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Chairman: Mr. Janez STANOVIK (Yugoslavia).

**AGENDA ITEMS 12, 29 AND 74**

- Report of the Economic and Social Council (chapters II (sections I, II and III A, except paragraphs 189-198), III, IV and VII (section I and paragraph 645)) (A/4415) (continued)
- Economic development of under-developed countries (continued):
- (a) International flow of private capital: report of the Secretary-General and recommendations thereon by the Economic and Social Council (A/4487, E/3325 and Corr.1-3);
  - (b) Question of the establishment of a United Nations capital development fund: report of the Secretary-General (A/4488, E/3393, E/3393/Add.1-4);
  - (c) Methods and techniques for carrying out a study of world economic development: report of the Secretary-General and comments thereon by the Economic and Social Council (A/4489 and Add.1, E/3379, E/3379/Add.1-7);
  - (d) Promotion of wider trade co-operation among States: report of the Secretary-General (A/4490, E/3389)

**Land reform (A/4439) (continued)**

**CONSIDERATION OF DRAFT RESOLUTIONS  
(A/C.2/L.469) (continued)**

1. Mr. SILVA SUCRE (Venezuela) said that there could be no objection in principle to the idea contained in the Pakistan draft resolution (A/C.2/L.469). Venezuela and many under-developed countries felt that the best way to speed up economic development was to halt the arms race and devote at least a small part of the sums thus released to developing the resources of the under-developed areas. However, some thought that the prospects for disarmament were not encouraging and that it was premature at the present time to study the economic and social consequences of disarmament. In introducing its draft resolution, the Pakistan delegation had said that disarmament was an objective which appeared capable of achievement in the near future. It must be admitted, however, that the situation had shown little change since the introduction of a similar draft resolution by the Soviet Union at the twenty-ninth session of the Economic and Social Council (E/L.861). His delegation would not vote against the Pakistan draft resolution, but its position would depend on the nature of the studies to be called for under the terms of the operative section. It might be helpful to know the amount of the resources devoted annually to armaments, the manner in which the process of disarmament might be conducted and the proportion of those resources which could be earmarked for economic development.

2. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) said that his delegation was most gratified at the Pakistan draft resolution on the economic and social consequences of disarmament, for it felt that that important problem should be given thorough study without delay. At the fourteenth session of the General Assembly, the Soviet Union had submitted a proposal on general and complete disarmament the implementation of which would make it possible to allocate vast material and financial resources for constructive purposes.<sup>1/</sup> The USSR had also proposed, at the twenty-ninth session of the Economic and Social Council, that the United Nations should undertake a study of the economic and social consequences of disarmament. That draft resolution (E/L.861) had provoked lively discussion, for it had been of concern to many Member States, but it had not been adopted because of the position taken by certain Western Powers. At the current session of the General Assembly, the USSR had again submitted a proposal on general and complete disarmament (A/4505), under which, *inter alia*, any funds released would be used to reduce or to do away entirely with taxes, to subsidize the national economy and to assist the under-developed countries. It had been recognized that the question of disarmament was the

<sup>1/</sup> See Official Records of the General Assembly, Fourteenth Session, Annexes, agenda item 70, document A/4265.

most important one facing the world today; the question should therefore be considered in its economic and social aspects, and it was for that reason that during the general debate on the items on the Committee's agenda his delegation had urged (647th meeting) that the economic organs of the United Nations should examine those aspects. The arms race caused huge material loss and was ruinous to States and peoples; there was also the danger that it would set off a nuclear war. Disarmament would therefore be beneficial to everyone except the big arms manufacturers in the capitalist countries which, under existing conditions, were able to make tremendous profits.

3. The opponents of disarmament were trying to convince the world that the cessation of arms production would inevitably lead to economic difficulties and cause a great many people working in the armaments industry to lose their jobs. In fact, however, employment in the armaments industry was financed from budget appropriations at the expense of the people. A large part of the sums spent on military orders went to the big arms manufacturers. The financing of war industry represented waste; it could not contribute to the development of the national economy or, consequently, to raising the level of employment. As a result, certain business circles in the West were taking an increasingly strong stand against the idea that disarmament was economically impossible. The United States representative in the Second Committee had however stated that it was feasible and reasonable to pursue a policy of disarmament. Studies of the economic and social aspects of disarmament were at present under way in many countries. In the United States, for example, various organizations were dealing with the matter, and the Democratic Party had set up a special committee of economists to study methods for reconverting war industry in the event of world-wide disarmament.

4. It was therefore illogical that the United Nations should not yet have begun to study the economic and social consequences of disarmament. Action by the United Nations in that field would constitute a reply to the opponents of disarmament and would contribute to an understanding of its advantages. In general, the United Nations should work on the principle that disarmament was in the interest of all countries, particularly the under-developed countries, to which extensive resources could be made available as a result of general and complete disarmament. His delegation felt that the implementation of disarmament would also be facilitated by study of its economic and social aspects. It therefore considered the Pakistan draft resolution to be of great importance. It fully supported that draft and would vote for it.

5. Mr. ABDEL-GHANI (United Arab Republic) said that he fully endorsed the Pakistan draft resolution. He agreed with the Pakistan representative that political discussion of the disarmament problem must be accompanied by thorough study of the related economic factors. At the present time, the entire world was showing interest in the various economic aspects of disarmament.

6. Individuals, business circles and legislative bodies in the advanced countries were asking what effect general disarmament would have on the domestic and world economies, and the answer frequently given was that it would result in economic dislocation. Those fears must therefore be allayed by undertaking a careful study of the problem. That might also serve to

facilitate solution of the political problem of disarmament.

7. In the under-developed countries, the question was being asked to what extent foreign aid might be increased if the highly developed countries succeeded in agreeing on a reduction of military expenditures. At a plenary meeting of the General Assembly, the President of the Federal People's Republic of Yugoslavia had noted that the highly developed countries spent on armaments a sum equal to the total production of the under-developed countries and that one tenth of world production was being used for the manufacture of weapons of destruction instead of being directed towards the advancement of mankind. The under-developed countries also sometimes feared that disarmament would create difficulties in the sale of their primary commodities, which were imported by industrial countries for military purposes, and wondered what effect disarmament would have on the terms of trade. Those fears also had to be dispelled through studies on the measures to be taken to make the necessary adjustments. Those adjustments would not take place automatically; they would require the co-operation of all countries, and in that connexion the United Nations had an important part to play.

8. In its draft resolution, Pakistan called on the United Nations to assume its responsibilities in that field by carrying out studies on the economic and social consequences of disarmament, and the United Nations was undoubtedly the international organization best qualified to do so. As the question was a complex one, raising national, financial, economic and social problems, the study would take some time; a preliminary study might be made first, to be followed by other studies aimed at informing Governments and world opinion of the United Nations view of the consequences of disarmament.

9. It should be noted that in the draft resolution, the General Assembly requested the Secretary-General to place at the disposal of the proposed committee of experts such assistance, including documentation, as it might require. Before it could begin its work, the committee of experts would need to have a working paper, which could be prepared in three different ways. First, the Secretariat might prepare that document in the light of the data in its possession and with due regard for the political and controversial nature of the question. The best thing, of course, would be for the Governments themselves to provide information, for example, on their armaments expenditures, but as it was very unlikely that they would agree to do so, the Secretariat would have to be content with making an impartial analysis of the information available. Secondly, the preparation of that document might be entrusted to a group of experts chosen by the Secretary-General on the basis of their competence in that field. Thirdly, a questionnaire dealing with the various problems to be studied might be sent to Governments; the Secretariat would then assemble the replies and make them available to the committee of experts; the co-operation of the Governments would obviously be required.

10. However the working paper was prepared, special attention would have to be given to the consequences of general disarmament on the economy of under-developed countries and to the methods which would enable those countries to make the necessary adjustments in the event of disarmament, since it was not by pure coincidence that the Pakistan draft resolution

was being considered under agenda item 29 (Economic development of under-developed countries). The proposed studies were needed more for the under-developed countries than for the highly developed ones, which had at their disposal a large number of experts and advisers to evaluate the economic consequences of disarmament. The latter countries, moreover, had acquired considerable experience in that field, since they had had to readjust their economies after the First and Second World Wars. However, the conditions created by disarmament would probably call for more effective measures than had been taken after the Second World War.

11. Mr. ORTIZ (Uruguay) said that his delegation would vote in favour of the Pakistan draft resolution, although not convinced of the usefulness of the proposed studies so long as disarmament was not an accomplished fact nor about to become one. The great Powers had still not succeeded in reaching agreement on any of the numerous disarmament plans which had been proposed. An increase, rather than a reduction, in armaments was to be expected. The proposed studies would require time and money. What was even more alarming was that the great Powers themselves were not convinced of the favourable impact of disarmament on the world economy. The Committee had recently heard one representative state that there should be no illusions on that score and that disarmament would, in reality, be a very costly process. It might therefore be asked whether the proposed studies would not arouse unrealizable hopes and whether the Secretariat should devote its efforts to studies of little practical value.

12. Mr. JEVTCIC (Yugoslavia) recalled that a proposal similar to the Pakistan draft resolution had been submitted to the Economic and Social Council at its twenty-ninth session, and that Yugoslavia had followed with much interest the Council's debates on that question. The great Powers should devote to economic development a part of the resources which would become available as a result of disarmament, and a study of the measures to be taken in that connexion could accordingly be started immediately. His delegation did not believe that a study of that type could complicate the solution of the disarmament problem or arouse vain hopes in the world. Of course, the negotiations on disarmament had their ups and downs, but no one denied that disarmament was necessary; the differences of opinion lay only in the methods of achieving it. In those circumstances, the study proposed in the Pakistan draft resolution would throw some light on the whole complex problem of disarmament and spur on the work undertaken in that sphere. At the twenty-ninth session of the Economic and Social Council, reference had been made to the advisability of concluding an agreement stipulating the conditions under which a portion of the military budgets of States could be devoted to the economic development of under-developed countries, a suggestion which would obviously open up new ways of financing economic development.

13. His delegation supported the Pakistan draft resolution, which reflected the complexity of the economic and social consequences of disarmament, in that it dealt with the three principal aspects to be studied, namely the problem, at the national level, of replacing military expenditures with civil expenditures, the impact of disarmament on international economic relations, and the utilization of resources released by

disarmament for the purpose of economic and social development, particularly in the under-developed countries. Those three aspects were worthy of attention, but the United Nations should concentrate its efforts on the third. The first two aspects came primarily within the competence of Governments but the United Nations would have a very important part to play in connexion with the third, the utilization of the released resources for the purpose of economic development; and that point needed to be stressed in the draft resolution. In any case, there must be no slowing down of the efforts already being made to assist the under-developed countries, on the pretext that disarmament would release vast resources which could be used to help them; they urgently needed economic assistance, the provision of which could not wait upon the implementation of a disarmament programme.

14. Mr. BOIKO (Ukrainian Soviet Socialist Republic) said that his delegation was keenly interested in the problem of the economic and social consequences of disarmament and was anxious to see it solved satisfactorily. It should not be forgotten that, as the General Assembly had emphasized in its resolution 1378 (XIV), the armaments race placed a heavy burden on mankind and that the resources released by disarmament should be used for the benefit of mankind. The economic and social consequences of disarmament deserved to be studied thoroughly, as the Organization should be aware of them beforehand. It was therefore not surprising that a number of countries had raised the question in various bodies, including the Economic and Social Council and several regional economic commissions.

15. His delegation was in favour of Pakistan's draft resolution and hoped that the Second Committee would give it due consideration, as it dealt with the economic and social aspects of disarmament on a practical basis. In his view, there was no justification for saying that disarmament would cost more than the arms race, especially as expenditure on armaments constituted a huge loss for the national community. If the immense resources so expended were allocated even in part to the non-military production sector, all countries would benefit thereby, whether they were industrialized or developing countries. In the Western countries themselves, and in particular the United States, the economic consequences of disarmament were being regarded with some optimism. In addition, many of the under-developed countries considered that disarmament would open up new opportunities for the investment of capital. Some of them, which belonged to military blocs, would have increased resources available to finance their development. Moreover, a large proportion of the resources which disarmament would make available in the industrial countries would be used for aid to under-developed countries; the latter were therefore bound to be interested in the economic consequences of disarmament.

16. Until the Committee had studied those consequences, and until the committee of experts provided for in the Pakistan draft resolution had been established, it would be difficult to know what information the various countries could give on the subject, either in the immediate or in the more distant future. But the draft resolution specified that the experts would study that question, and Governments would probably be able to supply them with the requisite data.

17. The preamble of the draft resolution stressed the necessity of comprehensive and systematic studies, at

the national and international levels, to enable Member States to make the necessary economic and social adjustments in the event of disarmament. Such studies were of interest to the industrial countries as well as to the under-developed countries, since the former would have to undertake the reconversion of the arms industry, redirect the labour employed in that industry to other sectors, find employment for the demobilized soldiers, expand the markets to cope with the increased non-military production and adapt the sources of supply of raw materials to the new situation.

18. His delegation hoped that care would be taken to see that all regions of the world were represented on the committee of experts provided for in the operative part of the draft resolution, and that the composition of the committee would reflect the different social systems existing in the world. In that way, it would be possible to examine seriously the consequences of disarmament for the economies of the various countries. Such a study was of particular importance for the under-developed countries, chiefly because of the impact of disarmament on world trade. The Governments of all Member States could help the committee of experts to fulfil its task by sending it information on the changes which their economies would undergo in the event of disarmament.

19. His delegation believed that the adoption of the Pakistan draft resolution would make a significant contribution to the Second Committee's work. It proposed that operative paragraph 2 should be expanded to include a request to the Economic and Social Council to study the report of the committee of experts and to submit the results of its study to the next session of the General Assembly. That might be in the nature of a preliminary report; it would therefore be desirable to make provision in the draft resolution that the Economic and Social Council and the General Assembly should include consideration of the economic and social consequences of disarmament in their agendas every year.

20. Mr. RAJAPATIRANA (Ceylon) said that the data currently available showed clearly that a great deal of the world economy rested on foundations which were not moral ones, since the production of weapons of destruction and the art of war had made such strides that mankind had reached the point where it was now proceeding towards its own annihilation. No one doubted that disarmament would bring enormous benefits to all peoples. If the world agreed one day to disarm, the studies which were to be made of the economic and social consequences of disarmament would undoubtedly be of the utmost value. But it was a moot point whether it was desirable to undertake such studies before there was a gleam of hope of seeing disarmament become a reality. The doubts in the mind of his delegation certainly did not mean that it was opposed to the draft resolution. It would simply like to know whether the Secretariat thought it could obtain the necessary information and find the staff needed to prepare a preliminary study of the kind envisaged by the representative of the United Arab Republic. His delegation would also hope that the Powers most directly concerned with disarmament would make known their views on the draft resolution. If they considered that the proposed studies would be useful, the United Nations would have no reason for not undertaking them.

21. Mr. SZITA (Hungary) said he would support the draft resolution, the importance of which had been

stressed by every speaker. The text merely referred to the establishment of a committee of experts, but its adoption might pave the way for a whole series of fruitful activities on the part of the Organization. The idea that the United Nations ought to study the economic and social consequences of disarmament was steadily gaining ground. At the twenty-ninth session of the Economic and Social Council, several delegations had opposed a similar draft resolution submitted by the Soviet Union; it was to be hoped that the General Assembly would adopt the draft resolution submitted by Pakistan.

22. The fact that widely differing opinions were expressed on the subject made it all the more important to study the economic and social consequences of disarmament. There were those who stressed only the favourable consequences of disarmament, and others who saw only the difficulties in it and feared that it would cause a slump. It had even been claimed that disarmament would be more costly, in its initial stage, than the arms race. But the United Nations would not be able to discuss those different arguments seriously until thorough studies had been made of the economic consequences of disarmament. In view of the complexity and importance of the problem, the committee of experts should prepare a list of topics to be studied so as to prepare the ground for a more detailed examination of the various consequences of disarmament and of their interrelationships.

23. Disarmament would create economic problems both nationally and internationally; but many of the problems which would arise within the various countries would also have international consequences, and the committee of experts should take them into account. Similarly, since it would take a number of years to achieve disarmament and the process would be carried out in several stages, the committee should, for example, find out how much time would be needed in order to reconvert war industries, to provide employment for all demobilized military personnel and to absorb the military stockpiles. Some countries would have to cope with financial problems, because the reduction in military expenditure would make possible a substantial reduction in taxes. The resulting growth in purchasing power would stimulate a resurgence of economic activity. It would become feasible to check the inflation which had been rampant in many countries for a number of years. Disarmament would also open the way for a substantial increase in investment, both public and private, in the non-military sectors of the economy. Governments of the various countries would take advantage of that increase to improve social facilities, education, housing and transport. In order to maintain effective demand, however, all Governments would have to act in concert, in accordance with an over-all plan.

24. Disarmament would obviously create a growth in the demand for consumer goods and for the raw materials used in their manufacture. There would also be an increase in the demand for capital equipment, inasmuch as the substantial sums of money released could be devoted to economic development in all countries. As a result of the over-all economic expansion, the world market would be much more stable than it was at the present time.

25. With a reduction in their military expenditure and a growth in the demand for primary commodities, the under-developed countries would possess greater



resources, which they could apply to their economic development. Finally, as a result of disarmament, the volume of economic aid to under-developed countries could be considerably increased.

26. Moreover, disarmament would enable all scientists to work for peace, and scientific co-operation would become possible in all fields. Tremendous progress could then be made in the peaceful use of atomic energy, for the greater good of all mankind.

27. The Hungarian delegation hoped that the draft resolution would be adopted, and that the General Assembly could undertake at its sixteenth session a more detailed and thorough study of the economic and social consequences of disarmament, based on the report transmitted by the committee of experts to the Economic and Social Council and the General Assembly. In the course of its work, the committee of experts should also take into account the views expressed in the Second Committee.

28. Mr. WOULBROUN (Belgium) said that all nations wanted disarmament; and he recalled that the General Assembly had already adopted resolution 724 (VIII) whereby the various Governments undertook to ask their peoples, when sufficient progress towards disarmament had been made, to utilize part of the resources released by disarmament for promoting the development of under-developed countries.

29. There was nothing to show that disarmament would create an economic crisis; indeed, just the opposite had happened after the Second World War, despite the fears which had been expressed with regard to the reconversion of the war economy. In countries with planned economies, an agreement on disarmament should lead to a revision of economic plans. In private enterprise countries, it was very possible that the economy would adapt itself easily to the new situation brought about by disarmament. Additional resources could be made use of in all fields—economic, scientific, social and cultural.

30. At the present time, however, it would be difficult to initiate a study of the economic and social consequences of disarmament without having any clear idea of the juncture at which disarmament would become a reality and of the pace at which it would be effected. The representative of Belgium wondered who would select the experts to serve on the committee proposed in the draft resolution, and on what basis they would be chosen. Would it not be possible simply to ask the Secretariat to prepare a brief statement on the methodology of studying the economic and social consequences of disarmament. His delegation was not in a position, at the present time, either to support or to reject the draft resolution, which was still theoretical in nature, and would like to hear what other members of the Committee might say.

31. Mr. VIAUD (France) had noted with the greatest interest the draft resolution submitted by the delegation of Pakistan. The idea that effective disarmament would make it possible to expedite economic and social progress throughout the world and increase the resources available for assistance to the less developed countries was not new. The French Government, at the Conference of the Heads of Government of the four great Powers held at Geneva in July 1955, had made specific suggestions for the establishment of an organic link between disarmament and assistance to under-developed countries. But there were differences between the

proposal made by the French Government at that time and the text now before the Committee. The latter recommended that a study be undertaken of the economic and social consequences of disarmament independently of such progress as might be made in disarmament itself. The representative of Pakistan had expressed the belief that it was now possible for disarmament to be achieved in the foreseeable future. Although the French delegation was prepared to associate itself in that act of faith, it regretted that the proposal for a study on the economic and social consequences of disarmament should not be based on the existence of a concrete plan of disarmament; such an omission might mean that the United Nations would be arousing hopes which it had no certainty of satisfying.

32. Moreover, if the United Nations were to study the economic and social consequences of disarmament without any progress being made simultaneously in the field of disarmament, it was to be feared that Governments might relax the efforts they were currently making to combat under-development. Despite its serious apprehensions on that subject, however, the French delegation approved the spirit of the draft resolution, and would support it. In that delegation's view it would, nevertheless, have been better not to provide in the draft resolution, at the present stage, for detailed machinery. It would be wiser to attack so difficult a problem in stages and, for the time being, to contemplate simply a preliminary study, the conclusions of which would enable the General Assembly to take, at its sixteenth session, such new decisions as might be necessary—on that occasion in full knowledge of the facts.

33. Mr. SMID (Czechoslovakia) emphasized that disarmament would have economic consequences in all countries, and that the Committee should study them because economic questions were its business. Every year, the whole world invested \$100,000 million in the arms race, and an examination of the budgets of the countries in the North Atlantic Treaty Organization would show that in the past year they had spent over \$62,000 million for military purposes. The burden of military expenditure also weighed heavily on the budgets of the socialist countries, as well as of the under-developed countries, whose resources were particularly limited. From a purely economic standpoint, those investments were totally unproductive; they provoked inflation and a lowering of levels of living. In private enterprise countries, expenditures on armaments were only a temporary stimulus to production; in under-developed countries, they restricted it.

34. Although the under-developed countries lacked resources sufficient to ensure an adequate standard of living for their peoples, and although the need for increasing assistance to those countries was generally recognized, huge sums of money continued to be spent every year on the arms race. That was one of the greatest paradoxes of modern times. Substantial progress could be made in all fields and in all countries if part of the money spent in producing weapons of mass destruction were used for peaceful purposes. A mere 10 per cent of the amount devoted, throughout the world, to military expenditure would suffice to build forty factories and ten dams like the great Aswan dam, or to eradicate poverty and disease in the under-developed countries within twenty years. Similarly, it would be enough to spend \$14,000 million each year on economic development in order to increase the per caput national

income in the under-developed countries by 2 per cent. Those countries needed long-term, low-interest loans in order to equip and industrialize themselves; but the highly developed countries, which spent unlimited amounts on armaments, were unable to provide the less favoured countries with all the aid they required. The urgency and scope of the needs of the under-developed countries underlined the necessity of disarming as soon as possible.

35. The Pakistan draft resolution in no way prejudged the manner in which the other United Nations organs would consider the political aspects of disarmament. The Czechoslovak delegation endorsed the initiative of the representative of Pakistan, and would support the draft resolution.

The meeting rose at 1.10 p.m.