

United Nations
**GENERAL
ASSEMBLY**

EIGHTH SESSION
Official Records



**SECOND COMMITTEE, 282nd
MEETING**

**Tuesday, 1 December 1953,
at 10.55 a.m.**

New York

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Chairman: Mr. Leo MATES (Yugoslavia).

Report of the Economic and Social Council, chapters II and III (A/2430) (*continued*)

[Item 12]*

1. Mr. KRIVEN (Ukrainian Soviet Socialist Republic) said that, despite certain factual errors and mistakes in the compilation of data, the main economic publications issued by the Secretariat and the regional economic commissions, such as the *World Economic Report*, the *Economic Surveys of Latin America and of the Far East* and the *Monthly Bulletins of Statistics*, were useful inasmuch as they showed the existence of two opposite trends in the world economy. Analysis of that material brought out the contrast between the constant improvement in economic conditions in the Soviet Union and the Peoples' Democracies on the one hand and the growing economic difficulties of the capitalist world on the other.

2. The conclusions to be drawn from such analysis were important for the world as a whole. The peaceful development of the Soviet Union and of the Ukraine in particular was illustrated by continuous economic improvement. The volume of industrial production in the Soviet Union in 1953 was two and a half times as large as in 1940 and had doubled since 1948. In the course of 36 years the Ukrainian people had attained a high degree of industrial, agricultural and cultural development. In 1940, for example, the production of heavy industry was thirteen times higher than in 1913. Such achievements had been realized despite the damage to Ukrainian agriculture, animal husbandry and industry by the invading armies during the war. From 1949 to 1951 the annual rate of increase of industrial production had been 23.7 per cent. The construction of housing and cultural establishments was also proceeding apace. The hydro-electric power from the new Dnieper dam held out vast new development prospects for the southern Ukraine.

3. In accordance with its peaceful policy, the greatest proportion of the Ukrainian budget was assigned to cultural and social activities. The increased purchasing power of the population and the annual decrease in prices had resulted in rising consumption; yet the level of production did not meet requirements because the

* Indicates the item number on the agenda of the General Assembly.

urban population had almost doubled and the consumption needs of the peasants and intelligentsia continued to increase. His Government had therefore taken steps to increase agricultural, especially livestock, production, for example by raising the basic prices of agricultural products in order to give the farmers a larger return. The mechanization of agriculture was being energetically promoted. In the next two or three years further capital, machinery, experts and other facilities and services would be available. The achievements in the Ukraine had been made possible largely because of its close economic ties with the other Soviet republics.

4. The situation in the United States and Western Europe, particularly in the NATO countries, presented quite a different picture. The economies of those countries were based on war preparations and the accumulation of maximum profits. The *Monthly Bulletin of Statistics* did show a very slight general increase in production for those countries but that only applied to the armaments sectors of their economies.

5. The armaments race had resulted in one-sided economic development and the curtailment of output for the civilian market; it had added to existing shortages and had made the inherent contradictions in the capitalist economy even more apparent. United Nations statistical data for 1951 and 1952 showed a steady drop in Western European production. Even in the United States industrial output appeared to have marked time in the first half of 1953; in certain basic sectors there had even been a decline.

6. The economic situation in the United States and Western Europe indicated that a crisis was imminent; that fact was the subject of heated discussion in newspapers, periodicals and business and government circles in the United States. The theory that militarization of the economy would maintain production at a high level had been exploded. The *Economic Bulletin for Europe* for the first quarter of 1953, the recent numbers of the *Monthly Bulletin of Statistics* and other publications indicated that the war preparations of the United States and Western Europe were resulting in higher costs of living and drops in real earnings. He drew attention, in particular, to the cost of living indices published in the *Monthly Bulletin of Statistics* for October 1953. At the same time United States monopolies and corporations were making enormous profits.

7. The economic embargoes and restrictions directed against Eastern European countries merely added to the economic difficulties of Western Europe; Eastern Europe was not suffering from them. Meanwhile, the volume of United States exports was growing constantly and tariffs and import restrictions were protecting the United States domestic market. The economic policy of the United States was also depriving the less developed countries from earning income through trade. The restrictive policy pursued by the more powerful NATO countries was worsening the world economic situation and adding to international tension.

8. Yet the General Assembly and Economic and Social Council had done little to establish normal relations among countries. At its sixteenth session the Council had adopted resolution 487 (XVI) in which it had merely noted that restrictive business practices in international trade might have harmful effects on the attainment of higher standards of living and economic and social progress, and had recommended that further consideration should be given to the matter.

9. His delegation felt that only through trade based on the principle of mutual benefit and respect for sovereignty and equality, regardless of régime, and the abolition of restrictive practices could the economic difficulties of the capitalist world be removed. The General Assembly should adopt a resolution with that end in view.

Economic development of under-developed countries (continued)

[Item 26]*

RAPPOURTEUR'S REPORT (A/C.2/L.217 AND ADD.1-3)
(continued)

10. Mr. DE SEYNES (France) explained that the French amendment (A/C.2/L.217/Add.2, paragraph 3) would only come before the Committee if the United Kingdom amendment to delete the footnote relating to paragraph 13 of the draft report were rejected. He asked the Chairman in what order the amendments would be voted upon.

11. The CHAIRMAN suggested that the United Kingdom amendment to delete the footnote was the furthest removed and should be taken first. The Committee could then vote on the French, Greek, Iraqi and Cuban amendments in that order.

12. Mr. O'NAGHTEN (Cuba) said that the Cuban amendment introducing completely new material was the next furthest removed after the United Kingdom amendment and should be voted on second. He proposed therefore that the order of voting should be as follows: the United Kingdom, Cuban, Greek, French and Iraqi amendments.

13. Mr. DE SEYNES (France) supported the Cuban proposal.

14. The CHAIRMAN put the Cuban proposal to the vote.

The proposal was adopted by 40 votes to 1, with 1 abstention.

15. Sir Clifford NORTON (United Kingdom) said that the inclusion of the footnote in the Rapporteur's report was a departure from the normal practice; it drew special attention to the Czechoslovak amendment. All representatives agreed that the principle of the amendment was a good one but there was no reason why in the particular context it should have priority over other statements of principle which were equally good ones.

16. In their statements, the representatives of Czechoslovakia and the Soviet Union had clearly shown that the amendment had been intended to question the conduct of the International Bank. The new paragraph 11 proposed in document A/C.2/L.217/Add.1 was a faithful account of the proceedings and the summary records spoke for themselves in showing why the Czechoslovak amendment had not been accepted.

17. Mr. EL-TANAMLI (Egypt) said the revised form of the Committee's report was satisfactory to his delegation and that he would vote for the Cuban amendment replacing the footnote on page 11 of the draft report.

18. Mr. O'NAGHTEN (Cuba) opposed the United Kingdom amendment to delete the footnote as the debate on the Czechoslovak amendment had been sufficiently important to be given special consideration. It was essential to explain why the Committee had voted against an amendment the principle of which it approved.

19. Mr. KAIGL (Czechoslovakia) said that the general debate and the amendments submitted showed that most representatives, particularly those from the under-developed countries, were in favour of including the principle of the Czechoslovak amendment in the Committee's report. The United Kingdom amendment was unjustified and his delegation would vote against it.

20. The CHAIRMAN put the United Kingdom amendment to delete the footnote to paragraph 13 of the draft report to the vote.

The amendment was rejected by 26 votes to 15, with 5 abstentions.

21. Mr. O'NAGHTEN (Cuba) said he had introduced his amendment because it was necessary to state clearly why the Committee had rejected the Czechoslovak amendment. It was particularly essential in the case in point because the principle of the Czechoslovak proposal had been rejected by delegations which had been forced to vote against the proposal itself because of the arguments that had been adduced in support of its presentation.

22. Mr. MENDEZ (Philippines) proposed that, purely from the drafting point of view, the Cuban amendment should be reworded as follows: "A substantial number of members of the Committee expressed their agreement with the principle contained in the amendment as being in conformity with the purposes of the Charter. The Committee however did not deem it necessary to incorporate the uncontested principle" etc.

23. Mr. O'NAGHTEN (Cuba) accepted the drafting changes suggested by the representative of the Philippines.

24. The CHAIRMAN put the Cuban amendment as amended (A/C.2/L.217/Add.2, paragraph 4) to the vote.

The amendment, as amended, was adopted by 43 votes to none, with 2 abstentions.

25. The CHAIRMAN explained that as the Cuban amendment replaced the footnote to paragraph 13 of the draft report the other amendments no longer stood.

26. Mr. CAMPOS (Brazil) explained that he had abstained on the Cuban amendment because he preferred the original text proposed by the Rapporteur.

27. Mr. UMARI (Iraq) proposed that the new paragraph 11 proposed in document A/C.2/L.217/Add.1 be deleted, as it seemed unnecessary to include an account of the process of drafting the report in the report itself.

28. Mr. DE SEYNES (France) supported the Iraqi proposal, for it would reduce the differences which had come to light in the Committee to more modest proportions.

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29. Mr. EL-TANAMLI (Egypt) objected that the proposal meant reconsidering a decision that the Committee had already taken.

30. The CHAIRMAN said that there had been a debate and some delegations might legitimately think it should appear in the report. Although the Committee had taken a decision, it was free to reconsider that decision if the majority required by the rules of procedure so desired.

31. Mr. STANOVNIK (Yugoslavia) thought that no harm would be done if the account of the discussion were omitted.

32. The CHAIRMAN put the Iraqi proposal to delete the proposed paragraph 11 in document A/C.2/L.217/Add.1 to the vote.

The proposal was adopted by 28 votes to 6, with 10 abstentions.

The meeting rose at 12.30 p.m.