



Friday, 7 December 1956,
at 11.35 a.m.

New York

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Chairman: Mr. Mohammad MIR KHAN (Pakistan).

AGENDA ITEM 26

Programmes of technical assistance (*continued*):
(a) Report of the Economic and Social Council
(A/3154) (*continued*)

**QUESTION OF CURRENCY UTILIZATION (A/C.2/L.283,
A/C.2/L.286) (*continued*)**

1. Mr. PSCOLKA (Czechoslovakia) said that the discussion had shown that there was no good reason for adopting the recommendations on currency utilization embodied in Economic and Social Council resolution 623 B III (XXII). Even the proponents of that resolution had to recognize that considerable improvements had been made in currency utilization in recent years.

2. It had been argued that the resolution would preserve the multilateral character of the Expanded Programme of Technical Assistance, but the Programme would continue to be multilateral, whatever currency regulations were adopted, as long as it was financed from a common pool of contributions and administered on an international basis. The real problem was how to use the funds available to the fullest possible extent. The resolution seemed to imply that it could be solved merely by laying down rules regarding currency convertibility. Documents prepared by the Technical Assistance Board (TAB) showed that there had been no great difficulty in the utilization of currencies for the 1957 programme and that there was no need for any provisions to change the present system.

3. The sponsors of the Council resolution had even had difficulty in defining what they meant by "readily usable currencies". The definition attempted in paragraph 2 was vague in the extreme. The other provisions introduced an element of discrimination into a multilateral programme the basic principle of which was that it should be financed by voluntary contributions.

4. The Czechoslovak and Romanian draft resolution (A/C.2/L.283) which proposed the deletion of paragraphs 2, 3 and 4 of the resolution and requested the Council to re-examine the whole matter at its twenty-fourth session in accordance with the principles set out in its resolution 222 A (IX), was the only possible solution. It should command general support.

5. His delegation opposed the joint draft resolution (A/C.2/L.286) which endorsed Council resolution 623 B III (XXII).

6. It would support the resolutions in documents A/C.2/L.285 and A/C.2/L.287.

7. Mr. KAMENOV (Bulgaria) remarked that the joint draft resolution on currency utilization contained a flagrant contradiction. In the second clause of the preamble it recognized the desirability of encouraging the greatest possible support for the Expanded Programme and then in the operative part endorsed the Council resolution on currency utilization which would have the opposite effect.

8. The argument that the adoption of the Council resolution would preserve the multilateral character of the Expanded Programme was not persuasive. A decision to restrict contributions to "readily usable" currencies would not maintain the multilateral character of the Programme. It would have the opposite effect. Most contributions were made in national currencies and it would be discriminatory in the extreme to establish a hierarchy among them and imply that some were more acceptable than others. Both in theory and in practice the recommendations in the Council resolution were indefensible.

9. Contributions might prove not to be readily usable for reasons quite divorced from the type of currency in which they had been made. It was hard to believe that the failure to make full use of the enormous technical knowledge of the Soviet Union and the other people's democracies had been due solely to difficulties of convertibility. It was in fact evident that some people did not want the Programme to be truly multilateral and were trying to conceal their political designs behind proposals for currency convertibility.

10. His delegation would oppose the joint draft resolution and support the Czechoslovak and Romanian draft resolution.

11. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) said that it was to the interest of the United Nations and of recipient countries to safeguard the voluntary and universal character of the Expanded Programme and to ensure that no elements of discrimination were introduced into it. It was clear from the reports before the Committee that there had been no problem of currency utilization in the past years. It was therefore regrettable that the Council resolution had needlessly provoked controversy in the United Nations. The attempts to justify the resolution on the grounds that it preserved the multilateral character of the Programme had failed completely. Since the granting of assistance was carried out through a United Nations specialized agency and since the recipient country, the donor country, the United Nations and the specialized agency concerned all participated, the multilateral principle was already fully safeguarded.

12. His delegation would support the Czechoslovak and Romanian draft resolution.

13. Mr. KOTSCHNIG (United States of America) pointed out that Economic and Social Council resolution 623 B III (XXII) on currency utilization had been adopted by a large majority after three weeks' discussion by the Technical Assistance Committee (TAC) and the Council. The Czechoslovak and Romanian delegations now proposed in their draft resolution to undo all the work which had been done then. One of the main arguments used by the supporters of that draft was that the Council's resolution was unnecessary because there had been no difficulties. But it was perfectly clear from what the Executive Chairman of TAB had said that there had been very considerable difficulties in the utilization of certain currencies, and that although they appeared, to a large extent, to have been overcome, that had been possible solely because special measures had been taken and special arrangements made. A bilateral and, he might almost say, a unilateral element had thereby crept in, for the fact that rigorous conditions had been attached to some contributions had meant, in effect, that the contributors could dictate how and where they should be used. Thus, even when the Government of the Soviet Union had agreed to make up to 25 per cent of its contribution convertible it had prescribed the purposes for which the converted currency should be used. That, in his delegation's view, was an extremely dangerous trend and threatened the very basis of the whole Programme; if it were allowed to continue, the technical assistance system would rapidly disintegrate into an agglomeration of bilateral programmes. There would then be no further point in making contributions through the United Nations at all. Moreover, it would be open to other countries to attach similar conditions to their contributions. Thus the United States, which contributed 50 per cent of the Programme's resources, could insist that its contribution should be used exclusively to pay for American experts, American supplies and fellowships to be used only in the United States. But the United States did not want to do that. It had faith in the Expanded Programme as a genuinely co-operative effort among nations, and was glad to see its contributions being used to pay for experts to be sent to and from other countries. It was for that reason that it had striven so hard at the twenty-second session of the Council to safeguard the multilateral nature of the Programme and to secure the adoption of resolution 623 B III (XXII). He could inform the Committee that that resolution had been adopted only just in time to help his Government to continue the policy it wished to pursue.

14. Furthermore, he would point out that some seventy contributors were unaffected by paragraph 3 of Council resolution 623 B III (XXII) since the request to make payment in the form of, or convertible into, readily usable currencies applied only to that part of contributions which exceeded the equivalent of \$500,000. Nor did he think that the Soviet Union would suffer in any way from that provision, since its resources were such that it could easily make part of its 4 million rouble contribution in some other currency without imposing unacceptable conditions.

15. He could not therefore support the Czechoslovak and Romanian draft resolution and, if it were maintained, would be compelled to vote against it. The technical assistance programmes were a magnificent example of what could be done through genuine international co-operation, and it would be infinitely regrettable if the system were to be thwarted through the rejection of the Council's resolution.

16. Mr. GISCARD D'ESTAING (France) said that his delegation was not unduly concerned about the draft resolution since the provisions in the Council's resolution to which it referred were subject to several conditions. The Council's recommendations did not in fact concern the principle of the payment of contributions in domestic currency, which his delegation approved, but the usability of contributions. They could not be other than acceptable both to recipient countries, since usability was a necessary condition of the effectiveness of the Programme, and to donor countries, if they were in good faith. It was not a question of advancing national interests but of contributing to a great international effort. Paragraphs 2, 3 and 4 of Council resolution 623 B III (XXII) represented a praiseworthy effort to solve the problem of currency utilization, and should be supported. His delegation therefore would not support any resolution which failed to take such principles into account.

17. Mr. PENTEADO (Brazil) said that his delegation had taken an active part in the deliberations which led to the adoption of Council resolution 623 B III (XXII), and considered that resolution to be the most satisfactory compromise possible. It supported the joint draft resolution in document A/C.2/L.286, and would vote against the Czechoslovak and Romanian draft resolution.

18. Mr. JUNG (India) said that India was somewhat concerned by paragraphs 2, 3 and 4 of Council resolution 623 B III (XXII) since its contribution for 1957 would be the equivalent of \$500,000. It was therefore co-sponsoring an amendment to that resolution¹ which would shortly be circulated and would, he hoped, make it possible to frame a generally acceptable text. He proposed that further consideration of the question should be deferred until the new texts were circulated. India was entirely convinced of the need to maintain the multilateral character of the Expanded Programme, and did not feel that it was entirely responsible for the special case in which it had once been involved.

19. Miss BOWLBY (Canada) felt that the one thing which prevented the technical assistance programmes from being genuinely multilateral was the fact that certain countries attached conditions to their contributions. Discussions at the twenty-second session of the Council had shown that conditions prevailing in the past had rendered necessary the adoption of a resolution such as Council resolution 623 B III (XXII). Those conditions might recur. It was therefore essential to have such a resolution in reserve, as it were, to safeguard the future of the Expanded Programme and to win the support of the largest possible number of contributors. Those who supported the Czechoslovak and Romanian draft resolution revealed that they were not genuinely concerned to maintain the multilateral nature of the Programme. Those who were so concerned should support the draft resolution of which her delegation was a sponsor (A/C.2/L.286).

20. Mr. BOIKO (Ukrainian Soviet Socialist Republic) considered that the argument that Council resolution 623 B III (XXII) would enhance the multilateral character of the Expanded Programme was not convincing and ignored the fact that the resolution would not increase the volume of contributions.

21. Some speakers had contended that the purpose of the resolution was to eliminate the difficulties in currency utilization which had existed in the past and might possibly occur in the future, but they overlooked

¹ Subsequently circulated as document A/C.2/L.288.

the fact that those difficulties had been successfully overcome in the past. In any case, the failure to utilize certain currencies had been due not to inconvertibility but to a variety of circumstances beyond the control of the contributing countries.

22. It had also been alleged that some countries such as the USSR, the Ukraine and Byelorussia, whose contributions were in roubles, were making certain demands concerning the way in which their contributions were to be used. No such demands had been made.

23. Resolution 623 B III (XXII) did nothing to safeguard the principle of multilateralism but would, on the contrary, impair the principle of voluntary contributions which was the cornerstone of the Expanded Programme. He would therefore oppose the draft resolution in document A/C.2/L.286 and support the Czechoslovak and Romanian joint draft resolution which was designed to eliminate the discriminatory provisions of resolution 623 B III (XXII).

24. Mr. RAJAPATHIRANA (Ceylon) felt that all members of the Committee were interested in ensuring the multilateral character of technical assistance, although opinions were divided concerning the aspects in which stress should be laid. He therefore supported the Indian representative's proposal that the decision should be deferred in the hope of reaching a compromise.

25. Mr. O'NAGHTEN (Cuba) said that in adopting resolution 623 B III (XXII) the Council had had in mind two basic problems: the fact that more requests for assistance had been submitted than could be satisfied under the Expanded Programme, and the backlog of unused currencies which had been carried over from year to year. It was obvious that the utilization of certain currencies had presented difficulties. It was unfair to insinuate that the failure to utilize those currencies was due to favouritism or other motives on the part of the administrators of the fund. In fact a considerable portion of those currencies had been used; indeed, special ways and means had been devised to utilize them. The fact that some currencies were not convertible limited their use to payment for experts, fellowships and equipment in and from the contributing country. Favouritism on the part of the administrators of the Programme being out of the question, it was obvious that the non-utilization of currencies was due to the fact that recipient countries were unwilling or unable to accept aid financed by such currencies. It should not be alleged that the decision not to accept assistance was based on political considerations; in some instances countries might have to refuse assistance because of language or other difficulties. Technical assistance could not be forced upon any country.

26. It had been said that some currencies had not been utilized in spite of the fact that they were "hard" currencies, but the determining factor was not "hardness" but usability. As the United States representative had pointed out, not all the United States contribution was used to pay for services and fellowships in the United States: some of it was converted into other currencies or used elsewhere.

27. Again, it had been alleged that the supporters of resolution 623 B III (XXII) were opposed to the principle of voluntary contributions, yet the first clause of the preamble made it clear that the Expanded Programme was financed through contributions made voluntarily by participating Governments. There was not

the slightest possibility of compelling any Government to contribute against its will.

28. It was obvious, as stated in operative paragraph 2, that if an amount greater than the total of the previous year's pledges in any currency remained uncommitted for the approved programme at the time of the Technical Assistance Conference such currency was not readily usable. Paragraph 3 urged, but did not compel, Governments to make part of their contribution convertible into readily usable currencies. Neither paragraph 3 nor paragraph 4 involved any compulsion.

29. The Committee should endorse resolution 623 B III (XXII) because it would serve contributing countries as a guide regarding the way in which their contributions could be most effective.

30. He supported the principle of expanding the membership of TAC as recommended in document A/C.2/L.284, but felt that the question should be studied further.

31. He also supported the draft resolutions contained in documents A/C.2/L.285 and A/C.2/L.287.

32. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) said that the United States representative had hinted that if resolution 623 B III (XXII) was not endorsed by the Committee the whole Expanded Programme would be endangered. As, however, the Programme had functioned smoothly before that resolution had been adopted by the Council, the implied threat was unjustified, especially as currency utilization had presented no insurmountable difficulties.

33. The United States representative had also referred to the readiness of the USSR to pay part of its contribution in currencies other than the rouble. The purpose of the USSR offer was to ensure that its contribution was fully utilized. The USSR was sufficiently well developed industrially to provide technical assistance in any form and to the full amount of its contribution.

34. Mr. KOTSCHNIG (United States of America) said that there was no question of threats. In view of the importance of the subject, the Committee should give full consideration to all aspects of the problem. He therefore supported the Indian representative's proposal that further consideration of the subject should be postponed until the new texts were available.

35. The CHAIRMAN proposed that the Committee should adopt the motion for adjournment submitted by India and seconded by the United States.

It was so decided.

36. Mr. O'NAGHTEN (Cuba) said that he had just received document A/C.2/L.288 and entertained serious doubts about the Committee's competence to take the decision which it proposed; the Assembly could not amend a resolution adopted by the Economic and Social Council. Being the supreme organ of the United Nations, the Assembly could adopt a resolution in terms contrary to those which had been approved by the Council, but it could not amend directly an agreement adopted by the Council in pursuance of the powers granted to it under the Charter.

37. In response to a proposal by the CHAIRMAN, Mr. O'NAGHTEN (Cuba) agreed to defer the discussion on the question of competence to a later meeting.

The meeting rose at 1.25 p.m.