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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, A/C.2/L.288, A/C.2/L.289, A/C.2/L.291) (*continued*)

1. Mr. DE GAAY FORTMAN (Netherlands) said that he wished to submit a few remarks concerning the legal aspects of the draft resolutions and amendments before the Committee.

2. Documents A/C.2/L.288 and A/C.2/L.289 were both based on the assumption that the General Assembly could amend a resolution adopted by the Economic and Social Council. The Netherlands delegation considered that assumption unjustified. By virtue of Article 60 of the Charter of the United Nations, the Council admittedly was placed under the authority of the General Assembly; but it was endowed with powers and functions of its own which were set forth in Chapter X of the Charter. The Assembly might or might not approve a resolution of the Council; it could also request the Council to reconsider any question and could adopt a resolution differing from that of the Council; but it was not empowered to amend a resolution of the Council. The latter adopted its own resolutions and did not merely submit draft resolutions to the Assembly.

3. The Egyptian representative had said that it was clear from paragraph 7 of Economic and Social Council resolution 623 B III (XXII) that that resolution could be amended by the Assembly. Mr. de Gaay Fortman did not take that view, since the Council could not of itself change the functions assigned to it by the Charter. The words "for any action it may deem necessary" simply meant that the Council communicated its opinion to the General Assembly, which was free to take whatever action it considered necessary in the matter.

4. The amendments to Council resolution 623 B III (XXII) contained in document A/C.2/L.288 were thus inadmissible. The draft resolution in document A/C.2/L.289, which at first sight appeared to be better

drafted, was also inadmissible as it did not differ in substance from its predecessor and the Assembly, by adopting the draft resolution which it embodied, would be amending a resolution of the Economic and Social Council. The sponsors of the ten-Power draft resolution should accordingly ask the Assembly to adopt the preamble and articles 5 and 6 of resolution 623 B III (XXII) as its own, and should in addition submit to the Assembly other provisions corresponding to paragraphs *a*, *c* and *e* of document A/C.2/L.289. However, even if the proposal were presented in that form, the Committee should ask itself whether the Assembly could with impunity wholly or partially reject a resolution of the Council. It was the opinion of the Netherlands delegation that the Assembly should not take that course, since each of the United Nations organs was in duty bound to respect the powers and functions of the others. It would be a discourteous proceeding on the part of the Assembly simply to reject a Council resolution without giving the Council an opportunity of reconsidering the question.

5. The *Repertory of Practice of United Nations Organs* confirms the opinion of the Netherlands delegation on that point. In paragraph 8 of the part of the Repertory devoted to Article 60 of the Charter, it was stated that "As far as the Council is concerned, the term 'under the authority of the General Assembly' means, in practice, a continuing authority of a general nature". Further, although in paragraphs 9 to 13 of the same chapter of the Repertory several cases were cited where the General Assembly had asked the Council to reconsider a decision previously taken by the Council, no precedent was mentioned of an outright rejection by the Assembly of a Council resolution.

6. The criticisms to which resolution 623 B III (XXII) of the Economic and Social Council had given rise were based on four main points. It had been claimed, in the first place, that the voluntary nature of the contributions would be jeopardized by the resolution; secondly, that instead of strengthening the multilateral nature of the Expanded Programme of Technical Assistance, it favoured bilateralism; thirdly, that it restricted Governments' freedom in matters of exchange policy; and, fourthly, that some contributions were in danger of remaining uncommitted through no fault of the contributing Government.

7. With regard to the first point, there was nothing in the Council's resolution to modify the voluntary nature of the contributions, which was clearly specified in paragraph 9 (*a*) of Council resolution 222 A (IX). In resolution 623 B III (XXII), the Council simply recommended Governments to pay their contributions in readily usable currencies, but did not prohibit a Government from continuing to make contributions even if they could not be paid in readily usable currency.

8. With regard to the second point, so far as the multilateral nature of the Programme was concerned the effect of the Council resolution was only to

strengthen it, as paragraph 5 showed, and thus provide the possibility of avoiding the political disadvantages generally attendant upon bilateral agreements.

9. Thirdly, the Council resolution in no way restricted the freedom of Governments in foreign exchange matters. Only the Government concerned could decide whether it would convert all or part of its contribution, and the authorities administering the Programme had no power to impose such measures.

10. Lastly, the expressions "to the fullest possible extent", in operative paragraph 1, and "as far as possible", in paragraph 4, allowed Governments every latitude to divest themselves of their responsibility in certain circumstances.

11. With regard to the text of the ten-Power draft resolution, the Netherlands delegation had the following observations to make. First, the voluntary nature of contributions to the Programme was an accepted fact and there appeared to be no point in reaffirming it; and, in addition, the contemplated clarification with regard to operative paragraph 1 of the Council resolution threatened to create the erroneous impression that a new element was involved. Secondly, by deleting the limit of \$500,000 provided by the Council and inserting in the resolution such vague notions as "substantial contribution" or "a portion of their contribution", the resolution was shorn of the minimum of preciseness which it ought to have, and the very object that was being sought was thus defeated. Finally, the addition of the word "voluntarily" between the word "be" and the word "converted" in operative paragraph 4 of the Council resolution would likewise do no more than reflect a state of affairs that was already obvious. In the opinion of the Netherlands delegation, the ten-Power draft resolution would have no other result than needlessly to upset the balance of a text which the Economic and Social Council had drawn up only after lengthy discussion. Its adoption would endanger the Expanded Programme by acquiescing in a system which under the cloak of multilateralism would further bilateralism and, worse, the unilateral aims of some countries and ideologies.

12. The Netherlands delegation would therefore be unable to vote for the ten-Power draft, not only on account of the legal considerations which he had just set forth, but also for the reasons of substance which he had adduced during the general debate (395th meeting), against the draft resolution proposed by the Romanian and Czechoslovak delegations (A/C.2/L.283).

13. Mr. DAMLUJI (Iraq) recalled that the members of the Committee had always shown a spirit of conciliation. He hoped that they would remain faithful to that tradition.

14. The delegation of Iraq had supported the ten-Power draft resolution as an apparently satisfactory compromise. It was willing to support any proposal that would preserve the multilateral nature of the Expanded Programme while avoiding the risk of discouraging certain Member States or causing them to reduce their contributions.

15. Mr. FAHMY (Egypt) did not wish to revert to the legal aspect of the problem, which he also had studied although without reaching the same conclusions as the Netherlands representative.

16. He proposed that the meeting should be suspended for one hour in order to enable certain delegations to prepare a new draft resolution.

17. The CHAIRMAN put the Egyptian proposal to the vote.

The Egyptian proposal was adopted by 40 votes to none, with 23 abstentions.

The meeting was suspended at 11.20 a.m. and resumed at 12.20 p.m.

18. Mr. SOLLI (Norway) read aloud a new draft resolution proposed by the delegations of Cambodia, Canada, Ceylon, Cuba, Egypt, Ethiopia, India, Iraq, Jordan, Morocco, Norway, Saudi Arabia, Spain, Sudan, Syria and Tunisia (A/C.2/L.291). It represented a compromise solution based on the Economic and Social Council's decision to review at its twenty-fourth session all the problems involved in currency utilization. The General Assembly would merely note that fact and refer the records of the Committee's discussions to the Council and to the Technical Assistance Committee (TAC). He noted that the authors of the new draft included a large number of the delegations which had helped to draw up two of the previous drafts, contained in documents A/C.2/L.286 and A/C.2/L.289. The Committee's work would be much easier if the other members could agree to the new draft, and he therefore proposed that it should be voted on first.

19. Mr. PSCOLKA (Czechoslovakia) and Mr. MOLDOVAN (Romania) stated that the new draft did not in any way constitute a compromise formula. They could not agree to withdraw their own draft resolution (A/C.2/L.283), and asked that the Committee, in accordance with rule 132 of the rules of procedure, should vote on the two proposals in the order in which they had been submitted.

20. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) supported those remarks. He nevertheless warned the Committee against taking a premature decision which might have the effect of imposing the ideas of a few of its members on the entire Committee. He felt that there should be a broader discussion of the substance of the question.

21. Mr. FAHMY (Egypt) pointed out that under the terms of paragraph 6 of Economic and Social Council resolution 623 B III (XXII) that resolution would not be effective until the Council had reviewed the whole question of the utilization of currencies at its session the following summer. There was therefore no objection to adopting the new draft resolution which, after all, was drawn up on the basis of the existing situation.

22. Mr. KOTSCHNIG (United States of America) thought that there ought not to be any misunderstanding about how the new draft should be interpreted. To be sure, its adoption would not mean the ratification of Council resolution 623 B III (XXII), but it was not correct to say that that resolution would not become effective before the following summer because, in any case, the currencies mentioned in paragraph 5 (b) of the Council's resolution had to be included in the country target figures in the spring.

23. With respect to the order of priority in voting, the United States representative recognized that the Romanian and Czechoslovak representatives were right in saying that, strictly speaking, it was not a question of a compromise text, and in insisting that their draft should be voted on first.

24. At the request of the CHAIRMAN, Mr. OWEN (Executive Chairman, Technical Assistance Board), confirmed that the application of paragraphs 1, 2, 3 and 4 of Economic and Social Council resolution 623 B III

(XXII) would depend on the decisions taken by the Council during its summer session, while the allocation of currencies to the receiving countries had to be carried out in March.

25. Mr. FAHMY (Egypt) thought that that confirmation would relieve any anxiety. He repeated that the new draft was not aimed either at confirming or rejecting the Council's resolution but was a compromise to the extent that it did not provide for any decisions on the substance of a matter which the Council would have to reconsider in its entirety.

26. Mr. ENCINAS (Peru) feared that since the new draft neither approved nor rejected the Council's resolution, it might place the General Assembly in an ambiguous position with respect to the Council, which was not on the same plane as the Assembly.

27. As, on the other hand, the Committee had not discussed the substance of the question of currency utilization, the operative part was not entirely in conformity with the facts.

28. Mr. HALIQ (Saudi Arabia) thought that the new draft was definitively a compromise formula, since it permitted the Committee to refrain from choosing between two extreme solutions, which would be either to approve the Council's resolution or to reject the greater part of it.

29. In reply to a question by the CHAIRMAN, Mr. SOLLI (Norway) said that the sponsors of the texts contained in documents A/C.2/L.286, A/C.2/L.288 and A/C.2/L.289 would withdraw them for the time being. On the other hand, in view of the objections which had been raised, he would not insist that a vote should be taken on the new draft first.

30. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) said that he was not prepared to come to a decision on document A/C.2/L.291, which had only just been brought before the Committee, and in support of his stand invoked rule 121 of the rules of procedure.

31. Mr. FLERE (Yugoslavia) said that his delegation wished the decision to be unanimous, and he therefore moved that the meeting should be adjourned.

32. Mr. Lychowski (Poland) seconded the motion.

33. Mr. KOTSCHNIG (United States of America) was opposed to postponing the vote on the Romanian and Czechoslovak draft resolution, because a decision on that point would clarify the situation and make it easier to continue the discussion.

34. The CHAIRMAN put the motion for adjournment to the vote.

The motion was rejected by 34 votes to 26, with 8 abstentions.

35. The CHAIRMAN put the draft resolution submitted by Czechoslovakia and Romania (A/C.2/L.283) to the vote.

The draft resolution was rejected by 44 votes to 10, with 14 abstentions.

36. The CHAIRMAN asked the Committee if, in conformity with the request of the Soviet representative and in accordance with rule 119 of the rules of procedure, it wished to postpone to the next meeting the vote on the new draft resolution (A/C.2/L.291).

There being no objection, it was so decided.

The meeting rose at 1.10 p.m.