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ECONOMIC AND SOCIAL COUNCIL

Ninth Session

ECONOMIC COMMITTEE

SUMMARY RECORD OF THE SIXTY-EIGHTH MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 4 August 1949, at 3 p.m.

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Present:

Chairman:	Mr. SANTA CRUZ

Members:

Australia	Mr. WALKER
Belgium	Mr. van TICHELEN
Brazil	Mr. CAMPOS
Byelorussian Soviet Socialist Republic	Mr. MAZURENKO Mr. ASTAPENKO
Chile	Mr. SCHNAKE
China	Mr. P. C. CHANG
Denmark	Mr. IVERSEN
France	Mr. de SEYNES
India	Mr. ADARKAR
Lebanon	Mr. HAKIM
New Zealand	Dr. SUTCH
Poland	Miss CZARKO
Turkey	Mr. SARPER
Union of Soviet Socialist Republics	Mr. MOROZOV
United Kingdom	Sir Gerard CLAUSON
United States of America	Mr. THORP Mr. HANSON
Venezuela	Mr. GONZALEZ-GORRONDONA

Representatives of Specialized Agencies:

International Labour Organisation	Mr. RICHES
Food and Agriculture Organization	Mr. McDOUGALL
United Nations Educational, Scientific and Cultural Organization	Mr. BERKELEY
International Civil Aviation Organization	Mr. MARLIN

Representatives of Specialized Agencies (continued):

International Bank for Reconstruction and Development	Mr. LOPEZ-HERRARTE
World Health Organization	Mr. SMITH Mr. AARONSON

Secretariat:

Mr. Owen	Assistant Secretary-General for Economic Affairs
Mr. Weintraub	Director of the Division of Economic Stability and Development.
Mr. Chalmers-Wright	Division of Social Activities
Mr. Dumontet	Secretary to the Committee

ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES
(Item 9 of the Council Agenda) (continued)
(Documents E/1327, E/1327/Add.1 and Corrigenda)

The CHAIRMAN stated that as agreed, the administrative and co-ordinative aspects of the expanded programme would be considered at the present meeting.

Mr. WALKER (Australia) regretted that the proposals he was about to make were not yet available in writing, but they were to be circulated as a document.

The form of assistance under discussion might be described as a series of measures to facilitate the international movement of non-material capital, i.e. knowledge. On the basis of that premise, his delegation was opposed to any plan consisting in a mere expansion of existing technical services. It was important to resist the tendency to assume that the essential thing was to strengthen the resources of the specialized agencies and of the United Nations Secretariat. Any individual government embarking on a programme of economic expansion would not consider it sufficient merely to expand certain administrative departments, but would develop a plan of general policy and would ensure that important decisions of policy were in the hands of a single central body. The United Nations should follow the same procedure.

His delegation considered the following arrangements should prove the most satisfactory. The Economic and Social Council, naturally under the supervision of the General Assembly, would be responsible for questions of policy but should set up a commission to interpret policy when the Council was not sitting and to exercise general control of its implementation. Such a commission could consist of representatives of all members of the Council but would function better if limited to a certain number of representatives of the principal contributory and recipient countries.

He envisaged the establishment of administrative machinery somewhat analogous to that proposed by the Secretary-General in the plan for an expanded co-operative programme (Document E/1327/Add.1), but the day-to-day work of administration would, as everybody realised, be carried out by the officials of the specialized agencies

/and the Secretariat

and the Secretariat of the United Nations. It was essential to maintain a clear distinction between routine administration and questions of policy.

The Commission he proposed should hold fairly frequent meetings, especially in the early stages, though he would not go so far as one representative and suggest that it meet once a week.

He was also in favour of the establishment of a United Nations fund for technical assistance, though he was not yet committing his Government to participation in such a fund. The fund would derive its resources from contributions of States Members of the United Nations or of its specialized agencies, and such contributions might be in the form of various currencies or services, according to what Governments could offer.

Allocations would be made from the fund to the Secretariat and the specialized agencies against specific requests from Governments. He considered that allocations should at first be made on a percentage basis, and that a sum of from 5 to 8 million dollars should be allocated without delay in accordance with a scale of percentages to be adopted by the Economic and Social Council, subject to the approval of the General Assembly. The remainder of the sum available for the first year of the programme should not be distributed until the plan had been in operation for a certain time and until the commission, having studied the volume and type of requests was in a position to formulate some sort of general policy.

In proposing that gradual procedure, he was probably being influenced by a national characteristic which his people shared with the United Kingdom. In his country, when a new enterprise was planned, it was not the practice to draw up a scheme complete with an estimate of the number and type of personnel required but rather to set a man at work and gradually provide him with the necessary assistants until a stage was reached when it was possible to produce a detailed plan in the light of experience.

Partly as a result of his preference for such a method of procedure, he felt that in spite of the extremely interesting accounts given by the representatives of the United States of America, the United Kingdom and France, of their extensive experience in rendering assistance to colonial and trust territories and friendly nations, the Council was

/not yet

not yet in possession of sufficient information to warrant its adoptin detailed plans. It was therefore better to give the executive bodies enough funds to start them off and to decide later, in the light of experience, what further allocations were needed. For instance, and that was suggested purely as an example, he doubted whether the Council could have a sufficiently clear idea of the amount to be devoted to the development of civil aviation to justify its providing funds to the International Civil Aviation Organization from the first allocation.

The proposed method of allocating funds applied, of course, only to the first year.

A further problem to be decided was the amount of freedom to be given to specialized agencies in deciding what particular projects to finance. He did not wish to have any more delay than was necessary or to impose too rigid a check on the activities of those bodies executing the programme, but he was at the same time anxious to avoid a mere piecemeal development of schemes. A possible solution was to permit the specialized agencies to proceed with particular schemes requested by governments, provided the expenditure was kept within specified bounds and the schemes did not involve the participation of more than one specialized agency. All large or joint projects, however, would require co-ordination and should first be approved by some central authority, in many cases a purely administrative body but occasionally, especially in the early stages, a body dealing with polic namely the commission. The commission would thus be a sort of watchdog to ensure that the principles of General Assembly Resolution 200 were properly carried out, and would have the important task of advising the United Nations Secretariat, which would be a keen point for the overall analysis of economic development.

Clearly such a conception differed considerably from the solution put forward by the representative of the United States of America, according to which a general inter-governmental conference would divide the proceeds from contributions among the specialized agencies. Such a solution did not commend itself to him since it would lead to confusi and to further discussion on the percentages to be allotted to each specialized agency. It would also mean that individual governments would have to thrash out the problem of co-ordination themselves at the

/national level.

national level. If such complications could be avoided, the participation of governments in the programme would be made much easier.

The adoption of the administrative arrangements he suggested would render it unnecessary to undertake a complete review of the detailed proposals in the Secretary-General's plan which was, in effect, quite a useful catalogue of the sort of schemes which might be considered. However, the adoption of a general programme of technical assistance should not be interpreted as conveying approval of every individual project listed in the plan.

A delicate problem would be that of maintaining an equitable balance in the amount of assistance given to various countries. That task must be undertaken by the commission which would be able, in the course of the first year, gradually to define its practical policy and establish an order of priorities.

It should, however, be no occasion for surprise if, when a country not yet included in the programme came forward with a request for a type of assistance of apparently low priority, that request were granted. A too academic classification of projects was to be avoided.

Dr. SUTCH (New Zealand) expressed pleasure at finding that in spite of the fact that they had been elaborated independently, the proposals made by the Australian representative had so much in common with those he intended to put forward. However, though generally favouring the Australian view, he wished to bring out certain points more sharply.

He, too, was in favour of a central fund and regarded it as essential machinery from the fiscal point of view for the collection of funds. Its importance from the point of view of distribution was also considerable, but he did not propose to dwell on that. Such a fund was necessary in order to ensure the best utilization of contributions made in currencies of limited convertibility, or of contributions made with the proviso that they should be furnished only in the form of certain types of supplies and exports from the country concerned.

He considered that the Members of the United Nations were entitled to an opportunity to review and pass judgment each year on the size of the programme as a whole. That was best done in the General

/Assembly.

Assembly. The Economic and Social Council on the other hand, should be the body responsible for suggesting the size of the programme and for policy recommendations.

He did not, therefore, see the necessity for calling a special Assembly or inter-governmental conference to settle the detailed allocation of the sums available, particularly since that would delay the initial stages of the programme. Even if there were a good reason for calling such a conference he would still reject the scheme as too cumbersome in practice.

There should be no difficulty in the United Nations receiving contributions from non-Member States and should, for example, the Swiss Government decide to contribute funds, he could not see the slightest objection to the Secretary-General acknowledging their receipt.

It was essential to insist on contributions being made directly to the general fund and, as a corollary to that, all reports and resolutions on the administrative and financial aspects of the plan should make it quite clear that no specialized agency or other organ should solicit or accept contributions for its own portion of the programme.

As to division of responsibility, he suggested that each year individual specialized agencies should formulate a programme for the following year in the light of their special experience. Those programmes would then be considered, either by the Administrative Committee on Co-ordination, or by its Technical Assistance Committee, and a total programme recommended to a special committee of the Council, which would present it, together with its own comments and suggested modifications, to the Council. The Committee should also have the authority to recommend the rejection of sections of the programme, if it deemed fit. In view of the special attention which must be devoted to joint projects, the reports to the Council should include a special section on such joint projects. In that manner, at least once a year the Council would have an opportunity to examine the entire programme.

Turning to the mechanics of payment, he reminded the Committee that the receipt of contributions would be spread over the whole year. He had already pointed out that some contributions would be in hard currencies, some in currencies not easily convertible and some might

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have special provisos attached to [illegible]. He urged, however, that the fund reject any contribution to which was attached a proviso that it be used for a specific country, specialized agency or project. The fact that three different types of contribution might be made raised problems which must be handled by a central fund. If contributions were made with the proviso that part should be spent, for example, on certain agricultural supplies or the services of agricultural experts in the supplying countries, it was clear that such a contribution might have to be allocated in its entirety to the Food and Agriculture Organization, whilst contributions with similar provisos from industrialised countries might have to be allocated to other specialized agencies. Such a problem could only be solved by a central fund, controlled by the Administrative Committee on Co-ordination. It would also be necessary for that fund to hold back a reserve of hard currencies and for it to be made clear that the fund could not undertake to provide the total sum required by any specialized agency in hard currency.

As for the mode of releasing funds to the specialized agencies, he was in favour of holding back a substantial percentage of the total as a reserve, partly to finance unforeseen projects requested by countries not originally included in the programme, and partly because, until the programmes of the specialized agencies were well under way, the exact amount which should be spent on a given programme would not be at all clear. Later, when a specialized agency had submitted a progress report on its projects, further sums could be released from the reserve. Because of the irregularity of the flow of contributions, specialized agencies should also not be led to expect to receive the total allocation straightaway.

The special committee of the Council he had suggested should have limited membership, preferably seven, including representatives of under-developed countries. It should meet regularly and be easily available. It should be kept informed of the progress of work in the whole field of technical assistance and should have the task of giving rulings in the event of disagreements arising within the Administrative Committee on Co-ordination. Since the Administrative Committee on Co-ordination would naturally be reluctant to have to refer any conflict of opinion to the special committee it would thus be led to ensure as effective co-ordination as possible. The functions of the special committee would

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therefore be (i) to represent the Council and interpret the appropriate General Assembly Resolutions, (ii) to receive regular reports from the Administrative Committee on Co-ordination (iii) to take note of expenditure from the reserve fund proposed by the Administrative Committee on Co-ordination (iv) to review each year the programme presented by the Administrative Committee on Co-ordination and to report on it to the Council, and (v) to report to the Council on its own work.

The foregoing suggestions were put forward as a basis for discussion but he attached particular importance to two of his proposals, namely, the setting up of an inter-governmental committee which would represent the Council and the establishment of a central fund.

Mr. MOORE (United States of America) said that it was important to come to some conclusions on the question of co-ordination, since the plan submitted by the Secretary-General, excellent though it was, was more in the nature of a catalogue than a co-ordinated programme.

He was glad to observe that his delegation was in agreement with the representative of New Zealand on a number of points.

He suggested the following procedure. The programmes of the specialized agencies should be examined and collated by the Technical Assistance Committee or by the Administrative Committee on Co-ordination and a special committee of the Council should then review the recommended programme. It should also be the task of the special committee to review past activity and to report to the Council what work programmes had proved successful and what remained incomplete, what funds were left over and what were needed. The Council would then examine the report of the committee and submit its conclusions to the General Assembly. It would probably be more convenient for such a committee to meet at other times than the sessions of the Economic and Social Council.

He agreed with the proposal of the New Zealand representative to set up a central fund for the purpose of collection of contributions. Such a fund would ensure the best utilization of contributions.

He was, however, disturbed by the suggestion of the Australian representative that the committee should control all funds for meeting specific requests of governments, and review projects case by case. That

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was a most undesirable procedure. Such a Committee, which, he presumed, would comprise from 7 to 18 representatives of governments would, according to the Australian proposal, have to allocate funds for the projects of between 50 and 60 different States. In the first place, he did not believe that the committee would be competent to perform any such task since it would require a thorough understanding of the various types of activity, of the extent to which experts were available, of the kind of co-operation to be expected from the country requesting assistance, and a notion of what arrangements were possible and what results could be expected. In other words, either it would have to rely almost entirely on the expert advice of the specialized agencies or it would have to be composed of specialists in a great variety of fields, a condition which a committee of single representatives of governments could not possibly fulfil.

Supposing, for instance, that a particular country submitted a request for assistance in a scheme of public health, each member of the committee would be likely to receive visits from the Ambassador of the country concerned, from representatives of the World Health Organization and from the Public Health authorities of his own country, all of whom would urge the adoption of the particular project. That process would repeat itself for every project and it must be remembered that the committee would have hundreds of projects to decide upon. Furthermore, if the committee, composed of government representatives, rejected a particular project, such rejection would be interpreted by the requesting governments as an unfriendly act on the part of the nations represented on the committee. Such difficulties would not, however, arise with the specialized agencies, whose secretariats were composed of international servants and who would, in addition, have the advantage of dealing with only one section of the total programme. The specialized agencies had a further advantage in that, unlike government representatives, they were not bound to respect the principle of treating all governments alike.

A further objection was that the committee would be unable to administer the funds in a wise and co-ordinated manner since, dealing with projects one by one as they came, it would be unable to develop a sense of perspective. The specialized agencies, on the other hand, within their more limited field, would be able to look a few months ahead. He therefore considered that decisions concerning projects should be made by the specialized agencies.

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Upon the Council, however, would fall the duty of taking the ultimate decision and of deciding the emphasis to be placed on a particular branch of activity. It was, in any case, undesirable for the Council to be in a position in which it would be called upon to designate particular countries for technical assistance or select particular projects.

The New Zealand representative had not made himself so clear on that matter as the representative of Australia, and perhaps the funds which he considered should be held in reserve and utilized later would not be allocated project by project. The United States delegation, however, was opposed to the idea of withholding funds and could not agree with the reasons put forward for the creation of a reserve fund, though, of course, it agreed with the observation of the New Zealand representative that it might at times be impossible to release funds owing to the irregular receipt of contributions. As far as the possible submission of unforeseen projects was concerned, if such projects were of an emergency nature, the specialized agencies should have a sufficiently elastic programme to enable them to handle them, even at the cost of abandoning some other project. If, on the other hand, they were not of an urgent nature, then they could be provided for in the normal way in the budget for the following year. It was in any case doubtful whether unforeseen projects would emerge in any appreciable number, since the specialized agencies and various other bodies consulted had been engaged in forms of technical assistance for a number of years, and would presumably be well informed as to the types of assistance required.

As for the argument that funds should be held in reserve until it was seen how the programmes of the specialized agencies would develop, it was clear that, so long as insufficient funds were allocated, that development would be retarded. The sad truth must, however, be recognized that the specialized agencies had planned for larger programmes than the United Nations would be able to carry out. If a specialized agency did not spend all the funds available to it, his delegation considered that such funds might be carried over to the next year; in any case, the money would not be lost.

It should also be remembered, when discussing control of expenditure, that the governments represented on the Council were also

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It should also be remembered, when discussing control of expenditure, that the governments represented on the Council were also

members of specialized agencies and that, in consequence, the granting of a certain amount of independence in such matters to the specialized agencies would not mean that governments had altogether relinquished control. It would simply mean, in fact, that the decision would be taken by the representatives of 30 or more countries instead of 18.

It would, therefore, be advisable to leave decisions on projects to the specialized agencies, so as to permit them to plan a complete year's programme, rather than to insist on control being exercised by an inter-governmental body. After all, the Economic and Social Council would still exercise ultimate control through the examination of the yearly report on the programme, and an opportunity would be given to deal with unsatisfactory points when the budget for the second or third year of the programme came before the Council. It was, of course, a natural tendency to wish to go into the details of a programme but it was a bad one when specialized agencies existed which were more competent to do that.

He would summarize his position by saying that, whereas the Secretary-General's plan represented a highly decentralized proposal and that of the representative of Australia a highly centralized one, the proposal of the United States Delegation came somewhere between the two.

Sir Gerard CLAUSON (United Kingdom) agreed with the representative of the United States that his proposals offered a middle course between the decentralization of the solution proposed by the Secretary-General, on page 40 of Document E/1327.Add.1, and the extreme centralization of the proposal made by the representative of Australia.

His own instructions had been to favour a decentralized programme but he had since been convinced by the fiscal arguments adduced in favour of setting up a central fund, and the more he thought of the difficulties which would arise in co-ordinating the activities of the specialized agencies acting independently, the greater those difficulties appeared. He had therefore asked his Government for permission to support the middle course suggested by the United States representative.

With regard to the proposal to draw up a scale of percentage allocations, he doubted very much whether the position, at the outset, would be sufficiently clear for the Council to establish a correct scale

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from the very first and a year would be a long time to wait before making the necessary adjustments. He suggested therefore that the Commission should be empowered to make any necessary adjustments after the programme had been in operation for six months. That would, naturally, not involve the complete re-allocation of the funds but only an allocation, in accordance with the new percentage scale, of the funds received in the second half of the year.

He too was not impressed by the argument that unforeseen demands might arise. The specialized agencies would not be operating a single programme but would be offering a sort of catalogue of projects from which governments could choose the type they required. If they proposed a type of project not originally envisaged, the specialized agency concerned could execute it if it had sufficient funds and, if not, could request the country concerned to wait until the following year.

He remained unconvinced by the arguments against holding a certain percentage in reserve. The experience of the Colonial Office of the United Kingdom in operating its programme of colonial development and welfare had shown the necessity for keeping a sum in reserve for new projects, however comprehensive the original list of projects might appear to be.

Mr. HAKIM (Lebanon) wished to view the problem from another aspect, namely, that of the government of an under-developed country wishing to submit a request. Such a government, before formally submitting such a request, would naturally wish to be reasonably sure that it would not meet with a public refusal. It would furthermore desire the project adopted to be in line with its own programme of economic development. He referred in that connection to General Assembly Resolution 200 (III) which clearly indicated that technical assistance should be provided only upon a request. Governments submitting requests would find themselves in a difficult situation if those requests were examined by a central committee composed of representatives of governments since that committee might be influenced by political considerations in making its decisions. The governments of under-developed countries might in fact get the impression that a certain kind of programme was being imposed upon them. He was,

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therefore, in agreement with the view expressed by the United States representative that the specialized agencies were the bodies best qualified to decide which requests should be approved. He presumed that the specialized agency concerned would first conduct an unofficial discussion of the draft project with the government making the request and indicate whether such a request was likely to be approved. In that way the danger would be avoided of a government being placed in an unenviable position through the rejection of an official request.

He was in favour of a central fund which would allocate funds to the specialized agencies but the latter should be empowered to take decisions on specific projects.

The meeting rose at 6.00 p.m.