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CONTENTS

Chairman: Mr. Ismael THAJEB (Indonesia).

Organization of the Committee's work

1. The CHAIRMAN said that he had informed the Chairman of the Special Political Committee that the Second Committee was dealing with a draft resolution (A/C.2/L.735 and Corr.1 and Add.1) on the enlargement of the subsidiary bodies of the Economic and Social Council. The President of the General Assembly and the Chairman of the Special Political Committee had assured him that the latter would endeavour to reach a decision as soon as possible on the enlargement of the Council's membership so that the Second Committee could consider the text in question before 6 December, the date proposed for the conclusion of work.

AGENDA ITEM 33

Economic development of under-developed countries (A/5532) (continued):

(d) Accelerated flow of capital and technical assistance to the developing countries: report of the Secretary-General (A/5546, A/C.2/L.739/Rev.2, A/C.2/L.761 and Add.1) (continued)

2. The CHAIRMAN said that he would reopen the list of speakers in order to give delegations which so desired the opportunity of expressing their views on the new revised text of the draft resolution (A/C.2/L.739/Rev.2).

3. Mr. SIMHA (India) introduced the new revised draft resolution and thanked the delegations which had taken part in the discussion for the understanding shown of the basic objectives of the draft resolution. The sponsors had made a serious effort to reconcile the different points of view so that the text, which had been very flexible even in the original version, could be adopted unanimously.

4. The sponsors had experienced no great difficulties in taking into account the suggestions bearing on the preamble. They had accepted, with some slight changes, the United Kingdom amendments (A/C.2/L.764).

5. So far as operative paragraph 1 was concerned, no one had questioned the need for keeping under constant review the flow of international assistance and development capital, but differences of opinion had arisen with regard to the question whether a new body, and more especially a standing committee, should be established for the purpose. The wording of the paragraph, which had been flexible in the original version because it had left open the possibility of establishing any other suitable machinery, had been changed to take into account the Yemeni amendment (A/C.2/L.765).

6. The sponsors appreciated the cogency of the remarks made by various delegations, particularly those of Iran, the United Arab Republic, Tunisia and Algeria, regarding the importance of analysing net capital flows, of undertaking regional and even country studies, and of considering the terms on which assistance was granted. It was also true that the proposed reviews should be of a dynamic nature and cover the trends observed over a certain period in connexion with the United Nations Development Decade. On the other hand, the sponsors had felt that it was neither desirable nor necessary, at the present stage, to specify those aspects in too great detail; the final decision would have to be taken in the light of the results of the United Nations Conference on Trade and Development. They had therefore considered it advisable to leave the text as flexible as possible. They also regretted that they had been unable to accept the New Zealand amendment to operative paragraph 1 (A/C.2/L.766/Rev.1) because it would have been inconsistent with the main objective of the draft resolution and would have made the terms of reference of the proposed body too broad. But they hoped that the New Zealand representative would appreciate their efforts to recast that paragraph as a whole.

7. With regard to operative paragraph 2, the sponsors were glad to note that no one had questioned the usefulness of reviewing the conceptual and methodological problems posed in the Secretary-General's reports and of making the presentation of data on capital flows and aid as meaningful and comprehensive as possible in order to assess the adequacy of such flows. Several delegations had, however, questioned the need to set up an expert committee, some for financial reasons and others for reasons of principle. That was a field in which most countries which had raised objections were themselves experiencing difficulties. Even though each country had excellent balance-of-payments experts, it was nevertheless always an advantage to have those problems reviewed by outside experts. In their desire to take into account the views expressed and the financial implications to which reference had been made, the sponsors had incorporated in paragraph 2 some changes which seemed to them to meet the objections raised and covered the amendments submitted by the United Kingdom and Yemen.

8. Mr. UNWIN (United Kingdom) thanked the sponsors of the draft resolution for having taken into account

the amendments proposed by his delegation (A/C.2/L.764). His delegation would have preferred the sponsors to use the word "movement" instead of the term "flow" as strictly more accurate in the particular context of the third preambular paragraph, and to use the wording of paragraph 3 of its amendment in operative paragraph 2, but it was prepared to accept the sponsors' version and it withdrew its amendment.

9. Mr. SAID (Yemen) congratulated the sponsors of the draft resolution on their spirit of compromise. He withdrew the amendments submitted by his delegation (A/C.2/L.765), which had been taken into account in the revised version.

10. His delegation had submitted amendments not because it was not in agreement with the purpose of the draft resolution, but because the draft seemed to over-emphasize the establishment of a new body. It was always dangerous and sometimes costly to set up new organs or new institutions and, by proliferating them, the advantage they could offer might be sacrificed. In the case under consideration, it would be better, before setting up a new body, to wait until the competent institutions had studied the matter thoroughly. He also felt that more careful consideration should be given to the suggestions made by the Algerian representative, who had recommended that more importance should be ascribed to the net flow of capital and that stress should be laid, not only on accelerating the flow of capital from the developed to the developing countries, but also on the flow in the other direction.

11. Mr. BOLT (New Zealand) associated himself with the representatives who had congratulated the sponsors of the draft resolution on their efforts to take into account the amendments submitted. He recalled that the New Zealand amendment (A/C.2/L.766/Rev.1) covered two main points: first, how the proposed review should be undertaken and, secondly, the scope of review. The new wording of operative paragraph 1 of the revised draft resolution took the first point into account. So far as the second and more important part of the New Zealand amendment was concerned, the Indian representative had explained that, in the sponsors' opinion, it tended to make the terms of reference of the proposed body too broad. Unfortunately, he had not stated the reasons for that conclusion.

12. The New Zealand delegation was deeply interested in the part to be played by the United Nations in assessing the results achieved by the international community. He recalled that at the General Assembly's seventeenth session, only the delegations of Ireland, Liberia and New Zealand had mentioned that matter. During the current session, the delegations of Algeria, Venezuela and Finland had also expressed interest in that idea. The acceleration of capital flows was to a large extent dependent on the trends of public opinion, which must be made to understand the need for accelerating the flow and the problems confronting the developing countries. That was a slow process which would take years.

13. If the relationship between the economic development of the developing countries and the capital available to those countries was to be studied, the first essential was to have all the requisite information on the volume and nature of that capital. In that connexion, the representative of the United Arab Republic had made a distinction between foreign exchange resources and national currency resources. That was a matter which should be taken into consideration in any United Nations study on capital resources. Again there seemed to be general agreement on the importance of the creation and mobilization of domestic capital in the developing countries, as was stressed in the second preambular paragraph of the revised draft resolution. In order to determine whether the flow of capital was sufficient, it was necessary to know the characteristics and trends of capital formation in the developing countries themselves.

14. It was highly unlikely that a picture of the situation could be obtained merely by undertaking, as provided for in the draft resolution, a systematic review of the flow of international assistance and development capital. That approach automatically excluded capital outflows, mentioned by the delegations of the United Arab Republic and Algeria, and on which it was essential to have information. Admittedly, the collection of information might be difficult, but perfect results could not be expected in the next few years and, in any case, the draft resolution implied a long-term process. Possibly, the sponsors of the draft feared that, by referring to domestic capital formation, some countries might be subjected to a kind of control by the United Nations. If that was so, he thought that their apprehensions were unfounded.

15. The preamble now mentioned the mobilization of domestic capital and it was only logical that that idea should be repeated in the operative part. His delegation had proposed a very flexible text for that purpose. Since the explanations offered by the sponsors of the draft resolution did not seem satisfactory to him, he was obliged to maintain his amendment.

16. Mr. JAZAIRY (Algeria) noted that the sponsors had expressed interest in the suggestions made by the delegations of the United Arab Republic, New Zealand and his own country concerning the advisability of taking into account exports of capital from the developing countries. As, however, that idea had not been explicitly set out in operative paragraph 1 of the draft, the delegations of Algeria and the United Arab Republic had decided to submit an amendment (A/C.2/L.768).

17. Mr. SOLODOVNIKOV (Union of Soviet Socialist Republics) expressed the view that the reports by the Secretariat on the international flow of long-term capital and official donations (A/4906/Rev.1, A/5195/Rev.1 and A/5546) did not represent an objective analysis of the situation because they did not stress the negative influence of foreign private capital on the development of the under-developed countries. Further information should therefore be provided on that subject.

18. The Secretariat had not made any distinction between the reinvestment of profits and the inflow of new capital, although the generally held view was that they were two quite different things. The failure to make such a distinction was particularly serious in the light of the fact that frequently as much as 80 per cent of the total "investment" consisted of reinvested profits. Hence, the situation as described was not the situation as it really existed.

19. Furthermore, there was at present, for purely political considerations, a certain reluctance to invest private capital in the under-developed countries and that held up development. A report of the Organization for Economic Co-operation and Development (OECD) of September 1962 entitled Development Assistance Efforts and Policies in 1961 clearly showed that the

transfer of profits abroad was often greater than the amount of the actual investments and it pointed out the fundamental difference between the reinvestment of profits and the inflow of new capital. The President of Brazil had also drawn attention to the negative part played by foreign capitalists in the economy of Brazil. Furthermore, tables 3 and 9 of the study relating to the period 1959-1961 (A/5195/Rev.1) did not give a clear idea of the situation because the methods of the capitalist and of the socialist countries were not comparable; the latter countries, as was generally known, did not repatriate profits because they did not invest private capital in other countries. Such fundamental differences and very important factors must therefore be taken into account by the Secretariat in the future, for the transfer of super-profits to the capitalist countries was an essential element in the disequilibrium of the balance of payments of the countries in process of development.

20. The OECD report had also shown that the possibilities of purchasing capital goods had been considerably reduced by the servicing of foreign debt: the interest rate on 7 per cent of the total volume of loans ranged from 2 to 4 per cent, the rate on more than 50 per cent of the loans ranged from 4 to 6 per cent, and the rate on 20 per cent of the loans was 6 per cent or higher. The harmful effect of that state of affairs on economic development was immediately apparent. Because in some cases the debt service might be as high as 45 per cent of annual export receipts, many countries had been led to forgo such burdensome loans.

21. In Latin America, as many representatives, including the representative of Uruguay had pointed out, the repatriation of profits was often greater than the amount of new capital. That was a fact which had been acknowledged by The New York Times in an article in its issue of 11 October 1963, and it was regrettable that those factors had not been stressed by the Secretariat.

22. Foreign capital, and specifically private capital, could perform a useful function, but it would have to be made available on acceptance conditions and with due regard for the long-term interests of the developing countries. It was unfortunate that the sole concern of the foreign capitalists was to defend their own selfish interests. What was more, the loans were often accompanied by interference in the national politics of the debtor countries.

23. A Mexican economist had very effectively revealed the hostility of foreign capitalists towards the development of local industry and their efforts to throttle its growth. There was, however, an increasing awareness that the activities of private foreign interests must not run counter to national interests, and many Governments—the United Arab Republic, Cuba and Algeria, to name a few—had taken action to control foreign capital, to limit the transfer of profits and even to nationalize large foreign companies. The United Nations economists should not have passed over those facts in silence. There was, of course, another school which advocated complete freedom for foreign capitalists, and the United States representative, in his statement at the 926th meeting, had come forward as the defender of that argument. It was unfortunate that certain international financial agencies seemed to take the same attitude. A point to be noted in that connexion was that most of the loans were being granted to private undertakings and that State undertakings, which were playing an increasingly more important part in the economies of the newer countries, were receiving very few. The under-developed countries were aware that the USSR was on their side and was supporting action to prevent the foreign capitalists from slowing down their development. They knew, too, that they could rely on the socialist countries to help them achieve their economic independence.

24. Whenever the United States delegation referred to the assistance provided by its country, it failed to mention the profits that were made. The time seemed to have come to remedy that omission. For the period 1953-1962, the total assistance granted by the United States was said to have amounted to $33,049 million but, in return, the transfer of profits had amounted to at least $27,646 million.

25. It was unfortunate that the Secretariat had not given sufficient attention to those various aspects of the matter, and a change in methods was imperative in future studies. In any case, transfers of super-profits, transfers of dividends and reinvestment were matters that must be taken into account. The Secretariat should also analyse the international flow of short-term capital, which could be measured in tens of billions of dollars and equalled the volume of long-term capital.

26. In view of the shortcomings in the studies made up to that time, his delegation regarded the draft resolution as a very positive element. The USSR would wait however, before taking a definite stand, until further information was available on the terms of reference contemplated for the committee or the "appropriate machinery" provided for in operative paragraph 1. It also felt that a further report by the Secretariat on capital flows would be useful on condition that it did not have any financial implications. The requested study should be defined more precisely, and several delegations, including the delegation of Malaysia, had put forward some interesting ideas which the authors should take into account. To evaluate the flow of capital was not, of course, enough; an effort must also be made to determine how the present trend of that flow could be reversed so that the progress of the developing countries might be fostered.

27. Mr. PUGA (Chile) said that one of the most important matters and one of the most pressing that demanded the Committee's attention was how to accelerate the flow of capital and technical assistance to the under-developed countries. That was the reason why Chile had wanted to be included among the sponsors of the draft resolution.

28. Ideological discussions, no matter now interesting, would not serve to correct the inequalities affecting financial and trade relations between the industrialized and the developing countries. Before all else, the international community must take inspiration from the great principles proclaimed by George Washington concerning relations between nations based on mutual respect for their sovereign rights. It was in that spirit that his delegation had taken part in drawing up the draft resolution which had been submitted to the Committee.

29. It was, in essence, a matter of asking the Secretary-General and the Economic and Social Council to remedy the existing shortcomings with regard to data and methods so that what was called, often sarcastically, "foreign aid" might be accurately defined.

30. Apart from loan transactions, the financial relations between countries were of three main kinds:

the purchase of natural resources, capital participation of foreign companies, and donations and grants. It was the duty of the Economic and Social Council and the Secretariat to draw on their store of experience in order to indicate what forms of action were best suited to favour the accumulation of capital in the developing countries.

31. Financial assistance in the form of loans had the great advantage of enabling a nation to retain its sovereignty over its natural resources. At the beginning of the twentieth century, when the exchange of technical knowledge had not yet been heard of and private investment had been the only source of credit, Chile had relinquished some of its rights over its natural resources, and the inevitable unfortunate consequences had ensued. Having learnt from that experience and determined to take advantage of the new possibilities now available, the Chilean Government had taken great care that the exploitation of the country's petroleum resources should be entrusted to a national company which it had been able to establish with the aid of loans from the Inter-American Development Bank. Thus the progress achieved in a few dozen years in international financial aid could be measured.

32. Private investment in foreign companies was another solution which had much to recommend it, since it allowed the beneficiary nations to take advantage of the most modern techniques developed in the industrialized countries without any loss of sovereignty over their natural resources. At the same time, it had many serious disadvantages. In the first place, investments of that kind were subject to great fluctuations. For example, the mere fact that President Kennedy had announced the fiscal measures his Government intended to take in order to remedy the unfavourable balance-of-payments position of the United States had all but stopped the flow of United States capital abroad. It was precisely the world repercussions of decisions of that kind which the Secretary-General and the Council were being asked in the draft resolution to keep under constant and systematic review.

33. Turning to the question of loans for development purposes, he pointed out that they could not be fully productive unless they were granted on a long-term basis and on terms favourable to the beneficiary countries. It should not be forgotten that in earlier times the industrialization of the highly developed countries had been made possible by investments for minimum periods of fifty years. Since then, the situation had changed considerably, and the present tendency was to make short-term investments from which the investors expected immediate returns. That problem also merited careful consideration by the Secretariat and the Economic and Social Council.

34. Short-term loans were often made subject to conditions which caused them to have a negative effect on the economic growth of the developing countries. In some cases, the borrower had to spend the proceeds of the loans in the country of origin and to pay the interest and repay the principal in dollars or some other convertible currency. The rate of interest was sometimes very high. There was no need to describe in detail the disastrous effects that such terms could have on the balance of payments of the under-developed countries.

35. Public opinion was also an important factor in that field. In the 1920's the idea of long-term investment had been generally accepted. Investors had purchased securities on which they had drawn interest until the capital had been reimbursed. The depression of the 1930's had led to the almost complete disappearance of capital flows until the Bretton Woods agreements of 1944. The burden of foreign financial aid had been assumed since then by the Governments, the necessary funds having been obtained by fiscal means. From then on, the citizens of the capital-supplying countries had no longer felt that they were sharing directly in the flow of investments, with all the advantages and guarantees which that had involved for them. Such indirect participation through the medium of taxation, which had not ensured visible and immediate profits, had led them to believe that they were being exploited. That explained the growing opposition in many developed countries, particularly the United States, to the idea of foreign aid.

36. It was clear, however, that the foreign aid the developing countries were receiving was not without its disadvantages. As several representatives had remarked, the outflow of capital was an extremely serious problem for those countries. While it was true that the outflow of capital was the necessary counterpart of foreign financial aid, it would have to be measured as accurately as possible if the role of foreign aid in the economic expansion of the under-developed countries was to be properly ascertained. Recent calculations had shown that in four years the total income from the capital invested in Chile by the foreign companies operating certain copper mines had been $487 million, or 47 per cent of the total money invested. Surprised by such enormous figures, the companies concerned had agreed quite readily to review their agreements with the Chilean Government in order to reduce the income from invested capital to between 10 and 15 per cent of the total amount invested.

37. Nothing could show more clearly the importance of the studies which the sponsors of the draft resolution were asking the Secretary-General and the Economic and Social Council to carry out. As a matter of fact, the countries supplying financial aid were convinced that they were making a considerable effort and that they were inspired by a praiseworthy spirit of philanthropy. Some even felt that they were going too far in that direction. It was for the United Nations and its organs to draw a true picture of the situation, if only to enlighten public opinion in those countries. In the final analysis, the future of the developing regions depended on the success of that undertaking.

38. Mr. FINGER (United States of America), speaking in the exercise of his right of reply, pointed out that it was not for him to refute the USSR representative's criticisms of the Secretariat and the so-called "negative" role of foreign private investment. He noted, however, that those criticisms had not been made by the developing countries but only by the spokesmen of the communist countries, and that fact spoke for itself. Contrary to the views of the Soviet representative, reinvestment of profits constituted a most important factor for development.

39. As to the idea of profit, there was nothing immoral about it, either in the free-enterprise countries or in the countries with a planned economy. The latter, to be sure, used a different term; they spoke of "socialist accumulation". One might, however, wonder whether the idea of "socialist accumulation" was so very different from that of "profit" which, in the eyes of Marxist theoreticians, was the foundation of capitalist society. The principle was, in fact, the same.

If there was no accumulation of capital, if, in other words, it was not possible to reinvest profits, there could be no economic expansion, whether in communist, free-enterprise or mixed-economy countries.

40. With regard to the outflow of capital, he had reason to believe that, in Hungary, for example, there had been companies which had been owned jointly by the Soviet Government and the Hungarian Government. Apparently the magnitude of the capital outflow towards the USSR had been the precise reason why the Hungarian Government had bought out the Soviet Government's share. It would be interesting, he thought, to be able to study the statistics for that operation.

41. As far as foreign private investment in Latin America was concerned, it was the Latin American countries themselves, as Mr. Bingham had pointed out at the preceding meeting, which praised the role played by capital of that kind in their economic development. That was quite apparent from the reports published by ECLA and from resolution 228 (X), which had been adopted by ECLA at its tenth session.

42. The USSR representative had conceded that private investments could play a positive role, on condition that they were made on terms acceptable to the developing countries. It was not apparent how it could be otherwise. The countries concerned were sovereign States, and there could be no valid contract without the assent of both parties.

43. With regard to statistics, he observed that the Soviet representative had grossly distorted the facts about United States public aid and private foreign investment; he had given figures only for the outflow of public aid to developing countries and had compared those with profits on United States investments all over the world. Such investments now amounted to $38,000 million and profits on them were at a fair and reasonable rate. He further pointed out that the Soviet Union representative had failed to mention the volume of the foreign aid the USSR was providing. Such modesty on his part was not altogether surprising, since it was common knowledge that nearly 90 per cent of the financial aid to under-developed countries came from the free-enterprise countries. Moreover, there was good reason to believe that even the relatively small amounts of aid given by the USSR prior to 1960 had been declining since that year.

44. Mr. BRILLANTES (Philippines) said that the developing countries believed that their efforts to achieve self-sustained economic growth must be backed by foreign capital. Accordingly, the five-year economic and social development plan that was being carried out in his country included provision for a net import of foreign capital amounting to a total of $860 million. His delegation was therefore grateful to the sponsors of the draft resolution for having stressed the need for a constant and systematic review of the flow of international assistance and development capital which would make it possible to assess the adequacy of such flows in the light of the objectives of the United Nations Development Decade.

45. While not wishing to underestimate the technical difficulties of that task, he considered it indispensable, as the New Zealand representative had so rightly said, to set certain criteria by which to judge the performance of the world community in the sphere of international co-operation. He called the Committee's attention to the work programme in the field of industrialization recommended by the Committee for Industrial Development which appeared in that Committee's report on its third session (E/3781, annex IV) and which had been approved by the Economic and Social Council. Under the heading "Financial problems", the programme listed various projects to be carried out by the Department of Economic and Social Affairs. The Council would obviously have to take those projects into consideration when studying the general question of the accelerated flow of capital. It was also to be hoped that the Council would take into account the opinions expressed by the various delegations during discussion of the item in the Second Committee.

46. With regard to operative paragraph 2 of the draft resolution, his delegation approved the proposal under which the Secretary-General, with the assistance of experts if necessary, would try to improve and make meaningful the presentation of data on capital flows. It felt that the co-operation of the countries concerned should be sought, preferably through the regional economic commissions, which would have an important part to play. His delegation therefore proposed to the sponsors that operative paragraph 2 should include an express reference to the regional commissions, as the representatives of Algeria and the United Arab Republic had already suggested.

47. U MAUNG MAUNG (Burma) said that the sponsors of the draft resolution, which included his own delegation, had sought to take all the suggestions and amendments into account. He emphasized the necessity for a review of the type envisaged to meet the needs of the developing countries, especially in regard to their industrialization, the modernization of their agriculture and the development of their trade. The discussions which had so far taken place had shown that the capital available to those countries was far from adequate for their needs. The sponsors of the draft resolution hoped that the studies which they were requesting would help the developing countries, as well as the developed and industrialized countries, to examine the circumstances in which development capital was being channelled to the developing countries and how it was leaving those countries. The studies should show where the capital was going, in what conditions and to what ends. The findings would not serve a purely political purpose; the facts would speak for themselves, and policies in regard to the flow of development capital and the nature of its sources would be considered subsequently, particularly by the industrialized countries. A new trend of thought was already discernible with regard, for example, to the International Bank, IMF, IDA and the Special Fund, and he believed that the annual presentation of the results of the studies in question would hasten that process.

48. Since the end of the Second World War, bilateral aid and the export of private capital, with the more recent addition of multilateral aid, had assumed great importance. The flow of capital, especially as the result of bilateral agreements, had had remarkable effects in countries possessing the industrial basis necessary to absorb it, to expand their production, intensify and enlarge the volume of their trade and thus increase their national wealth. In countries which lacked that industrial basis, the assistance had had little effect on development; the bilateral assistance given to those under-developed countries created a semblance of prosperity, increasing the consumption of goods without producing any substantial progress towards self-sustained economic growth. It might even be thought that the speed of the flow of private capital

furnished under bilateral agreements was directly proportionate to the industrial level reached by the beneficiary countries. That was natural, for the flow of private capital was governed by private interests which had no connexion with the development of the under-developed countries. Thorough and efficiently conducted surveys would certainly throw more light on the question and point to the need for a complete review of policies in regard to the aid being given to the developing countries in the form of development capital.

49. Within the framework of the United Nations Development Decade, all efforts and resources must be concentrated on accelerating the advancement of the under-developed countries. A study of the flow of capital must accordingly have specific aims, as indicated in the draft resolution before the Committee, and for that reason it must be the work of a committee imbued with the idea that it was fulfilling a mission and of a team of experts similarly inspired. His delegation was convinced that the object of most of the amendments proposed was to make a contribution in that direction. Certain suggestions, however, tended to divert attention to other aims, or to limit the scope of the draft resolution. The sponsors were anxious to co-operate to the fullest extent, while at the same time safeguarding their objectives.

50. The studies that would be undertaken by the United Nations would also be of great value for the planning to be done in developing countries such as Burma. His delegation therefore hoped that the Second Committee would adopt the draft resolution unanimously.

51. Mr. MALHOTRA (Nepal) recalled that his delegation had been a sponsor of resolutions 1522 (XV) and 1711 (XVI) in which the General Assembly had expressed the hope that the annual flow of assistance and capital would soon represent 1 per cent of the combined national income of the economically advanced countries. As had been observed by the Secretary-General in the introduction to his annual report (A/5501/Add.1) and by the Under-Secretary for Economic and Social Affairs in his statement to the Committee (902nd meeting), that objective, however modest, was far from being attained, at least with regard to the industrialized countries as a whole.

52. His country welcomed all investment capital, both public and private; however, up to the present time, it had had recourse mainly to public capital and multilateral assistance. It was, however, the responsibility of every State to reach its own decision in that matter, in the exercise of its sovereign rights.

53. He was happy to note that the sponsors had agreed to incorporate in the revised draft resolution the substance of the amendments proposed by the United Kingdom. He was grateful that the United Kingdom representative had not insisted upon his amendment to operative paragraph 2, as the original text was more comprehensive.

54. His delegation further believed that if the sponsors were to accept the amendment proposed by Algeria and the United Arab Republic (A/C.2/L.768), they would at the same time be answering the objections raised by New Zealand. The draft resolution would thus be assured of unanimous adoption.

55. Mr. GHEBEH (Syria) stressed the importance of the flow of capital for the economic growth of the developing countries. He approved the measures proposed by the sponsors of the draft resolution in operative paragraph 1, but agreed with the representatives of Algeria and the United Arab Republic on the need to mention specifically the outflow of capital from the under-developed countries. He had in fact been preparing to submit an amendment in that sense, to replace the words "this flow" in the last part of operative paragraph 1 by the words "capital movements".

56. Likewise, in the interest of uniformity in the wording of the text, the words "the international flow of long-term capital", in paragraph 2 following the words "General Assembly resolution 1522 (XV) on", should be replaced by the words "the international movement of long-term capital".

57. In his view, the text of the draft resolution was an answer to the concern expressed by the representative of New Zealand, since operative paragraph 1 referred to "the nature and volume" of the flow of capital.

58. Mr. EL BANNA (United Arab Republic) noted with satisfaction that his observations had been echoed in most of the statements made subsequently by the members of the Committee.

59. He commended the sponsors of the draft resolution on the conciliatory spirit they had shown. Nevertheless, the question of the outflow of capital was so important that, as the New Zealand representative had wisely pointed out, it ought to be explicitly mentioned in the text. That was why he had joined the Algerian representative in proposing an amendment along those lines (A/C.2/L.768). He hoped that the sponsors of the draft resolution would take it into account.

60. Mr. REID (Canada) said that he supported the amendments by New Zealand (A/C.2/L.766/Rev.1) and by Algeria and the United Arab Republic (A/C.2/L.768) to operative paragraph 1 of the draft resolution.

61. As to operative paragraph 2, he suggested, in order that the draft resolution might be adopted unanimously, that the words "such flows" in the last part of the paragraph should be replaced by the words "capital resources available to developing countries".

The meeting rose at 6.15 p.m.

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