Powers, although it reserved the right to decide on the appropriate duration of long-term agreements. He supported the political considerations contained in the Polish draft resolution.

22. Mr. SANTA CRUZ (Chile) thought it incorrect to say that the co-sponsors of the joint amendments had attempted to separate cause and effect; rather had they attempted to find remedies for the effects, while refraining from enumerating the causes, since to do so would inevitably give rise to controversy.

23. The reasons for his delegation's proposal to include in the draft resolution the reference to Economic and Social Council resolutions 341 A (XII) and 367 A (XIII) were the following: his delegation had been the original sponsor of resolution 367 A (XIII) which was a logical consequence of resolution 341 A (XII), but it contained the additional recommendation that supply difficulties due to defence needs should not interfere

with the development plans of under-developed countries. His delegation had had no intention of introducing a political element into the joint amendments and, consequently, for the sake of general agreement, he would be prepared to delete the mention of resolution 367 A (XIII)—provided the other under-developed countries concurred—on the understanding that the Polish delegation would become a co-sponsor of the draft resolution as amended by his and the other delegations responsible for the joint amendments and would not press for inclusion of paragraph 6 of its draft resolution.

24. His delegation was opposed to the inclusion of the joint amendment submitted by Denmark, Iceland, Norway and Sweden (A/C.2/L.127/Rev.1) since the problem was already being studied in pursuance to Economic and Social Council resolution 369 (XIII) and reference to the distribution of national incomes was irrelevant in the present draft resolution.

25. Mr. PARKINSON (Canada) considered that the joint amendments, which omitted the majority of the political expressions contained in the Polish draft resolution, offered possibilities for general agreement.

26. In his view, the Polish draft resolution placed undue emphasis on the long-term nature of trade agreements. His delegation considered that to be a highly impracticable method for fostering the expansion of trade between the developed and the under-developed countries since it would necessarily involve the negotiation of hundreds of bilateral agreements which would make equity virtually impossible. Long-term trade agreements were, in fact, only desirable for countries with state monopolies compelled to trade in that manner and, consequently, should only be envisaged between those countries and the under-developed countries for their respective needs.

27. The question of meeting critical shortages which retarded economic development had already been considered by the United Nations. One of the solutions to that problem lay in the attention paid by the industrialized countries to the equipment needs of the under-developed countries. His Government had made administrative arrangements to that end and, though Canada played a relatively small part in supplying under-developed countries with equipment, its efforts had proved successful, as the representatives of India and Pakistan could testify.

28. The joint amendments of the nine Powers were, he thought, ill-balanced in that they seemed to suggest, particularly in paragraphs 2 and 5 (b), that the increase in the demand for raw materials presented only disadvantages for the under-developed countries and that the industrialized countries were oblivious to the needs of the under-developed countries. However, in the hope that a compromise might be reached, his delegation was prepared to support those joint amendments. He would also accept the Polish proposal to delete the reference to Economic and Social Council resolution 367 A (XII) in document A/C.2/L.128.

29. Mr. NARIELWALA (India), speaking on behalf of the Egyptian and Indonesian delegations as well as his own, said that, for the sake of unanimity, they would agree to the deletion of the reference to resolution 367 A (XIII) as desired by the Polish representative, but could not agree to the deletion of the reference to resolution 341 A (XII) in the paragraph 8 of the joint amendments.

30. Although paragraph 6 of the Polish draft resolution appeared to him to be superfluous since it merely re-emphasized the proviso to paragraph 5 (b) (ii) of the joint amendments, his delegation together with the Egyptian and Indonesian delegations, would not be opposed to its inclusion in the joint amendments if the Polish representative pressed his request.

31. The joint amendment submitted by the delegations of Denmark, Iceland, Norway and Sweden (A/C.2/L.127/Rev.1) did not appear to be relevant in the body on the draft resolution at present under consideration.

32. Mr. LUBIN (United States of America) said that, for the sake of unanimity, his delegation was also prepared to omit the reference to resolution 367 A (XIII) from the joint amendments on the understanding that, if that were done, the joint amendments would have the support of the Polish delegation. His delegation could not however agree to delete the reference to resolution 341 A (XII) in paragraph 8 of the joint amendments; nor could it accept the inclusion of paragraph 6 of the Polish draft resolution, even in its revised form.

33. Mr. KATZ-SUCHY (Poland) stated that his proposal to delete the reference to resolution 341 A (XII), as well as that to resolution 367 A (XIII) in paragraph 8 of the joint amendments, had been made with a view to avoiding repetition, since it seemed to him that mention of the former resolution was superfluous in view of paragraphs 5 (a) and 6 of the joint amendments. He had however no strong views on the deletion of the reference to resolution 341 A (XII) in paragraph 8.

34. The CHAIRMAN noted that the sponsors of the joint amendments had agreed to the deletion proposed by the Polish representative in paragraph 5 (a) with the consequential amendment to the footnote, and had also agreed to amend the end of paragraph 8 to read "and under Council resolution 341 A (XII)".

35. Mrs. WRIGHT (Denmark) said that her delegation was prepared to withdraw its amendment (A/C.2/L.127/Rev.1) if by so doing it could assist in achieving the unanimous adoption of the joint amendments and provided the co-sponsors of its amendment agreed. Her delegation had co-sponsored that amendment in the belief resulting from the experience of its own country that a more even distribution of national incomes was indispensable to a fuller utilization of national resources and would facilitate a fuller participation of the countries concerned in international trade, which constituted one of the most important means of combating fluctuations on the world markets. That surely called for a study of those methods in the under-developed countries which were particularly vulnerable to fluctuations.

36. Mr. BLUSZTAJN (Poland) did not think that paragraph 6 of the Polish draft resolution could be said to raise any controversial issues, since the principle of the need for such a policy had already been established, although no specific resolution had hitherto been adopted in that connexion. His delegation believed therefore that the addition of such a paragraph was in keeping with the spirit of the resolution as a whole and would add considerably to its content. He would welcome the views of other members before his delegation decided finally whether or not to maintain its amendment for its inclusion.

37. Mr. NARIELWALA (India) said that the suggestion contained in paragraph 6 of the Polish draft resolution

presented no new element in so far as the under-developed countries were concerned and that the point was covered in paragraph 5 (b) (ii) of the joint amendments (A/C.2/L.128). India, which had had bitter experience of dumping, had exercised its right as a sovereign State and had taken steps to protect its industry by establishing a permanent commission in 1923 to study the status of industry and to save it from ruinous foreign competition. Other under-developed countries had no doubt done likewise. He therefore urged the Polish representative not to press the point.

38. ABDEL RAZEK Bey (Egypt) recalled that he had suggested to the Indonesian and Indian representatives that paragraph 6 of the Polish draft resolution should not be included in the joint amendments of which they were co-sponsors, because that paragraph gave the impression that the governments of under-developed countries were being criticized for neglecting to implement their fundamental duty of encouraging their national industry and agriculture, utilizing their natural resources, and protecting themselves against harmful foreign competition. Furthermore, paragraph 6 condemned ruinous foreign competition but said nothing of illicit competition which equally merited condemnation.

39. Mr. SANTA CRUZ (Chile), on a point of order, explained that his suggestion that the reference to resolution 367 A (XIII) should be withdrawn was conditional not only on the withdrawal of paragraph 6 of the Polish draft resolution but also on the Polish representative's support of the new joint amendments and on there being a single text.

40. Mr. KATZ-SUCHY (Poland) assured the Egyptian representative that paragraph 6 of the original Polish text was certainly not intended as criticism of the aims and practices of the under-developed countries; it was meant to assure those countries of the support of the United Nations in their efforts to protect their national industries. He pointed out that paragraph 6 referred to the "harmful" effects of foreign competition.

41. In view, however, of the position adopted by the Indian and Egyptian representatives, in particular, he was prepared, though reluctantly, to withdraw his paragraph 6. His delegation would accept the amendments of the working group subject to its own interpretation of certain clauses. The final text would thus be regarded as a draft resolution submitted by Poland and amended by various other countries.

42. The CHAIRMAN announced that the Danish, Icelandic, Norwegian and Swedish delegations had agreed to withdraw their joint amendment (A/C.2/L.127/Rev.1).

43. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) stated that the original Polish text would have been more acceptable to his delegation as it interpreted the true interests of the under-developed countries. There was no doubt that as a result of the armaments race and strategic stock-piling initiated by certain countries, the under-developed countries were under a serious handicap in securing the capital goods and other equipment necessary for their economic development. The Polish text had been based on actual facts and did not refer to political considerations nor to the causes of the armaments race. He could not therefore agree with the United Kingdom representative who had

asserted that certain political motives and considerations were to be found in the Polish draft resolution.

44. The amendments submitted and accepted retained the basic elements of the original proposal, although those basic elements had been somewhat attenuated thereby. The Indian representative had remarked that the subject matter of paragraph 6 of the Polish draft resolution was covered by the last part of paragraph 5 (b) of the joint amendments stating that commercial agreements should not contain economic or political conditions violating the sovereign rights of the under-developed countries; including the right to determine their own plans for economic development, and that paragraph 6 introduced no new element. But neither was there anything new in stating that the sovereign rights of the under-developed countries included "the right to determine their own plans for economic development". There was just as much justification for retaining a phrase such as "including measures which would assist the development of national industry... against ruinous foreign competition". It was a historical fact that protection of that kind was necessary... The United States itself was a land with classically high protective tariffs in current times and not only during the period of its economic development. It was not therefore logical to prevent the under-developed countries from adopting similar protective measures.

45. On his return to the United States after participating in the drafting of the Act of Chapultepec between the American States, in 1945, the late Lawrence Duggan, a senior official of the State Department, had openly declared that the tariff provisions agreed to were more favourable to the United States than to the other signatories.

46. Attempts had been made to create the impression that the United States was intent on supplying the under-developed countries with the goods which they required. In that connexion it was interesting to look at past experience. In 1938 Mexico had exercised a sovereign right and nationalized its oil industry. The United States had then adopted every possible measure to undetermine the newly nationalized industry by withholding from Mexico supplies of much needed oil machinery and equipment. Only after protracted negotiations had Mexico been able to secure a trifling amount of equipment for its oil industry at prices 15 to 20 per cent higher than for other countries. Venezuela, on the other hand, had obtained ten times more equipment. That was a concrete example of how under-developed countries, especially those with nationalized industries, were being supplied with the goods they required.

47. That policy of withholding goods and equipment was disguised by references to defence needs. Mr. Acheson had stated in March 1947, with reference to the Inter-American Treaty of Reciprocal Assistance, that the United States would encourage the other American

republics to spend more on armaments, which would weaken their economic and political position. He had added that the contributions of the Latin American republics to the armaments programme would impede their industrialization and transport plans and even their capacity to supply the United States with arms. The policy of the United States was therefore intended to ensure a privileged and dominating position in the world market for American monopolies in respect of manufactured goods.

48. Although the original Polish text was more satisfactory to his delegation, the amendments, which had been accepted, retained the essential provisions of the original and he would support the draft resolution as amended.

49. Mr. LUBIN (United States of America) said that the argument put forward by the USSR representative, an argument which had been presented many times in the past and which would undoubtedly be quoted many times again in the future, was that in helping any country, the United States was obtaining military intelligence; if the United States failed to help any country, it was not sympathetic to its needs or to the principles of the United Nations; if the United States aided the Latin American countries, it was forcing its products on those countries to gain economic control; if the United States refrained from helping such countries, it was trying to restrict their development. He was confident that the delegations present would know how to distinguish the truth of the situation.

50. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) observed that the United States representative had avoided dealing with facts. He quoted textually the statements to which he had referred in his previous remarks. He was sure that delegations would be able to draw the right conclusions.

51. The CHAIRMAN pointed out that the word "have" in paragraph 2 of the joint text should be amended to read "has" in the four instances where it occurred. He also suggested that in the same paragraph the words "been accompanied by" should be inserted after the words "in many cases", the word "the" deleted both before the word "prices" and before the word "availability". The sponsors of the joint amendments had accepted those changes.

52. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) remarked that the second change involved a question of substance. He was, however, prepared to accept all the amendments.

53. The CHAIRMAN put to the vote the Polish draft resolution (A/C.2/L.81 and Corr.1) incorporating the nine Powers' joint amendments (A/C.2/L.128) as modified during the meeting.

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

The meeting rose at 1.55 p.m.