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Chairman: Mr. Jorge Pablo FERNANDINI
 (Peru).

AGENDA ITEM 42

External financing of economic development of the developing countries (continued) (A/6703 and Corr.1, chap. V, sect. 1; A/6703/Add.1, chap. IV; A/6848, A/C.2/L.960/Rev.1, A/C.2/L.961/Rev.1, A/C.2/L.965, E/4408/Rev.1):

(a) Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General (E/4274 and Add.1, E/4293 and Corr.1 and Add.1 and 2, E/4327, E/4371 and Corr.1, E/4375);

(b) Outflow of capital from the developing countries: report of the Secretary-General (E/4374 and Add.1 and 2 and Add.2/Corr.1)

1. The CHAIRMAN drew attention to a note by the Secretary-General (A/C.2/L.965) on the financial implications of draft resolution A/C.2/L.960 submitted by the representative of Panama and to the revised text of that proposal (A/C.2/L.960/Rev.1).

2. Mr. BOIKO (Ukrainian Soviet Socialist Republic) said he feared that the draft resolution submitted by Panama (A/C.2/L.960/Rev.1) was designed to obtain compensation for the imperialist exploitation of that country by creating a collective responsibility which extended even to the socialist countries. If compensation was the real objective, it would be only fair to obtain it by imposing a levy on the portion of national income which certain capitalist countries derived from their economic exploitation of some developing countries.

3. Mr. VARELA (Panama) expressed regret that an attempt had been made to give the draft resolution a political character by introducing into the discussion the question of the relations between his country and the United States, which concerned those countries only. Panama did not wish to obtain advantages at the expense of other countries. The aim of the draft resolution was clearly the preparation of a study on

the technical feasibility of setting up a system of economic co-operation based on the fixing of a progressive contribution from the national income of each and every Member State. It was hardly surprising that some countries opposed the draft resolution, which would deprive them of some of the financial resources they devoted to military objectives and power politics.

4. Mr. CAMEJO ARGUDIN (Cuba) pointed out that the Secretary-General's note on the financial implications of the draft resolution under consideration reproduced some passages of the original version word for word. It was therefore out of date and should be amended.

5. Mr. KASSUM (Secretary of the Committee) replied that the passages in question did not affect the financial implications of the draft resolution in either its original or revised form.

6. Mr. CAMEJO ARGUDIN (Cuba) said that he maintained his reservations.

7. Mr. BOIKO (Ukrainian Soviet Socialist Republic) asked whether the representative of Panama would agree to amend his text by inserting the words "from the portion of the national income of each and every Member State attributable to revenue from abroad" after the words "progressive contribution" in sub-paragraph (a) of the operative part of the draft and by modifying the beginning of the sixth preambular paragraph to read: "Recalling that the developed countries which exploit the natural and human resources of the developing countries...".

8. Mr. VARELA (Panama) explained that the draft resolution was addressed to all developed countries without distinction. He could not, therefore, agree to amend it as suggested by the Ukrainian representative.

9. Mr. DEWULF (Belgium) said that, despite its good intentions, the draft resolution was legally and politically dangerous as well as unrealistic. Belgium could not accept the operative part, for it questioned the principle of imposing mandatory contributions on sovereign States. The ninth preambular paragraph virtually prejudged the intentions of the industrialized countries. There was thus no point in requesting the Secretary-General to prepare a study, especially since that might force him, too, to make a political choice. Belgium was, however, ready to participate in any realistic collective effort to increase the flow of financial resources to the developing countries.

10. Mr. VARELA (Panama) said that the purpose of the draft resolution was purely economic and did not prejudice anyone's intentions. The ideas it expressed were not new, but some countries clearly preferred

to use their abundant resources for political purposes rather than improving the lot of the majority of the world's population. It was high time to stop applying qualitative concepts to development assistance, for they had done much to paralyse many United Nations assistance efforts. The technical study envisaged in the draft resolution would be inexpensive and might help to establish a system of co-operation in which all countries would participate according to their means for the benefit of mankind as a whole.

11. For all those reasons, he was unable to accept the amendments proposed to the draft resolution and the comments made thereon, and formally requested that the debate should be closed and a vote taken on the revised draft resolution submitted by his delegation.

12. The CHAIRMAN invited the Committee to vote on the revised draft resolution (A/C.2/L.960/Rev.1) submitted by the representative of Panama.

The draft resolution was rejected by 27 votes to 3, with 62 abstentions.

13. Mr. WILMOT (Ghana), speaking in explanation of his delegation's vote, said that the draft resolution contained an idea which he supported. The rejection of the draft resolution should not be interpreted to mean that the underlying principle had been abandoned once and for all. His delegation's abstention was due to the absence of consultations, which would no doubt have made it possible to work out a text more acceptable to the majority. However, his delegation might raise the question again in due course, after the necessary consultations had been held.

14. Mr. AHMED (Pakistan), speaking on behalf of the sponsors of draft resolution A/C.2/L.961, introduced the revised text of that proposal (A/C.2/L.961/Rev.1). The following additional amendments should be made to the latter text: in the third preambular paragraph, the words "to the greatest extent possible", which were used in Economic and Social Council resolution 1183 (XLI), should be inserted after the word "increase"; in operative paragraph 1, the words "Notes with satisfaction" should be replaced by the words "Notes with appreciation". The words "access to" had been omitted by mistake in the English text of operative paragraph 3 (b). He hoped that the draft resolution, as amended, would be adopted unanimously.

15. Mr. NEDIVI (Israel) proposed that the draft resolution should be completed by adding the following two new sub-paragraphs to operative paragraph 3 (b):

"(vi) Devising suitable interest equalization techniques designed to reduce the cost of borrowing by or on behalf of developing countries;

"(vii) Ensuring favourable treatment of the obligations of international lending agencies and institutions extending concessionary credits to developing countries."

Those amendments were based on the suggestions regarding measures to facilitate access to the capital markets made by the Secretary-General in his report on the "Factors affecting the ability of developed countries to provide resources to the developing countries" (E/4375).

16. Mr. MOSIN (Union of Soviet Socialist Republics) said that the draft resolution was based entirely on document E/4375, which related only to the developed market economy countries. The factors analysed in that document did not influence relations between the socialist countries and the developing countries. His delegation would therefore abstain unless the sponsors made it clear which developed countries were referred to in the draft resolution.

17. Mr. SANDOUNGOUT (Gabon) proposed that the following new paragraph should be inserted after operative paragraph 2:

"Draws the attention of the developed countries to the need for a substantial increase in the various forms of aid they provide to the developing countries on both a bilateral and a multilateral basis."

18. Mr. BLAU (United States of America) said that the amendments proposed by the sponsors of the draft resolution improved the text. However, his delegation had serious reservations regarding the sixth preambular paragraph. The Secretary-General's report did not lead to the conclusion that there had been an "overall decline" in the flow of resources to the developing countries. It would, therefore, be desirable to delete that paragraph or to amend it so that it corresponded with the facts.

19. Operative paragraph 3 was surprisingly eclectic. It drew the attention of the developed countries to "measures" which were in fact titles of chapters. It would be more in conformity with United Nations practice to take note of the report as a whole without enumerating specific recommendations which might not all be applicable to all developed countries. The best solution would be to replace operative paragraphs 2 and 3 by a single paragraph, as follows:

"Notes with interest the ideas put forward in the Secretary-General's report on the resource transfer targets and progress in their implementation, and draws the attention of the developed countries to the suggested measures contained in that report for overcoming the real constraints that limit the transfer of resources."

20. He could accept the amendment proposed by the representative of Gabon, if it were properly drafted. The amendments proposed by the representative of Israel, on the other hand, would make the operative paragraph even more difficult.

21. Mr. AKWEI (Ghana) said he thought the amendments proposed by the delegation of Israel would improve the draft resolution.

22. He hoped the Soviet delegation would reconsider its decision to abstain from voting, since the draft resolution had not been drawn up with any particular economic system in mind.

23. He was also prepared to accept the suggestion made by the representative of Gabon, although the main aim of the draft resolution was to draw the developed countries' attention to the need for overcoming the impediments to transfers of resources.

24. On the other hand, unlike the United States representative, he considered that the sixth paragraph of the preamble was justified, since the flow of resources

had in fact diminished, as was mentioned in the Secretary-General's report. As to the United States representative's second proposal, to the effect that operative paragraphs 2 and 3 should be combined into a single paragraph and that the lists they contained should be deleted, he considered that those lists were actually very useful, since the aim was precisely to make suggestions for the developed countries regarding the corrective measures they could take.

25. Mr. SAHLOUL (Sudan) said he would like to point out, on behalf of the other co-sponsors of the draft resolution, that the remarks of the representative of Ghana did not necessarily represent the views of the co-sponsors, and that the oral amendments submitted should be carefully examined before any decision were taken on their substance.

26. Mr. SANDOUNGOUT (Gabon) observed that there was no contradiction between operative paragraph 3 and the oral amendment he had proposed.

27. Mr. ABE (Japan) recalled his delegation's previous statement to the Committee (1127th meeting) that the report of the Secretary-General was not entirely satisfactory with respect both to its analysis of the factors affecting the ability of developed countries to assist the developing countries, and to the suggestions made for overcoming the constraints arising from such factors. For that reason, his delegation welcomed the oral amendment proposed by the representative of Pakistan with regard to operative paragraph 1. Although his delegation agreed in essence to what was contained in draft resolution A/C.2/L.961/Rev.1, that did not imply that it supported all the ideas and suggestions contained in operative paragraphs 2 and 3. As to operative paragraph 4, he wished to recall the observation made by his delegation last year; namely, that his Government had had serious doubts in regard to the purpose of the proposed study requested of the Secretary-General in operative paragraph 5 (b) (ii) of Economic and Social Council resolution 1183 (XLI). It was still the view of his Government that the United Nations should not screen the performance of the individual countries with respect to a particular recommendation.

28. Mr. CARANICAS (Greece) said he thought it might not be advisable, in the third preambular paragraph, to mention bilateral assistance, since in principle the United Nations was concerned only with multi-lateral assistance. The terms used in the fifth and sixth preambular paragraphs should be toned down somewhat, since the flow of resources had not in fact been declining, but had reached a standstill. Like the United States representative, he considered the list in operative paragraph 3 to be superfluous; moreover, some items in that list were controversial. Lastly, he agreed with the representative of Sudan that the co-sponsors of the draft resolution should meet to consider the oral amendments that had been proposed.

29. Mr. OLUMIDE (Nigeria) also thought that the time had come for the sponsors to consult together on the various oral amendments.

30. Mr. WALDRON-RAMSEY (United Republic of Tanzania) said his delegation approved the draft

resolution. It was the logical outcome of the findings contained in the Secretary-General's report, and the list in operative paragraph 3 was therefore perfectly justified. He expressed surprise at the attitude adopted by the developed countries, some of which—the socialist countries—basing themselves on their different economic system, had stated that some of the proposed measures in operative paragraph 3 were inapplicable, while others—the western countries—were obviously afraid of losing their freedom of action if they gave their approval to those measures. The amendments submitted orally by the representative of the United States were typical in that respect, and the delegation of the United Republic of Tanzania was opposed to their adoption. The amendment proposed by the representative of Gabon followed from the wording of the third preambular paragraph; it could be inserted as operative paragraph 2. Lastly, the amendments proposed by the representative of Israel would fittingly supplement the text of operative paragraph 3.

31. Mr. BLAU (United States of America) pointed out, with reference to the remarks made by the representative of Ghana, that the report of the Secretary-General entitled International Flow of Long-term Capital and Official Donations, 1961-1966 (E/4371 and Corr.1) was not relevant to the sixth preambular paragraph, since that report dealt with the movement of all resources, including export earnings and earnings from tourism and other services, which lay outside the scope of the draft resolution. With regard to the flow of capital and donations, which was the subject of the draft resolution, it was clear from that report that it had been sufficient to finance a current account deficit and even to permit a small build-up of reserves.

32. He wished to assure the representative of the United Republic of Tanzania that he was speaking solely on behalf of the United States; there were some twenty Western countries, each of which had its own representatives.

33. Mr. MARTIN WITKOWSKI (France) said he would prefer to retain the word "bilateral" in the third preambular paragraph. He supported the oral amendment proposed by Gabon. As to operative paragraphs 2 and 3, the developing countries should be careful in drawing up a list of measures to be taken by the developed countries. The fact was that every country was governed by its own particular legislation, and so far as France was concerned some of the measures proposed in operative paragraph 3 would be inapplicable for that very reason.

34. Mr. CHTOUROU (Tunisia), referring to operative paragraph 2, said he thought the words "transfer targets" were unfortunate, since, in the context, it was a question only of the procedures and machinery for transferring resources to the developing countries. Furthermore, his delegation found it difficult to understand why operative paragraph 2 began with the words "Notes with interest" and operative paragraph 3 with the words "Draws the attention"; both paragraphs could have been introduced with the same expression.

The meeting rose at 1.10 p.m.

