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President: Mr. Foss SHANAHAN (New Zealand).

Present:

Representatives of the following States: Afghanistan, Brazil, Bulgaria, Denmark, El Salvador, Ethiopia, France, Italy, Japan, Jordan, New Zealand, Poland, Spain, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Venezuela.

Observers for the following Member States: Argentina, Canada, Czechoslovakia, Hungary, Peru, Romania, Thailand, Yugoslavia.

Representatives of the following specialized agencies: Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization.

The representative of the International Atomic Energy Agency.

AGENDA ITEM 6

Question of a declaration
on international economic co-operation
(E/3445, E/3467) (continued)

1. Mr. URQUIA (El Salvador) deplored the fact that the discussion in the Council was taking place in a cold-war atmosphere such as had prevailed at the meetings of the political committees at the fifteenth session of the General Assembly. Economic questions should not, however, be the subject of controversy; the particular question before the Council was of paramount importance, particularly for the small countries, and it would be helpful if the Council could recommend a declaration on economic co-operation to the General Assembly for adoption. Such a declaration should, however, be drafted objectively and without haste.

2. While the text of the draft declaration submitted by the Soviet Union (E/3467) was excellent in some respects, the Council did not have time for the careful examination which would be needed if it were to make deletions or additions. The problem was not amenable to a rapid solution; the text of the declaration and the records of the meetings should be available to the members of the Council and to all States Members of the organization so that they could form an opinion on the subject.

3. He did not propose to discuss the substance of the problem, but would suggest that the consideration of the draft declaration should be postponed until the following session of the Council or until its 1962 spring session, which would give Governments more time.

4. Mr. PENTEADO (Brazil) warned the Council against giving its imagination rein and reading into the text

ideas and intentions which the sponsor had never entertained. In view of the basic ideas enunciated in the preamble of the draft declaration, he had no objections of principle; such a declaration might or might not be useful, but in no circumstances could it be harmful.

5. Brazil, a developing country, could not claim to be fully satisfied with the principles at present governing the organization of the world economy. Despite the great efforts made in recent years in the matter of assistance, the results achieved had been relatively disappointing because the assistance given had not been all that it should or, perhaps, could have been. A highly encouraging change of attitude was, however, taking place. It was unfortunate that there was no international economic organization capable of co-ordinating economic interests and the problems of economic development; it was also to be regretted that the industrialized countries tended to attach greater importance to immediate trade benefits rather than to the benefits they might derive from prosperity shared on a world-wide basis. From that standpoint, the setting up of regional markets might give grounds for concern; it was, however necessary to take advantage of such opportunities for action as were available. He hoped that a more equitable attitude would be adopted towards the under-developed countries in matters of trade and payments. The draft declaration submitted by the Soviet Union, which could be improved in form though not in substance, was a step in that direction; neither its necessity nor its potential usefulness could therefore be denied, and the Brazilian delegation would vote in favour of it.

6. Mr. VIAUD (France) began by pointing out that new developments had occurred since the draft declaration of the Soviet Union had been referred to the Council by the Second Committee of the General Assembly: in the first place, the session of the Council had been delayed for reasons outside its control, and the time lost could not be made good; in the second place, a new text of the draft declaration had been circulated, thus making it necessary for Governments to give the matter further thought. A topic of such importance could not be dismissed within a few days. The feasibility of such a declaration in present circumstances was open to question; in the text, the sponsor stressed the need for peaceful co-existence between countries with different social systems, but the question arose whether such co-existence was possible between planned-economy countries, whose main method of action was coercion, and countries whose economy was based on free enterprise and which preferred the method of persuasion. Peaceful co-existence implied recognition of the other party's interests and rights, of its factual existence. The communist countries, however, would brook no compromise and would not accept the existence of the capitalist countries. That attitude had recently been restated in the declaration by the eighty-one communist parties that co-existence did not mean abandonment either of the class struggle or the ideological struggle, or even partial acceptance of capitalism. Even were the USSR delegation to reply that its Government's actions should not be confused with the communist

economic or philosophical doctrine, he would still have the gravest doubts on the matter.

7. In any case, it was questionable whether a declaration would serve any useful purpose. In its general section, the draft submitted by the Soviet delegation restated principles which had been enunciated earlier in international agreements, particularly in the Charter. Although he would not raise any objection, he doubted the usefulness of recasting recognized principles in a new form of words. With regard to the provisions dealing with trade policy, many countries had not waited for the draft declaration before introducing the principle of non-discrimination in their mutual relations and granting each other most-favoured-nation treatment. Those expressions had a specific meaning for them, while, for a country like the USSR, in which foreign trade was organized as a monopoly, they probably had an entirely different meaning. He doubted whether it was possible for the countries with planned economies and those with free economies to agree on common principles in the field of trade policy so long as they did not use the same language. Where assistance to the developing countries was concerned, the draft declaration repeated in a modified form provisions which had already been adopted, particularly in General Assembly resolution 1515 (XV). It should be pointed out, moreover, that declarations were a matter of greater significance than ordinary resolutions. They should therefore be adopted only in exceptional circumstances.

8. That was why he was inclined to agree with the representative of El Salvador that consideration of the draft declaration should be postponed until a later session. Pending such consideration, it might perhaps be possible to obtain the views of Governments which were not represented on the Council. In the meantime, the French delegation would be glad to hear the USSR delegation's reactions to the preliminary remarks it had made at the present stage of the discussion.

9. Mr. LEWANDOWSKI (Poland) thought that the continuous efforts made in the United Nations during the past fifteen years in the field of economic co-operation had achieved encouraging, but only partial results. New developments had altered the structure of the world economy, which had also suffered from the impact of the cold war and from anachronistic measures of protection and economic reprisals. While the benefits of economic co-operation and free trade were beyond dispute, there was a need to define the relevant rules and principles, because the question had many aspects and could be approached from a variety of angles. The USSR draft declaration, which proposed solutions to fundamental problems, deserved very careful consideration. In certain quarters the decision to give it such consideration would be taken reluctantly, because a revision of economic policy would no doubt be required in order to take account of the need for peaceful coexistence among socialist and capitalist countries; such a readjustment was indispensable, however, if the United Nations was to remain an organ for international co-operation.

10. The most significant development in recent years was the ever-growing importance assumed by the socialist system. Industrial output in the socialist countries, in which the annual rate of growth in the period 1950-1959 had been 13.7 per cent as against 4.8 per cent in the capitalist countries, would account for half the world total by 1965. Bilateral and multilateral assistance furnished by the socialist countries to the less developed countries had shown an even more

striking increase. Unfortunately, despite some signs of improvement, the state of trade between the socialist and the capitalist countries was far less satisfactory, as a result, *inter alia*, of the discriminatory and restrictive measures taken by certain western countries. Poland, for its part, was ready to expand its economic relations with the whole world, because it believed that peaceful coexistence, both economic and political, was an established fact; that point provided a partial answer to the French representative's criticisms.

11. The rapid changes taking place in the less developed areas of the world, the attainment of independence by many countries which were resolved to occupy their rightful place, the process of disintegration of the old system of economic relations, which in the past existed between the industrial countries of Europe and America and the former colonies in Asia, Africa and Latin America, gradual changes in the character of economic relations between the former metropolis and its erstwhile colonies, constituted another important factor in the present economic situation. The expansion of foreign trade which had a direct impact on the level of employment and, consequently, on the tempo of development, was indispensable to commodity-exporting countries and to countries which had not yet attained their full production potential. Their development programmes had been hindered by the losses suffered as a result of fluctuations in commodity prices. Stabilization of those prices through international co-operation would provide the under-developed countries with additional funds, thus enabling them to increase their rate of growth. Furthermore, if the principles enunciated in article 5 of the draft declaration were adopted, economic assistance to those countries would no longer be a weapon of the cold war. The less developed countries could also benefit from the inflow of resources released by disarmament.

12. Emphasizing the growing need for a concerted effort by all countries and the rapid changes in the world economy, he pointed out the necessity to make an effort to give the authentic interpretation of the general principles embodied in the Charter. That was the objective of the USSR draft declaration.

13. Mr. FRANZI (Italy) said he would confine himself to a few general remarks, since his delegation had not had time to study the draft declaration in detail.

14. For many years the United Nations had been doing extremely valuable work with regard to the economic development of the under-developed countries—which seemed to be the main objective of the draft declaration submitted by the USSR—in the absence of any declaration. The Committee for Industrial Development and other bodies had recently been set up. Furthermore, the recent experience of Yugoslavia and Italy demonstrated that, contrary to what was sometimes believed, economic co-operation did not precede, but followed the settlement of political differences.

15. The statistics showed that, where international economic co-operation was concerned, the USSR's economic and trade relations were primarily with the other planned-economy countries, the aim being to establish a form of economic autarky among those countries. That was hardly the kind of co-operation which should serve as a model for the United Nations.

16. Consequently, there would seem to be no urgent need for the adoption of a declaration in the economic field, and he supported the Salvadorian representative's proposal that the USSR draft should be referred to the States Members of the United Nations for consideration.

A questionnaire would be addressed to the Governments of those States, which would also be asked to give their views on the form which the declaration should take.

17. Mr. KAKITSUBO (Japan) said he would like to correct the false impression which the USSR delegation might have given by accusing the United States and the Western European countries of following discriminatory practices in their trade relations with Japan. It was true that fourteen countries, basing themselves on article XXXV of the General Agreement on Tariffs and Trade, had refused to grant most-favoured-nation treatment to Japan, but Japan hoped that it would be possible to solve the problems shortly through the machinery of GATT. Moreover, it had the most cordial relations with the United States, which constituted its largest export market, and although United States manufacturers, concerned by Japanese competition, had occasionally decided on a boycott of Japanese goods, an amicable settlement had always been reached and the boycott had never been enforced.

18. Japan, whose economy was largely based on trade, wished to exchange goods with all countries in the world, regardless of their régime. It had already concluded bilateral agreements with the USSR, Czechoslovakia and Poland and its trade with the planned-economy countries was constantly increasing.

19. However, Japan doubted whether the Soviet Union's draft declaration was either necessary or desirable at the present time. General Assembly resolution 1515 (XV) which had originally been proposed by the United Kingdom and had been adopted after an extremely animated debate,¹ already embodied the main provisions of the draft declaration. He referred Council members in particular to sub-paragraphs (a), (b) and (c) of operative paragraph 3, to sub-paragraphs (a), (b), (d) and (e) of operative paragraph 4 and to operative paragraph 5 of the resolution.

20. What the Council should now do, therefore, was to apply the provisions of that resolution and not waste a great deal of time in reaffirming, in a new form, the principles embodied in the Charter and the resolutions already adopted. He accordingly hoped that the delegation of the USSR would agree to the debate on the draft declaration being deferred to a later date.

21. Mr. PAZHWAQ (Afghanistan) said—and he hoped that the delegation of the USSR, which was to be congratulated on its initiative, would not take any offence—that the draft declaration submitted to the Council should also be considered as a draft declaration by the under-developed countries, in view of the importance to them of the text submitted, and indeed, since the text was based on resolution 1515 (XV), which had been adopted unanimously by the General Assembly, as a draft declaration by all States Members of the United Nations.

22. The Afghan delegation considered that, in present circumstances, such a declaration was urgently required in the interest of all countries, particularly the under-developed countries. The fact that the United Nations had already adopted resolutions along the same lines did not detract from its value in any way; in fact, the contrary was true.

23. Indeed, in the preamble to resolution 1515 (XV) the Assembly had expressed its belief that the principles

of the Charter should be reaffirmed now that so many States had recently become Members of the United Nations; a declaration would be the best way of doing so. The second preambular paragraph of the resolution also recalled the solemn undertaking embodied in the Charter to employ international machinery for the promotion of the economic and social advancement of all peoples. It would not be the first time that resolutions had been followed by a declaration; that also constituted one of the most effective ways of accelerating the progress of the under-developed countries, which, according to operative paragraph 1 of the resolution, was the duty of the United Nations. The provisions of operative paragraphs 3, 4 and 5 were repeated in part in the draft declaration which thus unquestionably reaffirmed certain unanimously recognized principles.

24. Furthermore, it was necessary to bear in mind that the USSR had submitted a similar draft declaration to the General Assembly (A/4648, para. 48), which had referred it to the Council for consideration. The latter could not shirk its duty.

25. As to the argument that economic co-operation would not be feasible between countries with different economic systems, it was precisely because of the difference of systems that such co-operation was so important for the peaceful co-existence of nations.

26. However, it was a fact that at its current session the Council would not have time to examine the draft declaration in detail. No delegation appeared to have any objections of principle to the proposed text and the criticisms put forward mainly concerned the form. That being so, he proposed that the delegations should consult together at the end of the debate with a view to deciding at what stage the Council should undertake a detailed study of and adopt the draft declaration.

27. Mr. WODAJO (Ethiopia) said he was particularly unhappy to find that, because the session had been delayed, the Council did not have time to study in detail the draft declaration submitted by the USSR, as requested by the General Assembly.

28. The question was an extremely important one and Ethiopia, for its part, was ready to support the draft submitted to the Council. It should not be viewed in the context of cold war ideologies, but merely as a reaffirmation of the principles recognized in the Charter and in international law for the resolving of some of the problems which beset the world.

29. Ethiopia's foreign policy had always been guided by the principle of peaceful coexistence and, in September 1959, the Emperor of Ethiopia, in a radio address to the nation, had stated that differences in political and economic systems should not impede co-operation between nations on matters that were of common concern.

30. The preamble to the draft declaration reaffirmed the basic principles of the Charter and thus should not give rise to controversy. However, the delegation of Ethiopia had reservations regarding the fourth paragraph and questioned the need to introduce the concept of competition among States into such a field. Similarly, articles 1, 4, 5, 7 and 8 of the draft declaration were a mere repetition of principles and objectives which had been recognized in earlier United Nations resolutions. Article 2 was particularly timely. Article 3 lent itself to controversy in its present form and should be rephrased. With regard to the third paragraph of article 5 the disagreement was not on the need for general disarmament, but on the means of achieving that

¹ See *Official Records of the General Assembly, Fifteenth Session, Second Committee, 672nd, 673rd, and 675th to 679th meetings.*

goal. The delegation of Ethiopia would accept that paragraph, without prejudice to the views of various States concerning the means of achieving general and complete disarmament. Article 6 posed a most fundamental principle. The right of every State to dispose of its natural resources in accordance with its interests was inherent in its sovereignty. On the other hand, it also imposed certain duties, particularly where the rights of aliens were involved, although the latter could not override the right of the individual State.

31. Finally, he felt that, since the USSR had been asked to agree that its draft declaration should be submitted to the Council, it would now be unfair to raise the objection that the declaration would duplicate General Assembly resolution 1515 (XV), which had been put forward by the United Kingdom at the same time as the USSR had submitted its draft declaration. The delegation of Ethiopia would therefore not support the proposal to defer consideration of the declaration unless arrangements were made for its further consideration at a time when the Council would have a longer period to devote to it, and it reserved the right to present further comments at that time.

32. Mr. GREEN (New Zealand) said that his country firmly supported the principle of economic co-operation. The questions covered by the draft declaration submitted by the Soviet Union were already the subject of a number of United Nations studies and programmes; for instance, there were at least three main technical assistance bodies concerned with assistance to the under-developed countries—namely, UNICEF, the Expanded Programme of Technical Assistance and the Special Fund, all of which reported to the Council, which in turn transmitted their reports to the General Assembly. The most urgent need was for every Government to increase the size of its contribution to those programmes. The same was true of international trade; the Commission on International Commodity Trade and GATT were already in existence and in active operation. The Soviet draft recommended application of the principle of most-favoured-nation treatment, but it must be acknowledged that that principle was open to a variety of interpretations; members of GATT from different economic systems were therefore attempting to define its meaning in order to achieve a reasonable balance between the rights and the responsibilities of States.

33. The New Zealand delegation thought it more important to give moral and financial support to the existing organizations than to formulate new principles since, in its view, declarations of objectives in general terms could never take the place of spontaneous negotiations between countries for the purpose of opening up new channels of trade. In that particular aspect of United Nations activities the ground had already been well prepared and the question had been dealt with in various ways, including the adoption of General Assembly resolution 1515 (XV). He thought that pragmatical methods, such as the five-year appraisal of the programmes of the United Nations and of other organizations, were of infinitely greater value than the adoption of a declaration.

34. At the same time, he appreciated the arguments in favour of postponing detailed study of the question until a later date, and his delegation was prepared to support the Salvadorian proposal to invite Governments of States Members of the United Nations and of the specialized agencies to communicate their views on the question.

35. The PRESIDENT invited the Hungarian observer to address the Council.

36. Mr. TARDOS (Hungary) felt that a declaration on international economic co-operation would provide useful guidance on relations between countries with different political systems and different levels of economic development. By adopting it, Member States would reaffirm their belief in peaceful co-existence and would prove that they regarded the development of trade relations as a factor in improving relations among States. Everyone must surely agree with the principles set forth both in the preamble and the articles of the revised version of the draft declaration. No one could oppose the gradual removal of discriminatory restrictions or the principle that assistance to under-developed countries should be based on respect for the sovereignty of those countries and non-interference in their internal affairs. Moreover, the declaration merely elaborated in a more concrete form those provisions of the Charter which related to international economic co-operation.

37. He appreciated that some articles had given rise to misunderstandings. Such was the case with the principle of most-favoured-nation treatment mentioned in article 3. Observance of that principle did not by itself ensure advantages or cause disadvantages to either party, but was designed merely to place them on an equal footing. Once the principle of equality between the parties had been established, the question of according mutual advantages then arose. Thus, for instance, because of fluctuations and differences in the terms of trade between countries, the application of the most-favoured-nation clause between the capitalist countries did not in itself produce equal mutual benefits; such benefits must be sought through trade negotiations. The Hungarian Government had never refused to make concessions on a mutual basis.

38. It was regrettable that discrimination still frequently existed in trade relations. The Secretariat had recognized in a preliminary report on ways and means of promoting wider trade co-operation among States. (E/3389) that the industrialized market economies did not apply the same principles of non-discrimination in trade with the centrally planned economies as they were progressively applying to trade relations among themselves, and those countries might be forced also to discriminate. For instance, the most-favoured-nation clause in commercial agreements between Hungary and the countries of the European Economic Community was being frustrated by the introduction of new customs tariffs to the disadvantage of non-member countries. That had led Hungary to consider the introduction of a new customs tariff of its own in self-defence.

39. The socialist countries were quite prepared to make long-term trade agreements with the capitalist countries, providing for compulsory quotas and containing a most-favoured-nation clause, similar to those which they concluded among themselves, provided that the capitalist countries were willing to grant advantages equivalent to those accorded to themselves. There was no discrimination in the trade relations of the socialist countries and no customs tariffs directed against third countries.

40. Mrs. WRIGHT (Denmark) said that, because of the vital importance of international trade in the Danish economy, her delegation was particularly interested in the draft declaration submitted by the Soviet Union and especially the proposals which might affect the development of world trade. Resolution 1421 (XIV) of the General Assembly concerning the strengthening and development of the world market, Economic and Social Council resolution 778 (XXX) on the same question and resolution 6 (XV) of the Economic Commission for

Europe concerning problems of East-West trade were all relevant in that connexion. ECE's Committee on Development of Trade had appointed an *ad hoc* working party to study those problems and it would meet for the first time in May 1961. It would study a Danish proposal concerning, *inter alia*, the progressive multilateralization of payments, proposals to increase imports of foodstuffs, consumer durables and capital goods by the countries of Eastern Europe from the countries of Western Europe, and the possibility of increasing exports, especially of primary commodities and fuel oils, from the countries of Eastern Europe to those of Western Europe. The Danish authorities felt that ECE was in the best position to study problems relating to trade relations between East and West.

41. Regarding article 3 of the draft declaration submitted by the Soviet Union, she believed that it would be unrealistic to apply the principle of most-favoured-nation treatment to East-West trade relations, since it would be possible for countries where the commercial system was controlled by the Government to deprive the most-favoured-nation clause of any value. As for the gradual removal of discriminatory restrictions, she recalled that in western countries such restrictions usually took the tangible form of customs tariffs, import restrictions or subsidies, whereas the protection provided by the countries of Eastern Europe through a system of state imports was much more difficult to detect. Regarding the subregional economic organizations and alignments mentioned in article 2 of the draft declaration, regional economic organizations inevitably operated to some extent against the interests of third countries. GATT had nevertheless permitted the establishment of customs unions and free trade areas, because it believed that the establishment of such groups would, on the whole, promote liberalization of world trade and would benefit third countries in the long run. In principle, the Danish delegation supported article 5 concerning assistance to under-developed countries, but thought that in view of the number of declarations which had already been made on the question, there was no point in reiterating the same principles yet again.

42. For those reasons, and in view of the limited time available, the Danish delegation supported the proposals to postpone the item until a later date. It felt, however, that more effective means than a draft declaration could be found for promoting international economic co-operation.

43. Mr. DE PINIES (Spain) said that he supported the proposal of the representative of El Salvador. If the Council failed to adopt it, his delegation might wish to make a further statement.

44. Mrs MIRONOVA (Union of Soviet Socialist Republics) said she wished to point out, in order to dispel the misgivings of the French representative, that the structure of the present-day world, which included States with different social systems, provided ample proof that peaceful co-existence was possible. Ideological disputes should not be permitted to interfere with the expansion of economic relations among States, since that was precisely what provided a sound foundation for peaceful co-existence. Although it had no stake in the matter in view of the diversity of its own resources, the Soviet Union had always sought to normalize economic relations among States.

45. The members of the Council should not look for other purposes in the draft declaration than those stated in it. Its purposes were the same as those already

embodied in the Charter and in General Assembly resolution 1515 (XV); her delegation had felt that, since the resolution referred to had been adopted unanimously, the logical next step was to take constructive action aimed at laying the foundations for economic co-operation and to make a formal declaration along those lines. It was not Communism but good will that the Soviet Union was trying to impose as the basis for co-operation in trade relations. East and West had enough common interests to make the elimination of trade barriers a matter of great importance. In any event, as the representative of Afghanistan had pointed out, the draft declaration was no longer exclusively a Soviet document, but constituted a common basis for discussion. The members of the Council should discuss any passages in it which they found unsatisfactory.

46. In spite of the difficulties now being encountered, she did not feel that the proper course was to defer consideration of the matter to another session, for the Council's agenda was always very crowded. She hoped that the members of the Council would agree to extend the debate.

47. With regard to the protest voiced by the Japanese representative, she pointed out that the Soviet representative's statement at the previous meeting had been based on observations made in September 1960 by the Director of the Bank of Japan at a meeting of the Executive Board of the International Monetary Fund.

48. Mr. TCHOBANOV (Bulgaria) wondered whether in view of the limited time available it might not be advisable to refer the draft declaration to the Economic Committee, which had not yet been constituted for the present session. The Committee could take up the matter at once and submit a report in plenary at the end of the session.

49. The PRESIDENT suggested that the members of the Council should discuss the matter privately.

50. Mr. LEWANDOWSKI (Poland) proposed that no decision should be taken until delegations had had an opportunity for consultation.

It was so decided.

51. The PRESIDENT invited Mr. Thormann, representative of the International Federation of Christian Trade Unions, to address the Council.

52. Mr. THORMANN (International Federation of Christian Trade Unions) recalled that, on a number of occasions since the adoption of the Charter the United Nations had defined the basic principles governing international economic and social co-operation; the most recent instance had been resolution 1515 (XV) concerning concerted action for economic development of economically less developed countries adopted at the fifteenth session of the General Assembly. Although it questioned the need to adopt a new set of principles, as suggested by the Soviet Union, the IFCTU would suggest that, if the Council should nevertheless decide to adopt such a declaration, the latter should specifically state that all international assistance should be provided, so far as possible, through international organizations and, preferably, through the United Nations. The IFCTU felt that multilateral assistance of the kind provided at that time under various United Nations technical assistance programmes yielded better practical results than bilateral arrangements because it could be verified and co-ordinated more readily. The IFCTU also considered that multilateral assistance was the type most

conducive to world peace, as was evident from the fact that certain countries which desired to safeguard their security and avoid political tensions of any kind had preferred not to accept offers of bilateral assistance. Although his organization noted that the new version of the draft declaration contained a reference to the

United Nations, it did not consider that reference sufficient to constitute an unreserved recommendation by the Council that Members of the United Nations should regard multilateralism as the form which international economic co-operation should normally take.

The meeting rose at 5.50 p.m.