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President: Mr. Juan I. COOKE (Argentina).

Present:

The representatives of the following countries: Argentina, Australian, Belgium, China, Cuba Czechoslovakia, Ecuador, Egypt, France, India, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries; Chile, Indonesia, Netherlands, Philippines.

The Rapporteur on Freedom of Information.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Monetary Fund, World Health Organization.

Freedom of information: (a) Report of the Rapporteur on Freedom of information (E/2426 and Add.1 to 3, E/2427 and Add.1 and 2, E/2439 and Add.1, E/2535, E/L.587); (b) Encouragement and development of independent domestic information enterprises (E/2534); (c) Production and distribution of newsprint and printing paper: report by the Secretary-General under Council resolution 423 (XIV) (E/2543) (continued)

[Agenda item 12]

GENERAL DEBATE (continued)

1. Mr. HOTCHKIS (United States of America) recalled that 310 years previously Milton had written in the *Aeropagitica* the words: "Let her (truth) and falsehood grapple; whoever knew truth put to the worse, in a free and open encounter?" That was the principle which should guide the Council in its debate on the question of freedom of information.

2. No freedom was secure when men could not freely convey their thoughts to one another. Democratic government could not survive unless the man in the street

had access to all the information he needed to exercise sound judgment on public issues.

3. The achievement of that goal had never been easy, but the historic evolution of a free Press had taught the world two important lessons. First, the growth of free information media started at the roots. No one could superimpose a free Press on a people who did not want it, just as no one could deny it to a people who vigorously demanded it.

Secondly, the major obstacles to that development came from unenlightened governments. A free Press represented a victory over repressive governmental measures such as licensing, censorship, suppression of news and coercion of editors. Governmental intervention was highly detrimental to freedom of information.

4. Thus, history taught that paternalism was incompatible with freedom of information. The system to which the Soviet Press was subjected was a classic example of that paternalism, for it provided all the material means for the expression of ideas but only at the cost of determining the ideas and controlling the expression.

5. In his view, the many practical proposals made in the reports before the Council could be divided into three categories: governmental restrictions; economic and technical barriers to the flow of information; and professional standards and the rights and responsibilities of information media.

6. With regard to the first group of proposals, he thought that the most important step to be taken towards greater freedom of information was the elimination of the excessive and sometimes arbitrary use of government restrictions. A free Press could not breathe in a climate of oppression.

7. The control to which the Soviet Press was subjected was the most complete, in keeping with the totalitarian nature of the régime. But there were many countries which accepted the principle of freedom of information and yet stifled it in practice through censorship and other repressive measures. A survey of such practices should have priority in the Council's work on freedom of information.

8. In that connexion, there had been criticism of the Associated Press and the International Press Institute, which had been accused of giving inaccurate information on the various forms of censorship applied in certain countries, and also criticism of the Rapporteur, who had been reproached for using that information. He wondered, however, what other sources the Rapporteur could have used, inasmuch as governments which resorted to censorship were not in the habit of boasting about it and whenever the matter was raised, preferred to indulge in generalities rather than encourage factual studies of concrete censorship practices.

9. The Rapporteur deserved high praise for having drawn public attention to the existence of censorship in many countries. The newsmen of the Associated Press and the International Press Institute should also

be congratulated for having the courage, in their fight for freedom of information, to present factual reports on such conditions.

10. The time had come for the Council to promote the elimination of such censorship. Instead of criticizing the Rapporteur's report, the Council should give its full support to Mr. López' recommendation—one which the United States considered very important—that world-wide surveys of existing internal censorship practices and of the censorship of outgoing news dispatches should be made, both surveys to be accompanied in so far as possible by recommendations for appropriate remedial measures.

11. He was surprised to see that those two proposals had not been included in the French draft resolution (E/L.587). He hoped the Council would adopt the proposal, which was one of the most concrete and most appropriate suggestions before it.

12. His delegation, which had proposed at the Council's fourteenth session that a rapporteur should be appointed, considered that Mr. López' work amply justified that decision. It was therefore in favour of appointing a rapporteur for another year to carry out the most urgent task suggested in the report and, in particular, the two surveys he had just mentioned. His delegation would be happy to have Mr. López reappointed to serve in that capacity.

13. The loosening of the fetters of government restrictions would contribute to greater freedom of information. But the tightening of those fetters would have the opposite effect. That was precisely what he feared would happen if the Council indulged in further attempts to frame generalized conventions on freedom of information. Experience showed that the texts drafted might serve some governments as a pretext for further restrictions on freedom of information. In view of existing world conditions, any attempts to formulate international legal commitments might hamper rather than promote the cause of freedom of information. With the limited resources at its disposal at that time, the Council should concentrate its efforts on work which it would do instead of dissipating its efforts on tasks which it could not do.

14. With regard to the second problem area, economic and technical barriers to the free flow of information, it would seem that useful work could be done. Such questions as the production and distribution of newsprint, Press and telecommunication facilities, rates and priorities, tariff and trade practices and, perhaps most important, the lack of local information media were involved.

15. It might be difficult for the Council to obtain an accurate picture of the magnitude of some of those problems. Twenty-eight nations either had no teletype news services or had them on a very restricted basis, and fifty-four nations and territories did not even receive the services of a world newsgathering agency. Millions of people rarely saw a newspaper or heard a radio broadcast. That was a vast field for a well-conceived programme of technical assistance.

16. The Secretary-General and the Rapporteur had stressed the existing possibilities of extending technical assistance to freedom of information, particularly in respect of the development of independent domestic information enterprises and of the training and exchange of information personnel.

17. A technical assistance programme in that direction would be partly related to economic development programmes and would therefore come under the Expanded Programme of Technical Assistance. Certain other aspects of the programme would be included in the regular programmes of the United Nations and the specialized agencies.

18. The Secretary-General pointed out in his report (E/2534) that the United Nations and the specialized agencies had already extended assistance relating to telecommunications, visual media, the manufacture of paper pulp, paper and newsprint, modernization of printing techniques and training of printers. That demonstrated that the United Nations already had experience in the technical problems involved.

19. The most promising new suggestion in the report was that technical assistance should be extended to include the development of independent domestic information enterprises. The most important word in that expression was "independent", as the desired goals would not be achieved if United Nations technical assistance were to result in politically or governmentally controlled and guided enterprises. The real problem was to promote the development of local newspapers and radio stations which would be entirely independent.

20. The real task was to ensure the dissemination of information to the people. That meant the development of local media. As the Secretary-General pointed out in his report, news agencies formed a special category of information enterprises, in that they did not serve the public directly; their clients were the other information media, notably the Press and the radio. That fact was of importance since the possibility of setting up an independent news agency depended entirely on its having a sufficient clientele to make its operations viable. Where there were enough potential clients willing to subscribe to news agency services, those media would create their own demand.

21. With regard to technical assistance in the form of fellowships, the United States delegation considered that the proposals put forward by the Secretary-General (E/2534) and the Rapporteur (E/2426, chap. VI, section L) would be quite productive; the United States of America had been encouraging that type of exchange for some time, and in 1952, 351 leaders of foreign information media had visited the United States as guests of the Government.

22. Certain other suggestions had been put forward for action by the specialized agencies, or for measures which could be taken directly by governments to assist in overcoming technical barriers to the flow of information. Many of them deserved the support of the Council, but he would leave his delegation's views on those questions for elaboration in the Social Committee.

23. There were also possibilities for making progress in the area of professional standards and of the rights and responsibilities of information media. Care had to be taken, however, to avoid the use of standards and responsibilities as a pretext to curb the free flow of information. The United States delegation would continue, as it had done at the eighth session of the General Assembly, to adhere to the principle that journalists should be left free to adopt their own standards without government interference.

24. With regard to the Rapporteur's suggestion concerning the possibility of enlisting the co-operation of

information media in the cause of promoting friendly relations among nations with particular emphasis on disseminating wider professional knowledge of the work of the United Nations and of foreign countries through appropriate courses in schools of journalism, visits of journalists to foreign countries and to the United Nations and interchange of news personnel (E/2426, chap. VI, draft resolution No. 12, para. 3), his delegation thought that that proposal was one of the questions with which the Rapporteur and the Council might deal in the coming year. The Council's task should be to create better understanding rather than to train pro-United Nations propagandists. It was the job of newsmen to provide information rather than to disseminate propaganda for any cause, no matter how good it might be.

25. There were also in the Secretary-General's recommendations a number of general proposals to encourage better professional training of information personnel and those proposals offered similar possibilities for constructive action.

26. The United Nations could use its resources intelligently to stimulate the development of free information enterprises, to lift government restrictions on their growth and to encourage responsible journalism. But those tasks had to be approached realistically. The seed of a free Press was present everywhere where people were free to think and to speak, but it had to be guarded against ignorance and hostility.

27. That task required unceasing vigilance. The forces of darkness had already enveloped 800 million captive people behind the iron and bamboo curtains. Their totalitarian tentacles had even reached out to enfold foreign correspondents. Such régimes were so pathologically suspicious and afraid of honest reporting that they equated the quest for news with espionage.

28. He recalled the case of Mr. William Oatis, who had spent more than two years in a Czechoslovak gaol because he had tried to cover the news. Fortunately, he had since been freed and was pursuing his profession at the United Nations.

29. That was not an isolated case. On 21 March 1953, two American journalists, Donald Dixon and Richard Applegate, had been seized by a Chinese Communist gunboat while sailing a yacht in international waters from Hong Kong to Macao. For more than a year they had been held in a Chinese Communist gaol, while the authorities of the régime had ignored completely all requests for information on the brutal kidnapping. Those journalists were imprisoned like thirty other American citizens whose only crime was that they were American journalists, missionaries, business men or students. Some had been in prison for three years or more, in complete ignorance of the charges on which they were held. They had been denied counsel and had even been refused basic personal needs. Many of them had been subjected to physical and mental tortures designed to extract false confessions of guilt. It was known that some Americans gaoled by the Chinese Communists had died as a result of brutal treatment.

30. It was an evil thing when freedom of information was suppressed through censorship. But when that freedom was destroyed by the arbitrary and brutal seizure of journalists, it was a matter deserving of the greatest condemnation and forthright action.

31. He appealed through the Council to world public opinion in an effort to prevail upon the Chinese Communist régime to release from its custody the journalists and other American citizens held in Chinese Communist goals or otherwise prevented from leaving China. He was serving notice that the United States would keep the issue alive in appropriate organs of the United Nations and wherever else it might prove helpful in securing the release of those innocent people, victims of the foes of truth and freedom.

32. Mr. MISHRA (India) said that it was with extreme reluctance and without the slightest intention of indulging in political polemics that his delegation would like at the outset to refer to a problem which was casting an ominous shadow on an important aspect of freedom of information: the right of access to information. His delegation had decided to make that reference because the matter had a bearing on the survival of the human race itself. The recent test explosions of the hydrogen bomb in the Pacific had set in motion a wave of fear and concern in many countries of the world. Very little information was available about the disastrous consequences of that new weapon of unprecedented destructive potential. In a statement made to the Indian Parliament, the Prime Minister of India had felt it his duty to appeal to the countries concerned in the production of the hydrogen bomb to discontinue their experiments and to give full information on the power and the effects of the bomb; he had added that informed world public opinion would be a most effective factor in bringing about the results desired by all. The Prime Minister's statement had been submitted to the Disarmament Commission and he was glad to note that the United States representative on that Commission had said on 9 April 1954 that it deserved "respectful attention".¹

33. It was only by such information that really effective world opinion could be created to arrest the progress of that destructive potential which menaced the very existence of civilization and only full publicity could create a current of opinion strong enough to arrest the ominous development of events, which seemed to move towards a crisis with the inevitability of Greek drama. It was the sacred duty of the United Nations in those circumstances to demand from the Powers principally concerned that full information should be given concerning the hydrogen bomb and the Secretary-General should be requested to take such steps as might be deemed necessary to secure and publicize the required information periodically. No information more vital, urgent and necessary than that could be imagined at the current time. That request was important not only because of the recent experiments in the Pacific, but also because of the fact that similar experiments had been or would be made by other Powers: the request was addressed equally to the United States of America and to the other custodian of that destructive weapon, the USSR.

34. The Indian delegation hoped that members of the Council would agree that it was incumbent upon the Council to protect the right of the people of the world to have access to information concerning the implications and effects of the hydrogen bomb.

35. He requested the Council to consider the history of its efforts in the field of information so far. An

¹ See *Official Records of the Disarmament Commission*, 32nd meeting.

objective analysis would not shed a very flattering light on the United Nations, and particularly on the Economic and Social Council. After eight years' work little progress had been made, although neither the time of the delegations nor the money of Member States had been spared: the draft conventions adopted by fifty-four countries at the United Nations Conference on Freedom of Information held at Geneva were a dead letter; fullness, accuracy and objectivity of information had not been achieved and the "cold war" continued with the same intensity.

36. The effects of India had always been directed towards helping to expedite the formulation of an international draft convention on freedom of information and his delegation had always tried to lay stress on those aspects which were essential to friendly feelings among nations and to international peace. At the current session, his delegation would make active efforts to prevent the Council from earning the reputation of losing interest in the question and seeking to prevent positive action by the General Assembly. The question was indeed difficult and complicated, but it was high time for the Council to present in final form its recommendations regarding the convention on freedom of information and put an end to the uncertainty of the people on the question.

37. His delegation thought the publication of the Rapporteur's report (E/2426) marked a stage in the work on freedom of information which called for action by a small body of experts. It would be recalled that at its final session the Sub-Commission on Freedom of Information and of the Press had expressed the opinion that the study of the problem should be entrusted to a permanent and independent body of experts. It would be asking too much to expect one person alone to perform the varied and delicate task mentioned in the Rapporteur's report. Some members of the Council had expressed doubts to that effect when the Rapporteur had been appointed. The Council had been fortunate in being able to count on the exceptional abilities of Mr. López, but his report represented the limit of what an individual could do to further the cause of freedom of information.

38. His delegation reserved the right to discuss the Rapporteur's recommendations (E/2426, chap. VI) in detail in the Social Committee.

39. With regard to the question of the development of information enterprises in the under-developed countries, he pointed out that freedom was a function of equality, and he feared that so long as the hiatus between the developed and under-developed countries had not been removed, or at least considerably reduced, the free flow of information would continue to be hampered by various obstacles.

40. At the Council's 768th meeting the Yugoslav representative had expressed the not-unfounded fears felt by the under-developed countries of the influence which the large trusts and monopolies could wield under the existing unequal conditions. The Council had before it two documents on the development of independent information enterprises in those countries (E/2426 and E/2543), but they did not seem fully to meet the requirements of General Assembly resolution 633 (VII). One, the Rapporteur's report, gave a good analytical picture, but not much of a solution for the difficulties it revealed. It could be argued that the Rapporteur had

not been asked to devise a programme of concrete action for encouraging the development of information enterprises in the under-developed countries. But, under Council resolution 442 E (XIV) and General Assembly, resolution 633 (VII), that was the Secretary-General's task. Yet the Secretary-General himself had stated that he had only been able to present the elements on the basis of which the Council could devise a programme of action. His delegation believed that that was so because a report of the type envisaged by the General Assembly could only be drawn up by a group of experts. The Secretary-General should have confined his study to one of the more pressing aspects of the problem and should have presented clear and precise recommendations on the subject, instead of trying as he had done to include everything in the report, which was consequently too general and too vague to be of any use.

41. The outstanding fact about the condition of the Press in India was undoubtedly the multiplication of newspapers after India gained its independence. Newspaper circulation in India was nevertheless still lower than in any other progressive country. The total number of newspapers, including dailies and weeklies, was less than four million copies, that is, approximately equal to the circulation of the London *Daily Express*. Six copies per thousand inhabitants were published, as against 596 per thousand in the United Kingdom, and 354 per thousand in the United States of America. One of the reasons for that was the lack of newsprint. While the situation had improved slightly in that respect, the number of readers had certainly not reached a peak. The Nepa Nagar factory in Madhya Pradesh, which was under construction, would have a capacity of 30,000 tons per year: newsprint requirements in India were currently 70,000 tons, which were entirely met by imports, and according to the Planning Commission those requirements would rise to 100,000 tons in 1956. Thus the under-developed countries had every reason to be dissatisfied, and to seek a more equitable distribution of the world's total production of newsprint. His delegation hoped that the Council would give serious consideration to the situation and that it would take the steps necessary for the establishment of newsprint purchase co-operatives, as the Secretary-General had recommended.

42. There were two national news agencies in India: the Press Trust of India and the United Press of India. They were both still in their infancy, but it was difficult for them to expand their services as much as they would like on account of the small number of subscribers and the costs involved, particularly since they had to import most of their equipment. High tariffs for Press messages from abroad also contributed to restricting the flow of news into India, and in that connexion, he drew the Council's attention to the resolution passed by the Culture Sub-Commission at the First Conference of the Indian National Commission for co-operation with UNESCO held in New Delhi in January 1954. Under that resolution, the United Nations Educational, Scientific and Cultural Organization was requested to take the initiative in establishing an international convention to ensure low Press cable rates since the high-price cable was the biggest obstacle to the free flow of information between nations.

43. On the national level, the development of the Press and of the Indian-language news agencies could be considerably speeded up if India could be provided

with technical assistance for that purpose, especially through the awarding of fellowships to Indian correspondents, which would enable them to receive training with one of the large world agencies. The Secretary-General's report correctly emphasized the importance of training personnel and contained some very useful suggestions on the subject, which had tremendous possibilities. India, which was not at present able to manufacture printing and composing machinery, would also be very interested in obtaining technical assistance to establish that kind of industry.

44. He was pleased to inform the Council that the Press Commission was currently examining all the problems facing the Indian Press, and that one of its important terms of reference concerned the working conditions of journalists.

45. With regard to international broadcasting and the problems connected with the location of frequencies and their better utilization, chapter IV, section C, of the Secretary-General's report (E/2534) contained suggestions relating to the co-operative use of international frequencies by a group of States. His delegation thought that the only way to solve the problem of congestion in international frequency bands would be to devise an equitable and orderly plan, which would take account of the legitimate needs and aspirations of all the countries of the world. It was unfortunate that no solution had yet been found, despite the efforts of the International Telecommunication Union during the past six years. The reason for that was simple: those who used a certain frequency, either because they had been the first to claim it, or because they had powerful transmitters, were generally reluctant to relinquish it. It was obvious that the least favoured nations could not reconcile themselves to the perpetuation of such a situation. His delegation was strongly in favour of creating a regional organization of ITU in South and South-East Asia; that idea had been put forward for the first time during the Plenipotentiary Conference at Buenos Aires in 1952, when the United Nations representative had been in favour of it. His delegation hoped that, with the help and advice of UNESCO, an early decision would be taken in the matter.

46. His delegation generally approved the suggestion to establish film units for the under-developed countries, provided that a number of factors peculiar to the countries concerned were taken into account. In India, the production and distribution of documentary films had been extremely well organized since 1948. A documentary film and a newsreel were released every week and it was estimated that they were seen by 600 million people annually. Various aspects of the five-year plan would be illustrated by means of educational films made under the integrated publicity programme sanctioned in connexion with the plan. Despite the fact that those activities were being expanded and rendered a real service, his country was nevertheless at a disadvantage, because it had to import raw film. In that respect also there was still much to be done and investments would certainly bear fruit.

47. Finally, India, as a democratic republic, was zealously safeguarding freedom of information and was willing to participate in any relevant international measures to the fullest extent.

48. Mr. MEADE (United Kingdom) recalled that under the Charter of the United Nations the Economic and Social Council was responsible for promoting universal respect for and observance of human rights and fundamental freedoms. It was not surprising therefore that the Council had been engaged for so long on the subject of freedom of information, for there was no better way of safeguarding human rights than to preserve that freedom. The task was not always an easy one, since freedom of information, though the bulwark of the other freedoms, was itself very vulnerable. The enemies of freedom and of human rights were well aware of that and whenever a dictator had wanted to destroy democracy, he had begun by attacking freedom of information. It was thus the Council's duty to protect and strengthen that freedom.

49. The United Kingdom delegation joined other delegations which had expressed appreciation for the work done by the Rapporteur, Mr. López, although it did not always share his opinion on proposals for future work; it none the less appreciated his objective survey of the situation and the difficulties to be overcome.

50. Mr. López had been criticized, but he should not be blamed, for basing his reports on information sent to him by non-governmental organizations. Replies from governments had been few; only fourteen governments had replied and of those only three were members of the Council, so that he had scarcely any sources of information other than those which he had used. Those governments which had not sent information had no reason to complain if the reports did not reflect their point of view.

51. Perhaps the most interesting part of the Rapporteur's report (E/2426) was chapter IV, which contained a very useful analysis of the reasons for the success or failure of previous United Nations efforts in the field of freedom of information. Mr. López had contrasted the views of those countries supporting the maximum freedom of information with those of the countries which insisted on the responsibilities and duties of information enterprises. The views of the United Kingdom delegation on that question were well known. Freedom of speech and expression had for centuries been an essential characteristic of the way of life of the inhabitants of the United Kingdom. The only limits placed on that freedom were those relating to libel, copyright, sedition and obscene publications, but those limits did not in any way adversely affect the right of journalists to collect and publish accurate news and to express their opinion of the facts. A lack of responsibility on the part of journalists was much less dangerous than any measure imposing a general restraint on the publication of news. As Mr. López had stated in the report, too much insistence on responsibility could lead to the negation of freedom itself.

52. Clearly such conclusions could not apply to all countries without exception, but each government should permit the greatest freedom compatible with existing circumstances. There were certain restrictions which were completely incompatible with freedom of information. No country, for example, could pretend to favour freedom of information when it decreed the permanent suppression of political parties in opposition to the government, when it imposed censorship as a normal and not as an emergency measure, when it prohibited or obstructed the importation and circulation of books

and publications from foreign countries and when it deliberately jammed foreign broadcasts.

53. It was surprising to note that the report contained no reference to the jamming of radio broadcasts. Unfortunately certain governments continued to jam or to attempt to jam all radio broadcasts from foreign countries liable to be received and understood by the population of the country. Their only object was to kill freedom of information at home while exploiting and abusing it abroad. Such governments would have to change their attitude if any real progress was to be made in the field of freedom of information by means of international co-operation.

54. The United Kingdom delegation had been pleased to note the tributes paid by the Rapporteur to the work carried out by the specialized agencies, in particular UNESCO, in the field of freedom of information. Nearly all the work of UNESCO in the field of education was related to the question, in particular its efforts to promote the interchange of books and cultural publications. Such agreements as the Agreement on the Importation of Educational, Scientific and Cultural Material were of great use in facilitating the exchange of information. The United Kingdom Government, he was glad to be able to say, had recently ratified that agreement and had extended its operation to a large number of its territories. To promote freedom of information it was of the utmost importance to develop education. He believed that in a fair contest truth would always triumph over falsehood but only if there were an enlightened public capable of evaluating facts and opinions obtained from different sources. In view of modern mass propaganda techniques, it was more important than ever that public opinion should be sufficiently informed to be able to pass judgment on the information received. Yet the most enlightened public could not pass a sound judgment unless it was in possession of all the necessary evidence.

55. Emphasis had rightly been placed on the importance of the existence of information personnel with high standards of competence and ethics. The possibility of drawing up an international code of ethics had been discussed on several occasions and it appeared to be generally agreed that that question should be settled by members of the profession themselves. Any governmental interference could only lead to loss of freedom of information.

56. The last part of Mr. López' report could be considered when it was discussed in the Social Committee. The programme of future work proposed by the Rapporteur in that part seemed useful. The United Kingdom delegation did not, however, consider it desirable to proceed with a convention on freedom of information. Experience in the last few years had shown that it was very difficult to find a formula to define permissible restrictions on freedom of information without leaving the door open to abuse. Even the formula suggested by Mr. López for article 2 of the draft convention (E/2426, chap. VI, draft resolution No. 1, para. 2) was open to objection since the concept of national security could be interpreted in widely different ways in different countries. As the Chinese representative had said, the problem of freedom of information could not be solved by adopting a convention. Such a convention could be effective only if it was unanimously accepted by all countries, which was far from being the case. Similarly, little good could be

anticipated from a convention such as the Convention on the International Right of Correction (General Assembly resolution 630 (VII), annex), which had been adopted by a narrow majority against the opposition of twenty-two States.

57. He hoped that the Council had not gained the impression that his country favoured a policy of inaction. On the contrary, his delegation considered that much could be done by the Council and by other organs of the United Nations, in particular by means of technical assistance and through it the training of impartial information personnel, as the United States representative had suggested.

58. The Yugoslav representative's proposal that attention should be concentrated entirely on the development of technical resources while disregarding the question of the independence of information personnel might result in a larger volume of information, but was hardly likely to lead to more freedom of information.

59. The United Kingdom delegation thought that the Council should continue to encourage the work being done by specialized agencies in that field and supported the suggestions of Mr. López with regard to further work in that direction. He agreed with the Secretary-General that some of the tasks suggested for a Rapporteur or for the Secretariat could more appropriately be carried out by the specialized agencies.

60. The success or failure of the Council's efforts depended on the action of governments. Admittedly, freedom of information was not a field in which governments should interfere, but they could help to sweep away the restrictions which unhappily existed in all countries of the world. To that end, all governments should make every effort to promote the free exchange of information, which was the essential basis of understanding between nations and of world peace.

Report of the International Monetary Fund (E/2496 and Add.1): (a) Annual report of the Fund; (b) Report of the Fund under Council resolution 483 C (XVI)

[Agenda item 4]

61. The PRESIDENT asked Mr. Rooth, Chairman of the Executive Board and Managing Director of the International Monetary Fund, to present the report of the fund for the financial year ended 30 April 1953, and the supplementary statement for the period from 1 May 1953 to 31 January 1954.

62. Mr. ROTH (International Monetary Fund) stressed that the world economic situation had definitely improved during 1953. After a temporary decline in 1952, world trade had shown an appreciable recovery. The volume of world trade had been approximately the same as in 1951, when the Korean War had caused a considerable increase in trade and production. The balance of payments position in a great many countries had improved, and the currency reserves of many countries had increased noticeably. The aggregate gold and dollar reserves of countries outside the Soviet bloc, excluding the United States, had increased by approximately 2,500 million dollars or about 12 per cent. It should however be realized that the improvement had been insignificant in some countries and a few had even suffered a reduction in their reserves. The ratio of total reserves to imports had significantly increased

in most countries. In 1953, gold and dollar reserves had increased in almost all those countries where they had been particularly low at the end of 1951.

63. That widespread improvement in gold and dollar reserves occurred mainly as the net result of transactions with the United States. The aggregate amount of dollars supplied by the United States in 1953 had been about \$20,000 million; \$12,000 million for imports of goods, \$6,000 million for invisibles and capital movements and \$2,000 million for economic aid. Of those \$20,000 million, about \$2,000 million had been used to strengthen national gold and dollar reserves.

64. Official gold stocks had also received a higher proportion of new gold production, as the private demand for gold had declined. That decline was reflected in a fall in the price of gold in free markets, which now showed only a negligible premium above the official price. Gold sales by the USSR towards the end of the year had also added to the reserves of certain countries in Western Europe.

65. It should be noted that the increase in reserves did not result from new or tighter restrictions, but on the contrary, from an international financial position more nearly in equilibrium than that of previous years. The outlook for the attainment of convertibility by the main currencies had therefore improved. Several countries had taken steps in that direction. Certain discriminatory trade practices had been abolished; a more extensive use of foreign-held balance had been permitted, and some international markets had been reopened. In many quarters, consideration was being given to the possibility of the liberalization of trade and the establishment of currency convertibility.

66. Several factors had played a part in that favourable development. As a result of improvements in their agricultural production, some countries had become less dependent on the United States; that was one of the most important factors in the decline of United States agricultural exports in 1953. There had also been a decline in United States coal exports for similar reasons. But that improvement was also due to temporary factors, such as the restrictions on imports from the dollar area imposed by certain countries, United States military expenditure abroad and United States economic aid. It was impossible to forecast how those factors would develop in 1954. In view, however, of the high rates of reserve accumulation in 1953, even a somewhat reduced level of United States imports in 1954 need not prevent foreign countries from adding further to their gold and dollar holdings.

67. The recent decline in United States imports was due to a decline in general economic activity in that country. The serious consequences which a depression in the United States would have for the rest of the world had often given rise to concern. The United States Government had, however, declared its intention to act rapidly and decisively should the situation deteriorate further. No interruption in the growth of the world economy was therefore to be anticipated.

68. There had also been a decline in inflationary pressures in deficit countries. More and more countries were now using fiscal and monetary control to ensure both a high level of employment and an equilibrium in their balance of payments.

69. In spite of those achievements, the situation could not be said to be satisfactory in all countries. In some, the demand for imports exceeded the amounts available

from export earnings. The chief reasons for that disequilibrium were inflation and a reduced demand for primary products on export markets. The Fund had a direct interest in all those problems, including those raised by fluctuations in the earning of the countries exporting raw materials.

70. Where the part played by the Fund was concerned, its activities had shown an appreciable increase in 1953. It had sold foreign exchange to the value of \$230 million and had received more gold and dollars through repurchases than in previous years. The policies governing the use of the Fund's resources and stand-by credits had been eased; the Fund had become better equipped to assist countries with temporary balance of payments difficulties and to contribute more effectively to the maintenance or establishment of convertibility. In particular, the rule limiting drawings by any member to 25 per cent of its quota in a twelve-month period had not been applied to transactions with Turkey and Peru in 1953. For the first time, the Fund had made a stand-by arrangements with a country with a fluctuating exchange rate (Peru) for a period longer than six months.

71. An increasing proportion of the Fund's transactions had been with the less developed countries, which did not mean that it could provide those countries with the capital they needed for the long-term investments essential to their economic development. For that, they must have recourse to the International Bank for Reconstruction and Development, the United States Export-Import Bank or to private investors. The Fund could, however, help them to meet temporary balance of payments difficulties resulting from the speeding-up of their economic development.

72. The Fund's contacts with its members had also increased. Members continuing exchange restrictions and discriminations were required to consult the Fund every year. During 1952 and 1953, the Fund had had consultations with forty countries, which had involved missions to those countries and visits to the Fund's headquarters by their representatives. Such missions sometimes led to a relaxation of restrictive and discriminatory systems and always provided an opportunity for a fruitful exchange of views on actual and possible economic policies. The Fund hoped that the experience so gained would help it to play an active part in assisting members to maintain or establish convertibility.

73. The Fund also sent technical missions to member countries. There had been twenty-five such missions in 1953, the questions studied during missions having included exchange control, the policies, administration and organization of central banks and improvements in statistics. In addition. Mr. Cochran, Deputy Managing Director, had visited seventeen member countries in 1953, and he, Mr. Rooth, had visited four South American countries at the beginning of 1954.

74. Where relations between the Fund and the United Nations were concerned, the Fund had given close consideration to the Council's suggestions regarding the form and content of the reports of the specialized agencies. At the fifteenth session of the Council, the Fund had also been asked in resolution 468 H (XV) to make a study of discrimination in the field of transport insurance. That study had not yet been completed. There was as yet insufficient evidence to indicate that such discrimination was a significant factor in world trade.

75. In conclusion, he wished to record his appreciation of the friendly relations existing between the United Nations Secretariat and the Fund. He thanked the Council for having made it possible for him to present the Fund's report in person and said he would be glad to answer any question which members of the Council might wish to put to him.

76. Mr. OZGUREL (Turkey) thanked Mr. Rooth for his excellent statement. His delegation had found the two latest reports of the International Monetary Fund of great interest. The Fund's reports and its periodical publications provided valuable data for a study of international economic problems.

77. It was evident from those reports and from Mr. Rooth's statement that there had been a trend towards an improved balance of payments situation in 1953. Many countries had been able to build up substantial monetary reserves, and some were considering reverting to a convertible currency system.

78. The problem of trade between the United States and the rest of the world had not, however, been solved. The improvement in the situation was in fact partly due to temporary factors, such as off-shore purchases of military supplies and the severe restrictions imposed by certain countries on imports from the United States. The Fund had made a number of proposals regarding methods of covering the dollar deficit, such as measures to combat inflation, the maintenance of a high level of economic activity and employment in the United States, the development of tourism, an increase in exports from the European countries of the OEEC to the United States, Canada and Latin America, an expansion of the production of raw materials and, lastly, the maintenance of a high level of activity both in the industrial and under-developed countries. Other possible solutions were measures to promote the flow of foreign capital, the elimination of discrimination in international trade and the liberalization of trade along the lines followed, for example, by the European Payments Union.

79. His delegation considered that the speeding up of the economic development of the under-developed countries was an important factor in the problem of the balance of international payments and the dollar deficit. The Fund could therefore contribute to a solution of the problem by granting certain facilities to the less developed countries and by helping them to meet the payments difficulties they encountered as a result of their rapid development.

80. He was glad to note that the Fund was already taking steps in that direction. Stand-by credits and the relaxation of the 25 per cent ceiling were of great assistance to the under-developed countries. There was every reason to believe that the Fund would pursue a policy which would permit an even sounder use of its resources.

81. Mr. HOTCHKIS (United States of America) had been much impressed by the progress in regard to international trade, the balance of payments situation, increased gold and dollar reserves and the reduction of inflationary pressures, which had been outlined in the Fund's report and in Mr. Rooth's statement.

82. There need be no fear of a decline in United States activity which might induce any major interruption in the continued growth of the world economy. The United States Government had announced its

intention to take whatever measures might be needed to keep the United States economy healthy.

83. The International Monetary Fund had continued to develop greater flexibility in the use of its resources, to the advantage of member countries which might experience temporary balance of payments difficulties. The practice of consultation was very useful and had contributed to the reduction of exchange restrictions and discrimination. Technical missions, sent out by the Fund, had been very helpful to member countries.

84. Nevertheless, exchange restrictions were still widespread. In some countries, inflationary pressures persisted. The International Monetary Fund was, however, working steadily towards the wider adoption of sound monetary, fiscal and exchange policies. The Fund could count on the United States Government's complete support in its activities.

85. Sir Alec RANDALL (United Kingdom), on behalf of his Government, paid a tribute to the work of the International Monetary Fund. The active part which the Fund played in the economic and financial life of the world was generally recognized. It was to be hoped that the Fund would continue to be able to meet the demands which might be made upon it, and indeed that its usefulness would continue to increase. Mr. Rooth's statement had been encouraging. It was reassuring to note that the increase in monetary reserves had been caused by an expansion, and not by a contraction, of international exchange.

86. As regards the operations of the International Monetary Fund, he commended the Fund for having adopted more flexible provisions governing the utilization of its resources. The new policy seemed not to have impoverished the Fund, since the increase in the number of requests had been offset by that of repurchases.

87. The United Kingdom Government unreservedly supported the action taken by the International Monetary Fund.

88. Mr. AVILES MOSQUERA (Ecuador) associated himself with the preceding speakers in congratulating the Managing Director of the Fund on his interesting statement. He was pleased to note the progressive character of the Fund's annual reports and of the statement just made by Mr. Rooth.

89. During the general debate on the development of under-developed countries, certain views had been expressed regarding the importance of the balance of payments for the unimpeded progress of economic development. While the main purpose of social policy must be to raise the level of real income, it was also necessary, particularly for countries with an unfavourable balance of payments, to give careful consideration to a monetary policy and measures designed to keep domestic demand within normal limits. In that connexion, the International Monetary Fund had rightly noted, in its report (E/2496), that both the under-developed and the advanced countries should regard development programmes as one of the best means by which they could raise the level of the real income of vast sectors of the world population and as an essential factor in any over-all plan to establish a stable economic world order based on ever-expanding multilateral trade and the convertibility of all currencies.

90. All the financial and monetary measures taken by Ecuador during the past few years had been aimed at

achieving such equilibrium at home. With the Fund's advice in 1947 and 1948, Ecuador had carried out a monetary reform through which it had been able to check inflation and to give its currency the necessary stability to carry out a systematic economic development programme. The reform had been effected simultaneously in two ways.

91. First, Ecuador had adopted a multiple exchange system, under which the volume of imports was determined by the usefulness of the product instead of being subject to quantitative restrictions of a purely administrative nature which were always unsatisfactory and frequently unfair. The new system, which by its very nature was provisional, had been progressively modified, and since January 1954 had provided for only two categories of commodities: essential items and luxury items. For the first, the importer could obtain foreign currency from the Central Bank at the official rate; for the second, he must procure it on the free market. Thus there remained actually only two rates of exchange which, incidentally, were fairly close. The reform had greatly benefited the Ecuadorian economy.

92. Secondly, Ecuador had modified the structure of its Central Bank, so as to give it greater independence and flexibility in the application of the monetary policy; the Bank was now better able to take account of the needs of a growing economy, to check fluctuations in international demand and to prevent such fluctuations from adversely affecting its balance of payments. The supply of money must correspond to the needs of domestic progress and not be governed exclusively by the fluctuations of foreign exchange reserves. It should be emphasized in that connexion that, in accordance with the classical rules, the supply of currency had not corresponded to the fluctuations in income and that the creation of instruments of credit had had only a limited effect in the countries in the process of development; it had therefore been necessary to find new methods to replace the old ones which were better suited for more advanced economies.

93. In all its efforts to solve the various problems, Ecuador had been able to rely on the help and technical advice of the International Monetary Fund, for which it was profoundly grateful.

94. Mr. KOS (Yugoslavia) also thanked the Managing Director of the Fund for his excellent statement. He wished, in that connexion, to stress some aspects of the problem which, while perhaps not essential, were nevertheless very important in the view of the Yugoslav delegation.

95. Concerning currency reserves, Mr. Rooth had pointed out that world reserve—excluding those of the United States and the USSR—had increased by 12 per cent during the past year, and that while in some countries official reserves had increased considerably, in others the opposite had been the case. Reference to the data contained in the *International Financial Statistics* showed that in 1953 the currency reserves of Latin America had increased by \$465 million, and those of the United Kingdom by \$201 million. In the rest of the world, however, including Asia and the Near East, that is to say most of the under-developed countries, the reserves had dropped by \$665 million. It might be of interest to compare in the case of raw

material producing countries the curve of their monetary reserves with that of their income from exports.

96. Another important aspect of the same question was the relationship between the increase of world monetary reserves and the general fluctuations in volume of exchange. A comparison of world import figures for 1953 with those for 1952 showed a drop of \$5,244 million. The decrease of exports on the other hand, had been much less, being roughly \$2,222 million. It would be of interest for the Council to know whether the two trends were related. A closer analysis of the increase of monetary reserves during 1953 showed that one third of the total increase was directly due to the increase of gold reserves, while the other two thirds were due to the increase of strong currency reserves. Consequently, there seemed to be a definite relationship between the increase of the total reserves and the decrease in the volume of international trade.

97. Some speakers had recently argued that the increase of world monetary reserves was a good sign and that it gave hope that the economic problem of the world would at last be settled. Without wishing to counter such undue optimism with equally unjustified scepticism, he must caution the Council not to place too much hope in an increase of monetary reserves caused by a contraction of world trade.

98. The problem of the convertibility of currency, which was closely related to that of monetary reserves, had for some time been a major issue in international debates. The annual report of the Fund showed how complex the question was. All nations naturally wished their currency to be fully convertible. Yet the under-developed countries could not always achieve that goal, for various reasons, the most important arising perhaps out of the effect on their balance of payments of the need to speed up the rate of their economic development.

99. The Council was thus back at the old, still unsolved, problem of long-term international investments. Since the investments had not been such as to overcome balance of payments difficulties, and since those difficulties were only temporary in any case, it would seem that the current policy of the under-developed countries was really the best.

100. The Yugoslav delegation would welcome any progress in multilateral settlements which would result in an increase of international trade; at the same time, it had felt bound to point to some obstacles which the International Monetary Fund did not, for the time being, seem able to overcome.

101. He congratulated the Fund on its successful activities during the year under consideration, and in particular on the fact that its sale of currency had reached the comparatively high figure of \$230 million. The decision to extend the period of repayment granted under the stand-by arrangements was also to be commended; he was sure that the happy experience of Peru would be repeated by other under-developed countries, Yugoslavia, for its part, had always welcomed any opportunity to examine its financial problems together with the Fund's representatives and was grateful to them for the assistance received. The International Monetary Fund played, and would continue to play, a role of vital importance to the world economy.

The meeting rose at 12.55 p.m.