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CONSIDERATION OF DRAFT RESOLUTIONS (A/C.2/L.558/REV.1) (continued)

1. Mr. LINGAM (India) introduced the revised text of the draft resolution entitled "Reaffirmation of General Assembly resolution 1522 (XV) on the accelerated flow of capital and technical assistance to the developing countries" (A/C.2/L.558/Rev.1). He said that a new fourth preambular paragraph had been added, using the same wording as the fourth preambular paragraph of General Assembly resolution 1522 (XV), in order to emphasize that the recipient countries should take certain measures to encourage the flow of capital. In fact, the less developed countries were making efforts in that direction, by attempting to eliminate inequalities in income, concentrating on development and preparing the ground psychologically for the influx of new capital. A new fifth preambular paragraph had been added in order to include the idea that economic development should be the joint endeavour of all States. It had been thought that mention should be made, in the seventh preambular paragraph, of the information given in the report of the Secretary-General (A/4906), and an

Chairman: Mr. Blasco LANZA D'AJETA (Italy).

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Report of the Economic and Social Council (chapters II, IV, V (sections II-V), VI (paragraph 489) and VIII (paragraphs 650 and 651)) (A/4820 and Corr.2, A/4911) (continued)
 Economic development of under-developed countries (A/4820 and Corr.2) (continued):
 (a) Industrial development and activities of the organs of the United Nations in the field of industrialization;

eighth preambular paragraph concerning the flow of capital in the years 1951-1959 had been added. Certain minor changes had also been made in the second and third preambular paragraphs. The new wording of the latter paragraph emphasized the need to increase the rate of economic growth of the less developed countries.

2. Operative paragraph 1 had been altered in order to reflect certain views which had been expressed, in particular by the United Kingdom delegation. A reference was included to operative paragraph 2 of Assembly resolution 1522 (XV) and the language of the earlier resolution had been adopted in the phrase "approximately 1 per cent". In operative paragraph 3, a reference was made to the Secretary-General instead of to the Secretariat. Finally, the title of the draft resolution had been altered.

3. It should be emphasized that the proposed target for the net flow of capital and technical assistance to the less developed countries in no way constituted a levy on the incomes of the advanced countries. It merely represented what was considered to be a basic minimum, since it was essential that both donor and recipient countries should know what aid was needed and what was forthcoming. One of the greatest handicaps of the less developed countries in their economic planning was uncertainty about their ability to obtain the requisite foreign exchange in order to finance their plans. Various estimates had been made of the external capital requirements of the less developed countries, but it was impossible accurately to determine them or the incomes of the advanced countries. An absolute minimum flow of capital was needed for aid from the advanced countries to make an impact on the economies of the less developed countries.

4. Mr. GREEN (New Zealand) wished to express a reservation concerning the mention of any specific percentage in the draft resolution. It was difficult to establish a norm for the flow of capital and technical assistance because of the complexity of the process of development: it was impossible at any given stage to judge whether or not development had been successful from the attainment of a particular norm or failure to obtain it. It could be seen from the Secretary-General's report on the international flow of long-term capital and official donations, 1951-1959 (A/4906) that the level of domestic capital formation in the under-developed countries would be of crucial importance in any future economic growth, such as that envisaged in the draft resolution on the United Nations Development Decade (A/C.2/L.599).

5. The aim of current surveys was to obtain an over-all picture of the total flow of aid to the less developed countries. General Assembly resolution 1522 (XV) referred to Assembly resolution 1034 (XI) and Economic and Social Council resolution 780 (XXX), both of which attempted to promote that aim. In view of that fact, the New Zealand delegation wished to suggest that operative paragraph 2 of the draft resolution should be amended to read as follows:

"Requests the Secretary-General to submit information so far as possible on both gross and net flows of assistance in the course of making the annual reports called for in paragraph 4 of General Assembly resolution 1522 (XV) concerning progress made towards the objectives of that resolution."

6. Mr. MAHDAVI (Iran) thought that the substance and language of the revised text were acceptable and

remedied the shortcomings of the first draft. He hoped that the amendment proposed by the representative of New Zealand would be accepted.

7. Mrs. WRIGHT (Denmark) said that, although Denmark had not reached the goal of 1 per cent, it had increased its assistance to the less developed countries every year, especially through the Expanded Programme of Technical Assistance and the Special Fund. The developed countries would find it easier to adopt the draft resolution if some recognition of their efforts were included in the text. She would therefore suggest that the words "which shows a progressive increase during the period" should be added at the end of the eighth preambular paragraph.

8. Mr. SMID (Czechoslovakia) said that his country was firmly committed to a policy of increasing its financial and technical assistance to the developing countries. But it had serious doubts about operative paragraph 1 because the figure of 1 per cent would be applied to all countries uniformly, irrespective of whether they had had colonies or not. Czechoslovakia contributed more than 1 per cent of its national income to the under-developed countries and intended to increase that proportion. It knew from experience what foreign monopolies were and had also suffered enormous losses during the Second World War. For that reason it had only begun to help the under-developed countries during the 1950's. Czechoslovakia had achieved its economic progress by its own efforts and with the help of the Soviet Union and the other socialist countries. It had had to overcome serious difficulties but it had not secured its economic advancement by exploiting other countries.

9. Mr. CRITCHLEY (Australia) said that the scale of Australia's assistance to the under-developed countries was increasing and that for every million of its population there were more than a thousand Asian students in the country. The draft resolution before the Committee referred to the less developed countries, but Australia found itself in an intermediate category between them and the more advanced States. It depended to a large extent on exports of a small range of agricultural products and was also a capital importer. Most of its aid to the less developed countries took the form of grants because it had little capital available for overseas investment. Therefore, Australia was not directly affected by the draft resolution. It did not like the 1-per-cent formula, but the revised text was a considerable improvement on the original draft. The New Zealand amendment was also an improvement.

10. Mr. KAKITSUBO (Japan) said that the inadequate rate of economic growth of the less developed countries was not the only reason for the widening gap between those countries and the more developed ones. He would suggest therefore that, in the third preambular paragraph, the phrase "because of the inadequate rate of economic growth of the less developed countries" might be omitted. In the sixth preambular paragraph it was not clear to what "developmental capital" referred; that phrase did not appear in General Assembly resolution 1522 (XV). Perhaps the sponsors might clarify the paragraph and bring it closer into line with the corresponding paragraph of resolution 1522 (XV). His delegation also had difficulty in accepting the inclusion of the word "annual" in operative paragraph 1 and also with the 1-per-cent formula itself. The necessary statistics were not available for determining the combined national

incomes of the developed countries. In any case, it seemed unjust to apply a uniform percentage to all countries regardless of their wealth. Japan was not indifferent to the needs of the under-developed countries and was doing everything it could to help them. It was prepared to support the Danish and New Zealand oral amendments.

11. Mr. LINGAM (India) wished to make it clear that the sponsors of the draft resolution were by no means attempting to impose a rigid norm on the developed countries. They were attempting to set a minimum target and give some indication of the scale of assistance necessary for engendering economic growth in the under-developed countries. He agreed that the statistical methods of assessing the national income of the advanced countries were bound to vary, but the figure of 1 per cent was approximate and took into account not only the capacity of the under-developed countries to absorb capital but also the burden that would be placed on the more advanced countries. The target set was not unreasonable and should not give rise to reservations, for the developed countries were in a sense compelled to act together to help the under-developed countries.

12. In reply to the Japanese representative, the sponsors could not agree to delete the final phrase of the third preambular paragraph because the inadequate rate of economic growth was in fact the primary cause of the gap between the developed and under-developed countries. The inclusion of the phrase "developmental capital" in the sixth preambular paragraph meant that capital was needed for all types of development—agricultural, industrial, social and so on. The sponsors did not object to the inclusion of the Danish amendment, but at the end of the seventh rather than the eighth preambular paragraph. They also accepted the New Zealand amendment.

13. Mr. WOULBROUN (Belgium) said that his country fully supported the principle of assisting the under-developed countries. During 1960-1961 its financial aid to the Congo had amounted to \$113 million. Since the Congo had attained independence, Belgium had provided technical assistance valued at 2,000 million Belgian francs. Belgium had also sent 900 teachers to the Congo in addition to those already there before its independence.

14. Belgium doubted the value of making renewed appeals at regular intervals to the more developed countries and also maintained its reservations concerning the 1-per-cent formula. Surely the industrialized countries of the West were by now fully convinced of the need to help the under-developed countries. It was also important to take into account the important role played by private capital, and especially of the role played by IBRD, which not only provided loans to the under-developed countries but also created an atmosphere of international confidence.

15. In spite of its objections, the Belgian delegation recognized that the text of the draft resolution had been considerably improved.

16. Mr. VIAUD (France) said that the revised text of the draft resolution was a distinct improvement on the original version. His delegation was glad to note that a new preambular paragraph had been included which explicitly recognized the primary responsibility of the less developed countries themselves for their economic development. In emphasizing that

responsibility in his earlier comments on the draft, it had been his intention not to deny the responsibility of the advanced countries but to point out that no real progress was possible without the determination to achieve it on the part of the less developed countries.

17. The new wording of operative paragraph 1 still offered some difficulties for his delegation, primarily because of the vagueness of the notions of international assistance and national income on which it was based. The Indian representative, in explaining what the sponsors meant by combined national incomes, had referred to gross and net national income, although all members of the Committee were aware that both those terms had different meanings depending on the degree of central control exercised over the economy in question. In his delegation's view, the text would be clearer and more acceptable if the word "annual" in operative paragraph 1 were deleted, as the Japanese representative had suggested, and a reference made to operative paragraph 1 of General Assembly resolution 1522 (XV), in which the 1-per-cent goal had first been laid down, rather than to operative paragraph 2.

18. Mr. CHAMMAS (Lebanon) was gratified that the sponsors had accepted the New Zealand amendment, which his delegation supported. While understanding the reservations expressed by many representatives with regard to the 1-per-cent formula, he felt that, in view of the needs of the less developed countries, a 1-per-cent target could not be regarded as over-ambitious. He therefore hoped that the representatives concerned would find their way to support the paragraph, especially as the formula proposed was extremely flexible. He was glad that the draft resolution contained an explicit reference to operative paragraph 2 of General Assembly resolution 1522 (XV), which mentioned the desirability of channelling an appropriate part of the flow of capital and technical assistance through the United Nations. Although Lebanon was a capital-importing country and its economy was based on private enterprise, he felt that there had been some overemphasis in the Committee on the importance of private capital for the development of the less developed countries. His delegation regretted that there was no United Nations development agency which could estimate the foreign capital requirements of the developing countries and co-ordinate the flow of assistance to them.

19. Mr. LINGAM (India), speaking for the sponsors of the draft resolution, said that the 1-per-cent formula was intended only as an indication of the measure of assistance to be provided. By its very nature, the formula was not a method for calculating the exact outflow of capital to the last dollar. The Secretariat did not have access to all the relevant data and only after a period of years would it be able to provide the Committee with precise information regarding the outflow of capital. Moreover, the sponsors recognized that there were vicissitudes in the fortunes even of affluent countries; it was not their intention that the flow of international aid should be computed annually and defaulters brought to the notice of the General Assembly.

20. Mr. MALHOTRA (Nepal) said that the sponsors of the draft resolution had accepted virtually all the changes suggested, so that the draft had become an almost complete repetition of General Assembly resolution 1522 (XV). In fact, operative paragraph 1 of that resolution was repeated almost verbatim; his

delegation therefore saw no need to refer once again to that paragraph, as the French representative had suggested, and considered the reference to operative paragraph 2 entirely appropriate.

21. In spite of its repetitious nature, the draft resolution still served the useful purpose of emphasizing the need for accelerating the flow of capital to the less developed countries. The 1-per-cent formula could not be construed as a kind of tax, since it applied to the combined national incomes of the advanced countries and not to any individual country. In fact, the purpose of the resolution would be defeated if countries which were already contributing more than 1 per cent decided that they need not increase their contributions further. The sponsors' purpose was that all countries should strive to achieve the over-all target laid down. From that point of view also, the use of the word "annual" in operative paragraph 1 could not be regarded as objectionable, as what the sponsors had in mind was an average flow of assistance.

22. The sponsors had agreed to accept the amendment to operative paragraph 2 suggested orally by the New Zealand representative with some minor changes. The paragraph would thus read:

"Requests the Secretary-General to submit information so far as possible on both gross and net flows of international assistance and capital, in the course of making the annual reports called for in paragraph 4 of General Assembly resolution 1522 (XV) concerning the progress made towards the objectives of that resolution."

23. Mr. LAVRICHENKO (Union of Soviet Socialist Republics) said it was his Government's view that all the economically advanced countries should give systematic aid to the less developed countries. However, in speaking of assistance, the past could not be

forgotten and all advanced countries should assume an equal responsibility for providing help. It was difficult, for example, to accept the idea that the Netherlands, which had exploited Indonesia for 300 years, should provide the same amount of assistance as other capitalist countries. The former colonial Powers had a special moral responsibility to provide assistance, and his country could not accept being placed on the same footing as those Powers. Nor could his delegation agree that mechanical percentages in any way reflected the actual value of the assistance offered to developing countries. The truly disinterested assistance that the USSR had extended and was extending to such countries as India, Afghanistan, and the United Arab Republic could not be assessed in such terms, for the future benefits those countries would derive from it were incalculable. That assistance was not prompted by a desire to make profits, and none of it went into armaments. For those reasons, his delegation regarded the 1-per-cent provision of the draft resolution as unfair and unscientific. The assistance given to the developing countries could be measured only in terms of the responsibility of the donor countries and the real effects of such assistance.

24. Mr. KLOOS (Netherlands) reserved his delegation's right of reply to the Soviet representative's remarks concerning the Netherlands.

25. The CHAIRMAN called for a vote on the draft resolution (A/C.2/L.558/Rev.1), as orally revised.

26. Mr. SMID (Czechoslovakia) asked for a separate vote on operative paragraph 1.

Operative paragraph 1 was adopted by 65 votes to none, with 14 abstentions.

The revised draft resolution as a whole was adopted by 71 votes to none, with 8 abstentions.

The meeting rose at 6.10 p.m.