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UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

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NINETEENTH SESSION

29 March—7 April 1955
and 16 May—27 May 1955

NEW YORK



UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

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INTRODUCTORY NOTE

The *Official Records of the Economic and Social Council* (nineteenth session) include the corrections to the provisional summary records which were requested by delegations, and such drafting and editorial modifications as were considered necessary.

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document. Symbols referring to resolutions of the Council consist of an arabic numeral indicating the number of the resolution and a roman numeral indicating the number of the session. The resolutions for each session are printed as a supplement to the *Official Records* of the relevant session of the Council.

Certain documents relating to each agenda item are published as annexes. These annexes are printed in separate fascicules, one to each agenda item.

A check list of documents relating to the agenda of the nineteenth session of the Council, indicating where each document may be found, is given on pages xiv to xix.

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Dr. R. L. Coigny, Chief, Liaison Office with the
United Nations.

PREPARATORY COMMITTEE OF THE INTER-GOVERN-
MENTAL MARITIME CONSULTATIVE ORGANIZATION

Representative

Mr. Branko Lukac, Executive Secretary.

Other inter-governmental organizations

LEAGUE OF ARAB STATES

Representative

H.E. Mr. Kamil Abdul Rahim, Ambassador Extraordinary and Plenipotentiary

Alternate Representative

Mr. Omar Haliq

Non-governmental organizations

Category A

INTERNATIONAL CHAMBER OF COMMERCE

Mr. Anton D. Bestebreurtje,
Mr. Morris S. Rosenthal,
Mr. Carl McDowell,
Mrs. Roberta M. Lusardi,
Mr. Robert Beetham,
Miss Myra Alice Berger.

INTERNATIONAL CONFEDERATION OF FREE TRADE
UNIONS

Miss Toni Sender.

INTERNATIONAL CO-OPERATIVE ALLIANCE

Mr. Leslie E. Woodcock,
Mrs. Cedric Long.

INTERNATIONAL FEDERATION OF CHRISTIAN TRADE
UNIONS

Mr. Gérard Thormann.

WORLD FEDERATION OF TRADE UNIONS

Mr. Jan Dessau,
Miss Elinor Kahn.

WORLD FEDERATION OF UNITED NATIONS
ASSOCIATIONS

Mr. John A. F. Ennals,
Mrs. C. Beresford Fox,
Mr. Hilary Barrett-Brown.

Category B

AGUDAS ISRAEL WORLD ORGANIZATION

Dr. Isaac Lewin.

ALL PAKISTAN WOMEN'S ASSOCIATION

Begum Nafisa Hamdani.

CHAMBER OF COMMERCE OF THE UNITED STATES
OF AMERICA

Mr. Earl F. Cruickshank.

FRIENDS WORLD COMMITTEE FOR CONSULTATION

Mrs. Lois K. Jessup,
Mr. Robert B. Lea.

INTER-AMERICAN COUNCIL OF COMMERCE AND
PRODUCTION

Mr. Earl F. Cruickshank.

INTERNATIONAL AIR TRANSPORT ASSOCIATION

Mr. Jay L. Sheppard.

INTERNATIONAL ALLIANCE OF WOMEN
Miss Anne Guthrie.

INTERNATIONAL CATHOLIC MIGRATION COMMISSION
Miss Irene Dalgiewicz.

INTERNATIONAL CONFERENCE OF CATHOLIC CHARITIES
Dr. Louis Longarzo.

INTERNATIONAL COUNCIL OF WOMEN
Mrs. Eunice H. Carter.

INTERNATIONAL FEDERATION FOR HOUSING AND TOWN
PLANNING, INTERNATIONAL INSTITUTE OF ADMINIS-
TRATIVE SCIENCES, INTERNATIONAL UNION OF
LOCAL AUTHORITIES
Mr. Charles S. Ascher.

INTERNATIONAL FEDERATION OF WOMEN LAWYERS
Miss A. Viola Smith,
Miss Norah K. Donovan.

INTERNATIONAL FEDERATION OF UNIVERSITY WOMEN
Dr. Janet Robb.

INTERNATIONAL LAW ASSOCIATION
Mr. Samuel K. C. Kopper.

INTERNATIONAL UNION OF OFFICIAL TRAVEL
ORGANIZATIONS
Mr. Somerset R. Waters.

NATIONAL ASSOCIATION OF MANUFACTURERS (USA)
Mr. Arvid L. Frank.

NOUVELLES EQUIPES INTERNATIONALES
Mr. K. Sieniewicz.

PAX ROMANA—INTERNATIONAL CATHOLIC MOVEMENT
FOR INTELLECTUAL AND CULTURAL AFFAIRS

PAX ROMANA—INTERNATIONAL MOVEMENT OF
CATHOLIC STUDENTS
Mr. James H. Price,
Mr. Joseph H. McMahon,
Dr. Marie R. Madden.

WOMEN'S INTERNATIONAL LEAGUE FOR PEACE
AND FREEDOM
Mrs. Gladys D. Walser.

WORLD ASSEMBLY OF YOUTH
Mr. Immanuel Wallerstein,
Rev. Robert Snable.

WORLD JEWISH CONGRESS
Dr. Gerhard Jacoby.

WORLD VETERANS FEDERATION
Mr. Jacques Katel,
Miss Janet Heller.

WORLD'S ALLIANCE OF YOUNG MEN'S CHRISTIAN
ASSOCIATIONS
Dr. Owen F. Pence.

Register

INTER-AMERICAN ASSOCIATION OF BROADCASTERS
Mr. G. N. Nunn,
Mr. Adrian Lajous.

INTERNATIONAL GAS UNION
Mr. R. H. Touwaide.

WORLD FEDERATION FOR MENTAL HEALTH
Mrs. Helen S. Ascher.

*
* *

At the resumed nineteenth session the following names were added to the list of delegations:

Members of the Council

CZECHOSLOVAKIA
Adviser
Mr. Zdenek Seiner, Third Secretary, Ministry of
Foreign Affairs.

ECUADOR
Representatives
Dr. Julio Prado, Minister Counsellor, *Chargé d'affaires ad interim*, Permanent Delegation to the
United Nations;
Mr. Jaime Nebot Velasco.

FRANCE
Adviser
Mr. Fernand Terrou, *conseiller technique à la prési-
dence du Conseil*.

INDIA
Adviser
Mr. M. E. Chacko, Permanent Mission to the United
Nations.

NORWAY

Alternate Representatives and Advisers

Mr. Wilhelm Thagaard, Chief of the Price Directorate;
Mr. Kaare Salvesen, Consultant in the Ministry of Social Affairs;
Mr. Oyvind Scott-Hansen;
Mr. Egil Amlie.

PAKISTAN

Alternate Representatives

Mr. M. Zahiruddin,
Mr. Muhammad Iqbal Butt, First Secretary, Public Relations Officer, Permanent Mission to the United Nations.

Adviser

Mr. S. A. Karim, Third Secretary, Permanent Mission to the United Nations.

TURKEY

Alternate Representative

Mr. Vahap Asiroglu, First Secretary of Embassy, Permanent Delegation to the United Nations.

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

Adviser

Mr. D. N. Brinson, M. C., First Secretary, Foreign Office.

UNITED STATES OF AMERICA

Advisers

Mr. Clarence I. Blau,
Miss Kathryn G. Heath,
Mr. David C. Murchison.

YUGOSLAVIA

Alternate Representative

Mr. Dimce Belovski, Counsellor, Permanent Mission to the United Nations.

Members of the United Nations represented by Observers

BRAZIL

Representative

Mr. Joa Frank da Costa, Third Secretary of Embassy, Permanent Delegation to the United Nations.

CUBA

Representative

Mr. Rafael García Navarro, Economic Adviser, Permanent Delegation to the United Nations.

HAITI

Representative

H.E. Mr. Ernest G. Chauvet, Ambassador Extraordinary and Plenipotentiary, Alternate Representative to the United Nations.

PHILIPPINES

Representative

Mr. Delfin R. García, Adviser, Executive Secretary of the Permanent Mission to the United Nations.

Specialized agencies

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

Representative

Mr. Pierre Terver, Chief Technical Assistance Officer, Forestry Division.

INTERNATIONAL MONETARY FUND

Alternate Representative

Mr. Ervin Hexner, Assistant General Counsel.

INTERNATIONAL TELECOMMUNICATION UNION

Representative

Mr. John S. Cross, Acting Chief, Telecommunications Division, United States Department of State.

Alternate Representative

Dr. Helen G. Kelly.

Non-governmental organizations

Category A

WORLD VETERANS FEDERATION

Mr. Vincent Auriol,
Mr. Curt Campaigne.

Category B

INTERNATIONAL COUNCIL OF WOMEN

Mrs. Laura Dreyfus-Barney.

AGENDA

adopted by the Council at its 835th meeting, on 29 March 1955

AGENDA FOR THE FIRST PART OF THE NINETEENTH SESSION

1. Election of the President and Vice-Presidents for 1955.
2. Adoption of the sessional agenda.
3. Report of the International Monetary Fund.
4. Report of the International Bank for Reconstruction and Development.
5. Economic development of under-developed countries.
6. Development of international travel, its present increasing volume and future prospects.
7. Forced labour.¹
8. Slavery.
9. International assistance to refugees within the mandate of the United Nations High Commissioner for Refugees.
10. Non-governmental organizations: hearings and applications for hearings.
- [26. Consideration of the provisional agenda for the twentieth session and of the opening date of the session.]²

Supplementary item 1:

Representation of the Commission on the Status of Women at sessions of the Commission on Human Rights and of the Social Commission.³

AGENDA FOR THE RESUMED NINETEENTH SESSION

11. Report of the Transport and Communications Commission.
12. Restrictive business practices.
13. Wood-pulp and paper.
14. Enforcement of international arbitral awards.
15. Freedom of information.
16. Allegations regarding infringements of trade-union rights.
17. Population questions.
18. Recognition and enforcement abroad of maintenance obligations.
19. United Nations Children's Fund.
20. Relief and rehabilitation of Korea.
21. World calendar reform.⁴
22. Non-governmental organizations.
23. Revision of the rules of procedure of the Council.⁵
24. Elections.
25. Confirmation of members of functional commissions of the Council.
26. Consideration of the provisional agenda for the twentieth session and of the opening date of the session.²

Supplementary item 2:

Reorganization of the sessions of the Council.⁶

¹ The Council decided at its 835th meeting, on 29 March 1955, to defer this item to the twenty-first session.

² The Council decided at its 835th meeting, on 29 March 1955, to consider at the first part of its nineteenth session item 26 which had been included in the items to be considered at the resumed session.

³ The Council decided at its 841st meeting, on 4 April 1955, to include this supplementary item in the agenda of the first part of the nineteenth session.

⁴ The Council decided at its 848th meeting, on 16 May 1955, to defer this item to the twenty-first session.

⁵ The Council decided at its 853rd meeting, on 20 May 1955, to delete this item from its agenda.

⁶ The Council decided at its 848th meeting, on 16 May 1955, to include this supplementary item in the agenda of the resumed nineteenth session.

CHECK LIST OF DOCUMENTS PERTAINING TO THE NINETEENTH SESSION OF THE ECONOMIC AND SOCIAL COUNCIL

The documents listed below are those which appear in the check lists contained in the annex fascicules of the individual agenda items. Documents with title in bold type are printed in those fascicules.

<i>Document No.</i>	<i>Title</i>	<i>Agenda item</i>	<i>Observations and references</i>
A/2750	Report of the United Nations Agent General for Korean Reconstruction for the period 1 October 1953 to 1 September 1954	20	<i>Official Records of the General Assembly, Ninth Session, Supplement No. 20</i>
A/2810	Comments of the United Nations Commission for the Unification and Rehabilitation of Korea on the report of the United Nations Agent General for Korean Reconstruction (A/2750)	20	Mimeographed only
E/436	Report of the Meeting of Experts to prepare for a World Conference on Passports and Frontier Formalities (Geneva, 14-25 April 1947)	6	<i>Official Records of the Economic and Social Council, Fifth Session, Supplement No. 1</i>
E/856 and Add.1 and 2	Comments by Governments on the draft conventions prepared by the United Nations Conference on Freedom of Information	15	Mimeographed only
E/2046	Memorandum by the Secretary-General on the legal problems raised by certain amendments to the draft Convention on Freedom of Information	15	Ditto
E/2046/Add.1	Addendum to the memorandum by the Secretary-General—Relevant provisions of national legislation and extracts of judicial decisions limiting freedom of information	15	Ditto
E/2241	Report of the Secretary-General	13	Ditto
E/2364	Note by the Secretary-General	18	<i>Official Records of the Economic and Social Council, Seventeenth Session, Annexes, agenda item 17</i>
E/2380—E/AC.37/3	Report of the <i>Ad Hoc</i> Committee on Restrictive Business Practices	12	<i>Ibid., Sixteenth Session, Supplement No. 11</i>
E/2426	Freedom of Information, 1953—Report submitted by Mr. Salvador P. López, Rapporteur on Freedom of Information	15	<i>Ibid., Sixteenth Session, Supplement No. 12</i>
E/2426/Add.1 to 5	Freedom of Information—Supplementary report submitted by Mr. Salvador P. López, Rapporteur on Freedom of Information, and related documents	15	<i>Ibid., Sixteenth Session, Supplement No. 12A</i>
E/2427 and Add.1 and 2	Comments and suggestions of Governments transmitted for the information and assistance of the Rapporteur on Freedom of Information.	15	<i>Ibid., Seventeenth Session, Annexes, agenda item 12</i>
E/2439 and Add.1	Summary of comments and suggestions received by the Rapporteur on Freedom of Information from information enterprises and national and international professional associations	15	Mimeographed only
E/2538	Bibliography on the processes and problems of industrialization in under-developed countries	5	Ditto
E/2540/Add.1	Letter dated 25 February 1954 from the Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations, addressed to the Secretary-General	8	<i>Official Records of the Economic and Social Council, Seventeenth Session, Annexes, agenda item 15</i>
E/2543	Report of the Secretary-General	15	<i>Ibid., Seventeenth Session, Annexes, agenda item 12</i>
E/2587 and Add.1 to 5	Communications containing allegations of infringements of trade union rights	16	Mimeographed only
E/2604 and Corr. 1 and 2	Efforts towards raising productivity in industry—Working paper prepared by the Secretary-General	5	Ditto
E/2612 and Add.1 to 3	Comments received in accordance with resolutions 375 (XIII) and 487 (XVI) of the Economic and Social Council	12	Ditto
E/2655—ST/ECA/27	<i>Survey of World Iron Ore Resources: Occurrence, Appraisal and Use</i>	5	United Nations Publication, Sales No.: 1954.II.D.5
E/2658	Note by the Secretary-General transmitting the report of the United Nations Agent General for Korean Reconstruction for the period 1 October 1953 to 1 September 1954 (A/2750)	20	Mimeographed only
E/2661	Note by the Secretary-General transmitting to the Council the report of the International Monetary Fund for the fiscal year ended 30 April 1954	3	Ditto. For the report of the Fund, see <i>International Monetary Fund, Annual Report of the Executive Directors for the Fiscal Year ended April 30, 1954, Washington, D. C.</i>

Document No.	Title	Agenda Item	Observations and references
E/2661/Add.1	Note by the Secretary-General transmitting to the Council a summary of the activities of the International Monetary Fund from 1 May 1954 to 31 December 1954	3	Mimeographed only. For the summary, see <i>International Monetary Fund, Summary of activities, May 1, 1954 to December 31, 1954, Washington, D.C.</i>
E/2662—E/ICEF/276	United Nations Children's Fund—Report of the Executive Board (9-17 September 1954)	19	<i>Official Records of the Economic and Social Council, Nineteenth Session, Supplement No. 2</i>
E/2668	Note by the Secretary-General transmitting to the Council the report of the International Bank for Reconstruction and Development for the fiscal year ended 30 June 1955	4	Mimeographed only. For the report of the Bank, see <i>International Bank for Reconstruction and Development, Ninth Annual Report to the Board of Governors, 1953-1954, Washington, D.C.</i>
E/2668/Add.1	Note by the Secretary-General transmitting to the Council a summary of the principal activities of the Bank from 1 July 1954 to 31 January 1955	4	Mimeographed only. For the summary, see <i>International Bank for Reconstruction and Development, Supplement to the Ninth Annual Report, A Summary of Principal Activities of the Bank from July 1 1954 to January 31, 1955, Washington, D.C.</i>
E/2669	Note by the Secretary-General transmitting the comments of the United Nations Commission for the Unification and Rehabilitation of Korea (A/2810) on the report of the United Nations Agent General for Korean Reconstruction (A/2750)	20	Mimeographed only
E/2670—ST/ECA/29	<i>Processes and Problems of Industrialization in Under-Developed Countries</i>	5	United Nations Publication, Sales No.: 1955.II.B.1
E/2671	Report on current legal developments in the field of restrictive business practices	12	<i>Official Records of the Economic and Social Council, Nineteenth Session, Supplement No. 3</i>
E/2673 and Add.1 to 4	Concise summary of the information supplied in accordance with Council resolutions 238 (IX), 276 (X), 388 (XIII), 475 (XV) and 525 A (XVII)—Report of the Rapporteur appointed under Council resolution 525 A (XVII)	8	
E/2675	Report on restrictive business practices in international trade	12	<i>Ibid., Nineteenth Session, Supplement No. 3 A</i>
E/2676—E/ICEF/280	United Nations Children's Fund—Report of the Executive Board (17 December 1954)	19	<i>Ibid., Nineteenth Session, Supplement No. 2 A</i>
E/2677	Provisional agenda for the nineteenth session of the Economic and Social Council—Note by the Secretary-General	2	Mimeographed only. For the agenda, see p. xiii of this fascicule
E/2678	Report by the United Nations High Commissioner for Refugees	9	
E/2679 and Add.1 to 4	Comments received on the draft Convention on the Abolition of Slavery and Servitude submitted by the Government of the United Kingdom (E/2540/Add.4)—Report of the Secretary-General	8	Mimeographed only
E/2680 and Add.1	Note by the Secretary-General	26	Ditto
E/2681	Report by the International Telecommunication Union pursuant to Council resolution 522 B (XVII)	15	Ditto
E/2683	Current principles and practices involved in the censorship of outgoing news dispatches—Survey by the Secretary-General	15	
E/2683/Add.1 to 3	Current principles and practices involved in the censorship of outgoing news dispatches—Addendum to the survey by the Secretary-General	15	
E/2684	Communication dated 28 January 1955 from the delegation of the Dominican Republic to the Secretary-General	26	
E/2685	Note by the Secretary-General	16	
E/2686 and Corr.1 and 2	The problems of transmitting Press messages—Joint study by the Director-General of the United Nations Educational, Scientific and Cultural Organization and the Secretary-General of the International Telecommunication Union	15	Ditto
E/2687	Public and private information monopolies and their effects on freedom of information—Report of the Secretary-General	15	
E/2687/Add.1 to 3	Public and private information monopolies and their effects on freedom of information—Addendum to the report of the Secretary-General	15	
E/2688	Memorandum submitted by the United States of America	5	
E/2689	Processes and problems of industrialization in under-developed countries—Memorandum and list of subjects for further study submitted by the Secretary-General	5	Ditto

Document No.	Title	Agenda item	Observations and references
E/2690	Evolution and functioning of development corporations—Working paper prepared by the Secretary-General	5	Ditto
E/2691	Conservation and utilization of non-agricultural resources—Report of the Secretary-General on action taken under Council resolution 345 (XII)	5	Ditto
E/2693	The problem of protecting sources of information of news personnel—Study by the Secretary-General	15	
E/2693/Add.1 to 3	The problem of protecting sources of information of news personnel—Addendum to the study by the Secretary-General	15	
E/2694 and Corr.1	Applications and re-applications for consultative status—Report of the Council Committee on Non-Governmental Organizations	22	
E/2696—E/CN.2/164	Report of the Transport and Communications Commission on its seventh session (7-15 February 1955)	6, 11	<i>Official Records of the Economic and Social Council, Nineteenth Session, Supplement No. 4</i>
E/2697	Note by the Secretary-General transmitting the report of the Latin American Meeting of Experts on the Pulp and Paper Industry held in Buenos Aires from 19 October to 2 November 1954	13	Mimeographed only. For the text of the report, see E/CN.12/361 — FAO/ETAP No. 462—ST/TAA/SER.C/19
E/2698	Legal aspects of the rights and responsibilities of media of information—Study by the Secretary-General	15	
E/2698/Add.1	Legal aspects of the rights and responsibilities of media of information—Addendum to the study by the Secretary-General	15	
E/2700	The world pulp and paper problem—Communication from the Director-General of the Food and Agriculture Organization of the United Nations	5, 13	
E/2701 and Add.1 to 3	Note by the Secretary-General	21	(Not discussed—item deferred to the twenty-first session)
E/2702	Draft Convention on Freedom of Information—Note by the Secretary-General	15	
E/2704 and Corr.1—E/AC.42/4/Rev.1 and Corr.1	Report of the Committee on Enforcement of International Arbitral Awards	14	
E/2705 and Corr.1	Programme to promote among news personnel a wider knowledge of the United Nations, of foreign countries and of international affairs—Report of the Secretary-General	15	
E/2705/Add.1 and 2	Programme to promote among news personnel a wider knowledge of the United Nations, of foreign countries and of international affairs—Addendum to the report of the Secretary-General	15	
E/2707	Population Commission—Report of the eighth session	17	<i>Official Records of the Economic and Social Council, Nineteenth Session, Supplement No. 5</i>
E/2707/Add.1	Financial implications of the programme proposed by the Population Commission (E/2707, section J)—Estimate submitted by the Secretary-General	17	Mimeographed only
E/2708 and Add.1	Concise summary of the information supplied in accordance with resolutions 238 (IX), 276 (X), 388 (XIII), 475 (XV) and 525 A (XVII)—Statement submitted by the Union of Soviet Socialist Republics	8	Ditto
E/2709	Report of the Council Committee on Non-Governmental Organizations	10	
E/2710	Report of the Council Committee on Non-Governmental Organizations	10	
E/2711 and Add.1 to 3	Report of the Secretary-General	18	
E/2713	Note by the Secretary-General	23	Ditto
E/2715	Norway: request for the inclusion of a supplementary item in the agenda of the nineteenth session of the Council	2, S-1*	
E/2716	Note by the Secretary-General concerning the report referred to in paragraph 6 of resolution 375 (XIII) of the Economic and Social Council, as modified by paragraph 3 of resolution 487 (XVI)	12	
E/2717—E/ICEF/294	United Nations Children's Fund—Report of the Executive Board (7-18 March 1955)	19	<i>Official Records of the Economic and Social Council, Nineteenth Session, Supplement No. 2 B</i>
E/2718	Report of the Social Committee	8	
E/2719	Report of the Council Committee on Non-Governmental Organizations	10	
E/2721	Report of the Economic Committee	5	
E/2723	Note by the Secretary-General	17	

* Supplementary item.

Document No.	Title	Agenda item	Observations and references
E/2732	United States of America: request for the inclusion of a supplementary item in the agenda of the nineteenth session of the Council	2, S-2*	
E/2742 and Add.1 and 2	Notes by the Secretary-General	25	Mimeographed only. See <i>Official Records of the Economic and Social Council, Nineteenth Session, Supplement No. 1 A, p. 10, "Confirmation of members of functional commissions of the Council"</i>
E/2743 and Add.1 to 4	Election of one-third of the membership of the functional commissions of the Council—Note by the Secretary-General	24	Mimeographed only
E/2744	Transport and Communications Review—Note by the Secretary-General	11	
E/2750	The problems of transmitting Press messages—Resolution adopted by the Administrative Council of the International Telecommunication Union	15	Ditto
E/2751	Applications for hearings—Report of the Council Committee on Non-Governmental Organizations	22	
E/2752	Hearings—Report of the Council Committee on Non-Governmental Organizations	22	
E/2754	Report of the Economic Committee	11	
E/2759	Report of the Social Committee	15	
E/2760	Report of the Working Group	12	Ditto
E/2761	Report of the Social Committee	17	
E/2762	Report of the Social Committee	16	
E/AC.6/L.118 and Corr.1	Problems of industrialization and raising of productivity in industry in under-developed countries—Australia and Norway: draft resolution	5	Ditto
E/AC.6/L.119	Problems of industrialization and raising of productivity in industry in under-developed countries—Egypt, India and Yugoslavia: draft resolution	5	Ditto
E/AC.6/L.120	Problems of industrialization and raising of productivity in industry in under-developed countries—Report of the Working Group	5	Ditto
E/AC.6/L.121	Situation with respect to the ratification of the Convention on the Inter-Governmental Maritime Consultative Organization—Norway and Yugoslavia: draft resolution	11	Ditto
E/AC.6/L.122	Transport of dangerous goods—Argentina: amendments to draft resolution E submitted by the Transport and Communications Commission (E/2696, para. 118)	11	Ditto
E/AC.6/L.123	Work programme and priorities for transport and communications projects—Argentina: draft resolution	11	Ditto
E/AC.6/L.124	Work programme and priorities for transport and communications projects—Argentina: amendment to draft resolution F submitted by the Transport and Communications Commission (E/2696, para. 118)	11	Ditto
E/AC.6/SR.170 and 171	Summary records of the 170th and 171st meetings of the Economic Committee	5	Ditto
E/AC.7/L.232	Netherlands, Norway and Yugoslavia: draft resolution	8	Adopted without change. See E/2718, para. 3, and <i>Official Records of the Economic and Social Council, Nineteenth Session, Supplement No. 1, resolution 564(XIX)</i>
E/AC.7/L.232/Add.1	Financial implications of draft resolution (E/AC.7/L.232)—Estimate submitted by the Secretary-General	8	
E/AC.7/L.233	Ecuador, Egypt, India, Netherlands, Pakistan, Turkey and United States of America: draft resolution	15	Mimeographed only
E/AC.7/L.233/Rev.1	Ecuador, Egypt, India, Netherlands, Pakistan, Turkey and United States of America: revised draft resolution	15	Ditto
E/AC.7/L.233/Rev.1/Add.1	Financial implications of draft resolution (E/AC.7/L.233/Rev.1)—Estimate submitted by the Secretary-General	15	Ditto
E/AC.7/L.234	Ecuador, United Kingdom of Great Britain and Northern Ireland and United States of America: draft resolution	15	Ditto
E/AC.7/L.235	Netherlands, Norway and United Kingdom of Great Britain and Northern Ireland: draft resolution	15	Ditto
E/AC.7/L.235/Rev.1	Netherlands, Norway and United Kingdom of Great Britain and Northern Ireland: revised draft resolution	15	Ditto
E/AC.7/L.235/Rev.2	Netherlands, Norway and United Kingdom of Great Britain and Northern Ireland: revised draft resolution	15	Ditto
E/AC.7/L.236	France: amendment to draft resolution E/AC.7/L.235	15	Ditto
E/AC.7/L.236/Rev.1	France: amendment to draft resolution E/AC.7/L.235/Rev.1	15	Ditto

* Supplementary item.

Document No.	Title	Agenda item	Observations and references
E/AC.7/L.236/Rev.2	France: amendment to draft resolution E/AC.7/L.235/Rev.1	15	Ditto
E/AC.7/L.237	Egypt, India and Yugoslavia: draft resolution	15	Ditto
E/AC.7/L.237/Rev.1	Egypt, India and Yugoslavia: revised draft resolution	15	Ditto
E/AC.7/L.238	Yugoslavia: draft resolution	15	See E/2759, para. 3
E/AC.7/L.239	Australia and United Kingdom of Great Britain and Northern Ireland: amendments to draft resolution E/AC.7/L.237	15	Mimeographed only
E/AC.7/L.240	France, Netherlands and United Kingdom of Great Britain and Northern Ireland: draft resolution	16	Ditto
E/AC.7/SR.293 to 295	Summary records of the 293rd to 295th meetings of the Social Committee	8	Ditto
E/AC.7/SR.296 to 305	Summary records of the 296th to 305th meetings of the Social Committee	15	Ditto
E/AC.39/1 and Corr.1	Report of the Committee of Experts on the Recognition and Enforcement Abroad of Maintenance Obligations	18	<i>Official Records of the Economic and Social Council, Seventeenth Session, Annexes, agenda item 17</i>
E/AC.39/1/Add.1	Statement of the International Social Service	18	<i>Ibid.</i>
E/C.2/352	Competition and business agreements: statement submitted by the International Chamber of Commerce	12	Mimeographed only
E/C.2/372	Council Committee on Non-Governmental Organizations—Statement submitted by the International Chamber of Commerce, a non-governmental organization in category A consultative status	6	Ditto
E/C.2/373	Statement submitted by the International Chamber of Commerce, a non-governmental organization in category A consultative status	14	<i>International Chamber of Commerce, Enforcement of International Arbitral Awards, Brochure 174, Paris, June 1953</i>
E/C.2/412	Council Committee on Non-Governmental Organizations—Statement submitted by the International Union of Official Travel Organisations, a non-governmental organization in category B consultative status	6	Mimeographed only
E/C.2/413	Council Committee on Non-Governmental Organizations—Statement submitted by the World Touring and Automobile Organisation, a non-governmental organization in category B consultative status	6	Ditto
E/C.2/415	Council Committee on Non-Governmental Organizations—Statement submitted by the Chamber of Commerce of the United States of America, a non-governmental organization in category B consultative status	6	Ditto
E/C.2/L.17	Provisional agenda for the meetings of the Council Committee on Non-Governmental Organizations	22	Ditto
E/C.2/R.21 and Add.1 to 4	Memorandum by the Secretary-General	22	Ditto
E/C.2/SR.151 and Add.1	Summary record of the 151st meeting of the Council Committee on Non-Governmental Organizations	10	Ditto
E/C.2/SR.152	Summary record of the 152nd meeting of the Council Committee on Non-Governmental Organizations	10	Ditto
E/C.2/SR.153 and Add.1	Summary record of the 153rd meeting of the Council Committee on Non-Governmental Organizations	12, 22	Ditto
E/CN.2/143/Rev.1 and Corr.1—E/CN.2/CONF.3/1/Rev.1 and Corr.1	Report submitted by the Committee of Experts on the Transport of Dangerous Goods to the Transport and Communications Commission at its seventh session	11	Ditto
E/CN.4/Sub.1/107 and Add.1 to 11	Additional information provided by Governments on the questions asked in the request for information based on the agenda of the United Nations Conference on Freedom of Information	15	Ditto
E/CN.4/Sub.1/114	Draft International Code of Ethics	15	Ditto
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E/CN.4/Sub.1/SR.42 and 43	Summary records of the 42nd and 43rd meetings of the Sub-Commission on Freedom of Information and of the Press, held on 30 January 1948	15	Ditto
E/CN.12/294	A summary of the preliminary study of the possibilities for the development of the pulp and paper industry in Latin America	13	Ditto
E/CN.12/360—ST/ECA/28	<i>Foreign Capital in Latin America</i>	5	United Nations Publication, Sales No.: 1954.II.G.4
E/ECE/205	<i>The price of oil in Western Europe</i> —Study prepared by the Secretariat of the Economic Commission for Europe	12	Geneva, March 1955
E/L.655	Arrangement of business for the first part of the nineteenth session of the Council—Working paper prepared by the Secretary-General	2	Mimeographed only
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E/L.660	Annotation of items on the agenda for the resumed nineteenth session of the Economic and Social Council	2	Ditto
E/L.661	Arrangement of business for the resumed nineteenth session of the Council—Working paper prepared by the Secretary-General	2, S-2*	Ditto
E/L.662	Norway: draft resolution	18	See <i>Official Records of the Economic and Social Council, Nineteenth Session, Supplement No. 1 A, resolution 572 (XIX)</i>
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	<i>Yearbook on Human Rights for 1946</i>	15	United Nations Publication, Sales No.: 1948.XIV.1
	<i>Yearbook on Human Rights for 1947</i>	15	United Nations Publication, Sales No.: 1949.XIV.1
	<i>Yearbook on Human Rights for 1948</i>	15	United Nations Publication, Sales No.: 1950.XIV.4
	<i>Yearbook on Human Rights for 1949</i>	15	United Nations Publication, Sales No.: 1951.XIV.1
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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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: Brazil, Colombia, Iran, Uruguay.

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 Civil Aviation Organization, International Monetary Fund, World Health Organization.

AGENDA ITEM 1

Election of the President and Vice-Presidents for 1955

ELECTION OF THE PRESIDENT

1. Mr. COOKE (Argentina), Temporary President, declared the nineteenth session of the Economic and Social Council open.
2. He welcomed the new members, the representatives of the Dominican Republic and the Netherlands, and Mr. de Seynes, the new Under-Secretary for Economic and Social Affairs.
3. He called for nominations for the post of President.
4. Mr. TRUJILLO (Ecuador), supported by Mr. BRILEJ (Yugoslavia) and Mr. MIR KHAN (Pakistan), nominated Sir Douglas Copland (Australia).

At the invitation of the Temporary President, Mr. Fahmy (Egypt) and Mr. Solli (Norway) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	18
Invalid ballots:	1
Number of valid ballots:	17
Abstentions:	2
Number of members voting:	15
Required majority:	8
Number of votes obtained:	
Sir Douglas Copland (Australia)	15

Having obtained the required majority, Sir Douglas Copland (Australia) was elected President of the Economic and Social Council.

Sir Douglas Copland (Australia) took the Chair.

5. The PRESIDENT thanked the Council for electing him. Describing the work before the Council, he observed that the historian Arnold Toynbee had suggested that future generations would look back upon the present one as remarkable not so much for great controversies and great technological developments as for being the first age in which the common objective of nations had been the welfare of the human race as a whole. If that was true, the Economic and Social Council bore the main responsibility for carrying out the task of promoting that welfare. No other international agency had that objective so clearly defined for it. The problems were both economic and social. In the economic field, the Council had before it the immense problem of the development of the under-developed countries and the raising of productivity and standards of living. The work had to be carried out on a very broad front, in co-operation with the Technical Assistance Administration, the International Bank for Reconstruction and Development, the International Monetary Fund, the international finance corporation when established, the Food and Agriculture Organization of the United Nations, the World Health Organization and the United Nations Educational, Scientific and Cultural Organization. In the social field, the Council's work was even more fundamental and complex. The Council had to act as the chief adviser on the subject to the General Assembly. It could count on the co-operation of the Commission on Human Rights, the Commission on the Status of Women, the International Labour Organisation and the Inter-Governmental Committee on Refugees.

6. Some might be appalled at the complexity of the work and its remoteness from immediate politics. It was to be hoped that the Council would address itself to the work throughout 1955 in a spirit of tolerance and goodwill, by which alone success could be achieved.

ELECTION OF THE FIRST VICE-PRESIDENT

7. Sir Pierson DIXON (United Kingdom), supported by Mr. HOTCHKIS (United States of America), nominated Mr. Pérez Pérez (Venezuela).
8. Mr. SOBOLEV (Union of Soviet Socialist Republics) nominated Mr. Ullrich (Czechoslovakia).

At the invitation of the President, Mr. Abdel-Ghani (Egypt) and Mr. Solli (Norway) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	18
Invalid ballots:	0
Number of valid ballots:	18
Abstentions:	1
Number of members voting:	17
Required majority:	9
Number of votes obtained:	
Mr. Pérez Pérez (Venezuela)	13
Mr. Ullrich (Czechoslovakia)	4

Having obtained the required majority, Mr. Pérez Pérez (Venezuela) was elected First Vice-President.

ELECTION OF THE SECOND VICE-PRESIDENT

9. Mr. SIMONNET (France), supported by Mr. SARPER (Turkey), nominated Mr. Brilej (Yugoslavia).

Mr. Brilej (Yugoslavia) was elected Second Vice-President by acclamation.

Question of the representation of China

10. Mr. SOBOLEV (Union of Soviet Socialist Republics) drew the Council's attention to the abnormal situation created by the absence of a representative of the People's Republic of China, the most powerful State in Asia. China's seat in the Council was illegally occupied by a representative of the reactionary Kuomintang group, who had no authority to speak on behalf of the Chinese people.

11. Mr. HSIA (China) said that the Government which he represented was the only legal government of China and was recognized as such by the United Nations. The Chinese communist régime was but a Soviet creation imposed upon the Chinese people against their will.

12. Mr. HOTCHKIS (United States of America) supported the continued seating of the representative of the Government of the Republic of China in the United Nations and the specialized agencies. The United States Government strongly opposed the admission of a representative of the Chinese communist régime, which had departed so drastically from all accepted rules of international conduct.

13. Mr. ULLRICH (Czechoslovakia) said that the Economic and Social Council could not disregard the People's Republic of China, a country whose economic and political importance had increased constantly since 1949. The economic successes of the People's Republic of China could contribute not only to a reduction of international tension, but also to a rise in the standard of living of many countries.

14. The Czechoslovak delegation concurred in the views expressed by the Soviet Union representative.

Statement by the Under-Secretary for Economic and Social Affairs

15. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) paid a tribute to his predecessors in the Department of Economic and Social Affairs. By comparison, he found himself in a privileged position, since the initial period of experimentation was over; the Council's aims and work programmes had become crystallized and the Secretariat had just been reorganized. He would therefore be able to carry out his duties in an atmosphere of greater certainty and stability than had existed in the past.

16. Nevertheless, the general instructions which his Department had received still had to be translated into practice, and a certain amount of adjustment was therefore inevitable. The functional commissions had not taken part in working out those instructions, which affected their programmes, and it would be for the Secretariat to inform them of the staff available for their work and to consider with them how that staff

could best be used. The Council alone, however, could make sure that its decisions were carried out or permit deviations from them. It would therefore no doubt wish to take advantage of its annual debate on the financial implications of its actions to review thoroughly its own work programme and the programmes of the functional commissions in the light of the principles it had laid down.

17. If the Council proceeded along those lines, it would also be able to plan part of its own and its commissions' work several years in advance, permitting the Secretariat to distribute its resources in the most rational way. At least one item on the agenda of the Council's current session—the economic development of the under-developed countries (item 5)—would readily lend itself to such treatment.

18. In re-organizing the Department of Economic and Social Affairs, the Secretary-General had been guided by the principles approved by the Council. His main aim had been to enable the Department to be of direct aid to Governments, particularly in the preparation and execution of their economic and social development plans. Most of the reorganization had been completed, save for the distribution of duties in the Bureau of Economic Affairs. It was intended to place the Bureau's research facilities more directly at the disposal of the Governments. Where under-developed countries were concerned, special attention would have to be given to some geographical areas and some technical fields which had not yet been adequately studied.

19. The staff of the regional commissions would shortly also be re-organized, with a view to achieving greater efficiency and establishing closer contact with Headquarters. He would have more to report on that matter later.

AGENDA ITEM 2

Adoption of the sessional agenda (E/2677, E/L.655)

20. The PRESIDENT invited the Council to consider the provisional agenda as set out in the note by the Secretary-General (E/2677) and the arrangement of business during the first part of the session proposed in the working paper prepared by the Secretary-General (E/L.655).

21. Mr. DONS (Norway) recalled that the Council was anxious to have high-level representation at its twentieth session, to be held in Geneva. The number of questions to be discussed at that session was considerable. It might therefore be wiser to consider the provisional agenda for the twentieth session now rather than in May, so as to give Governments adequate notice. He accordingly proposed that item 26, which dealt with the matter, should be transferred from the agenda of the resumed nineteenth session to that of the current session and that the Council should take up at the same time the question of the opening date of the session.

The proposal was adopted.

22. Mr. HOTCHKIS (United States of America) proposed, since the report on forced labour to be prepared by the Secretary-General and the Director-General of the International Labour Office would not be ready for the nineteenth session, that item 7 of the agenda should be postponed until the twenty-first session and that a statement explaining the reasons for the action should be included in the Council's report to

the General Assembly, and that unless the General Assembly decided otherwise, the Council would examine the report in 1956, at its twenty-first session.

The proposal was adopted.

23. Sir Pierson DIXON (United Kingdom) asked that item 5, documentation for which had been distributed only very recently, should be taken up as late in the session as possible.

24. Mr. MORALES (Argentina) and Mr. SIMONNET (France) supported the request.

The agenda (E/2677), as amended, was adopted.

25. The PRESIDENT stated that if the Council agreed the arrangement of business, including the setting up of an Economic Committee and a Social Committee of the Whole, proposed by the Secretary-General in his working paper (E/L.655), would be considered approved, subject to the proviso that item 5 should be considered as late as practicable during the first part of the session.

It was so decided.

The meeting rose at 12.45 p.m.



ECONOMIC AND SOCIAL COUNCIL

Nineteenth Session

OFFICIAL RECORDS

Wednesday, 30 March 1955,
at 10.45 a.m.

NEW YORK

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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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: Brazil, Chile, Colombia, Costa Rica.

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 Civil Aviation Organization, International Monetary Fund, World Health Organization.

AGENDA ITEM 10

Non-governmental organizations: hearings and applications for hearings

REPORT OF THE COUNCIL COMMITTEE ON NON-GOVERNMENTAL ORGANIZATIONS ON APPLICATIONS FOR HEARINGS (E/2709)

1. Mr. EPINAT (France), Acting Chairman of the Council Committee on Non-Governmental Organizations, introduced the Committee's report (E/2709) and added that the World Federation of United Nations Associations had withdrawn its request to speak on item 9 of the agenda.

The report (E/2709) was adopted.

AGENDA ITEM 9

International assistance to refugees within the mandate of the United Nations High Commissioner for Refugees (E/2678, E/L.656)

2. Mr. HOTCHKIS (United States of America) expressed the satisfaction of his Government with the progress made by the Office of the United Nations High Commissioner for Refugees, and assured the Office and the High Commissioner himself of his Government's continuing esteem and support.

3. The United States had actively assisted in the relief and resettlement of refugees in the past and was aware that a serious refugee problem still existed. The President would request the Congress to authorize a substantial contribution to the United Nations Refugee Fund (UNREF), and it was to be hoped that all

Member States would give similar support to the High Commissioner's programme, the purpose of which was to achieve permanent solutions for the problems of refugees who were the concern of his Office.

4. In that connexion, the United States delegation endorsed the recommendation of the High Commissioner and his Advisory Committee that the Committee should be reconstituted as the United Nations Refugee Fund Executive Committee (E/2678), and had submitted a draft resolution (E/L.656) based on that recommendation. The differences between the two texts were either editorial, or designed to clarify the terms of reference, or intended to bring those terms of reference more closely into conformity with practices established by the Council.

5. He urged the Council to endorse the High Commissioner's programme and to assist in its execution by providing for the establishment of the UNREF Executive Committee.

6. Mr. STIKKER (Netherlands) said that, when the High Commissioner's Office had succeeded the International Refugee Organization, some countries, including his own, had been of the opinion that the refugee problem was far from being solved and that legal protection extended to refugees would not in itself suffice to enable them to lead a life compatible with human dignity. The countries in question had been proved right. Although the United Nations had already done a great deal to help refugees, it was bound, under the Charter, to extend aid to the many thousands who were still anxiously waiting for it.

7. His Government believed that the refugee problem was an obstacle to the attainment of the humanitarian aims of the United Nations, and that it could be overcome within a short time, provided that the wholehearted support of the majority of Member States was forthcoming. His Government was therefore in favour of the United Nations giving the High Commissioner's Office the powers and the funds needed to carry out its task, and appealed to the nations to help either by admitting refugees into their territory or by making financial contributions. His own country was doing its share, and private associations in the Netherlands had recently collected over \$1 million, which would be added to his Government's regular contribution.

8. He endorsed in general the recommendation submitted by the High Commissioner (E/2678).

9. He wished to make a reservation with regard to the Advisory Committee's suggestion that only \$4 million, instead of \$5 million as originally proposed, should be set aside for emergencies for the period 1955 to 1958. When the budget of the High Commissioner's Office was discussed, he would have some remarks to make on the question of refugee students, whose plight called for special consideration.

10. The General Assembly had authorized the High Commissioner to appeal for funds to be devoted principally to permanent solutions. He hoped that the

response to the appeal would be such as to enable the High Commissioner to achieve his aim within the expected time.

11. Mr. AKANT (Turkey), after reviewing the background of the question, said that, while his delegation had no objection to the substance of the proposals submitted by the High Commissioner (E/2678), it preferred the more explicit statement in the United States draft resolution (E/L.656) and would therefore vote for that text.

12. Mr. FORSYTH (Australia) reviewed the discussion held by the Council at its eighteenth session¹ leading to the adoption of resolution 549 (XVIII) and the discussion in the General Assembly at its ninth session² resulting in the adoption of resolution 832 (IX). It was reasonable to say that during the Assembly's debates, there was a general realization that the Assembly had been premature in thinking at its fifth session that a final solution of the refugee problem was in sight; that optimism had not been justified. In pursuance of that resolution, the High Commissioner had submitted to the Council the Advisory Committee's recommendations that its terms of reference and composition should be revised so that the Committee could function in a dual capacity, retaining its advisory powers and assuming new executive powers (E/2678, annex II). The Australian Government, which was a member of the Advisory Committee, had supported those recommendations and considered the draft resolution submitted by the Advisory Committee to be quite satisfactory. The adoption of that draft resolution would enable the High Commissioner and the new Executive Committee to go ahead with work on the programme of permanent solutions. The United States draft resolution (E/L.656) seemed to differ only slightly from that text, except for the omission of the important provision in paragraph 1 A (iii) (a) of the Advisory Committee's draft resolution that, when a project was approved, sufficient funds must be allocated to take it through to completion. He hoped the reasons for the omission would be stated.

13. The success or failure of the High Commissioner's programme would depend ultimately on the amount of money contributed by Governments and private organizations. His own country had admitted many refugees for resettlement and had also contributed funds, and he hoped that other Member States would give similar support to a cause which fully deserved it. The Council's current task was to review the proposals to be forwarded for the establishment of the new Executive Committee and thus make possible the implementation of the programme designed to achieve permanent solutions of the refugee problem.

14. Mr. KOS (Yugoslavia) said that his delegation had voted in the General Assembly only for the provisions in resolution 832 (IX) concerning the establishment of an Executive Committee because it had not felt, and did not feel, that the Refugee Fund proposed therein held out any hope for a final solution of the refugee problem. The Advisory Committee's draft resolution (E/2678, annex II) proposing the terms

of reference for the Executive Committee seemed at first sight to be in line with the Assembly resolution, but some objections could be raised. He could support the proposal that the advisory and executive functions could be combined.

15. The United Nations had gained experience of the methods, criteria and principles to be applied in granting international assistance. The administration presented its projects to the executive organ in general terms and gave the facts and figures on which they were based, without entering into too great detail. If the projects had been well prepared, there would be no need for subsequent changes, and accordingly the functions assigned to the standing sub-committees referred to somewhat vaguely in operative paragraph 3 of the Advisory Committee's draft resolution, although somewhat more clearly in its report, seemed unacceptable. It was most unusual for a sub-committee to approve on behalf of a parent committee projects which the latter had approved only in principle. If the projects were well prepared, there would be no need for a procedure the reverse of the normal one. The sub-committee should act as a form of programme committee to discuss adequately prepared projects before the Executive Committee passed on them and to defer projects not wholly in accordance with requirements until their preparation had been completed, as the Executive Board of the United Nations Children's Fund had found by experience. Such deferment would not mean delay, as improperly prepared projects would merely entail subsequent revision. Postponement from one session to the next would not entail great delay either. The sub-committee should be composed of approximately half the members of the Executive Committee.

16. The Executive Committee could, in principle, approve long-range programmes which could be carried out in yearly instalments. A project should be started only if the money was available. Any plan that did not meet that requirement would be doomed to failure and would only give rise to false expectations among the refugees. Governments, too, would be unwilling to enter into commitments unless they found that the projects were financially sound.

17. It would be sufficient for the Executive Committee to meet twice yearly except in the case of emergency projects, as had been shown by the experience of other United Nations bodies with greater means and more pressing needs.

18. The provisions in the draft resolution for regulations with regard to administrative expenditures on projects were sound. Such expenditures could certainly not be included in the High Commissioner's regular budget, which was met out of the regular United Nations budget. Expenditures made by the Refugee Fund should be treated in the same way as other extra-budgetary funds.

19. With its new terms of reference the Advisory Committee was becoming an increasingly responsible United Nations organ. But the requirement that its members should be chosen on the basis of their demonstrated interest in and devotion to the solution of the refugee problem, as proposed in the draft resolution, was vague and open to the objection that it excluded certain Member States, or at least established discrimination among them. It was far from clear who would decide which States were interested or devoted

¹ See E/AC.7/SR.283, 284 and 285, and *Official Records of the Economic and Social Council, Eighteenth Session*, 814th meeting.

² See *Official Records of the General Assembly, Ninth Session, Third Committee*, 545th to 556th meetings, inclusive.

and by what yard-stick their interest or devotion would be measured. If countries were to be chosen on any basis other than equitable geographical distribution, the interested States would do better to set up an inter-governmental organization outside the United Nations. If, however, the new Executive Committee was to be a United Nations body, set up by the General Assembly, there was no good reason why the method of its selection should differ from that of all other United Nations bodies.

20. There was no reference to the principle of rotation of membership in the draft resolution. The objection might be raised that the new members would not be familiar with the Committee's work, but that had not caused any trouble in the bodies in which that principle was observed. Only a minority would be involved and there were certain advantages in an infusion of new blood.

21. The Council was discussing the new terms of reference for the first time and did not yet know what their final form would be. It would not, therefore, be proper to elect the new members of the Executive Committee at once; they should be elected at the time of the elections to the functional commissions at the resumed nineteenth session. All the members should be elected at the same time; but his delegation had received instructions with regard to only three. A short delay would give countries time to decide whether they wished to serve on the new committee.

22. His delegation was dubious about the success of the Refugee Fund and felt that the United Nations should pay more attention to the legal protection of refugees. It was, however, very much interested in the High Commissioner's work and its criticisms had been based upon that interest.

23. Mr. SAKSIN (Union of Soviet Socialist Republics) said that his delegation had set out its position on the activities of the High Commissioner's Office in detail at the ninth session of the General Assembly.³ Assembly resolution 8 (I), adopted unanimously, had laid down that displaced persons should be encouraged and assisted in every way possible to return to their countries. Acting counter to that resolution, the Office of the High Commissioner had totally failed to deal with repatriation; there was not even a reference to it in the draft resolution submitted by the Advisory Committee (E/2678, annex II). Instead, the Office supplied the refugees and displaced persons as cheap manpower, especially to the United States of America, where they were paid paltry wages for the hardest work. The USSR delegation could not, therefore, support any proposals designed to enable the High Commissioner's Office to continue to operate as it had done in the past.

24. Mr. DONS (Norway) said that he was in favour of the United States draft resolution (E/L.656) and held no strong views about its deviations from the text proposed by the Advisory Committee (E/2678, annex II). He agreed, however, with the Yugoslav delegation that some provision should be made about the term of office of members of the Executive Committee. The same vagueness had existed about the Advisory Committee; no provision for it had been made in the original resolution (General Assembly resolution 428 (V)). The members had been left to raise the point in the Council. As some countries might wish to serve on the Com-

mittee in two years, some provision should be made for a review of the membership, perhaps in 1957. There should be some explicit provision for rotation. Norway would be willing to serve on the Executive Committee.

25. Subject to parliamentary approval, the Norwegian Government intended to raise its previous contribution of 100,000 Norwegian Kroner to 600,000 (about \$84,000) after 1 July 1955.

26. Mr. JOBERT (France) supported the United States draft resolution (E/L.656), but felt that to combine advisory and executive functions might not be very wise.

27. Mr. ULLRICH (Czechoslovakia) said that the General Assembly had clearly established in 1946 that repatriation was the solution of the refugee problem. The High Commissioner in his report to the General Assembly⁴ and the General Assembly in resolution 832 (IX) had agreed that the problem was far from solved. It was almost inconceivable that ten years after the end of the Second World War thousands who had been deported by the Nazis from Czechoslovakia and other countries should still be in the camps, forcibly separated from their families, exposed to a barrage of propaganda hostile to their countries of origin, and living in horrible conditions. The responsibility must be borne by the High Commissioner's Office, which had deliberately aggravated a tragic situation in order to obtain a supply of cheap labour for the heaviest work and of spies and saboteurs to work in their countries of origin. The Office protected persons fleeing from just punishment in their own countries. The Czechoslovak and other delegations had already expressed their opposition to the continuance of the High Commissioner's Office; it still held the view that no proposal serving that purpose in any form was acceptable.

28. Mr. RIVAS (Venezuela) said that he supported the United States draft resolution (E/L.656), but would like to consider the Norwegian and Yugoslav suggestions concerning rotation of membership. In paragraph 1 A (iv) the words "act upon" might well be substituted for the word "approve", since the Executive Committee would also be empowered to defer or reject the High Commissioner's proposals.

29. Mr. GINEBRA HENRIQUEZ (Dominican Republic) observed that his country, although a small one, had admitted thousands of refugees and would continue to do so. He would vote for the United States draft resolution, as it would help to improve conditions for the refugees.

30. Mr. VAN HEUVEN GOEDHART (United Nations High Commissioner for Refugees) could not agree with the suggestion that the new combined fund would not prove to be of much practical value to the refugees themselves. While the limited funds at its disposal precluded the Office of the High Commissioner from achieving a permanent solution of the refugee problem, assistance could be granted to several thousand refugees.

31. The proposal that the new Executive Committee should be composed of Governments selected on the basis of their demonstrated interest in and devotion to the solution of the refugee problem was taken from article 4 of the Statute of the Office of the United Nations High Commissioner for Refugees, adopted by the General Assembly in resolution 428 (V).

³ *Ibid.*, 547th meeting.

⁴ *Ibid.*, Supplements Nos. 13 and 13B.

32. With regard to the Yugoslav representative's suggestion that the Council should postpone the election of members to the Executive Committee until the second half of the nineteenth session, the Advisory Committee had expressed the hope that the period which must elapse before the Executive Committee could examine projects for permanent solutions would not be unduly prolonged. It had considered it desirable, therefore, that the members of the Executive Committee should be appointed as early as possible during the nineteenth session of the Council, and that the first session of the Executive Committee could be held as soon as possible. Accordingly, tentative arrangements had been made for that Committee to open its first session on 10 May.

33. The French representative's doubts as to the desirability of combining advisory and executive functions in a single organ were understandable. However, the advisory functions of the Committee were provided for in the Statute and thus could not be eliminated except by an amendment to the Statute. An alternative would be the establishment of two separate committees—an inadvisable solution since it would impose an additional burden both on Governments and on the small staff of the Office of the High Commissioner. There appeared to be no reason why the Executive Committee could not exercise advisory functions.

34. The United States draft resolution (E/L.656) was generally acceptable as an improved version of the text originally submitted by the Advisory Committee (E/2678, annex II). Under paragraph 1 A (vi) of the United States draft, the Executive Committee would adopt administrative regulations for the Fund, but would not ensure that, when a project was approved, sufficient funds must be allocated to take it through to completion, as provided for in paragraph 1 A (iii) (a) of the Advisory Committee's text. Perhaps the United States representative could explain the reason for the omission.

35. Paragraph 4 of the United States draft appeared superfluous, since only payments approved by the General Assembly could be met out of the Fund.

36. With regard to paragraph 5, it was the normal practice for the High Commissioner to submit audit reports to the United Nations through the Secretary-General, a procedure satisfactory both to the High Commissioner and to the Secretary-General. Accordingly, the words "Secretary-General" might be replaced by the words "High Commissioner".

37. He thanked the Norwegian delegation for the substantial increase in Norway's contribution to the refugee fund, a striking demonstration of that country's interest in the refugee problem.

38. He also thanked the Netherlands representative for his clear analysis of the current situation and his reference to the support of the Netherlands Government and people.

39. Mr. KOTSCHNIG (United States of America) said that his delegation was quite willing to include in its draft resolution (E/L.656) a clause providing for the principle of rotation in the membership of the Executive Committee.

40. The United States delegation found it difficult to support the Yugoslav representative's suggestion that the composition of the Executive Committee should be passed on the principle of geographical representation.

The Executive Committee would deal chiefly with refugees in Europe and the Middle East. Accordingly, its membership should consist of countries in which refugees under the mandate of the Office of the High Commissioner were living, countries which had received or were prepared to receive a substantial number of such refugees, and countries able and willing to make financial contributions to the Office of the High Commissioner. If those criteria were applied, the membership of the Executive Committee would not be very different from that of the existing Advisory Committee. Moreover, the point concerning geographical representation would be partly met by application of the principle of rotation.

41. The omission from paragraph 1 A (vi) of the United States draft resolution of the clause "including provisions to ensure that, when a project is approved, sufficient funds must be allocated to take it through to completion" in paragraph 1 A (iii) (a) of the Advisory Committee's draft (E/2678, annex II) was designed to permit flexibility in the use of the funds at the High Commissioner's disposal. The principle embodied in the clause, while sound when applied to long-range projects of such organs as UNICEF, entailed a freezing of funds which would substantially reduce the number of projects which the Executive Committee and the High Commissioner could undertake in the immediate future. Moreover, the latter would probably be prevented from completing his programme within the prescribed four years.

42. The Economic and Social Council was carrying out an act of faith. Unless Governments could be depended upon to contribute funds for the four-year period, the High Commissioner's programme was doomed to failure. The United States delegation assumed that the necessary funds would be forthcoming, and was consequently reluctant to restrict the Executive Committee and the High Commissioner in their use of funds as the new programme was getting under way.

43. The United States delegation was prepared to accept the High Commissioner's suggestions concerning paragraphs 4 and 5 of its draft resolution.

44. Mr. KOS (Yugoslavia) said that the High Commissioner's statement that it was impossible to achieve a final solution of the refugee problem with the limited funds at his disposal merely served to confirm the Yugoslav delegation's doubts as to the practical value of the new combined fund.

45. The Yugoslav delegation could not agree to the United States representative's suggestion that one of the criteria which should govern membership in the Executive Committee was the ability and willingness of Governments to contribute to the Refugee Fund. The Committee should be a representative body of the United Nations and not a club with an entrance fee.

46. With regard to the relative merits of paragraph 1 A (iii) (a) of the Advisory Committee's draft resolution (E/2678, annex II) and paragraph 1 A (vi) of the United States draft resolution (E/L.656), the Yugoslav delegation preferred the former since it embodied a principle which had been successfully applied in other United Nations bodies. It had worked well for UNICEF before that body had become permanent.

47. Mr. MIR KHAN (Pakistan) suggested the retention of paragraph 4 of the United States draft reso-

lution, which the United States representative had, at the High Commissioner's request, agreed to delete. Claims arising from the operation of the fund should not be paid out of the United Nations budget.

48. Mr. FORSYTH (Australia) observed that paragraph 1 A (iii) (a) of the Advisory Committee's draft resolution related to a provision embodied in every other voluntarily financed programme in the United Nations. It was dangerous to undertake many projects only to find later that funds were not available to complete them all.

49. Mr. VAN HEUVEN GOEDHART (United Nations High Commissioner for Refugees) said that paragraph 1 A (iii) (a) of the Advisory Committee's draft resolution (E/2678, annex II) had been inserted at the request of the Australian delegation on that Committee. The Australian representative had insisted on the danger of approving projects for which funds might not be available, as that might raise false hopes among the refugees.

50. The explanation given by the United States representative had not fully convinced him of the desirability of deleting that provision. The High Commissioner's programme consisted chiefly of short-term projects, for the completion of which funds could be reserved without administrative difficulties. The advantage of the provision in paragraph 1 A (iii) (a) was that it prevented the acceptance of projects irrespective of the availability of funds.

51. The PRESIDENT proposed the establishment of a working group to consider the two draft resolutions before the Council. He invited the delegations of Australia, France, the Netherlands, Norway, Turkey, the United Kingdom, the United States, Yugoslavia, and any other delegations which so desired, to be represented on the working group. He also invited the High Commissioner to participate in the deliberations of the Working Group.

It was so agreed.

The meeting rose at 1.10 p.m.



ECONOMIC AND SOCIAL COUNCIL

Nineteenth Session

OFFICIAL RECORDS

Thursday, 31 March 1955,
at 10.45 a.m.

NEW YORK

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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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: Brazil, Chile, Indonesia, Iran.

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 Civil Aviation Organization, International Monetary Fund, World Health Organization.

AGENDA ITEM 9

International assistance to refugees within the mandate of the United Nations High Commissioner for Refugees (E/2678, E/L.656, E/L.658) (*continued*)

1. The PRESIDENT invited the representative of the International Confederation of Free Trade Unions to address the Council on item 9.
2. Miss SENDER (International Confederation of Free Trade Unions) said that the ICFTU wholeheartedly supported international action in favour of refugees who had made every sacrifice in order to preserve their dignity and freedom. It had therefore endorsed the High Commissioner's programme of work and its General Secretary had been authorized to call upon all affiliated organizations to urge their Governments to support the programme. As a result of the appeal, free trade unions in the Netherlands had collected over 4 million guilders, which would be contributed to the High Commissioner's fund.
3. The ICFTU felt that, pending the final settlement of the refugee problem, civilized nations should grant asylum to persons who continued to fight for their beliefs. The Confederation intended to co-operate fully with the High Commissioner in his efforts to solve the refugee problem with the assistance of States which had demonstrated their interest in and devotion to that problem.

4. The PRESIDENT invited the Chairman of the Working Group appointed at the previous meeting to introduce the group's report (E/L.658).

5. Mr. SCHURMANN (Netherlands), Chairman of the Working Group, said that the group had agreed on several changes to be made in the draft resolution submitted by the United States (E/L.656) on the understanding that the agreement would not be binding, each delegation represented in the group having reserved the right to define its final position in the Council itself. The most important amendment (par. 1 A (vi)) concerned the administrative regulations of the United Nations Refugee Fund.

6. Mr. SCOTT FOX (United Kingdom) said that his Government had great sympathy with the High Commissioner in his difficult task and in his devotion to the interests of refugees. It was particularly interested in his programme and had supported the proposal to establish a new combined fund for permanent solutions and emergency aid. The United Kingdom had also been represented on the Advisory Committee, which had drafted the terms of reference of the proposed new Executive Committee.

7. It was prepared to vote in favour of the United States draft resolution, as amended by the working group (E/L.658).

8. Mr. HOTCHKIS (United States of America) proposed the insertion of the words "including the present members of the Advisory Committee" after the word "problem" in paragraph 2 A of the revised draft resolution (E/L.658). If adopted, that amendment would facilitate the election of the new Executive Committee.

9. Mr. KOS (Yugoslavia) asked for a separate vote on the United States amendment. Its effect would be to limit the election of the Executive Committee to five States which were not represented on the Advisory Committee. The Yugoslav delegation had expected to be able to vote separately for all twenty members of the new Committee. It was therefore unable to support the amendment.

10. Mr. LOUTFI (Egypt) agreed with the Yugoslav representative.

11. Mr. FORSYTH (Australia) recalled that his delegation had strongly supported a provision concerning the availability of funds for projects in the draft resolution submitted by the High Commissioner (E/2678, annex II). That provision had been omitted in the United States draft resolution (E/L.656). A compromise had been achieved in the Working Group, which had reintroduced the very important principle involved, and he was therefore able to vote for the draft resolution as amended by the Working Group (E/L.658). His delegation urged the High Commissioner and the Executive Committee to give full weight to the principle in question.

12. Mr. HSIA (China) said that he was prepared to support the Working Group's draft resolution

(E/L.658) in principle, but with certain reservations. To begin with, he agreed with much of the criticism levelled at the composition of the proposed Executive Committee, although the principle of rotation introduced into the new draft improved matters somewhat. His main reservation, however, had to do with a basic defect in the United Nations programme of aid to refugees: from the outset, as his delegation had repeatedly pointed out, that aid, supposedly international, had been confined to one group of refugees, mainly Europeans who had been driven from their homes as a result of the Second World War. He had hoped that the terms of reference of the proposed Executive Committee would be liberalized, and had been disappointed to learn that the Committee would still not be truly international in nature and that the High Commissioner's Office would still not concern itself with the problems of refugees throughout the world. The General Assembly had indicated in earlier resolutions that it might in the future extend the existing narrow scope of the High Commissioner's Office. The draft resolution before the Council, however, made no move in that direction, and he could only hope that the question would be reconsidered in the near future.

13. The PRESIDENT put to the vote the United States amendment to paragraph 2 A of the draft resolution submitted by the Working Group (E/L.658).

The amendment was adopted by 12 votes to 2, with 4 abstentions.

14. The PRESIDENT put to the vote the draft resolution submitted by the Working Group (E/L.658), as amended.

The draft resolution, as amended, was adopted by 14 votes to 2, with 2 abstentions.

15. Mr. RAJAN (India) explained that he had abstained from voting because his Government, being unable to contribute to the United Nations Refugee Fund in view of the large number of refugees whom it had to succour at home, had not wished to influence the structure of an organization it was not in a position to support.

16. Mr. KOS (Yugoslavia) said that he had abstained in the vote on the draft resolution, which he would otherwise have been able to support, because it had been radically altered by a last-minute amendment introduced in plenary meeting. He thought such a procedure improper and wished to protest against it.

17. Mr. SAKSIN (Union of Soviet Socialist Republics) remarked that he had voted against the draft resolution for reasons he had explained at the preceding meeting.

18. Mr. HAMDANI (Pakistan) said that he had voted for the draft resolution on the understanding that it would not involve any increase in the contributions of Member States to the United Nations.

19. Mr. VAN HEUVEN GOEDHART (United Nations High Commissioner for Refugees) thanked the Council for its action.

20. In reply to the Chinese representative, he said that, while the work of his Office was limited by its Statute, the limitation was neither geographical nor connected with the Second World War; nor was it as stringent as had been represented. The problem of Chinese refugees was, of course, very serious; he had

received a full report on it and would ask the Executive Committee to advise him whether those refugees were within his mandate. In any event, the mandate, while restricted in some ways, was already fully international.

AGENDA ITEM 6

Development of international travel, its present increasing volume and future prospects (E/2688, E/L.657)

21. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) pointed out that the Transport and Communications Commission had already done considerable work on the subject of international travel, and drew attention to the report on its seventh session (E/2696), which the Council would consider at the resumed session.

22. Mr. HOTCHKIS (United States of America) observed that international travel was one of the best means of achieving understanding among nations. Furthermore, as his Government had pointed out in its memorandum (E/2688), international travel resulted in great economic benefits to the countries visited, and constructive measures should be taken to encourage it.

23. International travel had increased greatly in recent years, but the opportunity for still further growth was tremendous. Many unnecessary restrictions on travel had already been removed, and others should be. International travel had become one of the major factors in world trade. Thus, United States residents were spending on foreign travel a sum equivalent to roughly 10 per cent of total United States exports, and therefore supplied about one-tenth of the dollars foreign countries needed for their purchases from the United States of America. Many countries which had made a deliberate effort to build up a flourishing tourist industry had done so rapidly and their example could and should be followed by others.

24. Recognizing the importance of international travel, President Eisenhower in two recent messages to Congress had cited its cultural, social and economic significance, and had instructed the appropriate Government agencies to consider means to facilitate it. In 1954, United States residents had spent well over 1,000 million dollars on travel abroad and the figure for 1955 was expected to be still higher. In the United States itself, the travel industry was well organized.

25. Much was already being done by international and non-governmental organizations to promote international travel. The Transport and Communications Commission had done much work on the subject, leading to the preparation of several conventions which would simplify the crossing of frontiers and customs formalities. The International Civil Aviation Organization, the United Nations Educational, Scientific and Cultural Organization and the Organization for European Economic Co-operation, the International Union of Official Travel Organizations and many other organizations were also doing helpful work in promoting the development of travel. Similar action was being taken on a regional basis on the American continent. Thus, at the meeting of Ministers of Finance on Economy in Rio de Janeiro in 1954, a resolution had been unanimously adopted calling for constructive action on the part of all the American Republics to promote tourism.

26. The term "tourist" should be defined clearly. In some countries it was used to mean merely a sight-seeing traveller. His delegation accepted the very broad definition in the 1954 Convention concerning Customs Facilities for Touring and construed it to mean a *bona fide* non-immigrant who desired to make a temporary visit to a foreign country for any legitimate purpose.

27. Programmes to attract tourists should appeal especially to countries which depended on only a few items for most of their foreign exchange. Tourism brought a relatively stable source of income, yet required only a limited investment, mainly for hotels and publicity.

28. In order to lower costs and increase the number of tourists, consideration should be given to the development of off-season travel, as prices tended to be high if there were only a few peak months.

29. Commenting on the recommendations in the memorandum (E/2688, para. 13), he particularly stressed the need for study of the current and potential travel market and its various aspects and for the preparation of an efficient development plan by each country concerned. Regional travel, in particular, should be stimulated. Strong governmental support should be given to the efforts of official and private agencies to promote tourism. Government funds should be used for the establishment of foreign promotional offices and for paid publicity. Governmental incentives should be provided for private investment in tourist hotels. Technical co-operation projects should be considered. Wide ratification of the existing United Nations conventions concerned with international travel was desirable. Means should be found for establishing greater uniformity and comparability in travel statistics, and the services of the United Nations should be made available with a view to the achievement of uniform methods of compilation. In reducing frontier formalities, the national security and welfare must be kept in mind, but any improvement in world conditions should be reflected in an easing of current restrictions.

30. International travel was a fruitful economic activity which had not received from Governments the full recognition it deserved. The enlightened self-interest of each nation could thereby develop and build a steady and increasing revenue and thus produce a higher standard of living.

31. Mr. SCHURMANN (Netherlands) said that he would vote for the joint draft resolution (E/L.657) provided that the provision concerning encouragement of the development of hotel facilities in operative paragraph 1 (b) was not construed as an invitation to Governments to build hotels themselves in competition with private investors.

32. He had been impressed by the United States memorandum (E/2688) and statement, and his country realized from its own experience how important international travel was to the balance of payments. A great deal of work on co-ordinating international traffic had already been done, as the memorandum showed, but the results so far had not been wholly satisfactory. There were still many complicated and costly passport and visa formalities. There were restrictive practices with regard to international bus and air lines, such as cabotage and fifth-freedom landing rights, which might be justified for the protection of national lines, but which annoyed travellers. Restrictive practices hampered the all-inclusive bus trips now be-

coming common in Europe. Sub-paragraphs (b) and (d) of operative paragraph 1 were therefore particularly apposite.

33. Mr. STANOVNIK (Yugoslavia) said that revenue from tourist services and the transportation of foreign travellers in Yugoslavia amounted to approximately 2,100 million dinars (\$7 million) in 1954, or about 3 per cent of total exports. In 1938 it had been 200 per cent higher. It was therefore only natural that Yugoslavia should make great efforts to increase the flow of foreign exchange; he accordingly welcomed the United States memorandum (E/2688) and statement and the joint draft resolution (E/L.657).

34. The issue before the Council was not the simple question of the absolute increase of expenditure on international travel, but the specific one of the contribution to the solution of the existing world economic problem through an increase in earnings from that export item. That meant that it was vitally important to ascertain what prospects there were of increasing revenue from tourist services in areas where increased foreign exchange was most needed.

35. The statistical tables supplied by the International Monetary Fund reproduced in the United States memorandum showed that 23 per cent of the total world tourist revenues had gone to the United States in 1953, 19 per cent to Canada, 19 per cent to Mexico and 46 per cent to Europe. It also showed how little had gone to the countries which needed it most. The statement in the memorandum that the invisible export could be encouraged with comparative ease was valid only for developed countries possessing a dense network of services.

36. The geographical distribution of the revenues derived from tourist services indicated what were the attractions for the tourist. Geographical proximity was undoubtedly a large factor, as could be seen from the high percentage obtained by Mexico and Canada. It also showed that the contemporary tourist sought modern comfort and standards, which were usually not found in the under-developed countries. The more highly developed countries had built their road system to satisfy their domestic requirements and could count upon a large volume of domestic tourism to fill the dead seasons of foreign tourism, whereas in under-developed countries the dead seasons were not exploited. Again, experience showed that the revenue from tourists was not direct and that it was not derived so much from the earnings of hotels as from the trade in luxury commodities. The revenues from the sale of handicrafts in less-developed countries were much smaller than those from luxury articles and jewellery. But the luxury industries could not be given priority in the development plans of under-developed countries because they required relatively wealthy local consumers. In many areas tourism was unprofitable while it remained simply an export industry providing services, but became very profitable at a higher level of national economic development.

37. The comparative tables also showed that the tourists who were most attracted by historical monuments and natural beauty, with which the under-developed countries were amply supplied, were persons with medium incomes who did not greatly increase the inflow of foreign exchange, whereas the wealthier tourists were attracted by luxurious resorts.

38. Another aspect of international travel in relation to world economy was its great sensitivity to the state of the economy. Spending on foreign tourism showed a particular tendency to rise during economic booms. The statement in the memorandum to the effect that, if the proportion of the national income of the United States which had been spent on foreign travel in 1929 had been spent on it in 1954, the amount would have increased to about \$2,500 million instead of the current \$1,200 million was theoretically correct, but far too abstract. Conversely, tourist expenditure tended to contract in periods of crisis when the need for "invisible exports" became greatest.

39. The character of tourism had changed in recent times. In 1938, some 287,000 tourists had stayed an average of 5.4 days and nights in Yugoslavia. In 1954, the frontier had been crossed by twice as many automobiles as in 1953. Tourists were becoming more mobile, visited more countries and were making fewer secondary expenditures.

40. That mobility gave rise to the question of earnings from transportation services. Most of the larger air and shipping lines were owned by the more highly developed countries. The fact that they were generally subsidized by the State showed that they were unlikely to be profitable for under-developed countries.

41. The Yugoslav delegation was not in any way opposed to the development of tourism and action thereon by the Council, but was merely stressing its

view that special account should be taken of the needs of those countries which most required foreign exchange. In Yugoslavia the steps recommended in Council resolution 537 B (XVIII) were in effect; passport formalities had been simplified to the utmost, no duties were levied on incoming motor vehicles and foreign tourists were given certain currency and transportation privileges.

42. His delegation supported all the recommendations made in the United States memorandum (E/2688, para. 13). In connexion with recommendation 4, Yugoslavia was especially interested in obtaining international loans for the construction of tourist hotels, which could not be given priority in economic development. They were profitable, they were not non-self-liquidating projects and they yielded revenues in foreign exchange and were thus not open to many of the objections raised with regard to the financing of other projects. It was to be hoped that the regional economic commissions would continue to pay attention to that matter. Resolution No. 3 adopted by the Transport and Communications Commission at its seventh session (E/2696, para. 84) would go far towards putting into effect the steps proposed in recommendation 8 in the United States memorandum.

43. His delegation would support the joint draft resolution (E/L.657).

The meeting rose at 12.50 p.m.



ECONOMIC AND SOCIAL COUNCIL

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Thursday, 31 March 1955,
at 2.50 p.m.

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Agenda item 6:

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Development of international travel, its present increasing volume and future prospects (*concluded*) 15*President:* Sir Douglas COPLAND (Australia).*Present:*

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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: Brazil, Chile, Colombia, Indonesia, Mexico.

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 Civil Aviation Organization, International Bank for Reconstruction and Development.

AGENDA ITEM 6

Development of international travel, its present increasing volume and future prospects (E/2688, E/L.657) (*concluded*)

1. Mr. SIMONNET (France) said that his Government had played a particularly active part in developing international travel. In France itself, everything possible was being done to improve tourist facilities and to simplify the formalities with which travellers had to comply.

2. It was because not enough had been done to promote tourism throughout the world that France had joined with four other delegations in co-sponsoring the draft resolution (E/L.657) before the Council. Some representatives had stressed the economic and financial aspects of the draft resolution but he believed that the Council should be equally concerned with the social, cultural and international aspects of travel. International travel involved certain human rights and fundamental freedoms and could promote social advancement, culture and international peace. It must not be forgotten that the conditions of international travel were less favourable than in 1914. An effort must therefore be made to help people who wished to travel abroad and particular attention should be given to low-cost travel. The Council would be doing useful work if it made it possible for everyone to enjoy the right to freedom of movement recognized in the Universal Declaration of Human Rights.

3. Mr. CAFIERO (Argentina) said that the United States memorandum (E/2688) was a very valuable document. In some countries international travel was an important "invisible export". The International Monetary Fund set the amount spent by tourists in

1953 at \$1,400 million and that figure was certainly too low an estimate. Moreover, Europe derived 19 per cent of its dollar revenue from American tourists. The social and cultural aspects of travel were also especially important in the case of the under-developed or developing countries.

4. That was why Argentina was trying to develop travel and to attract as many foreign visitors as possible. His Government was encouraging tourism by, for example, giving assistance in the building of hotels, by a credit policy, by establishing a hotel school, and by improving transport and communications.

5. Argentina had already signed the Convention concerning Customs Facilities for Touring and it was one of the sponsors of the joint draft resolution (E/L.657), which stressed the useful work already performed by competent organizations, including the International Union of Official Travel Organisations. With regard to operative paragraph 1 (b), it was not for the public authorities to take over the hotels or means of transport; the idea was merely that the State should take steps to encourage the development of such facilities.

6. His delegation hoped that the Secretary-General would be able to submit to the Council at its twenty-third session a report which would lead to the calling of an international conference on tourism.

7. Mr. GABAL (Egypt) felt that the Council's efforts to promote international travel would have a very favourable effect on international co-operation.

8. There had been a remarkable development of travel in Egypt and the Egyptian Government had taken such steps as reorganization of the Department of Tourism, the establishment of tourist offices abroad and local offices, the introduction of new regulations for travel agencies in the interest of tourists, assistance to the hotel industry, and low-interest loans for the construction or modernization of second class hotels. Egyptian consulates issued individual or collective visas to tourists without distinction as to religion, race or colour. Lastly, the Egyptian Government had made customs formalities as flexible as possible.

9. At its meeting from 21 to 29 January 1955 the Executive Committee of the IUOTO had considered the question of developing international travel and had adopted a recommendation, most of the principles of which were embodied in the joint draft resolution (E/L.657). Egypt fully supported those principles and had therefore agreed to co-sponsor the joint draft resolution.

10. He interpreted operative paragraph 1 (b) in the same way as the Argentine representative; the words "to give adequate support to the official organizations", in paragraph 1 (c), were general and the international arrangements referred to in paragraph 1 (d) included any bilateral or multilateral agreements to facilitate travel, such as the Convention concerning Customs Facilities and the Customs Convention on the Temporary Importation of Private Road Vehicles, conven-

tions to encourage youth travel and travel of persons of medium or small-income groups.

11. Mr. SOLLI (Norway) was happy to note the United States delegation's initiative. He would vote for the joint draft resolution (E/L.657). It was only a first step and would have to be followed by specific recommendations directed, *inter alia*, at encouraging the exchange of persons working in the tourist industry. Such persons should acquire a direct knowledge of foreign countries so that they could advise their clients. His delegation therefore asked the Secretary-General to take that aspect of the question into account in drafting his report. His delegation supported the Netherlands representative's proposals (837th meeting) for co-ordination in travel matters.

12. His delegation noted from the explanations given by previous speakers that resolution No. 3 adopted by the Transport and Communications Commission at its seventh session (E/2696, para. 84) and operative paragraph 1 (d) of the joint draft resolution (E/L.657) were directed to the same end. Steps should therefore be taken to ensure that there was no duplication. His delegation proposed to raise that question at the resumed nineteenth session.

13. Mr. HSIA (China) said that the recommendations in the United States memorandum (E/2688, para. 13) were very useful as tourism was a considerable source of revenue. The Chinese delegation would therefore support the joint draft resolution (E/L.657).

14. Mr. KADAPA (India) said that his country attached much importance to international travel from the point of view of human understanding, cultural relations and economic development. The Indian Government had signed the two conventions adopted at the conference on tourism held at United Nations Headquarters in May and June 1954¹ and had already put into effect some of the recommendations made by the conference. As a result of the efforts of government authorities and the travel, trade and public organizations, more and more visitors were coming to India. The number had nearly tripled in recent years.

15. He praised the work done by the International Union of Official Travel Organisations, whose regional commission for Asia and the Far East was started in India. He pointed out that the Executive Committee of the International Hotel Association had held its annual session in that country in March, and that the next annual general meeting of the IUOTO would be held in India in the autumn of 1955.

16. Mr. CORKERY (Australia) remarked that in principle his delegation favoured measures to expand international travel, and it fully realized their value. Yet it would have preferred the consideration of the item to be postponed to the resumed nineteenth session. In the first place, the relevant material had been issued only comparatively recently. Secondly, in the case of Australia, the problem of tourism was primarily the concern of the various States of the Commonwealth and there had been no time to consult them.

17. In the circumstances, his delegation would have to abstain in the vote, without taking a stand on the substance of the question and on the proposed decision.

18. Mr. MOULTON (International Civil Aviation Organization) said that tourism could be promoted by: first, improved hotel facilities; secondly, increased publicity; and thirdly, simplified travel formalities. The first two steps would however be useless without the third. The International Civil Aviation Organization was the only official inter-governmental organization that had tried to work out specific formulas to facilitate international air travel while observing the security requirements of Member States. Its *Standards and Recommended Practices on Facilitation of International Air Transport*² had been favourably received by Member States. He hoped that the measures recommended in the joint draft resolution (E/L.657) to promote international travel would include simplification of frontier formalities, and that the application of the recommendation in paragraph 1 (c) would not lead to an increase in the number of forms to be filled in by travellers and travel agencies.

19. Mr. CARNES (United Nations Educational, Scientific and Cultural Organization) assured the Council that UNESCO would continue to do everything in its power to promote tourism, the economic and social aspects of which were in many respects closely interrelated. In order to facilitate travel for educational, scientific and cultural purposes, UNESCO published each year a pamphlet entitled *Vacations Abroad*. Volume VII, which had come out in March 1955, contained information on some 800 vacation courses, study tours and international work camps in over sixty countries. In addition, there was *Travel Abroad*, a publication dealing with tourist regulations of different countries. It would be merged with a publication of the International Union of Official Travel Organisations entitled *Frontier Formalities*, so as to provide the general public with valuable information, in exact and concise form. Further, UNESCO was planning trips abroad for workers, in co-operation with the non-governmental organizations concerned. So far it had organized trips in Europe only, but it expected to organize similar trips in Latin America and South-East Asia. Lastly, UNESCO gave Governments technical advice on the restoration of monuments and the maintenance of historic sites which were of tourist as well as cultural interest.

20. The development of international travel would promote international understanding only if due account was taken of its educational aspect. He therefore felt that in the Council's resolution Governments should be urged to leave nothing undone in that regard. Every traveller was a potential ambassador of good will promoting friendship between nations and, therefore, peace.

21. Mr. ALFONZO RAVARD (Venezuela) said the tourist acted as an ambassador in two respects: he represented his countrymen to foreign peoples, and then, foreign peoples to his countrymen.

22. The social aspects of the problem to which the representative of UNESCO had briefly referred were important and complex. It might be advisable to study them thoroughly. Travellers found their intellectual horizons broadened, discovered new ways of life, and sometimes received deep impressions which changed their whole personality and might eventually affect the

¹ See *United Nations Conference on Customs Formalities for the Temporary Importation of Private Road Vehicles and for Tourism, Final Act* (E/CONF.16/19).

² International Civil Aviation Organization, *Annex 9 to the Convention on International Civil Aviation*, Montreal, Canada, September 1949.

entire international community. He would be pleased to support any proposal to invite UNESCO to make a thorough study of the problem. The administrative and legal difficulties must also be borne in mind. The Transport and Communications Commission had submitted a draft resolution on frontier formalities (E/2696, para. 118) which the Council would examine at its resumed nineteenth session and which, if adopted, would certainly help to promote international travel.

23. He would not dwell on the economic importance of foreign travel; the preceding speakers had amplified the considerations put forward in the United States memorandum (E/2688). He would, however, give the Council some information showing how much importance his Government attached to the matter. A General Directorate of Tourism, concerned mainly with orientation and co-ordination, had been set up in Venezuela. He explained the functions of that agency, which had proved most useful in different fields. The Venezuelan hotel industry received assistance from the Government, which bought large amounts of stock of private companies and also helped them directly in various ways. Owing to that policy, first-class hotels had been built at Caracas and Maracaibo and more modest establishments were being built or remodelled throughout the country.

24. For all those reasons, his delegation supported the five-Power draft resolution (E/L.657) and would vote for it.

25. Mr. TRUJILLO (Ecuador) feared that the preceding speakers had taken too optimistic a view. The question under consideration had also a negative aspect, to which UNESCO in particular should give attention. The under-developed countries had had a bitter experience. Travellers who had received mistaken impressions had on occasion made hostile comments about some foreign nations. Such mistakes and distortion could not but harm international understanding. To avoid them, tourists should be briefed before their departure so that they would not receive a distorted picture of the countries visited. They should be warned against making unfavourable generalizations and forming hasty and unfounded judgments, which in fact contributed to misunderstanding among peoples. The Council and UNESCO must not forget that international travel should bring about a flow of good will as well as capital.

26. The statements in the second paragraph of the preamble to the five-power draft resolution (E/L.657) did not correspond to the facts. He therefore suggested that the word "promotes" should be replaced by "should promote", and hoped that the sponsors would accept that slight amendment. Furthermore, paragraph 1 (a) of the operative part notwithstanding, the economic benefits of tourism were less important than the development of international understanding. If peoples came to know each other better, without prejudice and mistaken notions, they would have greater respect for each other and peaceful co-existence would become a reality.

27. He had meant his criticism to be constructive. His Government took a keen interest in tourism. It had set up a special information service for foreign travellers. Fine hotels were being built throughout the country. Lastly, when it had the necessary funds, Ecuador hoped to make the Galapagos Islands, which were famous for their fauna, studied by Darwin in working out his theory of evolution, a tourist and cultural centre.

28. He thanked the United States delegation for having drawn the Council's attention to the question, but he emphasized the need to eliminate the negative aspect of international travel.

29. Mr. MIR KHAN (Pakistan) gave his unreserved support to the five-Power draft resolution (E/L.657). He had read the United States memorandum with interest; the Pakistan authorities would do their utmost to put into effect the recommendations contained in it, particularly recommendations 5 and 6 (E/2688, para. 13). The Pakistan Government was working to develop international travel; many visitors came to the country and many Pakistan nationals travelled abroad. But the tourist industry was still in its infancy and there were plans for a special tourist bureau to develop it.

30. His delegation had just received the documentation on the tourist facilities available in Pakistan; it would place it at the disposal of the Secretary-General for the purposes of the survey mentioned in the draft resolution. His delegation had informed the Transport and Communications Commission that the Government of Pakistan had abolished visa formalities on a reciprocal basis. Pakistan was building hotels and new roads, and extending and modernizing its railway system, and it had just inaugurated its first international air service. Those measures were obviously in the interests of trade, but the tourist industry also benefited by them. The country had many attractions for tourists. Furthermore, hospitality was an article of faith to the people; they shared their bread with the foreign visitors, whom they warmly welcomed. They were accordingly glad to see tourists and hoped that the number would increase as a result of the development of means of communication and hotel accommodation.

31. Mr. GINEBRA HENRIQUEZ (Dominican Republic) said that his Government was making every effort to encourage international travel, with its great social and economic advantages. To that end, the Dominican Republic was taking the necessary measures to facilitate customs formalities, to help in the construction of hotels, and to improve transport, and more particularly the road system. Finally, the Directorate General of Travel had undertaken a wide publicity campaign.

32. He thanked the United States delegation for submitting its memorandum (E/2688) on the subject. He associated himself with the comments made by the representative of Ecuador, who had so opportunely drawn the Council's attention to one of the negative aspects of international travel.

33. He was in favour of the joint draft resolution (E/L.657).

34. Mr. FOMIN (Union of Soviet Socialist Republics) recalled that his delegation had voted for the inclusion of item 6 on the Council's agenda because in its view the development of international travel should make it possible to strengthen the cultural and friendly ties between nations.

35. After careful study of the United States memorandum (E/2688), his delegation could see no objection to recommendations 1, 2, 3, 4 and 5 appearing in paragraph 13 of the document. But recommendations 6 and 8 referred to questions which did not concern the Council, since they came within the scope of either the domestic legislation of the countries concerned or of

bilateral agreements. As to the improved statistics relating to travel, mentioned in recommendation 7, that was a question within the domestic jurisdiction of each Member State.

36. The draft resolution (E/L.657) covered most of the recommendations submitted by the United States of America. In a spirit of conciliation, the USSR delegation would vote for that draft resolution, although it did not agree with all the details of it. It would express the hope, however, that when the Secretary-General was preparing his report on the measures taken in response to the resolution, he would bear in mind the comments made by the USSR delegation on recommendations 6, 7 and 8 of the United States memorandum.

37. Sir Alec RANDALL (United Kingdom) pointed out that international travel could not promote international understanding and thereby reduce international tension unless the tourists themselves tried to understand the countries which they visited; in that connexion, the comment made by the representative of Ecuador was particularly relevant.

38. Several international bodies had been concerned for some time with the problem of international travel: the Economic Commission for Europe, the Organization for European Economic Co-operation, which had set up a committee on travel, and the IUOTO, which had achieved remarkable results. But he wished to warn the Council against duplication; he thought from reading the third paragraph of the preamble of the draft resolution (E/L.657) that the sponsors had not been unaware of that aspect of the question.

39. In some countries, the development of international travel was dependent on State action. In the United Kingdom, the Government gave assistance to the British Travel and Holidays Association, but took no part in the management of the hotel industry, which had made considerable efforts to attract foreign tourists. In 1953, more than 600,000 tourists had visited Great Britain and Northern Ireland. The United Kingdom Government was proud of that achievement.

40. In conclusion, he announced his support for the joint draft resolution (E/L.657).

41. Mr. MENEMENCIOLU (Turkey) thanked the United States delegation for its memorandum on the development of international travel (E/2688).

42. The Turkish Government, fully aware of the importance of the question, had taken part in the preparation of most of the conventions relating to international travel; it had adopted legislation designed to attract foreign tourists to Turkey and had improved transport and communications. Its efforts had been rewarded, to judge by the recent increase in the number of foreign tourists visiting Turkey. But the Turkish delegation thought that there was still room in that field for concerted international action; it was accordingly in favour of the joint draft resolution (E/L.657).

43. The PRESIDENT invited the representative of the International Chamber of Commerce to address the Council.

44. Mr. LUSARDI (International Chamber of Commerce) recalled that in 1953 a brochure by the International Chamber of Commerce on *Red Tape in Travel* had been transmitted to the Council (E/C.2/372). The recommendations in that document had been substan-

tially in conformity with those of the 1947 Meeting of Experts to Prepare for a World Conference on Passport and Frontier Formalities (E/436). The ICC had noted the United States delegation's memorandum (E/2688) with interest, particularly the recommendation that border-crossing formalities be reduced to a minimum. The ICC also noted the recommendations of the World Touring and Automobile Organization (E/C.2/413), the International Union of Official Travel Organisations (E/C.2/412) and the United States Chamber of Commerce (E/C.2/415), which the Council had before it.

45. The Transport and Communications Commission at its seventh session had adopted a resolution on passports and frontier formalities (E/2696, para. 84) containing a recommendation concerning the ICAO standard visa format; the ICC had endorsed annex 9 to the ICAO Convention containing that format at its congresses in Quebec and Lisbon, in 1949 and 1951 respectively. Despite the signature of two conventions and a protocol on customs formalities for the temporary importation of private motor vehicles and for tourism, there was still much to be done to eliminate red tape in travel. The ICC was continuing its study of the question and hoped that the Council, with the assistance of Governments, the specialized agencies and the non-governmental organizations concerned, would renew its efforts to remove the obstacles to international travel.

46. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs), in reply to a comment from the representative of Norway, pointed out that, if the Council adopted the draft resolution on passports and frontier formalities submitted by the Transport and Communications Commission (E/2696, para. 118), the Secretariat was intending to address only one inquiry to Governments requesting information in connexion with both that draft resolution and paragraph 1(d) of the operative part of the joint draft resolution (E/L.657).

47. In reply to the representative of ICAO, he said that the Secretariat would consult all the specialized agencies concerned before it drew up its report.

48. Mr. VAKIL (Secretary of the Council) read a communication addressed to the Secretary-General by the Lebanese Government on the subject of item 6 on the Council's agenda. In that communication, the Lebanese Ministry of Foreign Affairs requested the Secretary-General to inform the Council of its support for the views expressed by the IUOTO in its statement to the Council (E/C.2/412).

49. In reply to a question from Mr. HOTCHKIS (United States of America), Mr. TRUJILLO (Ecuador) proposed that in the second paragraph of the preamble to the joint draft resolution (E/L.657), the phrase "promotes international understanding" should be replaced by the phrase "should promote international understanding".

50. Mr. CAFIERO (Argentina) said that, while fully understanding the Ecuadorian representative's viewpoint, he would hesitate to accept an amendment which might give the impression that international travel had not, in one way or another, promoted international understanding. There was no doubt that the Secretariat, the specialized agencies and the non-governmental organizations concerned would take due note of the Ecuadorian representative's comment; he would accordingly ask him not to press his amendment.

51. Mr. MIR KHAN (Pakistan) suggested that the second paragraph of the preamble to the draft resolution should be amended to read as follows:

"Recognising the importance of international travel in promoting international understanding and cultural relationships, in fostering international trade, in furthering economic development and in contributing towards the improvement of balances of payment."

52. Mr. TRUJILLO (Ecuador) and Mr. HOTCHKIS (United States of America) were in favour of the amendment proposed by Pakistan.

53. Mr. KADAPA (India) said that he preferred the original text, but would accept the Pakistan amendment.

54. The PRESIDENT put to the vote the joint draft resolution (E/L.657), as modified by the Pakistan amendment, which had been accepted by the sponsors.

The draft resolution, as amended, was adopted by 17 votes to none, with 1 abstention.

The meeting rose at 5.25 p.m.



ECONOMIC AND SOCIAL COUNCIL

Nineteenth Session

OFFICIAL RECORDS

Friday, 1 April 1955,
at 2.50 p.m.

NEW YORK

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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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, Colombia, Costa Rica, Indonesia, Iran, Uruguay.

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 Bank for Reconstruction and Development, World Health Organization.

AGENDA ITEM 9

International assistance to refugees within the mandate of the United Nations High Commissioner for Refugees (*continued*)

ELECTION OF FIVE MEMBERS TO THE UNITED NATIONS REFUGEE FUND EXECUTIVE COMMITTEE

1. The PRESIDENT proposed that the election of the five members of the Executive Committee should be postponed until the end of the general debate on the economic development of under-developed countries.

It was so decided.

AGENDA ITEM 26

Consideration of the provisional agenda for the twentieth session and of the opening date of the session (E/2680 and Add.1, E/2684)

2. The PRESIDENT said that the Council must reach a final decision on the opening date of the twentieth session, which was currently set for 12 July. The Council had a very heavy agenda including such items as the world economic situation and the work social situation, which deserved thorough consideration; on the other hand, it could not prolong its session beyond 6 August, since an international conference on the

peaceful uses of atomic energy was to convene in Geneva on 8 August. In the circumstances it might perhaps be better to advance the opening date of the session by one week and make it 5 July.

3. Mr. HOTCHKIS (United States of America) did not think that the Council would have time between 12 July and 6 August to give thorough consideration to all the items on its agenda. He therefore proposed formally that the twentieth session should be convened on 5 July. As the commemorative ceremonies at San Francisco were due to end on 25 June, the members of the Council would have ample time to travel to Geneva for the opening of the session.

4. He hoped that the additional funds required could be provided from savings on other budget items and that the Secretary-General would not have to ask the Advisory Committee on Administrative and Budgetary Questions for permission to draw on the Working Capital Fund. It was to be hoped that in 1956 the Council would discontinue the practice of holding its sessions in several parts.

5. Mr. CORKERY (Australia) supported the United States proposal.

6. Mr. COOKE (Argentina), supported by Mr. PEREZ PEREZ (Venezuela), reminded the Council that in 1954 some representatives had argued that the agenda for the summer session was so heavy that the Council would be unable to complete its work on all the items in time. Nevertheless, the Council had completed its work two days before the specified date. The same arguments as those advanced in 1954 were being invoked in support of advancing the opening date of the session. He did not wish to reject the United States proposal outright but he thought that it would be better to retain the original date and to expedite the Council's work, if necessary.

7. Mr. AMANRICH (France) said that in view of the length of the Council's agenda and the impossibility of extending the session beyond 6 August he would support the United States proposal.

8. Mr. BRILEJ (Yugoslavia) was in agreement with the United States proposal in principle. Nevertheless, he thought that one way of expediting the Council's work would be for the Technical Assistance Committee to meet early enough to complete its work before the opening of the Council's session. Moreover, delegations should be sufficiently large to allow the Council to meet in plenary session every day, simultaneously with the Social and Economic Committees.

9. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) explained that if the Council advanced the opening date of the session by one week the additional expenditure would amount to \$15,000, half of which would be charged against section 3 of the budget (Economic and Social Council) and the other half against section 18 (European Office). It would not be possible to save enough on those sections alone to cover the additional expenditure but it was to be

hoped that the savings on the entire budget over the whole of the 1955 financial year would be sufficient for that purpose; in any event, the Secretary-General would have to ask the Advisory Committee on Administrative and Budgetary Questions for permission to transfer allocations from one section to another.

10. In reply to a question by Mr. RAJAN (India), Mr. VAKIL (Secretary of the Council) assured the Council that the Secretariat would do all in its power to circulate the documents six weeks before the opening of the twentieth session. In view, however, if the time required for the translation of certain lengthy documents, he could not give a formal assurance that they would be ready by that time in all three working languages.

11. Mr. MENEMENCIOLU (Turkey) and Mr. DONS (Norway) felt that in order to be sure of finishing its work in time the Council should advance the opening date of the twentieth session by one week.

12. The PRESIDENT suggested that he should draw up a programme of work for the Council's twentieth session, in consultation with the Vice-President and the Secretariat, and submit it to the Council at the end of the current part of the session.

13. After an exchange of views in which Mr. SOBOLEV (Union of Soviet Socialist Republics), Mr. PEREZ PEREZ (Venezuela) and Mr. HOTCHKIS (United States of America) took part, Mr. COOKE (Argentina) proposed that before taking a decision on the opening date of the twentieth session, the Council should consider the programme of work which the President was to draw up.

It was so decided.

Request for the inclusion of a supplementary item in the agenda of the nineteenth session

14. The PRESIDENT stated that, in a letter and a memorandum addressed to the President of the Economic and Social Council¹, the Permanent Representative of Norway had requested the inclusion of the following item in the agenda of the first part of the nineteenth session: "Representation of the Commission on the Status of Women at sessions of the Commission on Human Rights and of the Social Commission".

15. In response to a request by Mr. SOBOLEV (Union of Soviet Socialist Republics), the PRESIDENT suggested that the Council should postpone its decision on the inclusion of that item in its agenda pending circulation of the Norwegian representative's letter and memorandum.

It was so decided.

AGENDA ITEM 5

Economic development of under-developed countries (E/2538, E/2604 and Corr.1 and 2, E/2655, E/2670, E/2689, E/2690, E/2691)

16. Mr. MORALES (Argentina) thanked the Secretary-General on behalf of his delegation, which had always stressed the fundamental importance of comprehensive economic development, for the valuable documents which he had made available to the Council.

17. He did not propose to review the excellent study by the Secretary-General, *Processes and prob-*

lems of industrialization in under-developed countries, (E/2670) chapter by chapter but would simply refer to certain important aspects of the problem. He would refrain from quoting specific examples on the subject from Argentina, since a special pamphlet containing all relevant information and figures would shortly be distributed to delegations. He did, however, wish to draw attention to one point which was of particular importance to his country. On page 90 of the study, there was a reference to the Falkland Islands. The Argentine Republic did not recognize British sovereignty over that territory, which it regarded as belonging by right to Argentina. He therefore made every reservation regarding the statement in question.

18. In spite of the great difficulty of the task, the Secretary-General had succeeded in producing a study of considerable value. It set forth and analysed all the obstacles to industrialization in the under-developed countries. Thus the Council had before it for the first time a full and authoritative basic document to assist it in considering the various problems which had to be dealt with in that sphere.

19. It was important, first and foremost, to define the exact relationship between industrialization and economic development. As his delegation had often pointed out, economic development was not an end in itself, but the means of providing the community with the material basis necessary for general improvement of its living conditions. The requirements of social progress must therefore be considered first, even if economic progress, of which industrialization was simply one aspect, must precede it chronologically. That was a principle which was often lost sight of, to judge by certain technical assistance activities, to which he would refer later. Industrialization did not of itself constitute economic development, although it was an integral part of it. What was needed was a balanced and harmonious development of all sectors of the economy. Thus, though industrialization was a necessary condition for economic growth, it was not the sole requisite. International organizations, as well as the experts, were generally agreed on that basic fact. Nevertheless, there still appeared to be some misunderstandings and it would be worth while to try to remove them.

20. Foreign trade was the most important factor in the economic progress of the under-developed countries. Moreover, the exports of those countries consisted wholly or principally of primary products. According to certain studies, such as the Paley report, *Resources for Freedom*,² the demand for a number of those products could be expected to increase. Nevertheless, there appeared little likelihood that the trend observed in recent decades would be reversed in the immediate future. An analysis of recent developments showed certain striking phenomena. In the first place, there had been very marked variations in the income the under-developed countries derived from their exports, owing to fluctuations in the prices and volume of goods. In the second place, the demand for a number of primary products had fallen considerably, and at times abruptly, as a result of the appearance of synthetic products or of the development of primary production in the importing areas. Thirdly, the rising

¹ Subsequently issued as document E/2715.

² William S. Paley, *Resources for Freedom*, Washington (D.C.), 1952.

demand for other goods had in general not been sufficient for the increase in income in the exporting countries to keep pace with the growth of their populations. That being so, the development at all costs of primary production could not be expected to provide the solid basis necessary for the economic advancement of the under-developed areas and the expansion of international trade. Industrialization was an essential concomitant. That fact had been proclaimed in 1952 by one of the advisory committees of the President of the United States of America, in the report *Resources for Freedom*, from which Mr. Morales quoted a significant passage.⁸ The authors stressed the need for a balanced and integrated development; the development of primary productions depended on the progress of all sectors of the economy.

21. In short, industrialization, although inadequate alone, was an essential factor, for three reasons: first, it encouraged the development of agriculture and of other types of primary production by bringing about an improvement in techniques and services and by absorbing the surplus rural population; secondly, it contributed to the economic stability of the under-developed countries by diversifying their production, so that they became less dependent on foreign primary products markets; and thirdly, it led to an appreciable increase in real income.

22. In the years following the Second World War, abnormal emphasis had been placed on agricultural production, and particularly on food production, very often to the detriment of industrial development. That had resulted in a serious problem of surpluses, which was currently affecting a great number of countries, either directly or indirectly. Some curious paradoxes had been noted: on the one hand, the industrialization of the under-developed countries had been held back for the sake of the division of labour; on the other, the uneconomic production of foodstuffs had, in the more developed countries, had the advantage of a protectionist policy and of subsidies financed by the industrial sector. As a result, the advanced countries had been burdened with surpluses. To get rid of them, they had elected to compete on the world market with countries whose lives depended on their agricultural exports, bringing into play all the resources of their greater economic potential. Areas with a low level of consumption had been unable to absorb more than a small part of the surpluses, because of their limited purchasing power and the lack of means of distribution. Experts who had studied the question had concluded: first, that the best solution for the adversely affected exporting countries would be to diversify their economies so that they would become less vulnerable; secondly, that the only way to avoid the existence of surpluses in certain countries side by side with under-consumption in others was to bring about a speedy and comprehensive development of the under-developed areas.

23. It should not be forgotten that the economic development of under-developed countries promoted international trade. Over-development of agriculture, to the exclusion of other activities, was as dangerous as an isolated movement towards industrialization and might cause a trade recession. The Conference of the Food and Agriculture Organization of the United Nations had recognized that fact at its seventh session.

24. The Argentine Republic had often been accused of developing its industry too fast, at the expense of its agricultural production. Even the Secretary-General's study (E/2670) contained some debatable statements in that connexion. A thorough analysis of recent economic developments in Argentina showed that agricultural production, after being severely affected by unfavourable climatic conditions, had in several cases reached a level higher than before the Second World War, at a time when the world market was saturated and showed a strong tendency to depression. Only the considerable efforts made during the past few years to diversify the national economy and promote industrial development had enabled Argentina to weather that period, which had been so critical for its agriculture, without going through any of those violent periodic crises that had marked the pre-war period.

25. Turning to the processes and problems of industrialization, he said that first of all an integrated industrial policy must be devised that would fit perfectly into the framework of general planning for economic development. His delegation thought that industrial programmes should be on a regional basis; that would be the best guarantee of balanced development. The co-operation of countries in the same region and a rational distribution of industrial activities would contribute to the settlement of the various problems raised by economic progress, from the supply of raw materials to the training of experts and the creation of sufficiently large markets. The decisions adopted in 1954 by the Ministers of Finance or Economy at their meeting at Rio de Janeiro had revealed the concern of the American States to achieve regional co-operation in that field.

26. He went on to deal with the much-discussed question of the parts played respectively by the State and by private enterprise in industrial development. Argentina, like other American countries, respected and encouraged private enterprise, but could not accept the over-simplified theory that State intervention was bound to be harmful while private enterprise was always right. The interests of private individuals did not always coincide with those of the community, particularly in countries still in process of development; the State should accordingly help in co-ordinating industrial progress, and the best way for it to do that was to plan economic development by carefully laying down standards and priorities and by co-ordinating and balancing the activity of the different sectors.

27. In such a concept of industrial development, national private enterprise played a large part, advantage was taken of the collaboration of international institutions for financing and of international technical assistance, and due importance was attached to foreign capital contributions and foreign technical knowledge, always provided that that contribution was based on respect for and understanding of mutual interests. Act. No. 14222, recently promulgated in Argentina, was designed precisely to increase the participation of foreign capital in the economic development of the nation along those lines.

28. For successful economic development, the State must protect industries in their early stages. The results of protectionism varied according to the degree of development of the country: in industrialized countries, it led to a general decrease in imports and therefore in the volume of international trade while in under-

⁸ *Ibid.*, vol. I: "Foundations for Growth and Security", p. 73.

developed countries, which did not import enough for their needs, the limitation of imports in one sector was compensated by an increase in some other sector, thus, there was no contraction in the over-all volume of trade. Economic development could be impeded if the effects of protectionism were ignored.

29. Industrial progress called for an increase in productivity; in the under-developed countries it was particularly in the agricultural sector that the best results would be achieved with the least effort. The Argentine Government was not inactive: the meeting of the First National Productivity Congress had shown that it was aware of the importance of the problem and that it was doing its utmost to solve it.

30. With regard to the social consequences of industrialization, the authors of the first few chapters of the study by the Secretary-General (E/2670) were too narrow in their ideas and had not attached sufficient importance to the human person: they had not laid sufficient stress on the role which workers could play in the industrialization of countries. Furthermore, he was not entirely in agreement with the author of the last chapter, who would appear to be a sociologist, and who painted too gloomy a picture of the results of the industrial revolution on the proletariat, while idealizing the life of primitive communities.

31. The excellent document produced by the Secretariat should not only be the subject of debate but should serve as a starting-point for some permanent action in favour of international co-operation. Particular attention should be paid to points (a), (b) (ii), (b) (iv), (c) (iii) and (d) (ii) of the list of subjects for further study given by the Secretary-General in paragraph 11 of his memorandum (E/2689).

32. First of all, a concerted effort must be made to prepare integrated programmes. In the United Nations the Department of Economic and Social Affairs should work in closer collaboration with the Technical Assistance Administration.

33. He stressed the importance of the current technical revolution. The aim of the International Conference on the Peaceful Uses of Atomic Energy was to deal with one of the aspects of that revolution. His delegation hoped that the under-developed countries would be able to take advantage of the resources of modern technical knowledge in order to hasten their progress through the stages through which the more highly industrialized countries had already passed. That was an objective towards which the Secretary-General should bend all his efforts.

The meeting rose at 4.35 p.m.



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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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, Colombia, Costa Rica, Indonesia, Iran.

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 Bank for Reconstruction and Development, World Health Organization.

Request for the inclusion of a supplementary item in the agenda of the nineteenth session (E/2715) (continued)

1. Mr. DONS (Norway) said that, for the reasons given in his delegation's memorandum (E/2715), a decision should be taken as soon as possible on the proposal to include in the agenda of the Council's nineteenth session the supplementary item: "Representation of the Commission on the Status of Women at sessions of the Commission on Human Rights and of the Social Commission". In substance, the object was to avoid duplication of work and to facilitate co-ordination among the various bodies dealing with the same problems. The financial implications seemed insignificant, particularly compared with the important principle involved. He hoped therefore that the Council would endorse the proposal.

2. Mr. SAKSIN (Union of Soviet Socialist Republics) wanted time to study the Russian text of document E/2715, which was to be circulated towards the end of the morning.

3. The PRESIDENT suggested that consideration of the item should be postponed until the following meeting.

It was so decided.

AGENDA ITEM 5

Economic development of under-developed countries (E/2538, E/2604 and Corr.1 and 2, E/2655, E/2670, E/2689, E/2690, E/2691) (continued)

4. Mr. SIMONNET (France) congratulated the Secretariat on its study on the *Processes and Problems*

of *Industrialization in Under-developed Countries* (E/2670), which formed a useful supplement to earlier studies of the economic development of under-developed countries. France was all the more interested in studies of the industrialization of those countries as it was itself making a considerable effort to equip its African territories.

5. Discussing first the principal reason for the under-industrialization of the less developed countries, he pointed to the very close relationship between industrialization and economic development. It was therefore natural for all countries to strive to increase their industrial potential. The assistance provided by the United Nations in that respect could only promote social progress, which remained the basic objective of all societies. For that reason, the Secretariat study, which merely touched on the main problems, should be followed by other, more searching studies defining the relationship between industrialization and economic development generally so that sound development programmes could be worked out.

6. The differences in levels of industrialization—and therefore of economic development—were essentially due to the unequal distribution of skills and natural resources in the world. The environment exerted the greatest influence and other factors played a relatively minor part. The Secretariat study had barely touched on that idea. Commenting on the section entitled "Social structure, institutions and values" in chapter 2, he emphasized the relationship between geographic factors and social phenomena. He illustrated his point by a reference to population growth; unfavourable natural conditions (climate, resources, etc.) could result either in depopulation or in overpopulation, while under favourable circumstances, in new and rich areas, for example, the first very rapid demographic growth usually slowed down as soon as an optimum population figure had been reached.

7. Referring next to the harmful influence of a rigid social system on industrialization, he cited the comments in the Secretariat study to the effect that in under-developed countries the individual was not particularly fitted for industrial leadership and that, consequently, industrial leadership was likely to be limited to the upper classes. That state of affairs was, he thought, attributable to the very precarious conditions imposed on such societies by the environment.

8. Not all countries were equally suited for economic development, a consideration for which allowance had to be made in determining the part to be played by industrialization in the economic programmes of under-developed countries.

9. As the establishment or expansion of industry required substantial capital and adequate markets, he agreed with the Argentine representative that the under-developed countries should join together in order to form larger economic units.

10. Development corporations, the growth and operation of which was analysed in the working paper pre-

pared by the Secretary-General (E/2690), currently restricted their activity to certain sectors of the economy for, though originally set up to promote general economic development, they had subsequently been given specific objectives; because of that tendency to specialize, they could not form an idea of the resources which could be furnished by private initiative in some cases. Things would be different if the countries concerned could discuss the advisability of their investments with the foreign countries which were their principal suppliers or customers. The French Government had acted to co-ordinate the development plans of all the territories of the French Union, and its plans took account of the possible formation of a European economic union.

11. Industrialization had far-reaching social implications. The people of the under-developed countries had to be prepared psychologically and technically for an industrial civilization. Direct investments would not benefit the national economy unless they stimulated the demand for local goods and services. Only the prospect of great strides forward in the national economy could provide the incentive for accepting the risks involved in the establishment of a new industry. If an industrial investment was to generate the maximum flow of business domestically, it was essential that the new industry should be able to draw on local labour and local supplies as far as possible. Consequently, the countries concerned had to make a rapid transition from a closed subsistence economy to an exchange economy based on small industry. Small-scale industry would provide monetary purchasing power for the first time in many sectors of the population, and lead to the formation of a labour force which additional vocational training could convert into factory workers. In order to pave the way for that conversion, the under-developed countries should consistently apply their savings to social investments, for otherwise industrialization would be an agent of proletarianization. Social advancement should go hand in hand with economic advancement and the United Nations should therefore not recommend changes which would ultimately operate to the detriment of the individual.

12. The Secretary-General should prepare a list of study topics to enable the Council to establish priorities in its work. He would like the following topics to be included: the relative importance and reciprocal influence of agriculture, industry and trade in the general economic development of under-developed countries; the international redistribution of markets; the division of labour between new and old industries; forms of association and mutual assistance among under-developed countries and between those countries and industrialized countries; and means and methods of preventing the proletarianization of the new industrial societies.

13. Mr. BRILEJ (Yugoslavia) said that the Council's earlier studies had demonstrated that a study of the problems of industrialization was indispensable for the planning of economic development. The authors of the remarkable study before the Council (E/2670) had methodically assembled and analysed a series of important data. There were, however, some gaps in the general picture. For example, the study was primarily concerned with the period between the two world wars, and had not given sufficient prominence to some of the

special features of the economic development during the past ten years.

14. The process of industrialization differed according to the period and country in which it took place. It depended to a large extent on the interplay of social and political forces. Yet all under-developed countries now had some traits in common, and it was the analysis of those traits which should constitute the starting-point of concrete recommendations.

15. Yugoslavia was a good case in point. It was situated in an area which, according to the British Royal Institute of International Affairs, had presented in 1944, all the problems which are relevant to the reconstruction and development of backward areas. Pre-war Yugoslavia had been a typically under-developed country. He cited figures indicating the predominance of agriculture, the low level of industrial production in spite of a wealth of natural resources, the inadequacy of the railroad network, agrarian overpopulation and the preponderant role of foreign capital in the country's small industry. Within ten years all that had changed; the latest statistical data showed that there was a better distribution of the population, a sounder balance between the various sectors of the economy, considerably higher industrial production, radical changes in the structure of foreign trade and a pronounced improvement in the employment situation. That transformation had been made possible only by an accelerated industrialization which had been altogether different from the process described by the authors of the study (E/2670). It appeared that many under-developed countries were following the example of Yugoslavia.

16. The under-developed countries had not only to overcome the various obstacles impeding industrialization or to achieve a so-called "natural" economic development, but also to accelerate the rate of industrialization through Government intervention and State management. The fact was that economic and political conditions had changed throughout the world. Little could be expected from the so-called "natural", "normal" or "balanced" development so long as the differences between the advanced countries and the others produced a permanent disequilibrium which perpetuated inequalities. The disappointing experience of the past century should have taught the under-developed countries the need for drastic measures. Without them, by the so-called logic of things the rich would inevitably become richer, and the poor, poorer, and the gap between them would grow so wide as to make international co-operation impossible. The countries concerned should therefore make determined efforts to accelerate their process of development so as to keep pace with the development of other countries.

17. The same conclusion could be drawn from the study of the domestic economy of under-developed countries. In order to avoid impoverishment, it was necessary to break the vicious cycle of low productivity, small savings and inadequate investment. Furthermore, natural population growth might result in a catastrophe which could only be prevented if considerable progress was made in a short space of time so that higher standards of living might result in a more normal rate of fertility. Those facts and many others, taken together, showed that tangible results could be achieved by an accelerated rate of industrialization.

18. Equilibrium should not, however, be the overriding consideration. Perfect equilibrium amounted, in

practice, to stagnation, since every progress necessarily involved a disruption of the earlier equilibrium. It was in that respect that the processes described in the study (E/2670) differed radically from the process through which Yugoslavia had passed and through which a large number of countries seemed to be passing at the current time. Industrialization could no longer be achieved, as it had been in the past, at the expense of the wage-earners. On the contrary, it should lead to a rapid improvement of their standard of living. The workers now enjoyed equal political and economic rights, and it was the duty of a democratic government to see to it that the process resulted in a real rise of the average standard of living.

19. The authors of the study before the Council devoted much attention to the development of secondary industries. At first sight, it would seem that there was little possibility of acceleration in that field. The main object was to create a truly national economy in each country, and for that purpose transport and power were prerequisites. The problem should not be viewed from too narrow a point of view. The progress of the manufacturing industry was contingent on the prior and proper development of the tertiary activities and the existence of essential basic industries. Those were, in a sense, the pillars of the industrial economic structure and without them the accelerated development of secondary industry would seem impossible.

20. The State had a new and especially important part to play in the task ahead. The State was no longer the umpire, but had become an active protagonist. It had to co-ordinate and plan the efforts, make the necessary saving compulsory by means available to it alone, carry out projects that were socially important but economically unprofitable, and lastly, provide for a general programme to train the necessary skilled labour. That did not mean that there was no place for individual incentive. The State's intervention was essential during the short transition period while the basic industries were being set up; subsequent progress depended on the interest of the producers themselves, who had to be encouraged by incentives. The problem had been solved in Yugoslavia by the establishment of factory councils and of bodies on which the producers were represented.

21. The creation of basic industries required a great capital outlay which in the under-developed countries the State alone could make. Moreover, the establishment of those industries did not promptly result in higher standards of living, of which it was merely the prerequisite. Consequently, the period of accelerated industrialization was accompanied at the outset by a disequilibrium of the structure of consumption and by inflationary pressure which could only be countered by State control. The extent of that control depended directly on the magnitude of the industrialization programme. If capital resources were limited, agricultural production could only be raised at the cost of a reduction in the investment in basic projects.

22. To sum up, the so-called "normal" industrialization process presupposed the existence of an equilibrium, but guaranteed only very slow progress, while the accelerated industrialization process presupposed a temporary disequilibrium. But since such disequilibrium should be only temporary, efforts should be concentrated, not on the secondary economic activities but on those basic activities which would later make a general

economic growth possible. In effect, during the period of disequilibrium, the foundations were laid for a future equilibrium on a higher level of production, productivity, employment and income.

23. The process was not without its dangers. It was tempting to suppose that State management was the best method, not as a transitory measure only, but as a general rule. In fact, stringent control was appropriate only while the obstacles to progress were being removed, after which the economy should find a new equilibrium at a higher level, supported upon the strong pillars which would by then have been erected. That did not mean, however, that a market economy could be re-established overnight. In the initial phase, the new projects exercised a considerable influence: on the one hand, they generated an additional effective demand and on the other they opened up fresh opportunities for employment and economic activities; in short, they changed the economic environment and gave the national economy greater flexibility.

24. The stability of an economy based on the industrialization process would depend largely on the part played by international organizations, including the Economic and Social Council, for the under-developed countries would only be able to proceed with a regulated development if they obtained carefully apportioned assistance. Otherwise, they would be obliged to engage in subsidiary activities which would hamper their progress. International co-operation was thus of paramount importance, and the Yugoslav delegation reserved the right to submit suggestions in that connexion at a later stage. A number of speakers had referred to regional co-operation, a vital matter to which the Council and its regional economic commissions should continue to devote special attention. On the other hand, the problem of the effects of industrialization on foreign trade had not been given sufficient attention. In his memorandum (E/2689) the Secretary-General had mentioned the study made on that subject by the League of Nations. Ten years had elapsed since then. Perhaps the Secretariat could prepare an economic and statistical analysis of the problem.

25. It was clear from the tables annexed to the study before the Council (E/2670) that in the backward areas the irresistible tendency was towards industrialization. In the final analysis that trend would lead to a more harmonious world distribution of production and income and in that way it would contribute towards the fulfilment of the purposes of the Organization. The Council should not merely record that development but also take positive measures to facilitate, co-ordinate and accelerate it.

26. Mr. STIKKER (Netherlands) said that the problem of promoting the economic development of the under-developed countries was so complicated that the Council should avoid both the danger of adopting plans, the full implications of which had not been sufficiently studied and also the danger of losing itself in over-theoretical speculations. In that connexion, he endorsed the remarks of Mr. de Seynes (835th meeting) on the way in which the Council's debate should proceed.

27. When the problem had first been discussed by the United Nations eight years before, it had been thought that it would be sufficient for the purpose of raising their standards of living, to grant the under-developed areas technical assistance. Much had been achieved through the technical assistance programmes, but it had

been realized that they had to be accompanied by other forms of international co-operation. For that reason, the United Nations had been endeavouring, since 1951, to broaden the scope of technical assistance and to find new ways of providing financial assistance through the establishment of an international finance corporation and a special United Nations fund for economic development. It would not be too much to say, as the Netherlands Foreign Minister had done at the ninth session of the General Assembly,¹ that the problems with which the special fund had to deal were as grave as those of war or peace. In 1952, the Council had begun the study of two further problems to which international co-operation might be applied, those of industrialization and the increase of productivity.

28. In the course of those studies, certain ideas had had to be revised. It had been realized, for instance, that agricultural development did not necessarily have to precede industrial development, and that heavy industry should not be stressed at the expense of other industries. The first task now was to complete those preparatory studies and to make their results available to all Governments and peoples concerned in order to prepare the ground for the translation into practice of the recommendations based on them.

29. If economic development programmes were to succeed, the industrialized and the under-developed countries would have to look at certain aspects of the problem in the same way. It should be realized, for instance, that the industrial development of under-developed countries was of importance to the world as a whole, that it was essential to raise the standard of living of the peoples of those countries in order to remove a serious threat to world peace, and that the under-developed countries were perfectly justified in wanting to achieve a better-balanced economy and so to make a useful contribution to the progress of the world. The expansion of the economic activity of the under-developed countries would, moreover, create fresh markets and tend to increase the volume of world trade, which would be of benefit to all mankind.

30. Governments and peoples should also realize that there was no single method of improving the economic situation of under-developed countries. The degree of development and the structure of society varied from one country to another, and economic programmes should therefore be adapted to the conditions peculiar to each country. In the least developed countries it would be impossible to proceed immediately to industrialization. It was necessary first to improve agricultural productivity and craftsmanship, and then to set up small industries using local agricultural and other raw materials. It was only later that secondary industries could be established to manufacture articles previously imported. In the first phase the most urgent need was for the improvement of the economic infrastructure. For that purpose it would be necessary to augment local financial resources by external aid, which could only be provided by an international fund because such a field of investment would not attract private capital nor would it interest such bodies as the proposed international finance corporation or the International Bank for Reconstruction and Development. In the second phase it would be necessary to mobilize local public and private capital.

¹ See *Official Records of the General Assembly, Ninth Session, Plenary Meetings*, 480th meeting.

31. The under-developed countries ought to endeavour to create a psychological climate as favourable as possible to industrial development. Their Governments should prepare their peoples to accept external aid, foreign investment and the application of entrepreneurial experience. In addition, industrial development demanded of the workers an attitude different from that to which primitive modes of production had accustomed them. It also required Governments to provide their workers with the fundamental educational and vocational training necessary for the performance of their tasks. The highly industrialized countries ought, for their part, to place their capital and technical knowledge unreservedly at the disposal of the under-developed countries, even if certain sectors of their own economies might occasionally suffer as a result.

32. Finally, at the international level, technical assistance should be constantly increased; solutions had to be found for the difficult problems of the stabilization of raw material prices and the disposal of agricultural surpluses; the principle would have to be accepted that when underdeveloped countries established new industries they might, for a period, adopt certain protectionist measures; and lastly financial assistance should be given by the international bodies the establishment of which had been proposed.

33. He pointed to the constant danger of inflation which had to be met during the period of execution of development plans, and described some of its effects. If anti-inflationary measures were to be effective, the population had to learn to practise the necessary self-restraint. In that connexion, he recalled the experience of his country which, after being devastated by war, was in 1946 in a position very similar to that of an under-developed country. Thanks to foreign assistance, the Netherlands had been able to launch a programme of reconstruction and industrialization, but in 1951 it had been confronted by a new crisis precipitated by the deficit in its balance of payments. That crisis had been overcome only thanks to the full co-operation of the trade unions, whose members had agreed to a 5 per cent reduction in their real wages as compared with those of 1950. By August 1951 the balance-of-payments situation of the Netherlands had been reversed. The example of the Netherlands showed the importance of the co-operation of the entire population in the tasks of economic development.

34. The Secretariat's studies should enable the Council to adopt a programme of practical action at its twenty-first session. They should give a clear indication of the phase of economic development to which each of the proposed plans applied. That was all the more important inasmuch as the creation of an infrastructure, the first phase of industrial development, required funds which could only be provided by the proposed special United Nations fund for economic development.

35. The Council should also have at its disposal studies of separate branches of industries, showing the prospects of their development not only in a single country but in a region or throughout the world. In that connexion he drew attention to the report prepared by the Food and Agriculture Organization of the United Nations (E/2700) concerning world pulp and paper resources.

36. He hoped that the Council would take his delegation's suggestions into account when it adopted a draft

resolution relating to the economic development of under-developed countries.

37. Mr. ULLRICH (Czechoslovakia) said that the question of the economic development of under-developed countries was becoming increasingly important, for those countries were endeavouring to strengthen their own economic independence and also international economic co-operation. His delegation had always maintained that a country's economic development and economic and political independence could only be assured if it could dispose freely of all its natural resources in co-operation with all its people. The needs of the under-developed countries could be satisfied only if integrated development programmes were undertaken, their economic structure altered, land reform carried out, heavy industry, engineering industries, electrical industries and a transport network established and agriculture mechanized. However it was first necessary to achieve an integrated industrialization, which was the only way of raising productive capacity, improving productivity and so raising standards of living.

38. The under-developed countries should not try to obtain foreign capital but should mobilize their own resources in carrying out their industrialization plans with a view to producing capital goods. Industrial production had, admittedly, increased considerably in India, Indonesia, the Latin American countries and certain regions of Africa, but that development had taken place mainly in the extractive industries, light industries and transport. That state of affairs was due chiefly to the activities of foreign capitalists who had done their best to prevent the development of the heavy and engineering industries, without which economic independence was impossible.

39. He noted with regret that in its study (E/2670) the Secretariat did not take into account the difficulties faced by the under-developed countries in developing their industry. For example, some industrialized countries were reluctant to provide them with the machines and equipment they needed. Similarly, the under-developed countries were being subjected to constant pressure to prevent them from exporting certain commodities to countries with planned economies. Lastly, foreign monopolies repatriated the profits they earned in under-developed countries; that was harmful to the equilibrium and the balance of payments of those countries. In that connexion the publication *Foreign Capital in Latin America* (E/CN.12/360) contained significant figures relating to the profits of the petroleum industry in Latin America. The total capital exported from Latin America between 1946 and 1954 was four times greater than the new investments made in that region. The balance-of-payments difficulties of the under-developed countries, due to such capital exports, were among the factors which hampered their economic development and industrialization. It was therefore unfortunate that the Secretariat had neglected that aspect of the question in its study on the *Processes and Problems of Industrialization in Under-developed Countries* (E/2670).

40. The way in which foreign capital was invested in under-developed countries was in many cases contrary to their interests; through their investments, foreign monopolies exerted constant economic and political pressure on certain under-developed countries. The peoples concerned were no longer ignorant of the facts,

and the under-developed countries should in future fix objectives taking account of internal conditions, for industrialization policies would vary according to national traditions and institutions.

41. The radical changes made in the economic structure of countries with planned economies and their achievements over a relatively short period were well known. Czechoslovakia, for example, had undertaken an industrialization experiment in Slovakia, a relatively under-developed region where the implementation of the first five-year plan had resulted in the creation of a modern industry and a 240 per cent increase in industrial production between 1948 and 1953. In the same period the number of persons employed in industry had increased by 50 per cent and average wages by 47 per cent. Those achievements had been accompanied by the electrification of the country, the development of transport, the construction of schools and so forth. Other peoples' democracies, such as Bulgaria, Romania, Hungary, Albania and particularly the People's Republic of China, had undertaken similar experiments.

42. It would be very helpful to the Economic and Social Council's work if the People's Republic of China was represented in the organs of the United Nations for it had achieved remarkable results in industrialization and integrated economic development and could make a valuable contribution to the solution of those problems. By the end of 1954 its industrial production had risen more than 420 per cent above the 1949 figure. The production of castings and steel had increased by 1,200 per cent and 1,300 per cent respectively. Capital goods accounted for 42.3 per cent of total industrial production as against 28.8 per cent in 1949. The People's Government had decided to base the economic development of China on industrialization and particularly on the expansion of the metallurgical, chemical, mechanical, mining, petroleum and electrical industries.

43. Most of the capital necessary for that industrial development came from internal sources, though the USSR was giving considerable assistance in the form of loans and long-term credits. Despite the size of the investments made for the purpose of increasing the production capacity, the standard of living of the working class had steadily improved. Average wages had risen by 84 per cent between 1950 and 1953. During the same period the purchasing power of the peasants had increased by 76 per cent and, in general, prices had been stabilized.

44. Unfortunately the authors of the Secretariat's study had not tried to study in greater detail the methods of industrialization used in countries with planned economies, where many theoretical and practical studies of the question had been carried out.

45. Discussing the place of industrialization in official plans and programmes (E/2670, p. 68), he pointed out that apart from the iron and steel industry, the industries of the under-developed countries chiefly produced consumer goods. Yet, unless those countries developed their heavy industries, they would be forever dependent on foreign capitalists and monopolies which had no interest in the industrialization of the under-developed countries.

46. He realized that industrialization and increased production went hand in hand with technical progress. His country was participating in the United Nations technical assistance programme to the best of its ability.

He emphasized the completely disinterested nature of the technical assistance provided by the USSR and the peoples' democracies (E/2670, p. 92) under certain programmes.

47. Referring to some passages dealing with international trade (page 75), he said that the stabilization of primary commodity prices and the expansion of international trade under equitable and mutually advantageous conditions were important to the under-developed countries. The Commission on International Commodity Trade should play a prominent part in that field. The countries with planned economies, for their part, were ready to expand their trade with the

under-developed countries. Czechoslovakia would continue to export industrial equipment to those countries, and for that purpose had already concluded agreements and intended to conclude others with Asian, African and Latin American countries.

48. He added that the Council should concentrate on the main factors which played a decisive part in the development of the under-developed countries, notably the influence of international trade. Only in that way could the condition necessary for their economic development—integrated industrialization—be fulfilled.

The meeting rose at 1.15 p.m.



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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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: Brazil, Chile, Colombia, Costa Rica, Indonesia, Iran, Uruguay.

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 Bank for Reconstruction and Development, World Health Organization.

In the absence of the Chairman, Mr. Pérez Pérez (Venezuela), First Vice-Chairman, took the Chair.

AGENDA ITEM 5

Economic development of under-developed countries (E/2538, E/2604 and Corr.1 and 2, E/2655, E/2670, E/2689, E/2690, E/2691) (continued)

1. Mr. MENEMENCIOGLU (Turkey) observed that the view that countries must be divided into the agricultural and the industrial had given way to the idea that countries were distinguished merely by their level of development, and it was now generally accepted that agriculture could best be developed by increased industrialization. In Turkey increased productivity in agriculture as a result of mechanization had given farmers a higher standard of living, which had in turn increased the demand for industrial products and had thus stimulated industrialization.

2. With that in mind, his delegation had made a preliminary examination of the report on the *Processes and Problems of Industrialization in Under-Developed Countries* (E/2670) and had been impressed in particular with the attempt to study such basic material as capital formation, man-power, productivity and markets as dynamic forces, an aspect not always correctly appreciated by experts visiting Turkey. In a few sections of the report, however, in particular those dealing with population growth, social structure, institutions and values in chapter 2, and with foreign exchange, in various parts of chapters 3 and 4, the changing patterns of all the elements involved had not been taken fully into consideration.

3. Much space had been devoted to the notion that rapid population growth acted as a deterrent to industrialization. The statistical formula used to illustrate that assumption was based primarily on the percentage of the national income that had to be set aside to provide the increased population with a constant *per capita* endowment of capital assets. That did not take fully into account the relative elasticity of most rural economies, the increasing yield of land, the increase in productivity and the law of increasing returns of capital assets which operated in most under-developed countries.

4. In Turkey capital expenditures on agriculture in recent years, which would not be of equivalent size if taken on a *per capita* basis, had more than doubled the agricultural output, which was now sufficient to feed twice the population of some years previously. The increase of population, with very few exceptions, acted rather as the corollary to economic development and, sometimes, as a very potent stimulus, by challenging the existing economic structure, which became incapable of coping with the problem unless it progressed rapidly. It was true that the report did refer to the cultivation of new land in North and South America and Australia in the nineteenth century, but it was equally true that new techniques of agricultural production could increase and were increasing agricultural output in the same way as the cultivation of new land had done in the preceding century.

5. That criticism did not invalidate his delegation's appreciation of the report as a whole and it concurred in the view of the Argentine and Netherlands delegations that it should be taken as the starting-point for a more detailed study of many of the points raised in it.

6. Mr. ANIS (Egypt) observed that shortage of capital equipment handicapped the under-developed countries' economic development programmes; the crippling effect of a slow rate of capital formation was pointed out in the study. His delegation had commented in full on that point in the Second Committee of the General Assembly,¹ in particular to the effect that the International Bank for Reconstruction and Development would be of greater help if it could make more loans on more flexible conditions and if the 18 per cent of subscriptions of member countries were added to its capital without any restrictions; that the special United Nations fund for economic development should be established without delay; that a higher proportion of United States private capital might be invested in Africa, the Middle East and Asia; and that steps might well be taken to encourage the reinvestment of all or part of the profits. The increase of domestic purchasing power and exports was essential and industrialization must be paralleled or even preceded by the improvement and expansion of public utilities, which failed to attract private investment since the returns tended to be low.

¹ See *Official Records of the General Assembly, Ninth Session, Second Committee, 295th meeting.*

7. The Egyptian Government's new economic policy was economic development without inflation. The Government had established the National Production Council to co-ordinate the various development plans. The main aims were the improvement of communications, the greatest possible increase in the production of electric energy, the expansion of industry, the encouragement of foreign capital and the exploitation of mineral resources.

8. He gave particulars of the development plan as it related to roads, railways, inland navigation, irrigation and hydro-electric power. The steel, paper and fertilizer industries were to be expanded. A permanent Council for Industrial Training and Efficiency had been established.

9. New legislation had been enacted to attract foreign capital. Its main features were equality of treatment as between foreign investors and Egyptian nationals, the right of any foreign investor to transfer his profits in full in the original currency, the repatriation of capital assets at the annual rate of 20 per cent of the registered capital, the relaxation of foreign exchange controls for new enterprises and tax exemption for seven years for the industrial and commercial profits of new development enterprises. In addition, raw materials imported for use in development projects were exempted from customs duties, and foreign investors could hold an unlimited proportion of the capital invested in such projects. The mining law had been revised in order to remove restrictions on foreign companies' operations. One-half of the salary of experts and technicians might be repatriated in the home currency, and customs duties levied on foreign materials used in the manufacture of local products and excise duties on local goods were subject to drawback.

10. Expressing his appreciation of the study as a whole, he remarked that it had somewhat underestimated the financial aspect of development in under-developed countries. Some countries had all the other prerequisites for development: hard-working and confident people, an honest and efficient Government, sound social institutions and a healthy economic structure. Such countries set about their own development, but they lacked the financial resources and hoped for foreign capital and the help of the United Nations. He was inclined to disagree with the view expressed in the study that the success and speed of industrialization depended in no small measure upon a country's human resources and to believe that a country's major capital stock was its physical equipment. He could agree that the need for technical knowledge and managerial experience was as pressing as the need for finance, but the need for finance came first, since, without it, the managerial experience could not be acquired. The need was urgent, since in most under-developed countries the rate of economic development might not keep pace with the increase in population. Even if it did so, it would not raise living standards. The problems of industrialization apparently could not be solved in under-developed countries on a national basis; accordingly, all Members of the United Nations should co-operate in solving them by ensuring as far as possible the mobility of the factors of production.

11. Mr. ENGEN (Norway) observed that the study indicated the dangers of the idea that under-developed countries could seek easy solutions while awaiting the solution of their problems by new technological inventions. The study had been initiated to help the under-

developed countries to further their own development and the more industrialized countries to play their proper part. He was not sure how far the first purpose had been served, but the second had been wholly successful. The study should be among the basic documents whenever economic development was discussed in the United Nations.

12. His delegation had some reservations about the suggestion made during the debate for special efforts with respect to individual industries on a world-wide basis. It did not wholly reject that idea, provided that there were special reasons for such a method in each case.

13. The study repeatedly brought out the divergencies in economic development in radically differing situations. Special productivity studies should be worked out on a national or regional basis, with expert assistance from the United Nations.

14. The report's main contribution would probably be in aiding in the choice of methods for international action when the time for such action came. A close scrutiny would bring up questions which could not be answered at that stage. The Council might well give the Secretary-General some instructions regarding his future action. He might be asked to submit supplementary reports on trends and progress every other year, taking other aspects of economic development into account and thus supplying the Council with a comprehensive picture. The principles laid down in the list of subjects for further study (E/2689) should be accepted as guidance.

15. Mr. METALL (International Labour Organisation) said that he would bring up to date the information given during the debate on productivity at the eighteenth session and that in the working paper submitted by the Secretary-General (E/2604 and Corr.1 and 2). The International Labour Organisation strongly emphasized the need for measures against overwork and unemployment and for the sharing of the benefits of increased productivity. Its activities took the form of the preparation of reports and technical manuals, meetings to bring together the views of Governments, employers, workers and experts and the supply of technical assistance.

16. The report on *Higher Productivity in Manufacturing Industries* had been published. The manual entitled *Introduction to Work Study* was already in use by ILO technical assistance missions. The Chemical Industries Committee had held a session in February and had adopted a resolution stating that increased productivity could be achieved by good professional relations, scientific and technical progress, vocational training of foremen and workers and modern techniques of work study. The Textiles Committee and the Committee on Work on Plantations had that item on their 1955 agenda and the Inland Transport Committee would study the improvement of work organization and output in ports in 1956.

17. The first European Conference of the ILO, which had met early in 1955, had drawn attention to desirable conditions for increasing living standards by productivity. Care should be taken to see that output was increased by improved methods of work, not by overworking the workers, that full employment was maintained and that the benefits were fairly shared by capital, the workers and the consumers. In that connexion, the Governments, the employers, the workers

and the international agencies concerned had their part to play.

18. The ILO was carrying out several technical assistance projects in connexion with productivity. In India its initial project had been successful and was being continued and the ILO was contributing in the setting up of a National Productivity Centre. It was recruiting two experts for a technical assistance project in the textile industry in Pakistan. The Egyptian Government had asked for technical assistance in 1953 in setting up a Council for Industrial Training and Efficiency, which had since been installed in the technical school at Heliopolis. The activities of the ILO in connexion with increased productivity in Latin America were generally in a preparatory stage. Governments had made requests. Some vocational training projects had been carried out, in particular in Brazil. Within the limits of the available funds, the Technical Assistance Board had approved the inclusion in the ILO programme for 1955 of the sending of two experts to Argentina, of a mines management and productivity expert to Bolivia and of an expert to Venezuela, and the granting of two scholarships to that country.

19. Mr. ARNALDO (United Nations Educational, Scientific and Cultural Organization) said that the work of UNESCO on the subject of industrialization of under-developed countries had been made use of in the Secretariat study (E/2670). The fact was a source of gratification to his organization. The interest which UNESCO showed in the subject differed from that of the United Nations and other specialized agencies in that UNESCO did not have a research staff, but aided scientific bodies to make independent studies; the studies were concerned with the effects of technology and industrialization upon human beings rather than upon the economic output. The United Nations Educational, Scientific and Cultural Organization emphasized the human and social elements of industrialization because it was keenly aware of the fact that social progress must keep pace with economic development if the latter were to raise levels of living, and also that education and science often made the difference between success and failure in the process of industrialization.

20. The organization had been promoting research on the social implications of industrialization by universities, research institutions and individual social scientists. To that end, it had established the International Research Office on the Social Implications of Technological Change, which had been in operation since October 1953, under the auspices of the International Social Science Council. The Office was carrying out an important theoretical study on the factors involved in social change, and had arranged in 1954 a seminar on economic motivations in under-developed areas. In 1954, the UNESCO General Conference had approved the establishment of an International Centre for Research on Social Problems of Industrialization in Asia which would, on the request of Governments, send missions to advise them on the social problems arising out of industrialization, receive at its headquarters social scientists who sought guidance regarding such problems in their own countries, collect and analyse pertinent information that could be of practical usefulness to the region, and operate a documentation unit. The Government of India had offered to provide local facilities for the Centre; the project would be carried out in full co-operation with the United Nations

and specialized agencies, and with the Economic Commission for Asia and the Far East.

21. The United Nations Educational, Scientific and Cultural Organization had also organized the Conference of Social Scientists held at Abidjan in October 1954. The Conference had been concerned with the social impact of industrialization and urban conditions in Africa south of the Sahara, and the results would be published shortly.

22. In Asia, UNESCO had arranged for studies to be made by local teams on the human and social effects of the movement of population from rural areas as a result of industrialization. In the Middle East it had organized a study of the social impact of industrialization in Turkey, Lebanon and Egypt. In Europe through the British Institute of Management, it had carried out research which had resulted in the publication of two studies: *Community Factor in Modern Technology* and *Education in a Technological Society*. In 1953 it had sponsored a round table conference, convened by the International Economic Association, on certain problems of social and economic development and it would organize a regional conference on the same subject in Latin America in 1956, in collaboration with the Economic Commission for Latin America.

23. In addition to all those projects, which were directly related to industrialization, UNESCO had been concerned with a number of allied topics, such as the study of the African élite. Moreover, the work of UNESCO in education and science had an important bearing on industrialization problems. Not only did scientific research directly affect industrial techniques, but skilled workers were needed to apply those techniques. Consequently, the work of UNESCO in education and science — including its participation in the Expanded Programme of Technical Assistance — played an important part in enabling the under-developed countries to participate more effectively in the benefits of sound industrialization.

Sir Douglas Copland (Australia) took the Chair.

24. Mr. ORBANEJA (Food and Agriculture Organization of the United Nations) observed that the FAO Conference and Council had repeatedly stressed the importance of industrialization as a factor in economic development. The Food and Agriculture Organization had always insisted that expansion of agriculture demanded a parallel expansion in industry, transport and other elements of the economic system.

25. The Food and Agriculture Organization had therefore always maintained that a greater number of industries and more efficient industrial equipment were required to increase the purchasing power of non-agricultural workers. If the productivity of the non-agricultural worker could be increased, more goods would be available to reward the efforts and raise the income and standard of living of the farm population. In very densely populated areas industry should expand at a more rapid rate than agriculture, one reason being that, as modern farming methods were introduced, fewer workers would be needed in agriculture. The partial shift of that surplus labour from farms to other areas of employment was a prerequisite to any sound programme of agricultural improvement.

26. The Food and Agriculture Organization had repeatedly emphasized that industrial and agricultural development in the under-developed countries should proceed at the same rate; it had therefore a direct

interest in the promotion and development of industries and in the establishment of agricultural, forestry and fisheries industries.

27. It was convinced, however, that in most of the less-developed countries, where the majority of the population was engaged in agriculture, an increase in the average productivity of agriculture was the primary task of economic development. In many countries the initial step in the whole process of economic development was an increase in agricultural productivity. An unduly rapid industrialization and a high rate of investment in heavy industries might prove dangerous, as indicated in the Secretariat's study on the *Processes and Problems of Industrialization in Under-Developed Countries* (E/2670).

28. While the study contained a valuable analysis of the problems connected with industrialization, insufficient attention had been given to the problem of malnutrition, to which FAO attached great importance. The Food and Agriculture Organization felt that the problem of improvement in standards of diet was one of the most important conditions of industrialization. The demands of industry on the physical endurance of workers were greater than the physical strain involved in agricultural work.

29. During the ten years since its establishment FAO had accumulated considerable experience in the basic problems of increasing productivity in under-developed countries. Its experience in the provision of technical assistance in the initial stages of economic development could be of great value to Member States which were embarked on a programme of industrial development.

30. With regard to the proposals submitted by the Secretary-General (E/2689), FAO was prepared to co-operate within its financial limitations in any further studies which the Council might decide to undertake.

31. Mr. LALL (India) said that he had been impressed by the statements and constructive suggestions made by the representatives of Argentina, France, the Netherlands and Yugoslavia on the problem of the economic development of under-developed countries, an item of considerable interest to India but one which was too often considered from the classic viewpoint from which the developed countries regarded the under-developed. There appeared nevertheless to be enough common ground to permit the achievement of good results in 1956.

32. With regard to the documentation prepared by the Secretariat, most of it valuable, the Indian delegation wondered whether the Secretariat study on the *Processes and Problems of Industrialization in Under-Developed Countries* (E/2670) could help in the preparation of practical programmes of rapid industrialization in under-developed countries, the goal set out in Council resolution 461 (XV). It contained a number of truisms with which everyone was familiar. The importance, for instance, of agricultural development could not be denied. India had increased its agricultural production by 20 per cent between 1953 and 1955. By early 1956 it would have increased its irrigated area by 17 million acres. It would also have provided the essential ancillary facilities. In fact, agricultural and allied development would account for 70 per cent of the funds involved in the country's first five-year plan.

33. Nor was there any need to draw attention to the importance of assessing resources in a given country. A country should obviously know on what basis it

planned to proceed. India had spent funds on a geological survey and for the quantitative and qualitative assessment of its mineral resources. Some \$2,500,000 would be spent during the period of operation of the five-year plan. India was engaged in a vigorous search for materials for a programme of atomic energy development. Having the largest thorium deposits in the world, the country had detached 110 geologists in the further search for raw materials for atomic energy. Construction of atomic reactors had already started.

34. Corporations had been set up in India to help the flow of finance into industry. The National Industrial Development Corporation, wholly Government-owned, intended to engage in fields of industry into which private initiative was not inclined to enter. A second corporation was expected to engage mainly in the field left to the private sector.

35. The Secretariat study referred to cottage industries, to which India attached great importance. In India the mill industry produced some 5,000 billion yards of cotton textiles annually and engaged 600,000 operatives; its hand-loom industry was responsible for an annual production of 2,250 million yards of textiles and employed from 2 million to 2.5 million operatives. Accordingly, the cottage industries understandably received considerable assistance from the Government, ranging from \$1 million in 1952-1953 to an expected \$21 million in 1954-1955. In that connexion, it was unfortunate that the Secretariat study appeared to relegate small-scale industries to a transitory phase. In India they could play an important role and help avoid some of the pitfalls of nineteenth century industrialism in Europe.

36. The study unfortunately appeared at times to place emphasis on statements that could not conduce to the Council's objective, namely, to put the under-developed countries in a position to develop rapid programmes of industrialization. For instance, it was claimed that in general, other things being equal, rapid industrial development under contemporary conditions was likely to be easier in countries with a low ratio of population to land and a low rate of natural increase than in countries where there was a combination of a high population density and a high rate of population growth. That statement could not be justified in the light of the experience of Japan, the country which had rapidly achieved the highest rate of industrial development in Asia. India itself was no longer on the threshold of an industrial era, but had actually entered it. Industrial production in the four previous years had increased by 33.3 per cent.

37. The explanation in the study that it had taken Europe a long time to industrialize was irrelevant in view of the directive issued by the Council that assistance should be given to achieve a rapid industrialization of the under-developed countries. Moreover, industrialization had not taken long in other parts of the world.

38. The Indian delegation took particular exception to the statement in the study that one of the best examples of a social structure in which rigid stratification of occupations, reinforced by traditional beliefs and values, represented a considerable barrier to industrial expansion, might be seen in the caste system of India. If the study was intended to be an historical document, reference might also have been made to the difficulties created by the manorial system in medieval

Europe. Since it was not, there was no reason to introduce a totally incorrect statement concerning the caste system. Caste in India had done no more than prescribe a norm of occupation, seldom adhered to in practice. It had acted as a sociological and psychological magnet in the lives of the masses. However, industrial development in India had not been hampered in its expansion by that system. With respect to the 5 to 6 million refugees from Western Pakistan, not once had there been a lack of social mobility by reason of caste.

39. On the question of the flow of foreign capital to under-developed countries, India had drafted liberal rules for the investment of capital, the investor being permitted to take both his capital and his profit out of the country if he so desired. India had sought international collaboration in developing its steel production. After seven years of fruitless effort to attract capital, a consortium of German firms had recently agreed to participate in the construction of a steel plant with an annual capacity of 1 million tons. The Soviet Union had agreed to collaborate in the construction of a plant with a similar capacity. Together with other schemes under way, the annual steel production in India was expected to total 6 million tons by 1961.

40. The views in the study would not necessarily be conducive to an increased pace of industrialization in the less-developed countries since they were not couched in terms reflecting the new spirit of give and take which was essential. The Council should lift the question out of the rut of bilateral agreements. The highly industrialized countries should be made to realize the serious problems of the under-developed countries. They should be persuaded to influence industrial groups towards the view that the problem of rapid industrialization of the under-developed countries affected human welfare, peace and stability. Left to industrialize with their own resources, the under-developed countries would succeed, but an atmosphere would have been created hardly conducive to improved trade relations.

41. The Secretariat should be instructed to concentrate upon practical suggestions concerning the merging of resources and labour in the under-developed countries with the technical skills and capital, if and when necessary, of the industrialized States. Some practical achievements might then be expected for 1956. The documents resulting from those studies should be made available to Governments at least three months before the twenty-first session of the Council, to permit the departments concerned to study them thoroughly.

42. The PRESIDENT invited the representative of the International Federation of Christian Trade Unions to address the Council.

43. Mr. THORMANN (International Federation of Christian Trade Unions) said that his organization had been greatly impressed by the Secretariat study (E/2670). While it was a preliminary study, it provided an excellent point of departure for more advanced research.

44. The Christian labour movement felt strongly that economic development should never be considered an end in itself, but should be made to serve the interests of individuals and of society as a whole. Unless all national and international action to promote economic development was based on that premise, development plans ran the risk of harming rather than helping the people concerned. Industrialization had already given

rise to a number of social problems in under-developed countries and he was glad to note that the Secretariat study devoted major attention to that fact. The study also rightly stressed that the ultimate objective of industrialization should be to raise the standard of living and that the development of secondary industries could not be dissociated from progress in other sectors, especially in agriculture.

45. The obstacles to industrialization in under-developed countries were admittedly many. One of them was demographic pressure in low-income countries. However, his organization believed that the problem would ultimately be solved by a decline in the birth-rate brought about by a gradual improvement in the standard of living. The Population Commission had done much work on the subject and had recently adopted a number of helpful recommendations.

46. The Secretariat study outlined a number of measures to expedite industrialization. His organization was in general agreement with them, in particular with the opinion that adequate vocational training and guidance — for adults as well as for the young — were of outstanding importance.

47. In view of the recent slackening in the flow of foreign capital to under-developed countries, his organization hoped that the international finance corporation, approved by the General Assembly (General Assembly resolution 823 (IX)), would soon be set up and would help to increase the volume of direct industrial investment in those countries. It also endorsed whole-heartedly the idea of the Special United Nations fund for economic development. All such measures would promote programmes which should guarantee workers security in employment and decent wages.

48. He endorsed the view expressed in the study that, as part of a sound industrialization process, it was essential to create appropriate institutions to ease the period of social transition and adaptation. In that connexion, important services could be rendered by voluntary organizations, such as trade unions, mutual-aid societies and co-operatives, in collaboration with the specialized agencies. Moreover, every effort should be made to create standards of social security, education and housing commensurate with the needs of the new industrial workers and to enable those workers to assume an ever-growing responsibility for the economy of their countries, while making sure that workers in agriculture and in established industries enjoyed a parallel rise in their standard of living.

49. His organization hoped that the Council would draw up a comprehensive programme of work for the next few years, designed to further the progress of industrialization in under-developed countries.

50. His organization was fully prepared to co-operate with all efforts aimed at increasing productivity, provided that they were part of a full-employment policy designed to increase the real income of the working people, improve working conditions and reduce working hours, and making full provision for the possible victims of technological unemployment.

51. His organization felt strongly that trade unions, as the natural representatives of workers, should be asked to participate in all local, national and international action to raise productivity. The need for such a step had been recognized in the documentation before the Council.

52. The PRESIDENT invited the representative of the World Federation of United Nations Associations to address the Council.

53. Mr. BARRETT-BROWN (World Federation of United Nations Associations) said that the WFUNA was deeply aware of the urgent need for the economic development of under-developed countries, in which it had a number of member associations. In its annual assemblies and in seminars held in various parts of the world on the work of United Nations organs, it had always stressed economic development.

54. His organization recognized, therefore, the urgency of General Assembly resolution 521 (VI) emphasizing the need for a continuing, comprehensive and methodical study of every aspect of economic development, in order to achieve the best direction of effort and resources in promoting the economic development of under-developed countries and in accelerating development plans and programmes.

55. The Federation realized that industrialization, important as it was, must be regarded as only one element in the wider process of economic development, and emphasized the importance of being continually aware of the problems of adjustment which might follow and of the repercussions that should necessarily be avoided.

56. Action to promote industrialization in under-developed countries must be well integrated, and his organization stressed the importance of maintaining a balance between the need for agricultural development and for industrialization according to the particular situation of a given country. Indeed, in some countries it would be necessary to develop agriculture before tackling industry so that the new industrial workers could be fed, while in others agricultural and industrial development should go hand in hand.

57. A very important factor in the whole endeavour was the role which the industrially advanced countries could play to further the programmes of under-developed countries. The Federation believed that all such countries base an increasing responsibility to participate to the maximum in those programmes.

58. Conscious of the complexities of industrialization, his organization welcomed the Secretariat study (E/2760), in which industrialization was viewed in the wider context of integrated economic development, and hoped that that first study and the other valuable documentation provided might assist under-developed countries in preparing their programmes of industrialization and avert unprofitable undertaking and disillusionment.

59. It would be most desirable for the United Nations and the specialized agencies to pursue their studies of

industrialization. His organization would bring the relevant documentation to the notice of its affiliates and, at its annual meeting at Bangkok and its regional conference of Asian affiliates, would do its utmost to educate public opinion in the matter.

60. The PRESIDENT stated that the debate would be continued at the next meeting.

Request of the inclusion of a supplementary item in the agenda of the nineteenth session (E/2715) (concluded)

61. The PRESIDENT drew attention to the Norwegian proposal to place an item entitled "Representation of the Commission on the Status of Women at sessions of the Commission on Human Rights and of the Social Commission" (E/2715) on the agenda of the first part of the nineteenth session.

62. Mr. GINEBRA HENRIQUEZ (Dominican Republic), Mr. MORALES (Argentina) and Mr. RIVAS (Venezuela) supported the Norwegian proposal for the reasons given by the Norwegian delegation in the memorandum attached to its proposal (E/2715).

63. Mr. SAKSIN (Union of Soviet Socialist Republics) was opposed to the proposal because it would entail unjustified expense. Nothing would be accomplished by authorizing a representative of the Commission on the Status of Women to attend the sessions of the other two Commissions, since that representative had received no instructions from the Commission and since the members of the other two bodies could learn of the Commission's recent work from its reports. Furthermore, the Council had so many subsidiary bodies that care should be taken not to institute a practice of cross-representation.

64. Begum AHMED (Pakistan) supported the Norwegian proposal. It represented a happy compromise achieved in the Commission on the Status of Women, some of whose members had wished to place on the Commission's agenda topics already under consideration by other bodies, while others had held that a duplication of work would result.

65. Mr. HOTCHKIS (United States of America) said that he would vote for the inclusion of the item in the agenda. However, because of financial and other considerations, he reserved his delegation's position on the substance of the item.

The Norwegian proposal (E/2715) was adopted by 15 votes to none, with 3 abstentions.

The meeting rose at 5.40 p.m.



ECONOMIC AND SOCIAL COUNCIL

Nineteenth Session

OFFICIAL RECORDS

Tuesday, 5 April 1955,
at 10.50 a.m.

NEW YORK

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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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: Colombia, Costa Rica, Indonesia, Iran.

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 Bank for Reconstruction and Development, World Health Organization.

AGENDA ITEM 5

Economic development of under-developed countries (E/2538, E/2604 and Corr.1 and 2, E/2655, E/2670, E/2689, E/2690, E/2691) (continued)

1. Mr. GINEBRA HENRIQUEZ (Dominican Republic), speaking on behalf of his Government, which was carrying out an extensive programme of economic development, thanked the Secretary-General for the valuable document he had made available to the Council.

2. He wished first to explain the meaning he attached to the expression "economic development". In order to define that term, he proposed to examine the criteria considered in deciding whether or not a country was under-developed. A criterion sometimes used was the ratio of available land to population, a country in which the ratio was low being considered under-developed. He rejected that criterion.

3. Furthermore, undue importance should not be attached to a mere shortage of capital reflected in a high rate of interest. Interest rates were often high because the lenders required a premium to cover the risks they ran.

4. Another criterion was the ratio of available capital to other production factors. If that ratio was low, the country was under-developed. The criterion, however, was debatable from the strictly theoretical point of view, as productivity might be unusually low as a result of unfavourable climatic conditions or the mismanagement of public affairs.

5. Another criterion sometimes used was the ratio of industrial production to total production or of the industrial population to the total population. That was a mistake often made by those who regarded economic development and industrialization as synonymous. In his opinion, industrialization was only an important phase in economic development, not an end in itself. The object was in fact to improve the material conditions of the population.

6. Explaining the principles underlying his Government's economic development programme, he stated that the Dominican Republic was economically dependent on its exports and the authorities had therefore long since prepared an economic development programme designed to reduce that dependence and at the same time to make fuller use of the country's natural resources; the programme sought to expand production and reduce costs, to create new jobs and to raise the income level.

7. As industrialization was impossible without agricultural development, the Dominican Republic was introducing new agricultural techniques and had set up a financial agency, the Banco de Crédito Agrícola e Industrial. At the same time, it had not neglected the development of industry or mining, as was proved from the balanced progress of the national economy, the general increase of productivity, and, last but not least, the increase in the national income, which had risen from 348,800,000 dollars (D.R.) in 1950 to 525,500,000 in 1954. Moreover, the volume of investment and employment in industry had steadily increased. The Dominican Government did not intend to stop there; it had recently completed an electric power-station and had announced the launching of an industrial development plan.

8. In conclusion, he said that he shared the Argentine representative's views (839th meeting) on the need for regional action to promote the execution of integrated programmes of industrial development.

9. Mr. MIR KHAN (Pakistan) stressed the interest of documents E/2538, E/2655, E/2670, E/2689 and E/2690, but said that his Government had not had time to study them in detail. He therefore hoped that the debate on the questions would not be closed during the current session. He had made a preliminary study of the documents and found that there were some points with which he might have to disagree. For example, certain factors regarded as obstacles to industrialization were not obstacles so far as Pakistan was concerned.

10. Confining his remarks to the process of industrialization and increased productivity in Pakistan, he said that in 1947, when the country had become independent, its economy had been almost entirely agricultural. The Government wished to make Pakistan an industrial country and had established the Pakistan Industrial Development Corporation, which was concerned with the investment of public and private capital.

11. The Government's policy had been to set up industrial facilities to make use of local raw materials, such as jute, wool and cotton, for manufactured goods which the country needed. Pakistan produced jute goods for export and was self-sufficient in cloth, paper and shoes. The country's development had been spectacular. Citing statistics which indicated the progress achieved, he said that there had been an all-round increase in industrial production of 285 per cent between 1950 and 1954; the increase in textile production had also been substantial.

12. Nevertheless, the efforts made by Pakistan could not be confined to industry. The Government was planning to develop power production by harnessing water-power and using recently discovered reserves of natural gas. Agriculture, which was the mainstay of the country's economy and provided employment for 80 per cent of the population, also received constant attention from the Government.

13. As a result of the Government's integrated economic development programme, Pakistan was already a semi-industrialized country.

14. Mr. HSIA (China) said that his delegation was indebted to the Secretariat for its noteworthy and encyclopaedic study on the *Processes and Problems of Industrialization in Under-Developed Countries* (E/2670). Commenting on the passages dealing with densely populated under-developed countries, he said, with reference to the term "capital assets per person" used on page 15, that that was the most important factor in the economic of a densely populated country, as it determined the *per capita* output and income of a country and the level of living of its people. It was important to know whether the *per capita* amount of productive equipment had decreased or increased during the past few decades; unfortunately, that question was not discussed in the Secretariat study.

15. In his view, it was declining steadily in the densely populated under-developed countries, whose capital stock consisted primarily of land and housing. The area of cultivable land could not be extended indefinitely and therefore any increase in population would result in a fall in the average holding of arable land per person. The same argument was true of housing. The decline in capital assets per person was chiefly responsible for the prolonged poverty of the densely populated under-developed countries and was responsible for the discontent prevalent throughout the world and particularly in the Far East. He hoped that the United Nations would undertake a comparative study of changes in the level of capital assets per person.

16. As the study was concerned only with the industrialization of the under-developed countries and did not deal with agriculture, he would confine his remarks to industrialization. The definition of the term "industrialization" as used in the report was somewhat narrow. Any productive activities, outside the fields of agriculture and trade, which added to the total stock of capital should be considered as acts of industrialization; consequently the word "industrialization" should cover the development of manufacturing, mining and transport. Discussion of the term helped to bring out the nature of the problem in the densely populated under-developed countries and the real meaning and functions of industrialization.

17. Turning to the purely economic aspect of industrialization, he commented on the various possible methods of financing. He agreed with the authors of the report that the State should not simply create credit. The authors had listed three circumstances in which an expansion of credit was justified (p. 54), but in his opinion a fourth case could be added: credit might also be created to take the place of savings that leaked into and remained in the financial circulation.

18. Apart from those four cases only savings should be used. He regretted that the study did not provide detailed information on the budget and the finance corporations as methods of mobilizing savings. It would be useful to know, for example, how far Government budgets had been successful in producing surpluses for industrial use and to what extent finance corporations had helped to solve the problem of long-term financing in less favourably situated countries.

19. As examples of the sort of problems that would actually confront an under-developed country, he said that his Government had formulated a general plan for industrial development and decided upon the types of industries to be developed; private capital was given full play within that broad scheme. The Government had also taken steps to promote industrialization (promotion of sales, improvement of working conditions, the development of banking and tax policy). It was also up to his Government to maintain a proper balance between protection and the preservation of free competition and to demarcate the proper fields for public and private enterprises.

20. Mr. FORSYTH (Australia) said that the problem of the economic development of under-developed countries was a many-sided one. Australia was still in a relatively early stage of development and was itself experiencing the problems involved. Table 2 in the Secretariat study (E/2670), showing the relationship of capital formation to gross domestic product in a group of countries revealed that Australia, in 1952, was one of the countries which had the highest percentage. The ratio of fixed investment to gross national product was perhaps the best measure of the rate of economic development because it took into account the amount of resources devoted to all sectors. In Australia the ratio had risen from 17 per cent in 1946-1947 to 29 per cent in 1951-1952 and had been 27 per cent in 1953-1954.

21. Conditions varied considerably from country to country but in general all were confronted with the same pattern of problems. There might be an inclination to place undue emphasis on finance as though the provision of capital itself were the key to the solution of the problem. The report before the Council and the experience of the industrialized countries indicated that the mobilization of resources, development of modern techniques and sound national administration were also of key importance. While assistance might be obtained from abroad, all of those matters were primarily the product of the initiative of the under-developed country itself. That was necessary, not only for the success of any plans but also to ensure the economic independence of the country concerned. The United Nations Expanded Programme of Technical Assistance and the Colombo Plan were examples of almost ideal patterns for the provision of assistance. Under the Colombo Plan, international assistance represented only 18 per cent of the total investment made under the

Plan as a whole. Whatever the form of international assistance, it should be conditional upon and support the programmes of the under-developed country itself.

22. It was sometimes contended that emphasis should be on either public investment or private enterprise, but in fact both were important. In Australia, public investment represented 35 per cent of total investment. The ratio would differ according to the political and social philosophies of the country concerned, but public investment was always bound to be of considerable importance. Public investment provided the framework in which private investment could yield its best results. Balanced economic development depended on the development of tertiary activities and services and in the modern world public enterprise in the under-developed countries was the most suitable means by which the necessary framework of investment could be provided. Accordingly, as some representatives had pointed out, doctrinaire enthusiasms should be avoided; it was necessary to proceed on the basis of experience, bearing in mind the right of the country itself to take the course best suited to its own philosophy. At the current stage he did not intend to deal in detail with what the Council should do; that question would be examined in committee. It was sufficient to remind the Council that, although much remained to be done, considerable progress had been made since the Second World War; never before had so much been accomplished at the international level.

23. In the very structure of the United Nations itself there were many provisions for ensuring that the problem of economic development would be kept before the Economic and Social Council. The United Nations had taken an important step in agreeing in principle to add a new international institution, the international finance corporation (General Assembly resolution 823 (IX)). At the twentieth session of the Council, in Geneva, a further report from a committee of experts on the proposed special United Nations fund for economic development would be considered.

24. Australia, which would continue to co-operate in the United Nations' work in the field of economic development, had succeeded since the war in reconciling economic development with a rising level of living and expanding provision for the appropriate techniques to ensure further progress; it had assisted and would continue to make available such resources as it could afford to countries which have not yet reached the same stage as Australia in their economic expansion programmes.

25. Economic development and industrialization, far from being a barrier to international trade, had the opposite effect. Economic development undoubtedly altered the structure of trade but the total needs increased. Higher levels of living and greater spending power were bound to bring about a steady expansion of trade. It was not true, as had been claimed in certain quarters, that the industrialized countries benefited from keeping the under-developed countries in their backward state. If there had ever been any such motive, it was in the distant past and it did not activate the Members of the United Nations in approaching their responsibilities for promoting economic development.

26. It was in that spirit that his delegation hoped that the Council would continue its work to find an international solution to a problem which was of paramount importance to all countries.

27. Mr. SOBOLEV (Union of Soviet Socialist Republics) said that, under resolution 461 (XV), the Council had re-emphasized the need for the rapid industrialization of the under-developed countries. The long experience of industrialized countries showed that industrialization should be the basis for a country's economic development. In that connexion he thought that in its study of industrialization, the Secretariat should analyse existing conditions in the under-developed countries, indicate the positive results that could be obtained through industrialization, define the factors which could contribute to the industrial development of the under-developed countries and thoroughly examine the ways in which international co-operation, the development of international trade, technical assistance and so forth could assist industrialization.

28. The authors of the study (E/2670) had of course recognized the importance of industrialization in economic development, and had supplied data which deserved careful study. As the Indian representative had observed (841st meeting), however, the report was open to criticism. Its authors had certainly not ignored the obstacles to industrialization, and even seemed to think that some of them were insurmountable; that was a mistake. On the other hand, they rightly recognized that the rate of industrial development depended on the nature and extent of the obstacles in its way, and on the timing and efficacy of the measures taken to overcome them.

29. The statement on page 3 of the report that in some countries where domestic savings were the only source of capital it was impossible to increase savings without substantially reducing consumption was incorrect. The fact that *per capita* income was low in those countries was the basic reason for accelerating national economic development, which would permit an increase in the means of payment.

30. Another factor which should not be ignored was the importance of the terms of trade to the under-developed countries which depended on exports for most of the income which enabled them to buy abroad the equipment they required. The authors of the study in fact emphasized, not without reason, that the industrialization of the under-developed countries could be substantially assisted by the expansion of international trade. On that point, however, as also on the question of the terms of trade, they had put forward no new ideas and merely noted the existing situation. They had rightly pointed out that the International Bank for Reconstruction and Development had provided very little capital for the industrialization of the under-developed countries.

31. The authors of the study had taken an indefensible neo-Malthusian position in maintaining that the rapid growth of population was an obstacle to the industrialization of some under-developed countries.

32. He pointed out that the report gave no information about industrialization in the USSR and the peoples' democracies. The Soviet Government had always considered that industrialization was the basis of economic development and had therefore devoted particular attention to the expansion of the production of capital goods. The development of heavy industry had resulted in a corresponding rise in the people's level of living. In that connexion, he quoted a number of significant

figures relating to the increase in production and national income between 1913 and 1954.

33. The industrial policy of the USSR had made it possible to develop the resources of economically backward areas, which now had large industrial centres. Similarly, the Soviet Government, which attached great importance to the peaceful use of atomic energy, had in 1954 built the world's first atomic power-station in the Soviet Union. It had also decided to give other countries technical assistance to enable them to establish atomic research centres in their territories.

34. The gross national product of the People's Republic of China had quadrupled between 1949 and 1954. During the same period, the production of grains had increased by 50 per cent and the production of cotton by 180 per cent. The peoples' democracies of eastern Europe had also substantially developed their industry. Thus, Romania had developed electrical and agricultural machinery industries, and between 1938 and 1953 its steel production had more than doubled, while its coal production had doubled. In Bulgaria, there had been a considerable increase in industrial production during the same period, and Albania, which had formerly been an economically under-developed country with no means of transport, had succeeded in bringing its industry and agriculture into some kind of balance.

35. The development of the under-developed countries could be considerably facilitated by international co-operation. Such co-operation must be based on the idea of mutual aid and respect for the equality and independence of nations. Such were the principles which governed the USSR's relations with China, the peoples' democracies and a number of other countries. At the beginning of 1955, the USSR and India had signed an agreement under which the USSR had undertaken to build in a short time a steelworks in India with an output of one million tons a year, and to provide the necessary long-term loans for the purpose. The USSR had concluded commercial agreements with many countries, including for example Argentina and Afghanistan, that were advantageous to all the parties concerned.

36. As part of its expansionist policy, the United States of America had sought to impose restrictions and discriminatory measures on trade with the peoples' democracies. Such measures had hampered the sale of primary commodities on the international market and caused considerable fluctuations in prices. The resulting disequilibrium had reduced the income from exports of the under-developed countries producing raw materials. For those countries, however, that income was the principal means of financing economic development. It was understandable therefore that those countries should be deeply disturbed about the fall in the prices of raw materials and that they should be attempting to secure the adoption, at the international level, of measures to offset the inadequacy of the income they received from exports. Their efforts were, however, encountering opposition from the United States and certain other countries. In particular, it would be remembered that the United States had opposed the establishment of the Commission on International Commodity Trade and had refused to participate in the Commission's work when it had been established.

37. The Council should direct its main efforts towards facilitating the industrialization of the under-developed countries, helping to establish a fair relationship between the prices of raw materials and the prices of

manufactured products and promoting mutually advantageous trade between the under-developed countries and the rest of the world.

38. Sir Alec RANDALL (United Kingdom) said that he had been surprised that at a previous meeting the representative of Argentina had raised, in connexion with the Falkland Islands, a question which had no relation to the Council's agenda. The United Kingdom Government would merely state that it did not accept the claims of the Argentine Republic to a territory administered by the United Kingdom.

39. Everyone recognized the difficulty, complexity and importance of the problem of the economic development of the under-developed countries, and all the members of the Council were in some way concerned with the problem. The United Kingdom delegation wished to thank the Secretariat for the excellent documentary material it had provided, especially in its study on *Processes and Problems of Industrialization in Under-Developed Countries* (E/2670). The interested departments of the United Kingdom Government were studying the report; so concentrated and comprehensive a document demanded the most detailed attention. He would therefore make only a few preliminary observations.

40. The study should be of great assistance to Governments by reason of its general character; as for the many truisms which it undoubtedly contained, such statements were none the less true and necessary. Briefly analysing the contents of the study, he said that in his view, the authors had approached their task in a humane, prudent, impartial and comprehensive fashion. They had rightly emphasized that industrialization was not an end in itself but a means of raising average levels of living. They had thus shown the humane touch which economists had often been accused of lacking. They had also had a wide grasp of the essentials of the subject, as was clear from two passages (E/2670, pp. 1 and 119) illustrating what he would call the cautious and comprehensive approach.

41. The writers assigned capital importance to education, sound public administration and the efficient collection of statistics. It was made clear that the financial element was only one of the many which entered into the problem of industrialization of under-developed countries. The writers of the document clearly explained the difference between the European industrial revolution and what was aimed at today (E/2670, p. 120 ff.). But there was also a note of hope and even optimism in the statement that the under-developed countries could draw on the experience of the past to avoid the errors committed elsewhere. The United Kingdom, as a pioneer of industrialization, would share with others the experience which it had, sometimes painfully, acquired in that field.

42. At its twentieth session, the Council would consider in detail the external financing of economic development; the General Assembly would deal with it later. It would accordingly be more profitable for the Council to use the current opportunity for discussion of the steps which under-developed countries themselves should take for their own economic development. In that connexion, international organizations and the more industrialized countries would stand ready to give advice.

43. The planning and development which had taken place in United Kingdom dependent territories in

recent years would no doubt be of interest in that connexion. Those territories had experienced all the problems discussed in the second chapter of the study (E/2670). In order to overcome them it had been necessary to raise productivity in existing industries and to diversify the economy of the territories. Agriculture had by no means been neglected. On the contrary, a very great deal of work had been done on agricultural development in accordance with the principles set out in the study before the Council. He drew particular attention to the need for agricultural development and also to the many sound observations on page 18 of the study. Her Majesty's Government had supported the introduction of new industries into dependent territories. A wide variety of legislative and administrative measures had been taken to ensure that those industries would have a sound basis which would enable them to prosper without permanent protection from competing imports. The most widely used form of State aid had been financial assistance, but it had always gone hand in hand with educational and social developments.

44. In order to provide a stimulus to private investors, special concessions of various types had been given to investors in new industries and the Governments of the territories had themselves provided part of the funds necessary to get an industry going. The most common concession took the form of exemption from taxation on profits for a period of a five years granted to firms classed as "pioneers", operating in a pioneer industry. That was the practice in the West Indies and in West Africa. In East Africa a licensing system

enforced the grant of exclusive manufacturing licences for a specific period. Favourable allowances were given for depreciation; machinery and materials required for a new industry were admitted into territories free of import duty. Again, public money had been provided through statutory companies or through corporations financed by public funds.

45. In Jamaica, the Government had established an industrial estate which would have electric power and water, leases being granted at nominal rentals. In Singapore also, a large area had been zoned for an industrial site.

46. Those few examples showed that in the United Kingdom territories considerable progress had already been achieved in that field. Many of them already had a reasonably diversified economy although some of the industries were still on a small scale. The process was cumulative, one improvement leading to another. He would emphasize that in all the territories there was a growing awareness of the importance of technical education, a subject the importance of which had been rightly stressed by the authors of the study.

47. He had referred to the United Kingdom territories in order to underline that the problem of economic development was one of direct concern to all members of the Council. All could and must learn from each other's experience. The United Nations provided the opportunity to pool experience and to avoid the repetition of mistakes. The study, to whose authors he paid a tribute, was a valuable step in that direction.

The meeting rose at 12.45 p.m.



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International assistance to refugees within the mandate of the United Nations High Commissioner for Refugees (<i>concluded</i>)	47

President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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, Colombia, Indonesia, Iran, Uruguay.

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 Bank for Reconstruction and Development, World Health Organization.

AGENDA ITEM 5

Economic development of under-developed countries (E/2538, E/2604 and Corr. 1 and 2, E/2655, E/2670, E/2689, E/2690, E/2691) (*continued*)

1. Mr. HOTCHKIS (United States of America) said that his country was deeply concerned with the welfare and with an improvement in the standard of living of the peoples of the under-developed countries. That concern had been translated into specific action in 1949, when the United States Government had made the first proposal for what had since become the United Nations Expanded Programme of Technical Assistance. His Government was currently inspired by the same concern. The USSR representative's assertion that the United States placed obstacles in the way of the economic development of under-developed countries was belied by the part the United States of America had taken in the work of the United Nations and by the help it had extended unilaterally and would continue to extend to countries in need of it. The United States was ready to support any constructive effort designed to help the under-developed countries play an increasingly important role in an expanding world economy.

2. The two major studies before the Council (E/2670 and E/2604 and Corr. 1 and 2) ably charted the path towards that goal. While they were not substitutes for efforts on the part of the countries concerned to analyse

and solve the problems peculiar to them, the two studies were most useful in drawing attention to the types of problems faced and in indicating the types of measures to be used in solving them.

3. In the study on *Processes and Problems of Industrialization in Under-Developed Countries* (E/2670), the Secretary-General had wisely concentrated on those aspects of economic growth which had been found to be common to a wide range of countries. The study described some of the most important obstacles encountered and make many useful suggestions for avoiding them, without, however, attempting to provide a universal formula. It was a balanced study in that it never neglected the social and other institutional aspects of industrial development. It performed a real service by stressing that increased productivity in agriculture and mining was a prerequisite for industrial expansion, since the exporting of primary commodities was one of the important ways by which a country could acquire the foreign exchange needed to buy capital equipment. The study also emphasized the need to develop the technical and managerial skills essential to rapid industrialization. In that connexion, private foreign investment was usually instrumental both in the provision of such skills and in the training of local personnel.

4. He had a few minor reservations with regard to some passages in the study. For example, contrary to the explanation given for the relatively small amount of industrial technical assistance to under-developed countries in the past few years, the United States Government, under its bilateral programmes, provided technical assistance to private industry on condition that the benefits were spread over the industry as a whole. Nevertheless, the report was excellent and deserved close study by Governments.

5. The Secretary-General's working paper on efforts towards raising productivity in industry (E/2604 and Corr. 1 and 2) was a useful analysis of the problems encountered in that field. The United Nations and the specialized agencies, in particular through the technical assistance programme, had already done much to increase productivity in a number of countries. Nevertheless, the demand for technical assistance was greater than the supply. The regional commissions and the specialized agencies could exchange much useful information on the subject and help to direct each other's efforts.

6. The productivity centres which had been established in a number of countries had proved extremely useful in introducing new production techniques and in facilitating the exchange of information on the design of products and factories adapted to the area. In some instances, the centres co-operated successfully with local industrial development offices. Moreover, productivity centres established in some industrialized countries had become permanent institutions because they had been very useful in spreading knowledge of the latest industrial techniques.

7. The dissemination of information on methods for increasing the output without large investment was a real need in under-developed areas. For example, with the aid of the United States technical assistance programme, simple and inexpensive methods of producing building materials from locally available ingredients had been evolved and successfully used in various parts of the world. Reports on such technological developments should be circulated to the under-developed countries by way of technical assistance.

8. The key to increased productivity, however, was incentive. No productivity programme would be successful unless the worker was made to feel that he would share in its benefits. He would then be ready not only to accept innovations, but on his own initiative to suggest further improvements.

9. In his own country, workers and employers alike recognized that increased output at lower cost under the free enterprise system was in their mutual interest. Each person would have a larger share of the national income only if the total national income was itself increased. Where the incentive of self-interest was present, higher productivity was one of the most effective ways of providing more and cheaper goods for more people.

10. Mr. JALIL (Ecuador) reminded the Council of the long debates that had taken place in United Nations organs concerning the under-developed countries and of Council resolutions 531 (XVIII) and 532 (XVIII), and suggested that it was high time for the United Nations to take action to help such countries in their industrialization efforts. As the study (E/2670) stated, it would be undesirable to try to find a standard procedure to fit all the under-developed countries. The main impediments to the development of the under-developed countries were the unfairly low prices paid for their exports and the instability of foreign markets.

11. Ecuador was putting into effect a development programme entailing mainly the improvement and expansion of highways, ports, inland water-ways and hydroelectric power. For the time being it did not aspire to industrialization on a large scale, but hoped to set up a considerable number of new industries in order to diversify production. Thus it hoped to free the economy from undue dependence on the prices paid in foreign markets and to produce consumer goods in order to supply the domestic market and enable the foreign exchange thus released to be invested in capital goods.

12. Ecuador had long since enacted legislation which would promote its economic development. There was no discrimination against foreign capital. Foreign capital invested in new industries enjoyed exemption from import duties, consular fees and other levies on machinery, equipment and installations for the production of articles of public utility. Private property was guaranteed by law and there had never been an instance of forcible expropriation. Foreign investors were given every facility for transferring the amortization, dividends and interest on their investments. Political and monetary stability in recent years was an additional guarantee for foreign investors.

13. The development programmes were being carried out almost entirely with domestic funds, as international assistance had been far smaller than the credit

situation of Ecuador warranted. The internal and external debt was extremely small and the fact that it was paid off regularly showed that Ecuador's credit was sound. The natural resources of Ecuador were abundant enough to justify a greater inflow of foreign private capital.

14. Mr. ALFONZO RAVARD (Venezuela) congratulated the Secretariat on the fine documentation it had submitted in particular the study on the *Processes and Problems of Industrialization in Under-Developed Countries* (E/2670). The study rightly regarded economic development as an integral process and indicated that all the social and economic problems to which it gave rise should be dealt with simultaneously. It also correctly pointed out that there was no need for the advanced countries to fear the results of industrialization in under-developed areas, since the process resulted in higher standards of living and greater purchasing power and therefore favoured international trade.

15. While tariffs might have to be introduced to protect new industries, in the case of under-developed countries such a policy would not harm international trade; the quantity of imports would remain constant and only the articles imported would change. That principle had been recognized at the Meeting of American Ministers of Finance or Economy held at Rio de Janeiro in 1954 and at the recent meeting of GATT at Geneva. The case of the industrialized countries, as noted in the Secretariat study, was different; when they imposed tariffs on imports of raw materials, they reduced the quantity of goods purchased from the under-developed countries without replacing them by other goods from the same source, thus cutting down the foreign exchange available to the under-developed countries and seriously impairing their economic development programmes. In the end, the advanced countries themselves suffered because their own exports to the under-developed countries dropped. Consequently, measures to stabilize the flow of foreign exchange to the under-developed countries would be good for international trade as a whole.

16. He also agreed with the view expressed in the Secretariat study that industrialization was more than a technological revolution, and that it involved a social readjustment to which due attention must be paid if the process was to result in the greater well-being of the people. Fortunately, enough experience was available to make it possible for many mistakes to be avoided, but constant vigilance would be required.

17. Industry in Venezuela had made great strides in recent years, owing to the initiative of domestic and foreign capital, the Government's credit policy, the guarantees offered to investors, and protective measures. There had been a marked increase in the output in all branches of industry, but it was worth noting that the industries producing capital goods had far outstripped those producing consumer goods. An important tool of the Government's economic policy was the Venezuelan Development Corporation (Corporación Venezolana de Fomento), a government agency which assisted new enterprises with a view to systematically diversifying the country's economy. The agency did not invade the private sector, but guided and stimulated it, both by extending credit to private enterprise and by putting into effect supplementary programmes, such as the establishment of power plants, which would aid industrial development. One of the most important

projects initiated in Venezuela was the construction on the Caroni River of a hydroelectric plant which would, in particular, supply power for the metallurgical industry. Another important project had to do with the same industry: Venezuela was the world's largest exporter of iron ore, and plans had just been approved for constructing steel plants capable of producing enough steel to satisfy domestic needs. The dredging of rivers and harbours, to make them navigable, had recently been completed, and plans had been drawn for a network of railways, to be constructed over a period of twenty years.

18. His Government was greatly interested in the studies on the manufacture of various chemicals from natural gas, which was being carried out by experts supplied under the technical assistance programme, and was hoping to launch a new industry which would be of great benefit to the people of Venezuela.

19. The PRESIDENT invited the representative of the World Federation of Trade Unions to address the Council.

20. Miss KAHN (World Federation of Trade Unions) said that the World Federation of Trade Unions had always urged the extension of industrialization as a key aspect of economic development, and therefore welcomed the Council's consideration of the problem. Recent events in more than a score of under-developed countries including Ceylon, Cyprus, Rhodesia, West Africa, India, Brazil, Chile and countries of Central America, where workers had fought to better their conditions, showed that they wished to improve their living conditions in order to participate in and contribute to economic development. It was regrettable that the study included comments reflecting the position of the large capital-exporting countries with regard to the peoples of the under-developed countries, such as that on page 40 to the effect that wage rates in the under-developed countries "should be in line with the workers' productivity and the industry's profitability within the under-developed country and not necessarily related to rates payable in the industry in question in any of the more advanced countries". That conflicted with the first principle of wage-setting in any country, which was that obligatory minimum wages should be established by collective bargaining, regulation or law, providing a decent livelihood for all employed persons, urban or rural. To set profitability as the standard of wages would transfer the burden of competition from management to the workers.

21. The reference on page 25 to the difficulties of discharging employees implied indifference to the fact that legislation protecting the employment rights of workers had been enacted in many countries only after decades of exploitation of national employees by foreign firms. A document addressed to the Council, which was committed to a policy of full employment and employment security, should not support a management position directed towards contrary objectives.

22. An under-developed country could not industrialize effectively unless it was master of its own economy, had free access to markets for the sale of its products and for the purchase of capital goods and freedom to trade with whom it chose. Such a country required full economic as well as political independence. Economic independence implied national control of industrial development projects as well as of basic natural resources.

The extent to which foreign-financed and foreign-controlled industrial projects had tended to raise the economic levels of under-developed areas was debatable. Such projects were generally limited at best to the processing of basic raw materials produced in under-developed countries. In recent years industrial enterprises from the more highly developed countries had tended to build or finance and control complete manufacturing units or assembly plants in the under-developed countries, particularly in light industry, consumer goods production and metal smelting and refining. The economic viability of such sub-production plants was not determined by the market within the under-developed country in which they were situated, but by their financial contribution to the parent company's profits. Such enterprises did not contribute to real economic development and frequently militated against the achievement of economic independence. A concrete example was to be found in the history of the oil refinery at Abadan, which, during its entire history of foreign control, had contributed virtually nothing to the economic development of Iran, although it constituted of itself an enormous industrial complex. Industrialization had also been adversely affected by fluctuations in the world commodity market.

23. Industrialization could succeed only if the necessary social measures were initiated at the outset. Raising of living standards could not be relegated to a secondary position. Steps should be taken to guarantee minimum wages, social security, adequate housing and the protection of employment. Respect for trade-union rights was particularly important, since experience in all the highly developed countries had shown that action by the organized working class had been responsible for whatever social and economic progress had been achieved. The introduction of the minimum wage and social security would immediately raise standards of living and lead to a concomitant expansion of the internal market, thus contributing directly to economic development.

24. The General Council of the World Federation of Trade Unions, with 180 members from over fifty countries, meeting in December 1954, had seriously considered the problems of industrialization; its view had been expressed fully in the report by the Secretary-General of the WFTU, Mr. Saillant. In addition to formulating the principles described above, he had concluded that the establishment of the proposed special United Nations fund for economic development and the Commission on International Commodity Trade by the United Nations could lead to great economic and social progress, provided that international policy was directed towards lessening tension, reducing the expenditure for arms and respecting the political and economic independence of every country.

25. The PRESIDENT invited the representative of the International Confederation of Free Trade Unions to address the Council.

26. Miss SENDER (International Confederation of Free Trade Unions) said that both employers and workers in the more developed countries were increasingly aware of the need to help the under-developed countries. The European Regional Conference of the International Confederation of Free Trade Unions had adopted a resolution in October 1952 expressing its willingness to support any genuine effort to increase productivity, provided that all steps were taken in

agreement with the workers' organizations, that the workers were assured of obtaining their full share of benefits resulting from higher productivity and that due regard was paid to the workers' economic security, so as to avoid any increase in unemployment. The trade unions would support the use of new methods of production, provided that no speed-up system was introduced and that an effective policy of full employment ensured the rapid absorption of all workers who had lost jobs owing to technical changes.

27. An interesting further development had been the employers' attitude towards the resolution on productivity adopted by the European Conference of the International Labour Organisation in November 1954. They had recognized its constructive intention and had stated that they would have supported some parts of it, had their amendments not been rejected. That showed that the employers' thinking on that subject had progressed considerably.

28. The main obstacle to rapid industrialization was a rapid increase of population, which reduced the amount of capital available for the purpose and placed the emphasis on food production rather than on manufactures. In overcoming that handicap, young workers would have to be better trained and the mobility of the labour force increased. It was hard to train people for skilled work unless they received a basic general education. In-plant training was often more successful than formal training, but required well-organized factories and competent teachers. For the purpose of technical assistance, skilled workers might be used in order to help the people in under-developed countries to learn production techniques and to act as guides to successful co-operation between labour and management.

29. As the drain on foreign exchange would be considerable when any industrialization programme was put into effect, import and exchange control might be necessary. The imposition of tariffs was not a desirable method. The fear of colonial exploitation likely to be harboured by countries which urgently needed technical assistance and foreign capital must be allayed by a demonstration that the countries supplying them were actuated by considerations of mutual interest, not by a desire to win friends and power by charitable gifts.

30. The introduction of the most modern methods of mechanization was bringing about a second industrial revolution. If it was not accompanied by rapid expansion, technological unemployment must result. Fortunately, the world had learned how to counteract depressions, but that was not enough; growth must be continued. A rise in purchasing power brought about by the Governments' fiscal and credit policies was needed.

31. Steps should be taken to allay the fears of the workers in the under-developed countries that they would work themselves out of their jobs, and that the employers would keep all the benefits of higher productivity. The benefits should be equitably distributed by means of higher wages or lower prices, or both. All factors in production must work in harmony towards ever-increasing well-being.

32. Mr. GREZ (Observer for Chile) congratulated the Secretary-General on his working paper on the evolution and functioning of development corporations

(E/2690). In that connexion, the Council might be interested in the progress achieved since 1953 by the Chilean Production Development Corporation (Corporación de Fomento de la Producción de Chile) in its efforts to raise the country's economic level.

33. In agricultural development, the Corporation was engaged in a programme of mechanization of farm equipment and had developed a scheme of mechanical irrigation. Experimental cultivation of beet-sugar was carried out in an attempt to find a substitute for imported sugar. The first beet-sugar refinery, with a productive capacity of 20,000 tons, had been constructed at Los Angeles at a cost of \$5 million. The Corporation had further established a mechanized farm equipment service for the training of farm workers and had set up a credit system which would enable farmers to import 6,000 pieces of farm machinery. Assistance in the project had been obtained from the Export-Import Bank of Washington in the form of a long-term loan of \$8,700,000. Another loan, for \$2,500,000, had been obtained from the International Bank for Reconstruction and Development, in addition to which private capital in the United States of America had made loans totalling \$40 million. Irrigation projects involving 200,000 hectares of land were under way.

34. In view of the substantial mineral deposits in Chile, the Corporation had proposed the establishment of a copper and gold foundry. A total of 400 million pesos had been invested in the project by 1951. The foundry was currently in a position to process 120,000 tons of mineral ore annually. Investments in mining amounted to 300 millions pesos and had resulted in increasing the value of the country's annual mining production by some \$1 million.

35. The Corporation was also promoting the development of the basic industries of Chile, including the manufacturing, chemical and lumber industries. In that connexion, the International Bank had provided a private corporation with a loan of \$20 million for the construction of two plants, one for the manufacture of cellulose and the other for newsprint, each with an annual capacity of 50,000 tons.

36. By 1952 the Corporation had invested a total of 12,000 million pesos in development projects, of which some 35 per cent, or \$137,850,000 at the then prevailing rate, represented foreign loans.

37. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) thanked the members of the Council for their comments and constructive criticism concerning the documents and studies which the Secretariat had provided and to which the specialized agencies had substantially contributed. He welcomed the suggestion that a comprehensive programme of work covering several years should be prepared on the question of industrialization. The Secretariat would then be in a position to contribute more usefully to the Council's work.

38. With regard to the Secretariat study on the *Processes and Problems of Industrialization in Under-Developed Countries* (E/2670), the Secretariat itself had doubted the practical value of such a study, but had undertaken it in accordance with the request made in Council resolution 461 (XV). The study inevitably contained a number of truisms and suffered from several gaps, particularly with respect to techniques

of government planning which had led to more rapid industrialization in some countries.

39. He thanked the Indian representative for his comments (841st meeting) on certain institutional matters in India. The Secretariat would keep his observations in mind.

AGENDA ITEM 9

International assistance to refugees within the mandate of the United Nations High Commissioner for Refugees (*concluded*)

ELECTION OF FIVE MEMBERS TO THE UNITED NATIONS REFUGEE FUND EXECUTIVE COMMITTEE (*concluded*)

40. The PRESIDENT invited the Council to elect five countries to be represented on the new United Nations Refugee Fund Executive Committee. It would be recalled that the Council had decided at the 837th meeting that Australia, Austria, Belgium, Brazil, Denmark, the Federal Republic of Germany, France, Israel, Italy, Switzerland, Turkey, the United Kingdom, the United States of America, the Vatican City and Venezuela, as members of the former Advisory Committee, should be represented on the new Committee.

At the invitation of the President, Mr. Loomes (Australia) and Mr. van Braam Houckgeest (Netherlands) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers: 18

Invalid ballots: 0

Number of valid ballots: 18

Abstentions: 4

Number of members voting: 14

Required majority: 8

Number of votes obtained:

Netherlands 14

Iran 12

Norway 12

Colombia 11

Greece 11

China 6

Dominican Republic 1

Ecuador 1

Egypt 1

Pakistan 1

Having obtained the required majority, Colombia, Greece, Iran, Netherlands and Norway were elected to the Executive Committee.

The meeting rose at 5.15 p.m.



ECONOMIC AND SOCIAL COUNCIL

Nineteenth Session

OFFICIAL RECORDS

844th Meeting

Wednesday, 6 April 1955,
at 10.45 a.m.

NEW YORK

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Agenda item 3:

Report of the International Monetary Fund 49

President: Sir Douglas COPLAND (Australia).**Present:**

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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, Iran, Uruguay.

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 Bank for Reconstruction and Development, International Monetary Fund.

AGENDA ITEM 3

**Report of the International Monetary Fund
(E/2661 and Add.1)**

1. Mr. ROTH (Managing Director of the International Monetary Fund), presenting the annual report of the Fund for 1954 (E/2661) and the summary of the Fund's activities from 1 May to 31 December 1954 (E/2661/Add.1), said that during his trip to Asia, he had seen for himself the great influence which the economies of the industrial countries exercised on the economy of the region and the extent of the financial problems which development programmes constituted for Governments. The countries he had visited transacted the bulk of their payments through sterling and were therefore interested in measures to restore convertibility.

2. Some member States had formed premature hopes regarding the return to convertibility. Progress had certainly been made in that direction: the balance-of-payments position in many countries had improved and inflationary pressure had diminished. In addition, the improvement in reserve positions and the greater freedom in international transactions had shown that the economies of many countries had been sufficiently strong to withstand economic set-backs such as the recent decline in economic activity in the United States of America. Yet the countries in question did not wish to commit themselves lightly to an irrevocable decision and their policy was therefore cautious. For example, the United Kingdom had recently decided to intervene in the market for transferable sterling, thus narrowing the gap between official and unofficial sterling rates and improving the world structure of exchange rates.

3. Outlining the progress which had been achieved as a result of greater freedom in international payments, he said that generally speaking, countries which had reduced the extent of restriction in their import policies, had taken advantage of the widened choice of import sources and the consumers' position had improved. With the exception of those whose reserve positions were not yet sufficiently strong to enable them to meet the inevitable short-term fluctuations in international payments, most of the countries in question had been able to absorb the increased imports without difficulty. The 1953-1954 contraction of business activity in the United States of America had caused remarkably little disturbance to the balance of payments of the rest of the world. The aid and loans granted by the United States, the maintenance of primary commodity prices and the stable economic position of the industrial countries of the Organization for European Economic Cooperation had even enabled all countries which maintained trade relations with the United States to strengthen their balance-of-payments position.

4. Progress had been most marked in Europe. Western Germany, the Netherlands and France, for example, had increased their productivity and foreign exchange reserves. In Asia, Japan had increased its exports to the sterling area considerably, but had not yet eliminated its trade deficit. Ceylon, India and Pakistan had made substantial progress.

5. However the fall in the world prices of certain raw materials (wool, coffee, sugar) had compelled some countries to intensify their import controls. That was particularly the case in Australia, New Zealand and several Latin-American countries. The expansion of production in Western Europe and the United States of America pointed to a strong demand for raw materials from which the primary-producing countries should benefit. The United States of America had also taken steps to ensure that its surplus disposal programme did not adversely affect the economic position of other exporting countries and the Food and Agriculture Organization of the United Nations had set up machinery to deal with the problem.

6. Yet there were still many countries where inflationary forces were not yet fully under control or might revive. The countries concerned would have to reformulate their financial, banking or monetary policies as circumstances required while striving to raise levels of employment. The balance-of-payments position of the under-developed countries would for many years be related to their development programmes. The International Monetary Fund was vitally interested in the problems which arose in those countries although they did not fall directly within its purview. The Fund carefully followed the discussions in the Council, whose decisions could have a material bearing on the economic and the financial position of the States members of the Fund.

7. The Fund would be called upon to play an important part in various ways. The new General Agreement

on Tariffs and Trade, if adopted, would strengthen co-operation between the new organization for trade co-operation and the Fund.

8. In recent months demands on the resources of the Fund had been very light. Many member States had been able to repurchase their currencies from the Fund. The Fund was therefore in a more liquid position than ever before. Naturally it was difficult to estimate what amounts would be needed to ensure effective protection against any abnormal pressure on reserves that might follow the extension of convertibility, but member States could rest assured that they would receive every possible support from the Fund.

9. Mr. OZGUREL (Turkey) thanked Mr. Rooth for his brilliant statement. He also stressed the value of the reports (E/2661 and Add.1) and of the documentation published periodically by the International Monetary Fund.

10. The improvement in the international payments position was mainly due to the fact that the production of countries outside the dollar area could successfully compete with United States production. That situation had eliminated the dollar shortage and increased the gold and foreign exchange reserves of other countries. The world had thus made considerable progress towards the restoration of international currency convertibility.

11. Despite the improvement in the economic situation, it could not be said that all international payments problems had been solved. Many countries were still experiencing difficulties which forced them to restrict imports. For example, countries which exported primary commodities had been faced with a decline in the production or prices of those commodities; other countries had an unfavourable balance of payments with the dollar area. The maintenance of a satisfactory balance depended on the favourable development of the United States economy.

12. In order to deal with those difficulties, inflationary pressures had to be eliminated. The industrialized countries must pursue flexible financial policies and take appropriate action in regard to foreign exchange and wages. The monetary and tax policies of the under-developed countries should be designed to reconcile economic development with economic stability. Secondly, steps should be taken to maintain the balance which had been achieved between the United States of America and the rest of the world and which depended on United States imports as well as loans made to other countries by United States investors.

13. Convertibility could only be achieved if the international payments position and the position of the major world markets were really sound. It was the duty of all countries to take appropriate measures to control the issue of currency and the expansion of credit, to ensure flexibility in customs regulations, to reorganize public finance, and so forth.

14. The major economic problems of the world could not be solved with economic development and the Fund should therefore pay particular attention to the under-developed countries and countries in the process of development. When it was asked to make advances, it must consider the economic situation of the prospective borrowing country. The Fund had in fact done so: several under-developed countries had been granted waivers pursuant to article V, section 4, of the Articles

of Agreement.¹ Moreover, the Board of Governors had reaffirmed the policy adopted on 1 October 1952 concerning stand-by arrangements. Lastly, the scale of charges had been simplified and in certain cases waivers had been granted.

15. Turkey was confident that the International Monetary Fund would use its available resources to the greatest advantage of the under-developed countries.

16. Mr. SIMONNET (France) said that the report of the International Monetary Fund (E/2661), which the Economic and Social Council had received at rather a late date, was still completely valid as the world economic situation had, happily, remained stable. But whatever the improvement in the situation might be, the greatest vigilance was still necessary.

17. The improvement in the world situation was due to the steady improvement in the terms of trade and balance-of-payments position. Several factors had contributed to that improvement. Measures to liberalize trade had been adopted in almost all parts of the world. In general, the Western European and sterling area countries, whose production had increased, had made a considerable effort to remove restrictions, including those on imports from the dollar area, while endeavouring to find non-dollar sources of supply for commodities they had in the past obtained from the United States of America. France, itself, whose situation was rather precarious, had recently liberalized 75 per cent of its trade with the OEEC countries and hoped to increase that figure to 90 per cent.

18. Exchange control had also been simplified and the regulations applied to persons holding foreign accounts had been liberalized. Even bilateral trade relations had grown steadily in importance and bilateralism still served sometimes as a means of providing a stable basis for export industries, which were thereby assured of markets over a relatively long period.

19. The development of multilateral relations might have given the misleading impression that an immediate return to convertibility was possible. However, convertibility depended upon the complete liberalization of trade, which was only possible if the economic conditions of production were more or less similar in most countries. In that connexion it should be remembered that costs were relatively high in some countries owing to their social legislation. Monetary instability, of which private investors were still apprehensive, was also an obstacle to the operation of the new system. Complete liberalization was still a far-off goal. Consequently the greatest caution was necessary.

20. The stress of international competition showed that the situation was still unstable in the countries nearest to convertibility; that had been evident in the case of one great country whose economic position had apparently been sound but which had nevertheless been threatened by an economic crisis. Its Government was to be congratulated on the monetary measures it had taken without recourse to the classic restrictive measures which would have injured more vulnerable countries, some of which were still in the transition period provided for in article XIV of the Articles of Agreement of the Fund; the system described in article VIII still remained an ideal.

¹ Bretton Woods Agreements signed at Washington, D. C., on 27 December 1945. United Nations, *Treaty Series*, vol. 2, 1947, No. 20.

21. In those circumstances, progress towards convertibility must be cautious. The primary objective was still the complete liberalization of international commercial and financial relations. France would continue to co-operate with the Fund, whose efforts were deserving of praise.

22. Mr. BRILEJ (Yugoslavia) thanked the Managing Director of the Fund for the report he had submitted to the Council. It had often been rightly emphasized that convertibility was not an end in itself but the first step towards multilateral trade. Convertibility would not result simply from the signature of an international agreement; it was the result of the interaction of a variety of factors. It was therefore particularly important to examine the structure of world trade and economic trends.

23. The volume of world trade had risen 50 per cent between 1938 and 1953. The dollar area's share in that trade had increased considerably while that of the sterling area had declined. During the period in question, world industrial production had increased 80 per cent. Those structural changes were indicative of current world economic trends, and it was natural that financial disequilibrium should reflect economic disequilibrium.

24. The achievement of multilateralism was hampered by two main obstacles: the dollar shortage and the disequilibrium in the balance of payments of countries in the process of development. The report of the Fund showed that the gold and dollar reserves of countries other than the United States of America had increased by \$3,500 million between December 1951 and March 1954. However, although the OEEC countries had benefited from that increase, the monetary reserves of many countries in the process of development had declined considerably. The report was optimistic with regard to the return to convertibility; it was, of course, a question of the convertibility, not of all currencies, but of the pound sterling, which together with the dollar, was the main currency unit in international trade. However, even with the help of the reserves which they had built up, the OEEC countries could only re-establish convertibility in their currencies if they increased their dollar earnings and received greater assistance from the Fund.

25. While the progress achieved in recent years might lead to a limited convertibility of currencies, there was reason to wonder what the effects of that convertibility would be on a world that had not yet been able to solve the problem of economic development.

26. It had often been maintained that convertibility based on restrictions and a reduction in international trade would be worse than non-convertibility. The same could be said of convertibility based on a lowering of the level of employment or on a slowing-down of economic development in the under-developed countries. The report of the Fund warranted the conclusion that with the aid of the Fund's reserves and of certain dollar loans, convertibility of the pound sterling could be achieved in the near future. In that connexion, several qualified persons had stressed that the restoration of sterling convertibility depended in particular upon a liberalization of the trade policy of the United States of America, which would enable the other countries to increase their dollar receipts.

27. At the time of the revision of the General Agreement on Tariffs and Trade, the countries undergoing

development had been authorized to impose certain restrictions on their imports so as to maintain equilibrium in their balance of payments. It had thus been recognized that an increase in the pace of economic development would be possible only if some restrictions were placed on trade. One might wonder how that policy would be reflected in the monetary field. In that connexion, Mr. Mehta, the representative of India, had put forward at the ninth annual meeting of the Board of Governors of the Fund the very useful suggestion that the Fund should study the effects of convertibility on the trade of the under-developed countries. He would like to know whether the Fund intended to act upon Mr. Mehta's proposal. A study of that problem would be of exceptional interest to the Council, since at its twentieth session it was to give further study to world economic conditions and the co-ordination of measures to be adopted in the economic and social fields.

28. Mr. ROTH (Managing Director of the International Monetary Fund) replied that the Fund was studying the effects of currency convertibility on the trade of under-developed countries.

29. Mr. HOMAN (Netherlands) pointed out that the Council should have a general picture of the work of the various United Nations bodies and specialized agencies. The experience of the League of Nations had taught the founders of the United Nations that due importance should be attached to the great economic problems. That was why they had drafted the articles of the Charter relating to the Economic and Social Council and had set up the International Monetary Fund, the International Bank for Reconstruction and Development and other agencies, which were veritable workshops for the study of those problems.

30. It was therefore gratifying to note that in the reports of the Fund stress was laid on the importance of placing monetary and financial problems within the more general framework of trade in goods and services. Ways must, moreover, be found for returning to multilateralism, because bilateral trade in its modern forms no longer met the needs of a developing world. All member States doubtless could not yet adopt full convertibility at one stroke but would, it was hoped, achieve it progressively. The Fund, moreover, was there to help them.

31. Regional co-operation with regard to trade and currency exchange was very important. Regional convertibility of currencies was obviously not a permanent solution, but the experience of Western Europe had shown the usefulness of co-operation in that field at the regional level. Such co-operation supplemented the action of international organizations such as the Fund and GATT.

32. His delegation wished to congratulate the Fund, on the occasion of its tenth anniversary, on the manner in which it was discharging its duties and would continue to support it unreservedly.

33. Mr. FORSYTH (Australia) associated himself with the previous speakers in thanking the Managing Director of the Fund for the comments he had made in submitting the annual report of the Fund for 1954 (E/2661).

34. The fact that the principal function of the Fund was the provision of international liquidity was too

often ignored but was essential for an understanding of what the Fund had actually accomplished since its establishment and of the importance of its decisions in connexion with the provision of stand-by arrangements. It should be recalled that in 1953 the Fund had decided to continue indefinitely its policy on stand-by arrangements. The Fund had also indicated that it would give sympathetic consideration to the possibility of granting, in certain special cases, credits of longer term than six months, for example in connexion with currency convertibility.

35. His Government, like the other Commonwealth Governments, had kept under constant review world trade and the collective approach to freer trade and payments. The Ministers of Finance of the Commonwealth countries had as recently as in 1954 reaffirmed their aims in that direction.

36. A banker should, where appropriate, be ready to advise his clients as the need arose. The Fund had been no exception to that rule, for it had offered its services to many member countries and had given professional training to citizens of a number of countries. He did not doubt that the Fund would continue that useful work.

37. Mr. PSCOLKA (Czechoslovakia) recalled the basic provisions of the Bretton Woods Agreements. In subscribing to those Agreements, his country had been convinced that their letter and spirit, as well as the principles of international co-operation and of the sovereignty and absolute equality of all States, would be respected at all times. Events forced it to the conclusion that its confidence had been misplaced.

38. In particular, it had been seen in recent years that certain Governments had indulged in discriminatory economic practices and had deliberately set out to ruin the traditional trade relations between East and West. His delegation had unremittingly denounced those actions at every session of the International Monetary Fund. Far from promoting an improvement in the international payments position, the policy of hostility to trade between East and West which was being pursued by the United States of America had contributed to the continuance of a dollar deficit in many countries and consequently to an aggravation of their difficulties. That attitude was, moreover, contrary to the provisions of the Articles of Agreement of the Fund. Furthermore, the Fund had not succeeded in solving the other urgent problems which had arisen in the Western countries, and a review of its activities showed that it had not fulfilled its essential function of restoring convertibility and eliminating currency restrictions. The members of the Fund had not only failed to abolish those restrictions but in some cases had even intensified them.

39. In a spirit of constructive criticism, his delegation had on many occasions drawn the attention of representatives to those facts and to the reprehensible behaviour of certain Governments. There was, therefore, no occasion for surprise in the fact that the United States of America, which was guilty of flagrant violations of the Articles of Agreement, had taken the initiative in lodging a complaint against Czechoslovakia. Although some references to that matter were contained in the summary proceedings of the Fund's ninth annual meeting and the 1954 report (E/2661), they were not sufficient to give an accurate idea of what had really happened.

40. Although some members of the Fund were displeased that a country with a planned economy should belong both to the Fund and to the Bank, his country had abided scrupulously by all its obligations, and its adversaries had sought in vain for a pretext on which to attack it. On 30 May 1953, his country had carried out a monetary reform in accordance with the provisions of article IV, section 5 (e), of the Articles of Agreement. None of the members of the Fund maintaining trade relations with Czechoslovakia had ever alleged that that decision had had an unfavourable effect on international transactions, but the United States of America had thought the occasion opportune to try to induce his country to withdraw from the Fund. Although his Government had shown that it had acted in conformity with the provisions of article IV, section 5 (e) of the Articles of Agreement, the Fund, as the result of a campaign carried on for months by the Executive Director for the United States, had adopted an unjustifiable decision in stating that those provisions did not apply to the monetary reform effected. As, however, there apparently had not been a majority prepared to condemn Czechoslovakia on the basis of that charge, the United States had sought another approach by accusing Czechoslovakia of having failed to supply the Fund with certain information relating, in particular, to its external trade and its balance of payments. A country that was a special target of discriminatory manoeuvres by the United States could not, without jeopardizing its security and that of the nations with which it maintained relations, furnish statistics of that kind to an organization in which the United States played a leading part.

41. The Fund, which had without protest allowed the United States deliberately to infringe the Articles of Agreement in connexion with the Chinese assets, had taken an entirely unwarranted action in the case in question. In November 1953, the Executive Directors had declared Czechoslovakia ineligible to use the resources of the Fund. It was clear, moreover, from the records of the Executive Board that there had been no question of a sanction at the time; the Board had simply taken note of the inability of the Czechoslovak Government to furnish the desired information.

42. The United States had then gone further and, ignoring the fact that proper reasons had been given for not supplying the information in question, had proposed that Czechoslovakia should be asked to withdraw from the Fund. International law recognized the right of States not to divulge certain information when they considered that their national security might thereby be prejudiced. That principle was respected by a number of international organizations including GATT. Nevertheless, the Fund, paying no heed to the grounds adduced by Czechoslovakia, took a decision in keeping with the desires of the United States of America. In refusing to consider the Czechoslovak position, it had acted contrary to the spirit of the Articles of Agreement. Its attitude amounted in effect to denying the validity in international law of the idea of self-defence and national security and was an indication that the Fund did not consider itself bound by the relevant provisions of the United Nations Charter. Moreover, the Board of Governors, acting contrary to the express provisions of article XII, section 2 (b) (vi), of the Articles of Agreement, had delegated its powers in the matter to the Executive Board. It might also be noted that in all its activities the Fund had

knowingly set up an intolerable distinction as between some members and others and had sought to confer less rights and impose greater duties on Czechoslovakia than on other members. Finally, in adopting the text of the United States proposal without changing a single word, the Fund had shown the extent to which it meekly served the interests of United States foreign policy.

43. That policy of hostility had led Czechoslovakia to the conclusion that the Fund did not desire its collaboration, that it proposed to make membership impossible for a country with a planned economy, and that it was opposed to peaceful co-operation among all nations without distinction as recommended in the Charter of the United Nations. Nevertheless, some States had not associated themselves with the discriminatory measures taken by the Fund, and the Czechoslovak delegation wished to thank them for their spirit of understanding.

44. The enemies of Czechoslovakia had tried, through a campaign in the Press, to persuade world public opinion that that country would not or could not fulfil its obligations as a member of the Fund. Actually, Czechoslovakia had never failed to discharge its duties and would continue to fulfil its financial commitments as provided by the Fund, whether or not it participated in the work of the Fund. The Czechoslovak delegation knew that most members of the Fund wished to develop their economic relations with Czechoslovakia in the interests of international trade. The Czechoslovak Government was prepared to increase its trade with other States on a basis of absolute equality and mutual advantage, an attitude that could only serve the cause of understanding among peoples and of international peace.

45. Sir Alec RANDALL (United Kingdom) stressed the importance of the role played by the Fund in the international economy. He drew attention, in connexion with the report for the fiscal year ended 30 April 1954, (E/2661), to the statement of the Chancellor of the Exchequer speaking as Governor for the United Kingdom, and thanked the Managing Director for the explanations he had given at the beginning of the meeting.

46. The United Kingdom Government noted with satisfaction that the Fund had adopted more flexible procedures and that two countries had taken advantage in 1954 of the stand-by arrangements and had used the waiver permitted under article V, section 4, of the Articles of Agreement. Such a liberal policy appeared to be very much in order and had already been successfully applied. However, while members had had easier access to the resources of the Fund, total drawings during the 1954 calendar year had been less than in 1953. On the other hand, the amount of repurchases had been greater than ever before. The probable explanation of that double phenomenon was the satisfactory flow of dollars from the United States of America, the increased monetary stability of various countries and the confidence which the new attitude of the Fund inspired in Governments. Of the total repurchases (\$267,200,000), the United Kingdom share had been \$112 million.

47. The period reviewed by the reports had been marked by favourable financial conditions throughout the world. However, some of the factors at work were not of a permanent character. In order to achieve a

less precarious balance it would be necessary to increase production, develop trade and promote foreign investments. The Fund could contribute to those objectives by continuing to practise a more flexible policy and by practical consideration of such matters as the termination of the post-war transitional period. The fact that in recent years withdrawals of foreign exchange had been at least compensated by repurchases was an encouraging symptom. There was, however, no evidence that the Fund would have sufficient resources to meet an increased demand if the world situation took an unfavourable turn or if a number of countries sought to take advantage of the stand-by arrangements to support a general move to convertibility.

48. The main report before the Council dealt at length with the current prospects for convertibility. At the last meeting of the Board of Governors, the Chancellor of the Exchequer of the United Kingdom had proposed that the Executive Board should study the possibility of a move from the post-war transitional provisions of article XIV to the more permanent arrangements under article VIII; he had recommended that the recent changes in GATT should be taken into account. Since then, the Executive Board had begun to consider certain aspects of that question, to which the United Kingdom Government attached great importance as it concerned the means of developing a freer system of trade and international payments.

49. Mr. KAMAT (India) first wished to congratulate the Managing Director and secretariat of the Fund on the remarkable report submitted to the Council. It contained an excellent analysis of the trends in the international payments situation. He briefly reviewed the main events of recent years and noted that the restoration of convertibility and a system of multi-lateral trade and payments were no longer a distant ideal. However, the Fund properly emphasized that some of the improvements were due to temporary factors. The progress achieved by non-dollar countries might have no future if creditor nations failed to adopt a proper policy. For example, the United States might well relax its restrictions on imports and increase its investments in under-developed countries. Both measures would go a long way towards solving the dollar deficit problem. That was a most important point.

50. To be of interest to under-developed countries, convertibility and the removal of trade barriers would have to be accompanied by an increased volume of international trade providing them with foreign exchange and enabling them to create new employment opportunities that would stimulate their economic development and raise the standard of living of their people. The Chancellor of the Exchequer had specifically recognized the need for subordinating all other considerations to the requirements of economic and social progress. That was why the Fund should give special attention to the implications of convertibility for the trade of under-developed countries, and in that connexion the statements by the Managing Director seemed most gratifying.

51. The mission sent to India by the Fund in 1953 had done most useful work, and some of its interesting suggestions had already been accepted by his Government. Moreover, in his recent tour of South Asia, the Managing Director had been able to obtain first-hand

information on the under-developed countries of that region, their aspirations, and needs, and their efforts to raise the standard of living of their people.

52. In keeping with developments in the international payments situation, the Fund had in recent years made its operations more flexible. The stand-by arrangements enabled it to give immediate assistance to members who were temporarily faced with balance-of-payments difficulties. As convertibility became more widespread, the Fund would have to play an increasingly important part. It would have to make its procedures even more flexible so as to make it easy for countries to call upon the Fund for assistance. There was every reason to believe that it would spare no effort in that direction.

53. He wished to explain his delegation's position with respect to the Czechoslovak matter. Without entering into the substance of the debate, it might be noted that the Government concerned felt that it had had good reasons to refuse to supply certain information and that its arguments had not received sufficient consideration. The Indian delegation believed that more tolerance and understanding should have been shown in the case. Every country had its own preoccupations and point of view. The Governor for India had proposed that Czechoslovakia should be allowed more time to meet its obligations, but the majority of the Board of Governors unfortunately had not concurred.

The meeting rose at 12.50 p.m.



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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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: Brazil, Chile, Colombia, Indonesia, Iran, Uruguay.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Bank for Reconstruction and Development, International Monetary Fund.

AGENDA ITEM 3

Report of the International Monetary Fund (E/2661 and Add.1) (*concluded*)

1. Mr. HOTCHKIS (United States of America) said that the report of the International Monetary Fund for 1954 (E/2661 and Add.1) was encouraging on the whole. Reserves had been strengthened, many countries had relaxed import restrictions, the international payments situation had improved and some progress towards more general convertibility had been achieved.

2. Some areas, unfortunately, had not moved forward with the rest. Inflationary pressures had persisted in a number of countries and had added to difficulties in respect of payments. The Chairman of the Executive Board of the Fund had rightly emphasized the importance of sound monetary and fiscal policies for the maintenance of a healthy economy and for the successful operation of development programmes.

3. In his comments on economic developments in the United States of America, the Chairman of the Executive Board had pointed out that the down-turn in economic activity in 1953/54 had not had the effect on the rest of the world that had been widely feared. He had also drawn attention to the fact that the down-turn had been halted before it had proceeded very far and that most of the ground lost had already been recovered. While no Government could entirely prevent fluctuations, the United States Government would continue to take whatever measures might be necessary to help to minimize instability and to maintain a strong and growing economy.

4. The United States delegation was particularly interested in the efforts made by the Fund to eliminate

exchange restrictions and in its technical assistance programme. The Fund's consultations with members which still maintained exchange restrictions served a valuable purpose and afforded an opportunity to review with each member concerned the problems which appeared to require the continuation of restrictions. With regard to technical assistance, the Fund had helped members to deal with a variety of fiscal and financial problems and had contributed further to the improvement of financial practices by continuing its training programme at headquarters for technicians from member States.

5. The Czechoslovak representative, speaking at an earlier meeting, had charged the United States with responsibility for the termination of his country's membership in the Fund. A decision of that nature could only be taken — as it had been in the case of Czechoslovakia — by the entire Board of Governors, on which all members of the Fund were represented.

6. Mr. HSIA (China) said that the situation had not changed substantially during the period covered by the report of the Fund (E/2661 and Add.1). The internal economy of the Western European nations as a group had not been affected by the inventory recession in the United States of America but had, on the contrary, been strengthened. The internal prosperity of Western Europe in 1953 had been accompanied by a simultaneous improvement in its payments position achieved in spite of rising incomes and the progressive relaxation of trade and exchange controls.

7. The Fund had placed stand-by credits at the disposal of the Western European nations to assist them in their efforts to restore full convertibility to their currencies. However, not a single Western European nation had availed itself of that facility during the financial year which had ended in April 1954. Accordingly the Fund, despite its work in Europe, was in a position to bring the whole of its strength to bear wherever danger threatened.

8. Mr. MIR KHAN (Pakistan) said that his delegation agreed in general with the recommendations the Chairman of the Executive Board had made. It appreciated the fact that the Fund was conscious of the needs of the under-developed countries and hoped that it would avoid rigidity and inflexibility in its policy of assistance to those countries. In advising and agreeing to changes in par values of currencies, the Fund should avoid the disturbing influence of changes in the exchange values of currencies which might seriously affect the stability of primary commodity prices.

9. Mr. CAFIERO (Argentina) said that, in the light of the report of the Fund (E/2661 and Add.1), his delegation maintained the view it had expressed at the Council's eighteenth session (800th meeting) that there was no valid basis for optimism concerning the world economy if viewed in its general framework and not merely from the standpoint of North America, Western Europe and a few other countries in a more favourable economic position.

10. The broad chasm which separated the highly industrialized countries from the less developed countries, to which the Secretary-General had referred at the previous session (799th meeting), remained substantially unchanged. Reference was made in the report itself to the existence of several weak spots in the world economy in 1953, only some of which appeared to have been removed, and perhaps only temporarily, by the beginning of 1954. In that respect, the chief sufferers had been the under-developed countries, in many of which the economic position had actually deteriorated.

11. The Argentine delegation maintained the view that the problem could only be resolved by a more rapid economic development of the under-developed countries. In that connexion, useful work was being done by the regional economic commissions, which deserved the Council's full support. The monetary and financial problems of the world could not be solved until the problem of economic development was dealt with in all its aspects.

12. The Fund should endeavour to devote as much attention as it could to the financial and monetary problems of the under-developed countries and to include in its future reports a separate chapter on that subject.

13. The importance of the subject was reflected in the fact that exports from the highly industrialized countries had increased from 59 per cent of the world total in 1950 to 63 per cent in 1953, whereas exports from the under-developed countries had dropped from 27 per cent to 24 per cent during the same period. Price fluctuations on the world market had contributed substantially to the decrease in exports from countries which produced primary commodities, particularly rubber, tin, cotton, sugar, lead and zinc. Another factor was the existence of large surpluses in some States. It was hardly right to encourage the under-developed countries to produce more, only to find that the States which were potential buyers of primary commodities had built up surpluses or that world prices were substantially lower.

14. The situation with respect to the balance of payments was no more encouraging. Only a very few countries had a favourable balance, and that might well prove temporary.

15. The position had improved somewhat with respect to convertibility. The Fund should make every effort to study the effects of convertibility on the trade problems of the under-developed countries.

16. The Argentine delegation attached importance to anti-cyclical loans, which served to counteract the effects of depressions in the highly industrialized countries and violent price fluctuations on the world market.

17. Mr. SAKSIN (Union of Soviet Socialist Republics) said that under its statute, the International Monetary Fund was to concern itself with eliminating currency and financial difficulties during the post-war period.

18. Many countries had become members of the Fund on the assumption that that international currency and credit organization would aid them in strengthening their currencies, improving their balances of payments and expanding international trade. Eight years had elapsed since the Fund had begun its operations, and it was clear that the Fund was still far from having fulfilled the tasks prescribed in its

statute, because from the very outset, the Fund had been transformed from an international currency and credit organization into a tool of the foreign exchange policy of United States monopolies.

19. Many countries members of the Fund continued to face foreign exchange and financial difficulties, such as adverse balances of payments and continuing inflation. That was particularly true of the under-developed countries, which had been dominated for a long time by the great colonial Powers and whose economy had not recovered from the effects of that domination.

20. Because of that situation, many countries members of the Fund were compelled to maintain currency restrictions, the use of which had been widespread during the Second World War. The currencies of many member countries were being systematically depreciated and devaluated.

21. The Fund's action to remove currency restrictions, to establish convertibility and to simplify foreign exchange systems was being carried out in the interests of the monopolies of the great imperialist countries, the United States of America and the United Kingdom. Faced with serious currency and financial difficulties, the overwhelming majority of the countries members of the Fund did not dare remove currency restrictions. The passages in the report of the Fund dealing with currency restrictions showed that such restrictions continued to exist in more than forty countries members of the Fund. The countries members of the Fund made wide use of currency restrictions as a means of defending their economies against the expansionist policy of the great imperialist countries, in particular the United States of America, and also as a means of mobilizing domestic resources.

22. He did not agree with the statement in the report of the Fund that the position of many member countries had improved during the year under review. The majority, and particularly the under-developed countries, still had exchange difficulties and adverse balances of payments, and many found that their gold reserves were being steadily depleted while the amount of paper money in circulation had sharply increased — a clear sign of inflation.

23. The Fund had extended only a limited amount of credit, and had given large loans to only three Western European countries, all active members of the aggressive North Atlantic bloc. That was another indication of its discriminatory policy. Thus the Fund was pursuing a course which had nothing in common with the purposes and principles of a United Nations organ. In that connexion, he fully supported the charge of discrimination levelled against the Fund by Czechoslovakia, one of its original founders, and noted with deep satisfaction a similar statement by the Indian delegation.

24. Mr. JALIL (Ecuador) commended the Fund for its efforts to provide facilities which could assist under-developed countries to improve their economic situation. The work of the Fund had resulted in greater freedom of trade and a reduction of restrictions in some areas.

25. The improved prospects for convertibility caused some concern in view of the risk of speculation which convertibility might entail in the under-developed countries. The Fund had referred in its report to the fact that it might be necessary to retain exchange controls for some time. It should therefore bear in mind the flexibility of currency markets in the smaller countries.

26. Mr. GINEBRA HENRIQUEZ (Dominican Republic) warmly commended the Board of Governors of the Fund for their efforts to solve some of the world's knottiest economic problems.

27. Mr. ROTH (Managing Director of the International Monetary Fund) said that, in the slight controversy on bilateral agreements which had arisen between the French and the Netherlands representatives at the preceding meeting, the Fund shared the view expressed by the Netherlands.

28. With reference to a point raised by the Yugoslav representative (844th meeting), under-developed countries formed the majority of the membership of the Fund, and the Fund therefore devoted much attention to the problem of convertibility in relation to those countries. Indeed, the Board of Governors would once more discuss the question at its next annual meeting.

29. The Fund was actively endeavouring to encourage greater flexibility in the economy of member States, precisely as the Ecuadorian representative had urged it to do.

30. The question of the membership of Czechoslovakia had been discussed at length by the Board of Governors and there was no point in re-opening it. The decision had been taken by a strong majority, there having been 42 votes in favour of the withdrawal of Czechoslovakia from the Fund, 2 against, 9 abstentions and 4 members absent.

31. He thanked the various representatives for their kind comments on the work of the Fund and said that the Fund would do its best to deserve them. In the last analysis, however, the success or failure of the Fund would depend on the degree of support it received from member countries.

32. Mr. SAKSIN (Union of Soviet Socialist Republic) said that, for the reasons given earlier, his delegation was unable to approve of the report of the Fund and would abstain in the vote.

33. Mr. PSCOLKA (Czechoslovakia) remarked that his delegation also could not approve of the report, for reasons he had explained at an earlier meeting.

34. The PRESIDENT proposed that the Council should take note of the annual report of the International Monetary Fund (E/261 and Add.1).

The proposal was adopted.

SUPPLEMENTARY ITEM I

Representation of the Commission on the Status of Women at sessions of the Commission on Human Rights and of the Social Commission (E/2715)

35. Begum AHMED (Pakistan) said that, in approving the request of the Commission on the Status of Women to be represented at sessions of the Commission on Human Rights and of the Social Commission, the Council would merely be following a precedent it had established in its resolution 48 (IV), by which it had authorized the Commission to be represented at sessions of the Commission on Human Rights and of the Sub-Commission on Prevention of Discrimination and Protection of Minorities. It was worth noting that, because of wise management, five years of such representation had cost the United Nations less than \$600, and she was sure that similar care to keep down

expenses would be taken in the future. The Commission on the Status of Women had wished to avoid duplication of work, and it was for that reason that it had asked the Council to allow it to send a representative to meetings of the other two Commissions at which questions of direct concern to it were discussed. Such a step would be in the interest of the United Nations, and she urged the Council to approve the request.

36. Mr. HOTCHKIS (United States of America) said that the request appeared to be prompted by a desire to achieve closer co-ordination between the three Commissions. The existing co-ordination machinery was, however, adequate, and there was no reason why the members of each Commission should not be thoroughly acquainted with the work of the other Commissions. The type of cross-representation advocated by the Commission on the Status of Women was not only unnecessary but undesirable, as it would prolong each Commission's discussions, focusing undue attention on matters of secondary importance; it would introduce confusion into the Commissions' work programmes; it would interfere with the Council's function of co-ordination; and it might constitute a dangerous precedent leading to unjustified expenditure.

37. He would therefore vote against the Commission's request.

38. Mr. SCOTT FOX (United Kingdom) associated himself with those remarks. The request ignored, and would tend to undermine, the Council's co-ordinating function. Moreover, it was a principle of good administration that no unnecessary expense, however small, should be approved.

39. Mr. PEREZ PEREZ (Venezuela) strongly supported the request. The expense incurred would be negligible, and the Commission on the Status of Women should be permitted to make what he was certain would be a worthwhile contribution to the work of the other two Commissions on subjects in which it was directly interested.

40. Mr. DONS (Norway) said that, in order to facilitate the Council's work, he would introduce the draft resolution which appeared in document E/2715 as a formal draft resolution sponsored by his delegation.

41. Mr. GINEBRA HENRIQUEZ (Dominican Republic) said that he would vote for the Norwegian draft resolution. The cost, which had amounted to only \$120 yearly for the representative of the Sub-Commission on Prevention of Discrimination and Protection of Minorities, would be negligible and would be incurred only when questions of direct concern to the Commission on the Status of Women were at issue.

42. He disagreed with the United States representative that the intervention of a representative of the Commission would tend to prolong discussion of matters of secondary importance; all items on the agenda were of equal importance. Neither could he agree that other commissions might be encouraged to make similar requests; the Council could not prejudge the future. It was true that the Council was a co-ordinating body; but the Commission had wished to assist it and to avoid duplication of discussion.

43. Mr. TSAO (China) observed that the Commission's motives were laudable, but doubted the soundness of the proposed procedure. He could not see how any one representative could speak for the Commission as a whole unless the Commission had taken a firm deci-

sion, since members of the Commission were representatives of Governments. If the Council agreed to the request, it would find it difficult and embarrassing to refuse similar requests from other commissions.

44. Mr. CAFIERO (Argentina) said that the Commission on the Status of Women was not asking for participation in all the sessions of the other commissions, but only at meetings at which questions of direct concern to it were being discussed. Similar requests would be made only in exceptional cases. The Commission had thoroughly discussed the matter and its financial implications and had adopted the resolution by 11 votes, with only 3 opposing, a majority which showed that all doubts had been disposed of. Debates would in fact be shortened, since certain matters could be decided at once, without need for special reference to the Commission. His delegation had always held out strongly against any undue expenditure; but it would not support the saving of a relatively small sum against the legitimate wishes of the Commission on the Status of Women.

45. Mr. EPINAT (France) said that he had no doubt that the participation of a representative of the Commission on the Status of Women might throw light on some points, but the disadvantages outweighed the advantages. The French delegation would not object to the request, if it were for participation at a stated session on a specific point. That a representative of the Commission should have attended the Commission on Human Rights to deal with specific sections of the draft of the international bill of human rights concerning women had been reasonable enough. But the Council was being asked to lay down a general principle; his delegation could not agree to that course.

46. Mr. KOS (Yugoslavia) observed that the Yugoslav representative on the Commission on the Status of Women had voted for the participation of a representative in the work of the Social Commission, but had abstained, for practical reasons, with regard to participation in the work of the Commission on Human Rights. Nevertheless, he could not support the draft resolution because it laid down a principle and might set a precedent. The Council was the co-ordinating body for the functional commissions and could transmit an item from one commission to another, if need be; that was a proper method of co-ordination and made the Secretariat's work easier. In any case, procedurally it would surely be more appropriate for a commission which needed the collaboration of another commission to ask for it. His objection to the principle involved did not preclude approval of a request on some specific matter. He would abstain.

47. Begum AHMED (Pakistan) said that she was sorry that the United States representative seemed to think that any point of direct concern to women might be a secondary matter.

48. She could not agree with the United Kingdom representative's view that the adoption of the draft resolution would undermine the Council's co-ordinating function, as the Council itself had adopted resolution 48 (IV), in which a similar procedure had been ap-

proved. She could not assume that it was no longer needed.

49. The Chinese representative's contention that no single member could represent the entire Commission on the Status of Women was invalid; the representative would merely explain the discussion already conducted by the Commission and attempt to bring the other Commissions over to the majority opinion expressed by it.

50. She could not agree with the French representative; the draft stated that participation would be requested only for questions of direct concern to the Commission; it was not a request for participation in the discussion of all items at all sessions. The draft resolution set no precedent; that had been set by the Council itself in resolution 48 (IV).

51. She asked for a vote by a roll-call.

52. Mr. LALL (India) remarked that he had intended to vote against the draft resolution, but the Pakistan representative had convinced him that there was something to be said for it; he would therefore abstain.

53. Mr. HOTCHKIS (United States of America) denied that he had meant that items of direct concern to women were likely to be of secondary importance. On the contrary, since almost all items were likely to be directly or indirectly of concern to them, discussion in the other Commissions would be unduly protracted.

54. The PRESIDENT put to the vote the draft resolution contained in document E/2715, and sponsored by Norway.

A vote was taken by roll-call.

Argentina, having been drawn by lot by the President, was called upon to vote first.

In favour: Argentina, Dominican Republic, Ecuador, Egypt, Norway, Pakistan, Turkey, Venezuela.

Against: Australia, China, France, Netherlands, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Czechoslovakia, India, Union of Soviet Socialist Republics, Yugoslavia.

The draft resolution was adopted by 8 votes to 6, with 4 abstentions.

55. Mr. ROGERS (Australia) explained that he had voted against the resolution because certain salient objections had not been satisfactorily answered. The precedent set in resolution 48 (IV), paragraph 3, was not applicable to the case under discussion, as the Commission on the Status of Women had been at that time merely a sub-commission of the Commission on Human Rights. That decision had been adopted before the Council, in resolution 557 (XVIII), had redefined the responsibilities of the functional commissions and the overriding responsibility of the Council. A request such as that made in the resolution should not be granted unless the usual channels had been shown to be inadequate.

The meeting rose at 4.55 p.m.



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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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, Colombia, Indonesia, Iran.

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 Bank for Reconstruction and Development, International Monetary Fund.

AGENDA ITEM 4

Report of the International Bank for Reconstruction and Development (E/2668 and Add.1)

1. Mr. BLACK (President of the International Bank for Reconstruction and Development) said that the Bank had been very active during the year 1954 and had achieved considerable results. He proposed to give a brief account of recent activities and then go on to discuss some of the future possibilities.

2. During the period under review, the volume of loans granted by the Bank had been maintained at a high level. The report before the Council (E/2668) recorded loans totalling \$324 million for the financial period ending 30 June 1954. In the past nine months the Bank had lent the equivalent of about \$275 million, which brought the total for the period under review to \$600 million, as compared with \$454 million for the period previously reported on. Various countries all over the world had benefited from the loans granted during the past nine months, of which \$145 million had been provided for the improvement of transport, more than \$60 million for the generation of new supplies of electric power and about \$70 million for the development of agriculture and industry. The total figure for the loans granted by the Bank had reached some \$2,190 million for more than 450 different projects.

3. The stage had been reached where projects financed by loans granted by the Bank were producing tangible results. In Finland, as a result of the modernization of pulp and paper plants, the export capacity of the wood products industry had risen by 10 per cent. In Iceland, farming conditions had improved so much that the number of sheep had already reached the

figure originally planned for 1960. In Pakistan, diesel locomotives were performing an excellent service and in West Pakistan alone foreign exchange savings resulting from reduced expenditure on fuel amounted to about \$1 million a year. In Peru, the modernization of port installations at Callao and the rationalization of methods of handling cargo had enabled operations to be so speeded up that shipping companies no longer levied a 25 per cent surcharge on freight handled at Callao. The economies thus effected had reached some \$2 million a year, whereas the loan granted by the Bank had been \$2,500,000. In Australia, the mechanization of agriculture had enabled producers to attain already the agricultural targets set for 1957-1958. Finally, the new electric power-stations installed in Brazil, Chile, Colombia, El Salvador, Mexico, Nicaragua, Uruguay and Southern Rhodesia had led to an increase of 945,000 kilowatts in the total generating capacity of those eight countries.

4. At the same time, the financial resources of the Bank had been considerably strengthened. In particular, it had found fresh investors of private funds outside the United States of America, which had up to then been the main source of its capital. During the previous nine months, the Bank had sold bonds totalling about \$90 million in a number of different countries. They included an issue of 40 million guilders in the Netherlands, an issue of 5 million pounds sterling in the United Kingdom, an issue of 15 million Canadian dollars in Canada and an issue of 50 million United States dollar bonds in twenty-three countries outside the United States of America. Both the new issues and the older issues were at a premium everywhere.

5. In addition, total repayments up to 31 March 1955 had amounted to \$137 million. A number of borrowers had made substantial repayments in advance: the Netherlands, for instance, had already repaid \$103,200,000 and Iraq \$6,800,000. Those were heartening indications of the economic progress which had been achieved by member States.

6. Finally, he attached significance to the greatly increased participation of private capital in the lending activities of the Bank: between the beginning of the current fiscal year and 1 April 1955, \$110 million had been provided by various investors.

7. The Bank was not, however, a credit institution only. It was also very active in the matter of technical assistance. Its general survey missions were continuing to help Governments to work out their development programmes. A survey mission had left for Jordan at the end of March. The reports of the missions to Nigeria, Syria, and Malaya had been or were being communicated to the Governments concerned. The useful work being done by the Bank missions to Japan, Iran and Colombia, and the surveys being carried out in India and Pakistan were also worthy of note. New resident representatives had been appointed at the request of the interested Governments, in Ecuador, Guatemala and Honduras, among other places. An

expert had recently arrived in Ceylon to help establish an institute of scientific and industrial research, of which he would be the first director, as a joint project with the Technical Assistance Administration. Finally, the Bank would shortly be establishing an economic development institute which would provide a forum for the exchange of ideas and a place where representatives of many countries could join in six-month seminars, the first of which was to open in January 1956.

8. An outstanding development in recent months had been the increase in the volume of private international investment. The Bank was encouraging that trend, which held great promise for the economic development of many countries. To date, the Bank had launched twenty-three bond issues in five different currencies. The equivalent of \$852 million in bonds had now been issued, \$490 million of which had been subscribed by private investors in the United States of America; of the issues outside the United States, \$220 million had been paid for in United States dollars and the remaining \$142 million in pounds sterling, Swiss francs, Dutch guilders and Canadian dollars. The Bank also sold its loans. Originally, the Bank had nearly always guaranteed such loans, but it was now able to transfer them without guarantee, because of the confidence engendered by its credit policy and the economic progress being made in the member countries. The participation of private capital in loans granted by the Bank totalled about \$213 million and was increasing. Until recently, the main participators had been commercial banks, which had taken the short maturities of the Bank loans, but insurance companies had begun to purchase maturities of up to ten years.

9. There was one recent operation of particular interest. Belgium had obtained a \$50 million loan for five transport projects. The Bank had lent \$20 million at long term and the balance had been obtained by the public sale of short-term and medium-term securities. A similar operation was being discussed with the Government of Norway.

10. By various methods, the Bank had been able to mobilize about \$1,000 million of private capital for international investment. Investors were encouraged by the Bank's example, as had been seen in the case of the Sue Gas Transmission Company in Pakistan. That company, to which the Bank had lent 5 million pounds sterling in June 1954, had sold all its shares without any difficulty in Pakistan and the United Kingdom; the stock was now selling at 45 per cent above the issue price. The Bank had also made a loan, in March 1955, to the Industrial Credit and Investment Corporation of India, 70 per cent of the share capital of which had been subscribed by private investors in India and the rest by United Kingdom and United States investors. The lending activities of the Bank were also bringing about the establishment of new enterprises in the countries that received loans. A case in point was the extraordinarily rapid industrial development since 1950 of the city of Cali, in Colombia.

11. Considerable progress had been made but the future held even greater promise. Greater encouragement must be given to private enterprise. An important step in that direction would be the creation of the international finance corporation. The Bank was completing the draft charter for the corporation, and would shortly submit it to Bank members. The following arrangements were envisaged; any member of the Bank

could join the corporation, in which case its representative on the Board of Governors of the Bank would automatically be a governor of the new institution. Those of the Executive Directors of the Bank who represented at least one Government which became a member of the international finance corporation would constitute the board of directors of the corporation, the chairman of which would be the President of the Bank. The president of the corporation would be appointed by its board of directors, on the nomination of the President of the Bank. Financially, the international finance corporation would be entirely independent of the Bank; it would have an authorized capital of \$100 million subscribed by member Governments on a basis proportionate to their subscriptions to the Bank. The corporation would come into existence as soon as its charter had been accepted by at least thirty Governments whose subscriptions totalled not less than \$75 million.

12. The international finance corporation would be able to engage in types of financing from which the Bank was excluded. It would be able to make loans without obtaining Government guarantees. It would not invest in capital stock, but it would help private companies by purchasing, for instance, securities which would give it a right to participate in the profits of the enterprise and which, when sold to private investors, would be convertible into capital stock. The international finance corporation would not assume management responsibility and it would be under obligation to revolve its funds by selling its investments to private investors at regular intervals.

13. The corporation would be successful to the extent to which it stimulated the flow of private capital. It would supplement, and not replace, private investment. Many different kinds of financing arrangements would be open to it thanks to the flexibility of its methods. Its activity would not be restricted to that of a mere investor; it should also serve as a clearing-house to bring together investment opportunities, management and private capital, and thus help to facilitate the solution of existing problems.

14. Private investors were gaining confidence in the prospects of economic development, and such a trend should be encouraged. There were of course certain rules which everyone must obey. Investors must take into account the general economic requirements of the host country and not their own interests only, while countries that required private capital should make a positive effort to attract it and should not merely announce that they were willing to "allow" it to enter. Governments must show private capital that it was welcome.

15. Opportunities for economic development were varied and complex. Both Government action and private enterprise were required to develop a country's resources; an effective partnership between the two types of activity was needed. The Bank's record showed that a partnership of that kind could produce excellent results.

16. Mr. FAHMY (Egypt) thanked the President of the Bank for his enlightening statement and, on behalf of the Egyptian Government, welcomed the Republic of Indonesia as a member of the Bank.

17. He wished it to be understood that the remarks he was about to offer were not made in a critical spirit but were intended to be constructive.

18. A high priority should be assigned to projects which were essentially productive or which would lead to an increase in the productive capacity of the borrower. In that way, the Bank would help the under-developed countries to create a favourable atmosphere for foreign investment. The Bank should therefore not hesitate to come to the aid of the under-developed countries and to finance such projects.

19. Under its Articles of Agreement, the Bank was bound to make its resources and services available to all members; he emphasized the words "all members", for objective consideration of the information given in the report (E/2668) showed that there had been no major change during the past financial year in the scale of the operations of the Bank in Asia and the Middle East. It was clear that the loans to the Middle Eastern countries were far from meeting the needs of the area. The information available (E/2668, pp. 16 to 18) showed that the Bank had confined itself to sending missions to the Middle East to appraise the economic possibilities of certain countries or to assess the soundness of certain projects. Egypt hoped that the Bank would proceed to the stage of financing and would provide the funds required for the execution of projects which fulfilled the conditions laid down in the Articles of Agreement.

20. Egypt had always favoured the establishment of an international finance corporation, and it welcomed the encouraging information which the Council had been given. The Bank should redouble its efforts to persuade other countries to follow the example of the United States of America and it should work in close co-operation with other international organizations, such as the United Nations, the specialized agencies and the International Monetary Fund.

21. Egypt had introduced changes in its legislation in order to attract foreign capital by providing proper guarantees. It gave priority to projects which would increase the country's productive capacity and national income, such as the project for a hydroelectric power-station coupled with a fertilizer plant.

22. Finally, he stressed his country's interest in the work of the Bank, as was evidenced by its subscription to capital stock (E/2668, p. 52), which was larger, not only than that of all the other Middle Eastern countries, but also than that of many European countries.

23. Mr. HOMAN (Netherlands) agreed with the President of the Bank that the system of bilateral payments and barter arrangements was being dismembered, and considered that to be a welcome development.

24. The Bank had, on the one hand, to show great prudence in its operations and, on the other, to increase the pace of economic development. It had fortunately been able to reconcile those two principles which appeared to be somewhat contradictory. The Chairman of the Board of Governors had rightly emphasized the need to stimulate the economic development of under-developed countries and to direct the flow of available capital into works where it could yield the greatest benefit. In that connexion, the establishment of an economic development institute would undoubtedly be a very promising step. Industrialization was not the only target; attention must also be given to agriculture and transport. The object was to achieve the integrated development of the under-developed countries, and the Bank, according to the figures in its report, appeared to be guided by that principle.

25. He acknowledged with gratitude Mr. Black's tribute to the Netherlands as an outstanding example of the way in which a country could improve its economic position. Originally a debtor country, the Netherlands was now in a position to provide the Bank with capital. That development had been made possible by the Government's well-conceived economic policy, the public's understanding, and the benefits of membership in the Organization for European Economic Co-operation and the European Payments Union.

26. Mr. KAMAT (India) called the Council's attention to what he described as the internationalization of the International Bank. At the end of the 1953-1954 financial year 36 per cent of the Bank's bonds had been sold outside the United States of America; as a result of new issues the figure had probably risen to 45 per cent. The figures indicated not only an improvement in the international monetary situation in recent years but also the fact that investors interested in long-term investments had the greatest confidence in the Bank's operations. The Bank's freedom of action had been substantially extended as it no longer depended upon capital from a single country.

27. The sale of obligations from the Bank's portfolio to private investors was of considerable importance and there had been an increase in sales without the Bank's guarantee. Moreover, the Bank's loans were being financed to an increasing extent by individuals, a development that should be encouraged. The primary objective was to promote a flow of private capital to the under-developed countries. Investors in the industrial countries should therefore be informed of investment opportunities in the under-developed countries.

28. The Indian Government had set up the Industrial Credit and Investment Corporation of India with the assistance of the Bank, which had provided the initial funds. The Corporation, which had recently opened its offices at Bombay, had issued shares in the amount of \$10 million. The capital had been subscribed by Indian, United Kingdom and United States investors. It had also received a \$15 million loan from the State. The establishment of the Corporation was of capital importance to the economic development of India and was particularly timely as industrialization was to be the main goal of the Indian Government's second five-year plan. The Corporation, which would be managed by Indian, United Kingdom and United States businessmen and industrialists, would keep foreign investors informed of the problems involved in the industrialization of India. The loans made by the Bank to Asia and the Middle East represented less than \$300 million out of a total of over \$2,000 million. For the financial year 1955-1956, for instance, India intended to earmark \$1,500 million for economic development. The Bank should grant larger loans to countries in that part of the world and show greater willingness to take risks.

29. The international finance corporation would necessarily operate on a relatively modest scale as its initial capital would only be \$100 million. It would nevertheless play an important part by stimulating private investment in profit-yielding undertakings. The Bank should therefore be commended for the efforts it had made to secure the earliest possible establishment of the international finance corporation, which would be able to draw on the experience and staff of the Bank.

30. Mr. ULLRICH (Czechoslovakia) observed that, as of 31 January 1955, the Bank had granted 112 loans

totalling \$2,000 million to thirty-six countries, although it had a subscribed capital of over \$9,000 million. It practised a policy of discrimination in granting loans. It had not granted a single loan to an Eastern European country despite the heavy damage which that part of the world had suffered as a result of the Second World War, and the fact that Czechoslovakia and Poland had been among the first countries to apply for loans.

31. Loans to the under-developed countries represented only 40 per cent of the total loans made by the Bank. Moreover, two-thirds of the funds lent by the Bank had been spent in the United States of America. Lastly, only 9 per cent of the loans had been used for industrial development. In the under-developed countries the Bank based its action on strategic considerations and sought to increase the production of raw materials. It had thus become an instrument of the traditional policy of the Western monopolies.

32. In its report, the Bank blamed the under-developed countries themselves for their inadequate development, which it attributed to such factors as administrative difficulties, lack of political maturity, the absence of initiative, the low standard of culture and education, and the social and economic structure. It had not even attempted to indicate the real reasons why some countries were extending their control over the world's resources while others were becoming increasingly poor.

33. In the circumstances, it was not surprising that the Bank had in recent years been the target of justified criticism by the under-developed countries which felt that it had not given sufficient attention to their needs. The Bank had clearly failed to attain the objectives set with respect to economic financing. That was one reason why the under-developed countries favoured the establishment of new international financial institutions.

34. Mr. FORSYTH (Australia) thanked the President of the Bank for his helpful statement. He also expressed his delegation's appreciation of the highly informative report of the Bank (E/2668 and Add.1).

35. Citing figures regarding the loans granted by the Bank, its subscribed capital, and its disbursements in 1952-1953, he said that for the Bank to have extended its lending operations as it had done in recent years was an achievement of considerable significance.

36. In 1953-1954 the Bank's disbursements repayable in currencies other than United States dollars had amounted to \$82 million or 27 per cent of the total for the year, nearly equal to the total of such disbursements in all previous years. It reflected the larger sums made available to the Bank from capital subscriptions paid in non-dollar currencies and from borrowing outside the United States of America.

37. Australia would welcome a high volume of lending, but it was important to remember that the Bank must be cautious and be managed in accordance with accepted banking principles and procedures, the more so as it was placing growing reliance on the sale of bonds as a source of finance. The Bank had been able to liberalize its policy in recent years and an increasing proportion of the loans granted had been made to under-developed countries, to which it also provided technical assistance.

38. Australia, which had received four loans totalling about \$260 million between August 1950 and March 1955, was one of the Bank's largest borrowers. As a country engaged in a high rate of economic expansion and in absorbing large numbers of immigrants, those

additions to the capital available for development purposes were welcomed. They represented an important contribution to the current high level of investment. Australia had never claimed special privileges. In submitting its applications it had provided the information requested, and felt that the judgment of the Bank in approving the loans would certainly not be misplaced.

39. Sir Alec RANDALL (United Kingdom) said that the Bank carried on its operations under outstandingly skilful management. In the past the lending operations of the Bank appeared to have been restricted not so much by a lack of funds as by the absence of effective demand for loans. That could be explained, *inter alia*, by the Bank's policy of granting loans for the execution of projects rather than comprehensive programmes. The United Kingdom delegation was therefore gratified that the Bank, by liberalizing its credit policy, was continuing its efforts to increase and accelerate its contribution to economic development.

40. The efforts made by the Bank to adapt its methods to meet new requirements were reflected in the loan made to Belgium in December 1954 and the loan made to the Industrial Credit and Investment Corporation of India.

41. The Bank had consistently emphasized that its reserves in currencies other than the United States dollar should be increased. It had achieved satisfactory results in that respect and, at the end of the previous financial year, 38 per cent of its funds had been obtained from countries other than the United States. It was nevertheless continuing to channel private United States capital to the under-developed countries. The flow of dollars to the rest of the world was important and it was a matter of satisfaction that the dollar loans from the Bank during the previous financial year had increased to \$220 million, compared with \$187 million for the year 1952-1953.

42. In February 1953, the United Kingdom Government had decided to release 18 per cent of its subscription in sterling over a six-year period to a total of £60 million; on condition that the Bank used the capital for the execution of development projects in the Commonwealth sterling area, which made a significant contribution either directly or indirectly to the balance of payments of the sterling area. Under the same conditions, the United Kingdom Government had agreed to release funds to be lent by the Bank to participants in the Colombo Plan which were not members of the Commonwealth. Nearly £14 million had already been committed for the execution of projects in India and Pakistan. He went on to refer to various steps taken to release the United Kingdom's contribution and authorize the Bank to issue bonds on the London market.

43. The Bank was to be commended on the work of the missions which it sent to member countries to study development possibilities and help in the preparation of long-term programmes. The Bank's missions to Nigeria and Malaya had carried out their task with remarkable efficiency.

44. Mr. SIMONNET (France) wished to congratulate the President of the Bank and his staff on the manner in which they discharged their duties. By its highly effective action the Bank was helping the Economic and Social Council to promote the economic development of the under-developed countries despite the restrictions on its action.

45. The Bank required solid credit in order to carry out its function as a lender and could therefore only invest its capital in sound enterprises. It had fully achieved its aim, for during the past financial year the Bank had been able to obtain substantial additional resources, 60 per cent of which had been furnished by countries other than the United States of America: that development was proof of the economic recovery of a number of countries which were now lenders rather than borrowers and could in future play their part in the practical application of the principle of international solidarity.

46. The Bank also had advisory functions and was strengthening its ties with the under-developed countries, which it provided with information on methods of achieving balanced economic development.

47. The scope of the Bank's operations were, however, necessarily limited; in particular, the Bank could only make loans that were guaranteed by the Governments concerned. That was why the establishment of agencies with more flexible methods had been considered. The French delegation was gratified that great progress had been made with the work on the international finance corporation. That corporation would have to maintain close contact with the Bank, which was the only body with the necessary experience and competent staff, and it would promote stronger ties between the Bank and the Economic and Social Council. In conclusion, the French delegation would suggest that the corporation, like the Bank and the Fund, should report annually to the Council on its operations.

48. Mr. WYNNE (United States of America) associated himself with the expressions of appreciation addressed to the President of the Bank.

49. There was no denying the public's confidence in the Bank: the Bank's issues of bonds on the private capital market were highly successful. The funds which the Bank had been able to raise by various means had made possible a substantial increase in the resources available for further loans. In that connexion, it was gratifying that the funds obtained by the Bank in countries other than the United States of America had steadily increased and had represented 38 per cent of the total at the end of 1954.

50. When it made a loan, the Bank did not confine itself to studying the various aspects of the project to be executed. It made sure that the construction work would be in the hands of qualified technicians and under competent management. It followed closely the execution of the project. It wished in particular to make sure that the loans made by it contributed to the expansion of production and the raising of the level of living of the country concerned.

51. He welcomed the Bank's decision to set up an economic development institute in which senior officials of member States would be able to increase their knowledge of economic development problems.

52. In conclusion, he said that he was satisfied with the progress made in drafting the charter of the international finance corporation.

Mr. Brilej (Yugoslavia), Second Vice-President, took the Chair.

53. Mr. ALFONZO RAVARD (Venezuela) thought that the Bank was making a valuable contribution to

the financing of economic development in the under-developed countries. His delegation was deeply interested in the credit policy of the Bank and was gratified by the favourable response to the Bank's bond issues. The sections of the report entitled "Economic Appraisal" and "Preparation and Planning" (E/2668, p. 5) showed that the Bank was making every effort to achieve the objectives for which it had been established and which frequently went beyond strictly financial operations.

54. He noted with satisfaction the part played by the Bank in the field of technical assistance. He thought that Mr. Black's statement, in which he had stressed the stimulating effect of the operations of the Bank on the participation of private capital in economic development, had been extremely valuable. He hoped that closer collaboration might be established between the Bank and private investors, the more so as the development of Venezuela had been initiated by private investors.

55. Venezuela was in favour of the establishment of an international finance corporation which would undertake financing operations outside the scope of the Bank: it would in particular make loans without Government guarantee.

56. Mr. SAKSIN (Union of Soviet Socialist Republics) said that according to the report of the Bank, its operations were in conformity with the purposes for which it had been established. But the facts showed that on the contrary the Bank had looked after the interests of American monopolies, which had nothing to do with the United Nations Charter.

57. The Bank had done nothing by its credit policy to promote the economic development of the under-developed countries or the rehabilitation of the countries which had suffered most heavily during the Second World War. It was noteworthy that the countries of Asia and the Middle East had received only 12 per cent and the African countries 10 per cent of the funds loaned by the Bank. When making loans, the Bank was guided neither by its Articles of Agreement nor by the relevant Articles of the Charter of the United Nations, but solely by political and strategic considerations.

58. As the Czechoslovak representative had already pointed out, the Bank had never seen fit to make a loan to any Eastern European country. It had refused loans to Poland and Czechoslovakia although it was in principle under an obligation to furnish assistance to areas which had suffered heavy damage during the war. On the other hand, the Bank had made substantial loans to countries which had not suffered to such an extent from the war and had since become members of the Atlantic bloc.

59. Extensive loans from the Bank were designed to promote the production of strategic raw materials. Loans for manufacturing industries, on the other hand, represented only 8 per cent of the total loans granted by the Bank. Only 10 per cent of the loans granted for economic development had been for industry.

60. The Bank followed a policy of high rates of interest, which was particularly disquieting to the under-developed countries. Finally, through its loan policy, it was making its borrowers increasingly dependent on the United States of America. Borrowers were obliged to buy goods at the prices fixed by American

monopolies, which were higher than normal competitive prices.

61. The Bank sent missions to some countries to study the financing of projects; in point of fact, those missions were trying to gain control for the Bank over the economy of the borrower country. In that connexion, the Bank was taking a special interest in the countries bordering on the Soviet Union.

62. For all those reasons, the USSR delegation was unable to approve of the activities of the Bank, which were contrary to the provisions of the United Nations Charter relating to economic co-operation between States Members of the United Nations. It would accordingly abstain from voting on the report of the Bank.

The meeting rose at 12.55 p.m.



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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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, Colombia, Indonesia, Iran, Uruguay.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Bank for Reconstruction and Development, International Monetary Fund.

AGENDA ITEM 4

Report of the International Bank for Reconstruction and Development (E/2668 and Add.1) (*concluded*)

1. Mr. NAIK (Pakistan) said that the report of the International Bank for Reconstruction and Development (E/2668 and Add.1) showed that that institution was established on a solid basis and might be expected to be even more active in the near future, when the international finance corporation was established. It was to be hoped that the corporation's activities would not be restricted to any particular geographical area and that the Bank would collaborate in the operation of the proposed special United Nations fund for economic development. The Bank should explore the prospects of helping the under-developed countries with loans to be applied to the peaceful uses of atomic energy in industry and agriculture. He hoped that the Bank would be able to stimulate the establishment of a new credit institution in Pakistan similar to the Indian corporation it had assisted. The Bank had been of political value through its economic

aid, notably with regard to a canal scheme between India and Pakistan.

2. Mr. BRILEJ (Yugoslavia) said that he had noticed with satisfaction that approximately half the loans approved had gone to the under-developed countries and that the proportion of loans approved in inconvertible currencies had increased from 10 to 16 per cent. It was to be hoped that the policy of the Bank would be to approve more loans to the under-developed countries for economic development.

3. It had been said that the resources of the Bank were considerably greater than the value of the projects submitted to it for financing. The restrictive investment policy of the Bank seemed to be determined by an interpretation of its Articles of Agreement to the effect that in approving a loan it should pay due regard to the borrower's ability to meet the obligations under the loan and to the currencies in which service obligations could be met, and that it should concentrate its lending on projects designed to contribute directly to productive capacity and would not normally finance community projects of a primarily social character.

4. Unlike private investors, the Bank was not linked directly to individual profit-bearing projects financed by it, but to the secondary profit to which the projects gave rise, and that profit had to be taken in a convertible currency. That naturally greatly limited the range of action of the Bank. Its action was further limited by the narrow interpretation given to the concept of credit-worthiness, which was defined not only on the basis of a country's economic strength, but also on that of its past debt record. As most under-developed countries had been unable to service their debt during the economic crisis, they were regarded as risky debtors. Although the Bank did not have to insist on the profitability of individual projects, it had to insist on the ultimate profit in specific currencies, which meant that it could finance only projects which directly or indirectly contributed to an increase in exports. The Governments of under-developed countries, however, often had to give the highest priority to projects which were unlikely to increase exports. Even though the capital available to the Bank was to be increased, the Bank could not, with its current investment policy, do much to solve the problem of financing economic development as a whole.

5. The international finance corporation proposed by the General Assembly in resolution 823 (IX) would to some extent complement the current operations of the Bank, especially if it was not limited to productive private enterprises, but was extended to include all kinds of non-governmental enterprises.

6. In discussing the industrialization of the under-developed countries, delegations had stressed the need for a parallel development of agriculture and industry. Agriculture was an area in which the Bank could be especially useful, but only 7 per cent of the loans approved up to the end of June 1954 had been for agriculture. Although the development of agriculture

often did not bring direct dollar earnings, it frequently replaced food imports which had to be paid for in dollars. The General Assembly had laid stress on the need for loans for agricultural development in resolutions 524 (VI), 625 (VII) and 826 (IX), and the Council had done so in resolution 512 (XVII).

7. Mr. CAFIERO (Argentina) said that the figures given in the report of the Bank (E/2668 and Add.1) showed that only a small sum had been lent annually in comparison with what was needed for a significant economic development. The inclusion in future reports of a separate chapter on the needs of under-developed countries grouped broadly by region would be very useful. The inadequate way in which those needs had been met was shown by the fact that 46 per cent of the loans approved had gone to the highly developed countries — although reconstruction loans were to some extent the explanation of that high percentage — 15 per cent to the developing countries and the remainder to the under-developed countries. He was sure that the Banks was aware of the importance of more concentration on help to the under-developed countries, especially in Latin America. Most of the loans had been made for electric power and transport projects; more attention should be paid to agriculture and industry.

8. The change in the attitude of Governments towards the international finance corporation was as welcome as it had been sudden; but that it had been so tardy was regrettable. As he had stated at the 845th meeting, in connexion with the report of the International Monetary Fund (E/2661 and Add.1), his delegation attached importance to anti-cyclical loans, for the reasons it had then given.

9. Mr. JALIL (Ecuador) observed that the Bank's collaboration had been most useful to his country in a project in 1954 to bring uncultivated land under cultivation and for its technical advice in the establishment of the Co-ordination and Economic Planning Board (Junta de Coordinación y Planificación Económica) in Ecuador. It was to be hoped that such collaboration would be increased in the future. The fact that the Bank was devoting more attention to the under-developed countries was to be welcomed.

10. Three promising developments were the increasing internationalization of the Bank, the increasing participation of international private capital and the proposed establishment of the international finance corporation. Especially welcome was the Bank's general training programme and recent developments therein. Under-developed countries lacked not only capital, but trained technical and administrative staff.

11. As the Ecuadorian delegation had indicated during the (843rd meeting) debate on economic development, Ecuador was doing its utmost to attract foreign capital and thus to merit further attention from the Bank.

12. Mr. BLACK (President of the International Bank for Reconstruction and Development), replying to observations made during the debate, said that the Bank was very anxious to develop business in the Middle East and had accordingly established a regional office at Beirut. Possible loans to Egypt, Lebanon, Pakistan and Syria were under discussion.

13. He welcomed the French representative's suggestion (846th meeting) that the international finance corporation should submit annual reports.

14. The Yugoslav representative's suggestion that the Bank's policy was to finance only projects which produced profits in convertible currencies was not correct. The projects were not required to be self-liquidating in a certain type of currency, but the Bank did require that the borrower should be able to repay in the currency in which the loan had been made. It was true that the Bank took account of a borrower's previous credit record and that defaults had to be settled before a new loan was made. Experience had shown the wisdom of that policy. Most countries had settled, and their improved credit standing had attracted private investment. He entirely agreed that agricultural development was most important. An examination of the reports of survey missions would show that the Bank had been consistent in its approach to the problem. The reason why loans to agriculture had been small was that they were required in the local currency and it was complicated to make a great many small loans. The loans for power and transport, however, were in fact for agricultural purposes.

15. The Argentine representative had stated that not enough attention had been paid to the under-developed countries; but there was no agreement on what was an under-developed country. More than half the loans had gone to areas outside Europe, to under-developed areas. The Bank certainly regarded the promotion of economic development as its main activity.

16. The Czechoslovak and USSR delegations had complained that no loans had been made to Eastern European countries. In fact three loans, totalling more than \$60 million, had been made to Yugoslavia. None had been made to other countries in that area, because they were not members of the Bank. It was interesting that the main criticisms of the Bank came from non-members. The accusation that the Bank was exploiting, not assisting, the under-developed countries for the benefit of monopoly groups in the highly industrialized countries had been fully answered by the representatives of the under-developed countries which had had experience of the activities of the Bank.

17. Mr. ULLRICH (Czechoslovakia) pointed out that Czechoslovakia, which was an eastern European country, had been a member of the Bank until certain discriminatory measures had rendered its continued membership impossible.

18. The PRESIDENT proposed that the Council should take note of the report of the International Bank for Reconstruction and Development (E/2668 and Add.1).

It was so agreed.

Credentials of representatives to the nineteenth session of the Council (E/2720)

19. The PRESIDENT informed the Council that he and the Vice-Presidents had examined the credentials of the representatives to the nineteenth session and had found that proper credentials had been communicated by the representatives of all members of the Council.

20. Mr. SOBOLEV (Union of Soviet Socialist Republics) said that his delegation maintained the view it had expressed at an earlier meeting that only a representative of the Central People's Government of the People's Republic of China was qualified to represent China in the Council.

21. Mr. ULLRICH (Czechoslovakia) said that his delegation had already protested against the presence in the Council of a Kuomintang representative who unlawfully occupied China's seat.

22. The PRESIDENT pointed out that he and the Vice-Presidents had fully discharged their responsibility under rule 19 of the Council's rules of procedure.

The Council took note of the report of the President and Vice-Presidents on the credentials of representatives to the nineteenth session of the Council (E/2720).

AGENDA ITEM 8

Slavery (E/2673 and Add.1 to 4, E/2679 and Add.1 to 4, E/2708, E/2718)

23. The PRESIDENT observed that a statement on slavery had been made to the Council Committee on Non-Governmental Organizations by the representative of the Anti-Slavery Society of the United Kingdom. A summary of the statement would be found in the record of the 152nd meeting of the Council NGO Committee (E/C.2/SR.152).

24. In its report the Social Committee had recommended to the Council for adoption a draft resolution (E/2718, para. 3) whereby the Council would be required to elect a committee to draft a supplementary convention for submission to the Council at its twenty-first session.

25. Mr. STIKKER (Netherlands) said that the draft resolution accurately reflected his delegation's position. The Netherlands was convinced that the International Slavery Convention of 1926 should be supplemented. Every effort should therefore be made to draft a supplementary convention for submission to the Council at its twenty-first session. In that connexion, he proposed that the committee to be entrusted with the preparation of the supplementary convention should consist of representatives of ten States currently members of the Council.

26. Mr. SOBOLEV (Union of Soviet Socialist Republics) said that the USSR had consistently favoured United Nations action to eradicate slavery throughout the world. It had, however, objected in principle to the Council's decision to appoint a special rapporteur instead of a committee to study the question of slavery. The report (E/2673 and Add.1 to 4) submitted by Mr. Engen, the Rapporteur, had merely served to confirm the Soviet delegation's earlier misgivings. Although directed by the Council to prepare a concise summary based on information from Member States and the International Labour Organisation, the Rapporteur had shown a marked lack of objectivity. While declining responsibility for the accuracy of the information he had received, he should nevertheless have omitted information from dubious sources. Instead, he had included data from Kuomintang sources in which the People's Republic of China was charged with the practice of slave labour. In view of the fact that the People's Republic of China was not represented in the Council because of United States opposition and was thus unable to defend itself against the slanderous charges included in the report, the USSR Government had requested the Secretary-General to publish extracts (E/2708) from the Constitution of the People's Republic of China concerning political and economic rights and guarantees of free creative labour for citizens of the Chinese nation. The

constitutional provisions thoroughly refuted the slanderous allegations in the Special Rapporteur's report.

27. During the five years which had elapsed since the formation of the People's Republic of China in 1949, the Chinese people had done a tremendous amount of work in reconstructing and developing its domestic economy. In accordance with the principles of the Constitution, 428 million peasants had been freed from the shackles of feudal servitude and had been given land which they could freely cultivate. For the first time in China's long history, over 300 million Chinese women had been emancipated and, like the men, had been given full political, economic and social rights. In 1954, the first universal democratic elections had been held throughout China; 97 per cent of all citizens of the Chinese People's Republic over 18 years of age, men and women alike, had taken part in those popular elections and had elected over 5 million representatives to local and central legislative organs, including about 1 million women. Those and many other facts bore witness to the tremendous democratic changes made in recent years in the People's Republic of China, changes which precluded all possibility of the existence of "slave labour".

28. He then cited the statements of Mrs. Lakshmi Pandit, President of the General Assembly at its eighth session, and of U Nu, Prime Minister of the Union of Burma, who, after visiting the People's Republic of China the previous year, had said that they had nowhere seen any signs of compulsory labour.

29. The USSR delegation felt that any discussion of the slanderous fabrications about the People's Republic of China contained in the report could only impair the authority of the United Nations.

30. The Soviet delegation agreed in general with the draft resolution proposed by the Social Committee (E/2718, para. 3), particularly with respect to the establishment of a committee to draft a supplementary convention. However, it could not support operative paragraph 1 of the draft resolution and asked for a separate vote on it. Should the paragraph be adopted, the Soviet Union would be compelled to abstain on the draft resolution as a whole.

31. Mr. TSAO (China) considered it out of order for the Soviet delegation to speak on behalf of China, a country which only his Government was qualified to represent. The Council should not be subjected to political propaganda.

32. The PRESIDENT invited the Council to elect the committee to draft the supplementary convention on slavery.

33. Mr. HOTCHKIS (United States of America) proposed that eleven States should be elected to minimize the risk of equal votes.

34. The PRESIDENT invited the Council to vote on the proposal that the committee should consist of representatives of States currently members of the Council.

The proposal was adopted unanimously.

35. The PRESIDENT put to the vote the amendment submitted by the United States of America.

The amendment was rejected by 11 votes to 6, with 1 abstention.

36. The PRESIDENT put to the vote paragraph 1 of the operative part of the draft resolution con-

tained in the report of the Social Committee (E/2718, para. 3).

The paragraph was adopted by 16 votes to 2.

37. Mr. LALL (India) said that he had voted in favour of the paragraph because it expressed the Council's appreciation of the Rapporteur's work. His vote should not be construed as approval of the raw material upon which the report was based, much of which was defective.

38. The PRESIDENT put to the vote as a whole the draft resolution contained in the report of the Social Committee (E/2718, para. 3).

The draft resolution was adopted by 16 votes to none, with 2 abstentions.

39. The PRESIDENT invited the Council to elect ten States currently members of the Council to the committee to draft the supplementary convention on slavery.

At the invitation of the President, Mr. Rajan (India) and Mr. Solli (Norway) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	18
Invalid ballots:	0
Number of valid ballots:	18
Abstentions:	0
Number of members voting:	18
Required majority:	10

Number of votes obtained:

Australia	18
Ecuador	18
Egypt	18
France	18
Netherlands	18
Turkey	18
United Kingdom of Great Britain and Northern Ireland	17
India	16
Yugoslavia	16
Union of Soviet Socialist Republics	13
China	5

Having obtained the required majority, Australia, Ecuador, Egypt, France, India, the Netherlands, Turkey, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and Yugoslavia were elected to the committee to draft a supplementary convention on slavery.

AGENDA ITEM 26

Consideration of the provisional agenda for the twentieth session and of the opening date of the session (E/2680 and Add.1, E/L.659) (continued)

40. The PRESIDENT drew the Council's attention to his note on the provisional agenda for the twentieth session (E/L.659), particularly to the suggestion that the opening date should be advanced from 12 July 1955 to 5 July 1955 and that item 10, "Report of the Commission on the Status of Women" should be transferred to the resumed nineteenth session.

41. He invited the Council to take a decision on the proposal that the opening date of the twentieth session should be advanced to 5 July 1955.

The proposal was adopted.

42. Sir Alec RANDALL (United Kingdom) said that his delegation had not wanted to oppose the wishes of the majority, and had therefore reluctantly agreed to the prolongation of the summer session, with the understanding that such a departure from the agreed pattern would be made in 1955 only.

43. Mr. CAFIERO (Argentina) was opposed to the President's suggestion that item 10 should be transferred to the resumed nineteenth session. The report contained an important draft convention, which Governments needed ample time to consider.

44. His delegation regretted that at the current session some extremely important items, such as the industrialization of under-developed countries, had been examined too hastily.

45. Mr. PEREZ PEREZ (Venezuela), Mr. DIPP GOMEZ (Dominican Republic), Mr. ENGEN (Norway) and Mr. APUNTE (Ecuador) were also in favour of keeping item 10 on the agenda of the twentieth session.

46. Mr. HOTCHKIS (United States of America) and Sir Alec RANDALL (United Kingdom) thought that the item could be usefully considered at the resumed nineteenth session.

47. The PRESIDENT said that he had merely made a tentative suggestion; as there was opposition to it, he would withdraw it. No formal motion had been made to transfer item 10, so that the item would remain on the agenda of the twentieth session.

48. He suggested that the Working Party of the Technical Assistance Committee should be convened a day or two before the opening of the twentieth session; that the Council should authorize him, in collaboration with the two Vice-Presidents and the Secretariat, to put before the Council at the resumed nineteenth session proposals regarding the order and date of consideration of items at the twentieth session; and that, because it was necessary to wait for documentation, item 7, "Establishment of a World Food Reserve", should be postponed until the twenty-first session.

It was so agreed.

49. The PRESIDENT drew attention to the Secretary-General's note (E/2680/Add.1) concerning the communication from the Dominican Republic (E/2684) proposing that the Council should consider the admission of Spain to membership of the Economic Commission for Europe and the Economic Commission for Latin America at its twentieth session.

50. Mr. SOBOLEV (Union of Soviet Socialist Republics) said that, if a vote were taken on the Dominican proposal, his delegation would abstain. The abstention would, however, in no way prejudice the position of his delegation on the substance of the item.

51. Mr. AKANT (Turkey) warmly supported the proposal concerning the admission of Spain to membership of ECLA.

52. The PRESIDENT said that the matter did not appear to call for a vote. He suggested that the Council should accept the Secretary-General's view (E/2680/Add.1) that it would be proper for any delegation to raise the points covered in the Dominican proposal when item 2 was discussed.

It was so decided.

The provisional agenda for the twentieth session was approved.

AGENDA ITEM 5

Economic development of under-developed countries (E/2538, E/2604, and Corr.1 and 2, E/2655, E/2670, E/2689, E/2690, E/2691, E/2721) (concluded)

REPORT OF THE ECONOMIC COMMITTEE (E/2721)

53. The PRESIDENT stated that the representative of the World Federation of Trade Unions, who had been given permission to present his views on the question of productivity to the Economic Committee, had not been afforded the opportunity of doing so. He therefore suggested that the WFTU representative

should be asked to circulate a statement of those views in writing.

It was so decided.

54. The PRESIDENT put to the vote the draft resolution on industrialization and increased productivity in under-developed countries, contained in the report of the Economic Committee (E/2721, para. 4).

The draft resolution was adopted unanimously.

Adjournment of the session

55. The PRESIDENT declared the nineteenth session of the Council adjourned until 16 May 1955.

The meeting rose at 5.20 p.m.



ECONOMIC AND SOCIAL COUNCIL

Resumed Nineteenth Session

OFFICIAL RECORDS

Monday, 16 May 1955,
at 10.50 a.m.

NEW YORK

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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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, Colombia, Costa Rica, Indonesia, Iran, Uruguay.

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

Arrangement of business for the resumed nineteenth session of the Council (E/L.661)

1. The PRESIDENT declared the resumed nineteenth session of the Economic and Social Council open and invited comments on the order of business set out in the working paper prepared by the Secretary-General (E/L.661).

2. Mr. LALL (India) proposed that consideration of the question of the world calendar reform (item 21) should be postponed until the Council's twenty-first session. The Secretary-General had asked the Governments of eighty States to communicate their views on the question. So far, only thirty had replied. Postponement of the item might induce more Governments to transmit their comments.

3. Mr. PEREZ PEREZ (Venezuela), Mr. SOBOLEV (Union of Soviet Socialist Republics), Mr. STANOVNIK (Yugoslavia) and Mr. LOUTFI (Egypt) supported the proposal.

4. Mr. KOTSCHNIG (United States of America) felt that Governments had had ample time to transmit their views. Moreover, in the light of previous experience in the United Nations, thirty was somewhat above the average number of replies. Those Governments which had failed to reply were probably not interested in the question.

5. Mr. SCOTT FOX (United Kingdom) and Mr. FORSYTH (Australia) agreed.

6. Mr. LALL (India) observed that, while the Council could not expect to receive replies from all the eighty Governments, less than half that number had responded to the Secretary-General's request. Moreover, a number of Governments were presumably awaiting the reactions of the Holy See, which was currently considering the question, before making their views known.

7. Mr. MIR KHAN (Pakistan) said that his Government would oppose any change in the calendar, on religious grounds, as would probably the Governments of all Moslem States. It might perhaps be wise to delete the item from the Council's agenda.

8. The PRESIDENT suggested that if the Council adopted the Indian proposal for postponement of the item, it should instruct the Secretary-General to communicate its decision to the Governments of the States which had not yet replied to his earlier communication.

9. Mr. LALL (India) accepted the suggestion.

10. The PRESIDENT put to the vote the proposal made by India that item 21 should be deferred to the Council's twenty-first session.

The proposal was adopted by 10 votes to 6, with 1 abstention.

11. Mr. STANOVNIK (Yugoslavia) proposed that the Council should arrange for a meeting of the Technical Assistance Committee to be held during the current session for the purpose of electing a Chairman and fixing a date on which its Working Group could meet. During the first part of the session several representatives had suggested that the Working Group should meet before 5 July.

The proposal was adopted.

Request for the inclusion of a supplementary item in the agenda of the nineteenth session (E/2732)

12. Mr. KOTSCHNIG (United States of America) proposed that the question "Reorganization of the sessions of the Council" should be included in the agenda of the current session in view of its relationship with the revision of the Council's rules of procedure (item 23). Moreover, the matter could not be taken up at the twentieth session since the agenda of that session was already heavily overburdened. It could not be deferred to the resumed twentieth session since that would make it impossible to establish the calendar of conferences for 1956 at the forthcoming summer session as scheduled.

13. Mr. LALL (India) supported the proposal.

The proposal was adopted.

The meeting rose at 11.20 a.m.



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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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, Iran, Mexico, Philippines.

The representatives of the following specialized agencies: International Labour Organisation, United Nations Educational, Scientific and Cultural Organization.

AGENDA ITEM 18

Recognition and enforcement abroad of maintenance obligations (E/2711 and Add.1 to 3, E/L.662)

1. Mr. DONS (Norway) recalled that in pursuance of Council resolution 527 (XVII) the Secretary-General had consulted States Members of the United Nations, and those non-members of the United Nations which were members of specialized agencies, with a view to ascertaining whether they considered it desirable to convene a conference of plenipotentiaries to complete the drafting of the Convention on the Recovery Abroad of Claims for Maintenance,¹ and whether they were prepared to attend such a conference.

2. The Secretary-General's report (E/2711) showed that twenty-seven Governments had submitted affirmative answers to the inquiry concerning the desirability of calling such a conference, whilst nineteen had said that they would attend.

3. Since so many Governments wished the conference to be held, and since the cost to the United Nations would be very small, he hoped that those delegations which were not directly interested would nevertheless not oppose the draft resolution submitted by his delegation (E/L.662).

4. Mr. HOTCHKIS (United States of America) said that his country had always been in sympathy with efforts to ensure that dependants in one country were supported by the persons responsible for their

maintenance living in another country. Nevertheless, his delegation opposed the conclusion of a multilateral convention to achieve that end, since the administrative and financial problems involved might well outweigh any benefits which would be derived by dependants who had been left without support. Actions for non-support involved complex questions of private law which would be complicated still further by differences in the legal systems and currency regulations of various countries.

5. His delegation had supported Council resolution 527 (XVII), which recommended Governments to use the text of the Model Convention on the Enforcement Abroad of Maintenance Orders as a guide for the preparation of bilateral treaties or uniform legislation to be enacted by individual States, and still felt that such bilateral agreements would be the most effective solution.

6. He would therefore vote against the Norwegian draft resolution.

7. Mr. SCHURMANN (Netherlands) expressed his Government's disappointment at the reluctance shown by some Governments in dealing with the subject of the recovery abroad of claims for maintenance. Only the Governments of Belgium, Monaco and Portugal, and the Holy See had expressed their warm approval of the humanitarian motives which had actuated the original sponsors of the draft convention. Every effort should be made to furnish women, children and the aged abandoned by those who should provide for them with the means of redress to which they were entitled. The matter had become one of particular urgency. The social services of the countries in which abandoned persons lived could provide only a bare minimum. The fact that such relief was available should not be a reason for migrants to disregard their own responsibilities. A situation in which a father or husband abroad was practically exempt from the responsibility of contributing to the maintenance of his family was socially unhealthy. Immunity from suit enabled such a person to compete unfairly in the labour market with the citizens of his new place of residence; he could accept lower wages and his employer might escape paying the special family allowances that were due to those having their family with them. The municipal laws of most, if not all, countries had expressly laid down the maintenance obligations which the draft convention sought to render recoverable abroad. Their *ratio legis* lost none of its weight in connexion with cases in which the person who owed maintenance had established his residence in a country other than that in which his dependants lived. Admittedly, the validity, substance and scope of the obligation itself might be affected by the fact that the claimant resided outside the Court's territorial jurisdiction or by differences in nationality or domicile, but countries which recognized that a maintenance obligation existed should be willing to set up effective international machinery to enable claimants to recover what was due to them.

¹ Official Records of the Economic and Social Council, Seventeenth Session, Annexes, agenda item 17, document E/AC.39/1, annex I.

8. The draft convention aimed only at rendering such recovery effective, by making it possible for alien maintenance creditors to submit their case to the court of the debtor's residence. The court would apply its own municipal law in deciding whether it would have to adjudicate. The draft convention attempted to set up machinery for facilitating formalities, which should not be allowed to stand in the way of the rule of law.

9. Accordingly, his Government was in favour of the proposed international conference, but with certain reservations. The Luxembourg Government had proposed that the conference should be postponed until the diplomatic Hague Conference on International Private Law had completed its work. The Hague Conference was dealing mainly with the problem of the conflict of laws in general. When it had undertaken to study maintenance obligations, it had first sought to find whether a single rule could be established which would ensure that a given case would be adjudged according to one and the same law, whatever the country in which it was brought before a court. Once the municipal authorities concerned had realized that every maintenance order, even if given by the judiciary of a foreign country, would be based on the same State-law as if it had been granted by their own courts, there would be no difficulty in obtaining enforcement orders in foreign countries for domestic judgments, except in cases of incompatibility with public policy. A committee of the Hague Conference had adopted a draft convention embodying the rule that international cases would be governed by the law of the habitual residence of the maintenance creditor, but that rule was to apply only to obligations toward minors. It had been considered that that was the most urgent problem. The committee's draft would be discussed by the full Conference in October 1956. The Conference was also considering whether its solution with regard to conflicts of laws could be combined with some system of international legal aid which would enable the law applicable to a given case by general rule to be rendered effective. That could be done on two main principles: that of the enforcement abroad of domestic judgments and that of legal aid facilitating the pleading of a case in the country of the debtor's residence.

10. The Netherlands Government doubted whether the United Nations would be well advised to abandon its work on maintenance obligations in view of the initiative taken by the Hague Conference and could not agree with the Luxembourg Government's proposal to that effect. A United Nations draft convention might usefully supplement the work of the Conference. The problems of the conflict of laws could not, however, be appropriately studied outside The Hague Conference. A United Nations conference, if convened, should seek to establish some contact with The Hague Conference for exchange of information on the progress achieved. The Hague Conference might well be invited to send an observer and care should be taken to see that the dates of the two conferences did not coincide, as there were few experts in that highly specialized field of law. The Netherlands Government would not regard its participation in a United Nations conference as precluding it from supporting any action taken by The Hague Conference with regard to procedure. The Hague Conference was virtually regional, its partici-

pants being linked together by the 1905 Hague Convention relating to Civil Procedure, and could undoubtedly reach an agreement more easily than the larger body of the United Nations. Some members, too, were not Members of the United Nations, and the Netherlands Government would not wish to prejudice their rights.

11. With those provisos, he would support the Norwegian draft resolution (E/L.662).

12. He wished, however, to propose the following amendment: the insertion, after the word "Council" in operative paragraph 1 (b), of the words "as well as The Hague Conference on International Private Law and the International Institute for the Unification of Private Law".

13. Mr. SCOTT FOX (United Kingdom) said that his delegation was conscious of the urgency of the question under consideration but doubted whether a conference to discuss an international convention was either desirable or practicable. Problems which could be successfully treated through international conventions were mainly of a general rather than a specific nature, so that such conventions could be accepted and put into effect by Governments without far-reaching amendments of domestic law and practice. Multilateral conventions usually governed the general international relations of the States parties to them and not their detailed relations with each other. The question of the recognition and enforcement abroad of maintenance obligations involved such detailed relations, and the problems arising affected many aspects of law and practice in different States. The problems raised by the application of a multilateral convention would differ from country to country, so that it would be almost impossible to draft a single convention acceptable to a large number of States.

14. The draft conventions drawn up by the Committee of Experts on the Recognition and Enforcement Abroad of Maintenance Obligations were admirable in themselves and might well serve as a useful guide to Governments in preparing bilateral agreements, which offered the most hopeful prospect of solving the problem.

15. Mr. LOUTFI (Egypt) also thought that it would be inadvisable to call a conference to draft a convention. The differences in the legal systems of various countries were bound to lead to fundamental and procedural complications and the preparation of a general multilateral convention would be extremely difficult. His delegation therefore welcomed the suggestion in the Secretary-General's report (E/2711, para. 13) that the Council might request the Secretary-General to consult with Governments and with the organizations more directly concerned regarding ways of facilitating the enforcement abroad of maintenance obligations, but it would be unable to support the Norwegian draft resolution (E/L.662).

16. Mr. EPINAT (France) welcomed the Netherlands amendment.

17. His delegation believed that a conference should be held if a sufficient number of Governments desired to participate and would therefore support the Norwegian draft resolution.

18. Mr. AKANT (Turkey) said that bilateral negotiations represented the only possibility of solving so complex a problem. He would therefore vote against the Norwegian draft resolution.

19. Mr. ZAHIRUDDIN (Pakistan) expressed his delegation's sympathy with the humanitarian objectives of the Norwegian resolution, but felt that the existing arrangements within countries, supplemented where necessary by bilateral arrangements, were largely adequate for dealing with the problem. An international agreement of the type proposed would be most difficult to achieve and for that reason, the proposed conference was not desirable.

20. Mr. HSIA (China) said that his Government had carefully studied the question of the recognition and enforcement abroad of maintenance obligations, particularly in view of the large number of Chinese nationals who resided abroad. It had come to the conclusion that the convening of a conference of plenipotentiaries to complete the drafting of and to sign the Convention on the Recovery Abroad of Claims for Maintenance was desirable. While it appreciated the practical difficulties to which the United States representative had referred, in point of fact the conclusion of a multilateral convention would not preclude States from entering into bilateral agreements if they wished.

21. For the reasons given, the Chinese delegation would support the Norwegian draft resolution and the Netherlands amendment to it.

22. Mr. PRADO (Ecuador) said that his country, while not directly concerned with the question before the Council, would be willing to take part in the conference proposed in the Norwegian draft resolution and would therefore cast an affirmative vote.

23. Mr. RAJAN (India) said that the question of the recognition and enforcement abroad of maintenance obligations was adequately covered under Indian law. Moreover, India had reciprocal arrangements with seventeen States for the purpose of enforcing maintenance orders. As only a very few cases had arisen over a period of several years, the problem was not of immediate concern to India.

24. However, in recognition of the fact that a number of Governments considered an international conference desirable, the Indian delegation proposed to abstain from voting on the Norwegian draft resolution.

25. Mr. GINEBRA HENRIQUEZ (Dominican Republic) said he would vote in favour of the draft resolution in accordance with his Government's affirmative reply to the Secretary-General's inquiry as to whether Governments considered a conference desirable.

26. Mr. BOZOVIC (Yugoslavia) felt that the humanitarian and social aspects of the question outweighed the practical difficulties to which some representatives had referred. Positive action was needed to prevent persons from simply moving to another country in order to shirk their family obligations. Bilateral agreements had failed to provide an adequate solution.

27. While the question was not of vital concern to Yugoslavia, the Yugoslav delegation would vote for the Norwegian draft resolution and the Netherlands amendment.

28. Mr. LOOMES (Australia) said that in Australia the enforcement of maintenance obligations was a matter for the individual states which comprised the Commonwealth. In view of the constitutional or other considerations involved, the Australian delegation was not in a position at that time to state whether or not Australia would participate in the conference proposed in the Norwegian draft resolution.

29. However, in deference to the views of the Governments which considered the conference desirable, he would abstain from voting.

30. Mr. PEREZ PEROZO (Venezuela) doubted that a multilateral convention would provide a solution to the problem. However, he would not oppose the wishes of the Governments in favour of the conference and would therefore abstain from voting. Should the Norwegian draft resolution be adopted, Venezuela would consider whether or not to participate in the work of the conference.

31. Mr. SCHURMANN (Netherlands) observed that the representatives of States opposed to the conference had argued that the problem was too complex to be solved by a multilateral convention. In point of fact, however, the very complexity of the problem precluded its solution by means of bilateral agreements and called for some sort of international arrangement, the more so in view of the differences in the legal systems of countries. The purpose of the conference would be to devise some means whereby a claimant in one country, particularly if unfamiliar with legal matters and unable to afford counsel, could seek redress in another country in respect of a relative's failure to meet his maintenance obligations. There was no question of interfering with the domestic law of any State.

32. Mr. HOTCHKIS (United States of America) maintained his opposition to the proposed conference. If a problem was considered too complex to be solved by bilateral agreement, there was even less reason to believe that it could be solved by a multilateral convention.

33. Mr. MIRANDE (Argentina) said that Argentina had no problems with the enforcement of maintenance obligations, but would not place any obstacles in the way of countries which had. He would accordingly abstain on the draft resolution and, if it was adopted, his Government would decide in due course whether it would attend the proposed conference.

34. Mr. DONS (Norway) accepted the Netherlands amendment.

The Norwegian draft resolution (E/L.662), as amended, was adopted by 7 votes to 3, with 8 abstentions.

AGENDA ITEM 22

Non-governmental organizations (E/2751)

REPORT OF THE COUNCIL COMMITTEE ON NON-GOVERNMENTAL ORGANIZATIONS ON APPLICATIONS FOR HEARINGS (E/2751)

35. Mr. RIVAS (Venezuela), as the Chairman of the Council Committee on Non-Governmental Organizations, introduced the Committee's report (E/2751) and stated that the applications by organizations in

category A for a hearing by the Council would be found in the summary record of the relevant meeting (E/C.2/SR.153 and Add.1).

36. Speaking as the representative of Venezuela, he said that there had been no objection to his delegation's stipulation that speakers on item 16 (Allegations re-

garding infringements of trade-union rights) should bear in mind the terms of Council resolution 277 (X).

The report of the Council Committee on Non-Governmental Organizations (E/2751) was adopted.

The meeting rose at 12.20 p.m.



ECONOMIC AND SOCIAL COUNCIL

Resumed Nineteenth Session

OFFICIAL RECORDS

850th Meeting

Wednesday, 18 May 1955,
at 10.55 a.m.

NEW YORK

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President: Sir Douglas COPLAND (Australia).**Present:**

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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: Brazil, Chile, Colombia, Indonesia, Iran.

The representative of the following specialized agency: International Labour Organisation.

AGENDA ITEM 22

Non-governmental organizations (E/2694 and Corr.1) (*continued*)

APPLICATIONS AND RE-APPLICATIONS FOR CONSULTATIVE STATUS (E/2694 AND CORR.1)

1. Mr. RIVAS (Venezuela), speaking as the Chairman of the Council Committee on Non-Governmental Organizations, introduced the Committee's report (E/2694 and Corr.1), observing that it embodied two draft resolutions and an annex referring to points brought up by one delegation and giving the Committee's opinion thereon. The Committee had found Council resolution 288 B (X), paragraph 35 (a), somewhat ambiguously worded.
2. Mr. SAKSIN (Union of Soviet Socialist Republics) said that the Committee had acted unfairly in rejecting applications from the International Organization of Journalists, the International Association of Democratic Lawyers, the World Federation of Democratic Youth and the Fédération internationale des résistants. The procedure in the Committee, against which the Soviet Union delegation had protested at the time, had been strange, to say the least. The applications had been considered in a closed meeting, from which even the representatives of those organizations had been excluded, so that they had been unable to give fuller explanations of their formal applications. Furthermore, the Committee had failed to examine the applications in detail.
3. The World Federation of Democratic Youth, which had been in category B status from 1947 to 1950 and had been unjustifiably transferred to the Secretary-General's register in 1950 on the insistence of the United States delegation, had applied for a change of status. On a United States proposal, the Committee had rejected the application. The organization had been set up in London in 1945 during an international conference of democratic youth held immediately after the end of the war against fascism and attended by repre-

sentatives of more than sixty countries and of over 30 million young persons. Its aims had been defined as an effort to foster close collaboration and understanding among all young persons, to support Governments in the maintenance of peace, to eradicate fascism, to promote higher standards of living and freedom of the Press and of speech; it participated in international organizations and focused public attention on the interests of youth. It had held many international conferences, festivals, and sports and cultural meetings and was becoming increasingly popular. Special stress was laid on the interests of young workers. After giving details of gatherings of the organization in Prague, Bucharest and Warsaw, Mr. Saksin pointed out that the organization had currently a membership representing 85 million young persons of differing nationality, and political and social outlook in ninety-seven countries. The president was Italian, and the governing body included Australian, Brazilian, French and British young persons. It had shown an interest in the Council's work at the seventh, eighth and ninth sessions and could be very helpful to the Council. Its purposes and principles were in harmony with those of the United Nations as set forth in its Charter. He considered that the Committee should not have rejected its application.

4. The International Organization of Journalists, founded in London in 1941, had defined its post-war aims as early as October 1942; they had been on precisely the same lines as the United Nations Charter and the Council's field of work. The organization had continued to grow and in 1954 had welcomed members from five countries not previously represented. The total membership of the affiliated organizations was about 56,000, distributed over fifty countries, and there were about 1,200 individual members in twenty-eight countries. The organization could be of great use to the Council when dealing with freedom of information. He thought that the Committee had acted unadvisedly in rejecting its application.

5. The International Association of Democratic Lawyers had been founded in 1946 in Paris on the initiative of French lawyers who had been active in the Resistance movement. The objectives stated in its constitution included the promotion of peace and the eradication of fascism. It currently represented national associations in about forty countries. In 1953-1954 it had established national secretaries in several Latin-American countries. Five congresses had been held. At the fifth, in Berlin in 1951, matters pertaining to the national and international observance of human rights had been discussed. The organization embraced lawyers of the most varied views and could be very helpful to the Council. He considered that the Committee had been unwise to reject its application.

6. The Fédération internationale des résistants had applied merely for inclusion in the register. The organization was a union of those who had fought fascism, had been in a concentration camp or had been deported. It had been established at Vienna in 1951 and had mem-

bers in nineteen countries, including both the Federal Republic of Germany and the German Democratic Republic. Through its national associations, the Fédération endeavoured to improve the social and economic situation of former Resistance fighters and victims of fascism and to promote peace. Its president was a distinguished figure of the French Resistance who had been interned in the Buchenwald camp and had led the rising against the SS there. The rejection of its application had been based on purely political considerations.

7. The Committee's rejection of the four applications showed that in closed session it was guided by political, not practical, motives. It had rejected them because certain circles in the United States of America disliked the activities of mass organizations fighting for international peace and friendship. On the other hand, it had conferred category B status on unimportant organizations like the International Thrift Institute, which could have only an indirect interest in the Council's agenda. In view of that situation, the Soviet delegation was submitting amendments (E/L.663) to draft resolution A in the Committee's report (E/2694 and Corr.1).

8. Mr. TSAO (China) repudiated the suggestion that the Council NGO Committee had been influenced in its consideration of applications for consultative status by any other considerations than the principles set out in Council resolution 288 (X). The applications of the organizations referred to by the Soviet representative had been carefully examined, and rejected on the general ground that the organizations existed largely for propaganda purposes.

9. Mr. BRILEJ (Yugoslavia) welcomed the proposal for the granting of consultative status in category A to the World Veterans Federation. The Federation was genuinely international and had always played an important part in promoting the Purposes and Principles of the United Nations, in preventing aggression and eliminating the causes of war and fighting against race and class prejudice.

10. Mr. ULLRICH (Czechoslovakia) said that the Chinese Government was not represented in the Council.

11. He thought that the decision of the Council NGO Committee not to grant consultative status in category B to the International Association of Democratic Lawyers, the International Organization of Journalists and the World Federation of Democratic Youth, and not to place the Fédération internationale des résistants on the register was harmful and unjust. The decision would deprive the Council of the advice of organizations which had worked consistently to promote co-operation and understanding among nations.

12. The World Federation of Democratic Youth was the largest independent democratic youth organization in the world, bringing together young peoples from nearly one hundred countries. It existed for the defence of peace and the promotion of the economic, political, social, cultural and educational interests of world youth. Its activities were in accordance with the Purposes and Principles of the United Nations Charter and with the aims of the Council.

13. The International Association of Democratic Lawyers represented some forty countries and had correspondents in another twenty-eight. Its aims were

based on those of the United Nations itself, and in pursuing those aims it contributed to the fulfilment of the Purposes and Principles of the Charter.

14. The International Organization of Journalists represented newspapermen's associations and individual journalists in more than forty countries and was therefore one of the most truly representative of all international non-governmental organizations. Its aims were to maintain and strengthen world peace, to promote freedom of information and to combat war propaganda, race hatred and slanderous information. It supported the rights of colonial peoples and national minorities to have newspapers in their own languages.

15. The importance of the International Association of Democratic Lawyers and the International Organization of Journalists had been recognized in 1947 by the grant of consultative status in category B. The withdrawal of that recognition in 1950 had been an unjustifiable violation of an undisputed right.

16. The Fédération internationale des résistants had two and three-quarter million members in twenty countries. It fully supported the Purposes and Principles of the Charter and endeavoured to develop friendly relations among nations and to safeguard the dignity and worth of the human person. Its aims included the promotion of social welfare, public health, culture and education and the defence of fundamental human rights and freedoms.

17. He therefore urged the Council to reject the report of the Council NGO Committee (E/2694 and Corr.1), to adopt the amendments proposed by the Soviet Union (E/L.663) and to grant consultative status to the organizations which he had mentioned.

18. Mr. MENEMENCIOGLU (Turkey) said that his delegation fully supported the report of the Council NGO Committee.

19. It concurred in the views of the Yugoslav representative on the World Veterans Federation and would vote in favour of the recommendation to place the Federation in category A consultative status.

20. Mr. HAMDANI (Pakistan) and Mr. EPINAT (France) associated themselves with the Yugoslav representative's statement concerning the World Veterans Federation.

21. The PRESIDENT suggested that the Council should vote separately on the operative paragraphs of draft resolution A in the Council NGO Committee's report (E/2694 and Corr.1) and on the USSR amendments (E/L.663) to it.

It was so agreed.

22. The PRESIDENT put to the vote paragraph 1 of the operative part of draft resolution A submitted by the Council NGO Committee (E/2694 and Corr.1).

Paragraph 1 was adopted by 15 votes to 2, with 1 abstention.

23. Mr. BROWN (United Kingdom) explained that he had abstained because although his delegation was aware of the admirable work being done by the World Veterans Federation in various fields of the work of the Council, it felt that the number of organizations already in category A consultative status was adequate and should not be increased.

24. The PRESIDENT put to the vote the USSR amendment (E/L.663, point 1) to paragraph 2 of the operative part.

The amendment was rejected by 13 votes to 2, with 3 abstentions.

25. The PRESIDENT put to the vote paragraph 2 of the operative part of draft resolution A.

Paragraph 2 was adopted by 15 votes to 2, with 1 abstention.

26. The PRESIDENT put to the vote the USSR amendment (E/L.663, point 2) to paragraph 3 of the operative part.

The amendment was rejected by 13 votes to 2, with 3 abstentions.

27. The PRESIDENT put to the vote paragraph 3 of the operative part of draft resolution A.

Paragraph 3 was adopted unanimously.

28. The PRESIDENT put to the vote the USSR amendment (E/L.663, point 3) to paragraph 4 of the operative part.

The amendment was rejected by 13 votes to 2, with 3 abstentions.

29. The PRESIDENT put to the vote successively paragraphs 4, 5, 6, 7 and 8 of draft resolution A.

Paragraph 4 was adopted by 16 votes to none, with 2 abstentions.

Paragraph 5 was adopted by 17 votes to none, with 1 abstention.

Paragraph 6 was adopted unanimously.

Paragraph 7 was adopted by 14 votes to none, with 4 abstentions.

Paragraph 8 was adopted by 14 votes to none, with 4 abstentions.

30. The PRESIDENT put draft resolution A submitted by the Council NGO Committee (E/2694 and Corr.1) to the vote as a whole.

Draft resolution A, as a whole, was adopted by 16 votes to 2.

31. The PRESIDENT put to the vote draft resolution B submitted by the Council NGO Committee (E/2694 and Corr.1).

Draft resolution B was adopted by 16 votes to 2.

32. The PRESIDENT proposed that the Council should invite Mr. Vincent Auriol, former President of France and at present Honorary President of the World Veterans Federation, who was in New York, to address the Council at the next meeting.

It was so decided.

33. Mr. SAKSIN (Union of Soviet Socialist Republics) said that his delegation maintained the views it had expressed concerning the World Veterans Federation when the question had been considered by the Council NGO Committee.

The meeting rose at 12.25 p.m.



ECONOMIC AND SOCIAL COUNCIL

Resumed Nineteenth Session

OFFICIAL RECORDS

Wednesday, 18 May 1955
at 3 p.m.

NEW YORK

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Relief and rehabilitation of Korea	82

President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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: Indonesia, Iran.

The representatives of the following specialized agencies: International Labour Organisation, World Health Organization.

AGENDA ITEM 22

Non-governmental organizations (*concluded*)

STATEMENT BY MR. VINCENT AURIOL, HONORARY PRESIDENT OF THE WORLD VETERANS FEDERATION

1. The PRESIDENT welcomed Mr. Auriol, Honorary President of the World Veterans Federation, on the day of the Federation's admission to consultative status in category A. He paid a tribute to the work done by Mr. Auriol both in his own country, where he had held the highest office, and on the international level.
2. Mr. AURIOL (World Veterans Federation) thanked the President of the Council for his words of welcome. In 1945, the authors of the Charter had decided to invite non-governmental organizations to participate in the work of the United Nations; the ten years which had elapsed since then had proved that the United Nations required the active support of all peoples in order to fulfil the solemn pledge given to the world.
3. The World Veterans Federation regarded the Charter as a living document and considered that to implement it, it was necessary to eliminate poverty and despair, promote social advancement, and create better living conditions in an atmosphere of ever greater freedom. To that end, Governments and organizations which saw in the United Nations one of the great hopes of mankind should work and act in harmony.
4. Without the support of public opinion, the United Nations was doomed to be an academic institution and without the United Nations the hopes of the world

would remain dreams without fulfilment; that was why the Federation, which comprised more than 18 million men belonging to associations in twenty-nine nations of all continents, men who served no political party, but were united by the solidarity of former battles and the ideals which inspired them, wanted to co-operate in the common task of solidarity and peace. As Honorary President of the Federation and as a former Chief of State, he would be happy to help the Federation in its task.

5. The Federation should devote its efforts to the vocational and social rehabilitation not only of men disabled by war, but of all those disabled at birth or by disease. They all had the right to claim the assistance which would enable them to live a normal and socially useful life. The Federation would work with the United Nations and its organs, the specialized agencies, Governments and other non-governmental organizations in carrying out that task of rehabilitation; its permanent representative was taking an active part in that social work.

6. The Federation had participated in preparations for the seminar on selective placement recently held at Stockholm, its proposal to the Council of Europe had been accepted as the basis for a forthcoming international convention, and it was co-operating in the administration of the rehabilitation centre at Solo in Indonesia. In its co-operative tasks, the importance of which had been stressed by the Secretary-General of the United Nations, the Federation was being assisted by leading experts.

7. The Federation also helped the "socially disabled", men who as a result of their race, religion or opinions were too often outcasts in modern society. Discriminatory practices, based on prejudice, particularly racial prejudice, still existed, and to combat them, it was essential, as the Economic and Social Council had recognized, to appeal to public opinion, in other words, to the non-governmental organizations. To that end, ninety-six non-governmental organizations had recently met at Geneva and, after earnest debates in which the representatives of all the churches and of all trade-union organizations had taken part, they had unanimously adopted a final act (E/NGO/CONF.1/8), which expressed the firm resolve of peoples to wage the vital struggle against prejudice and which was not merely an agreement of principle, but also provided for practical measures. The Geneva conference had inaugurated a new form of consultation between the Governments of States Members of the United Nations and the organizations associated with it.

8. He mentioned the Federation's contribution to the technical assistance programme, to Korean reconstruction, to assistance to under-developed countries and to the work of the United Nations Children's Fund and of the United Nations High Commissioner for Refugees. It was in order to expand that contribution that the Federation had asked for consultative status in category A. In acceding to the request, the Council

had recognized the right of veterans to belong to the group of great world organizations which could bring to the United Nations a renewed pledge of strength and faith.

AGENDA ITEM 20

**Relief and rehabilitation of Korea (E/2658,
E/2669, A/2750, A/2810)**

9. Mr. HOTCHKIS (United States of America) pointed out that the question of the relief and rehabilitation of Korea had already been studied in detail by the General Assembly. He therefore proposed that the

Council should take note of the report of the Agent General of the United Nations Korean Reconstruction Agency (A/2750).¹

10. Mr. BARNES (United Kingdom) and Mr. EPI-NAT (France) supported the proposal.

11. Mr. SOBOLEV (Union of Soviet Socialist Republics) asked for a vote on the proposal.

The proposal was adopted by 16 votes to none, with 2 abstentions.

The meeting rose at 3.30 p.m.

¹ *Official Records of the General Assembly, Ninth Session, Supplement No. 20.*



ECONOMIC AND SOCIAL COUNCIL

Resumed Nineteenth Session

OFFICIAL RECORDS

Thursday, 19 May 1955,
at 10.55 a.m.

NEW YORK

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Enforcement of international arbitral awards	83

President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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: Brazil, Colombia, Haiti, Indonesia, Iran, Mexico, Philippines.

The representatives of the following specialized agencies: International Labour Organisation, International Bank for Reconstruction and Development.

AGENDA ITEM 14

**Enforcement of international arbitral awards
(E/2704 and Corr.1, E/L.664)**

1. The PRESIDENT invited the Chairman of the Committee on the Enforcement of International Arbitral Awards to introduce the Committee's report (E/2704 and Corr.1) to the Council.
2. Mr. LOOMES (Australia), Chairman of the Committee on the Enforcement of International Arbitral Awards, said that the Committee had concluded that it would be desirable to establish a new convention on the enforcement of international arbitral awards which, while going further than the Geneva Convention on the Execution of Foreign Arbitral Awards of 26 September 1927 in facilitating the enforcement of foreign arbitral awards, would at the same time maintain generally recognized principles of justice and respect the sovereign rights of States.
3. The members of the Committee, while aware that they had been appointed as government representatives, had considered themselves as acting essentially as technical experts, with the understanding that the views expressed by them in the course of the Committee's deliberations would not necessarily represent the position of their respective Governments.
4. The discussions in the Committee had been conducted on a high technical level and had benefited from the co-operation of the International Chamber of Commerce, the International Law Association, the International Institute for the Unification of Private Law and the International Monetary Fund.
5. The Committee's recommendations were set out in paragraph 70 of its report (E/2704 and Corr.1).
6. Mr. DONS (Norway) agreed with the Committee's conclusion that a new convention should be

adopted and that Governments should be given an opportunity to make a full study of the draft Convention that had been prepared (E/2704 and Corr.1, annex). Accordingly, his delegation had submitted a draft resolution (E/L.664) based on the Committee's recommendations.

7. Mr. STIKKER (Netherlands) said that the Netherlands, a country to which international commerce was indispensable, was keenly interested in the settlement of disputes arising from commercial transactions. An international arrangement in the form of a convention under which parties to international commercial transactions would be assured of the maximum protection of their interests in a foreign country would undoubtedly be of great value to the development of international trade. The draft Convention prepared by the Committee would serve the legitimate interests of States whose economies were largely based on international trade and would also benefit world trade as a whole.

8. The Netherlands delegation fully agreed with the recommendations in the Committee's report on the procedure to be followed with respect to the draft Convention. It hoped that Governments would submit their comments in time for the Council to take a decision at its twenty-first session.

9. For the reasons given, the Netherlands delegation would support the Norwegian draft resolution.

10. Mr. AKANT (Turkey) said that his delegation had carefully studied the Committee's report and the draft Convention it had prepared. The International Chamber of Commerce had taken the view that the Geneva Convention of 1927 no longer met the requirements of international trade. He noted that under article VI of the Committee's draft Convention, the Geneva Convention would remain in force for the signatories to it.

11. He agreed that the draft Convention required further study and consequently would vote for the Norwegian draft resolution (E/L.664).

12. Mr. HOTCHKIS (United States of America) said that the United States of America felt that arbitration was the most effective and economical means of deciding international trade disputes. Wider acceptance of that method would expedite international trade. Accordingly, the United States was desirous of promoting the effectiveness of international arbitration. However, it was unlikely to participate in an international conference in view of its long-standing position on such matters, based in part upon the relationship between the Federal Government and the states. Enforcement of foreign arbitral awards would in many cases be within the competence of the states concerned. However, enforcement provisions had been included in bilateral agreements.

13. The United States delegation would therefore abstain from voting on the Norwegian draft resolution.

14. Mr. TURPIN (France) congratulated the Secretariat on the quality of the French translation of the draft Convention.
15. He said he would vote in favour of the Norwegian draft resolution (E/L.664).
16. Mr. BARNES (United Kingdom), Mr. CAFIERO (Argentina), Mr. RAMADAN (Egypt), Mr. DIPP GOMEZ (Dominican Republic), Mr. PRADO (Ecuador), Mr. HAMDANI (Pakistan) and Mr. LOOMES (Australia) also said that they would vote in favour of the Norwegian draft resolution (E/L.664).
17. Mr. SAKSIN (Union of Soviet Socialist Republics) said that the Committee on the Enforcement of International Arbitral Awards had done some remarkable work, in which the USSR delegation had taken an active part, and had produced a draft convention embodying important provisions to which no State could take exception. Some articles, in particular articles VII, IX, X and XIII, were not in keeping with the purposes of the Convention, and the USSR delegation on the Committee had accordingly abstained from voting for the draft Convention as a whole.
18. The wording of article VII would restrict the number of participants in the Convention, which would be contrary to the purpose of the Convention itself. The text of article VII of the draft prepared by the International Chamber of Commerce (E/C.2/373) would have been preferable, as it made the Convention open to all States.
19. Article IX, the so-called colonial application clause, would also restrict the Convention's application. A similar clause proposed in connexion with the draft International Covenants on Human Rights had been rejected by the General Assembly at its ninth session, and Assembly resolution 422 (V) specifically provided for the inclusion in the Covenants of an article to the effect that their provisions should be applicable equally to a signatory metropolitan State and to all the territories administered or governed by it.
20. Article X, the so-called federal State clause, established discrimination between federal and unitary States in favour of the former, since the scope of the federal State's responsibilities would be indefinite. A similar proposal had been made in connexion with the draft International Covenants on Human Rights, but articles to the contrary effect had been adopted by the Commission on Human Rights on a Soviet proposal and had been embodied in article 27 of the draft International Covenant on Economic, Social and Cultural Rights and article 52 of the draft International Covenant on Civil and Political Rights.¹ Articles IX and X should be deleted.
21. Article XIII would mean a violation of the sovereign rights of States with respect to the principle of voluntary recognition of the binding character of the jurisdiction of the International Court of Justice and a limitation of the sovereign rights of States to make reservations on any article of the Convention. If it were retained, paragraph 1 should at least be amended to specify that reference of the dispute to the Court must be with the agreement of both parties.

22. The Committee had rejected a Soviet proposal (E/2704 and Corr.1, para. 25) that it should be specifically stated that the expression "arbitral awards" in article I included awards made by permanent arbitral bodies established in accordance with the law of a contracting State as well as awards made by *ad hoc* arbitral bodies. The USSR delegation had therefore abstained in the vote on that article.

23. The USSR delegation had no objection to the circulation of the draft Convention, despite its defects, and would vote for the Norwegian draft resolution (E/L.664) in the hope that the comments received would make it possible to draft a convention more acceptable to all States.

24. He drew attention to the footnote to paragraph 69 of the report. His delegation had abstained in the vote on that paragraph, considering it ill-advised and unnecessary, since arbitral procedures within a State would be governed by the municipal law of the State concerned.

25. Mr. KAMAT (India) paid a tribute to the Committee for the high level it had maintained in its discussions on a matter of great technical complexity which was nevertheless of great importance in international trade and finance. The Committee had been wise to take full account of the legal and policy differences between countries. He agreed that Governments should have an opportunity to make a full study of the draft Convention prepared by the Committee and was prepared to support the Norwegian draft resolution.

26. Mr. CHA (China) said that he would support the Norwegian draft resolution (E/L.664).

27. He suggested that in operative paragraphs 1 and 2, the summary records of the Committee's meetings should be mentioned as well as the draft Convention and the Committee's report. He had examined the records with great care and had found them indispensable for a proper understanding of the subject and of the report. They would be particularly useful to under-developed countries with little experience of arbitral procedure.

28. Mr. PEREZ PEROZO (Venezuela) said that he would support the Norwegian draft resolution.

29. He suggested that it should be completed by the insertion, at the end of operative paragraph 1, of a phrase based on the last phrase in Council resolution 527 (XVII), paragraph 1 (b), for the purpose of ascertaining whether Governments were prepared to attend a conference, should it be held.

30. Mr. DONS (Norway) said that he could accept the Venezuelan suggestion, and the Chinese suggestion subject to the agreement of the Secretariat.

31. After some discussion of the wording of the Venezuelan amendment, the PRESIDENT proposed that the Secretariat should be requested to draft an amendment on the lines suggested by the Venezuelan representative. He would ascertain from the Secretariat whether summary records could be distributed on the scale envisaged in the Chinese proposal. The Secretariat would then prepare an amended draft resolution in the light of those discussions.

It was so decided.

The meeting rose at 12.10 p.m.

¹ See *Official Records of the Economic and Social Council, Eighteenth Session, Supplement No. 7*, paras. 249, 260 and 261.



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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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, Colombia, Cuba, Indonesia, Iran, Philippines.

The representatives of the following specialized agencies: International Labour Organisation, International Bank for Reconstruction and Development.

AGENDA ITEM 14

Enforcement of international arbitral awards (E/2704 and Corr.1, E/L.664/Rev.1) (*concluded*)

1. The PRESIDENT drew the Council's attention to the revised text of the Norwegian draft resolution (E/L.664/Rev.1).

2. Mr. VAKIL (Secretary of the Council) said that the summary records of the meetings of the Committee on the Enforcement of International Arbitral Awards (E/AC.42/SR.1 to 13) had been circulated to the Governments of all States Members of the United Nations, to the Governments of all the non-member States which attended the Council as observers, and to the non-governmental organizations interested in the question.

3. Mr. CHA (China) withdrew the proposal he had made at the previous meeting that the summary records of the Committee's meetings should be included among the documents which the Secretary-General was requested to transmit to the Governments of Member and non-member States.

4. The PRESIDENT put to the vote the draft resolution submitted by Norway (E/L.664/Rev.1).

The draft resolution was adopted by 16 votes to none, with 1 abstention.

SUPPLEMENTARY ITEM 2

Reorganization of the sessions of the Council (E/2732, E/L.665)

5. Mr. HOTCHKIS (United States of America) said that his delegation did not intend to undo the excellent work done by the Council at its eighteenth session in connexion with the organization and operation of the Council and its commissions. On the contrary, the draft resolution submitted by Argentina, Australia and the United States (E/L.665) should ensure the success of the essential part of the reorganization, while doing away with the one feature that had not been successful. The results of the first part of the divided spring session introduced in implementation of Council resolution 557 B II (XVIII) had been meagre and the prospects for the second part were no better; the agenda was scanty and the session would not even run its allotted three weeks. Representatives had been brought from all over the world to attend meetings at which there was little for them to do whilst their urgent work in their own countries was being neglected. The documents for the summer session were ready, but those who would have to discuss them would have too little time to prepare their statements before the session opened.

6. It had been suggested that the new system had not been given a fair trial, but it was clear from the provisional agenda for the twentieth session (E/2741) that the position in the following year would be even worse. If the 1956 spring session were divided, the agenda for each part would be very small. It had not been foreseen, when the proposal to divide the spring session had been adopted (Council resolution 557 B II (XVIII)), that there would be pressure from subsidiary bodies to place items of importance to them on the agenda of the summer session.

7. The objection had also been raised that the Council would lose prestige if it changed its mind only eight months after it had decided on reorganization; it was equally true to say, however, that the Council would enhance its status by frankly admitting its mistakes, and taking the necessary steps to correct them.

8. Mr. SAKSIN (Union of Soviet Socialist Republics) recalled that his delegation had had misgivings, now justified by experience, about the division of the Council's spring session. He welcomed the proposal to restore the *status quo ante* and would support the draft resolution submitted by Argentina, Australia and the United States (E/L.665).

9. Mr. SCOTT FOX (United Kingdom) said that the proposal to divide the Council's spring session had been adopted only after exhaustive discussions and consultation with the Secretary-General. If the Council reversed its decision it would lay itself open to the criticism that it had wasted time and effort in discussing the matter at its eighteenth session, or else that its attitude at the nineteenth session was irresponsible.

To reverse a substantive decision before it had been put properly into effect was to establish a dangerous precedent.

10. The reorganization which involved dividing the spring session had been made because many delegations had felt that the prestige of the Council was declining, that its debates were not attracting the attention they deserved, and that some means must be found of giving the Council a "new look" and enabling it to concentrate on its important task of co-ordination.

11. In order to achieve that, the Council had decided that its main summer and spring sessions should be much shorter and the means devised to make that possible was the resumed spring session, which was to be devoted to discussion of routine matters and questions which could be dealt with by the permanent delegations in New York.

12. It had been asserted that the new system had not been satisfactory in practice, but it was not reasonable to condemn out of hand an idea which had been tried out for only half a session. There must be a period of transition, during which any initial difficulties which arose could be eliminated if delegations really wished to make the new arrangement work. It was premature to say that the 1956 spring session was likely to be a failure. The Council would have half a dozen important items ripe for discussion, which was just what was envisaged under the reorganization. His Government was ready to send experts to discuss important items on a high technical level, but it could do so only if the sessions were short and particular items could be taken on definite dates.

13. Whether or not the Council decided to maintain the division of its spring session, the new character of the summer session must be retained. The Council's co-ordinating role was most important; at its forthcoming summer session it would review the work of the United Nations in the economic and social fields against the background of wide debates on the world economic situation. He was glad to note that the United States proposal did not envisage any change in the character of the summer session, but it must be realized that a return to the old system of an undivided spring session might open the way to demands for a more even distribution of agenda items between the spring and summer sessions.

14. He urged the Council to adopt the Secretary-General's proposed amendment (E/2713) to rule 2 of the rules of procedure for a trial period of one or two years. The Council had taken a step forward and if it now took a pace back again it might find itself returning to the old state of affairs, which it had generally been agreed must be altered in the interests of the future of the Council.

15. Mr. MORALES (Argentina) said that his delegation, mindful of the need to ensure the fulfilment of the Council's functions, had voted in favour of resolution 557 B II (XVIII), the purpose of which was to allow adequate time for the preparation of documents, to distribute the Council's work more evenly over the year and to facilitate the attendance of high-level representatives and experts of Member States. While immediate results could obviously not be expected and a period of transition was required, the fact was that the consequences of the reorganization, in so far as the division of the spring session was concerned, had

been purely negative. The expected high-level representation had not materialized and the Council had been compelled to work under a rigid time-limit. The experiment, while brief, had nevertheless been conclusive.

16. The Argentine delegation therefore felt that the Council would do well to revert to its former schedule and hold an undivided spring session every year. A decision to that effect would not imply a hasty reversal of a position it had taken earlier but would rather demonstrate a commendable flexibility of approach. Moreover, none of the other principles set out in resolution 557 B II (XVIII) would be affected.

17. For the reasons given, his delegation hoped that the draft resolution (E/L.665), of which it had been one of the sponsors, would commend itself to the Council.

18. Mr. FORSYTH (Australia) said that the provisions of the draft resolution which his delegation had co-sponsored would not affect the general reorganization decided upon at the Council's eighteenth session. The Council would merely revert to its former practice with respect to its spring session. At the time, Australia had supported the idea of a divided spring session as a worth-while experiment under which the first part of the session would be devoted to the more important items and the resumed session to the more routine questions. The experiment had failed, one of the major handicaps being the difficulty of deciding in advance on the relative importance of items. The attendance of high-level representatives and experts, which had not materialized under the new scheme, might be ensured through a more careful planning of the time-table for the discussion of various items.

19. Mr. MENEMENCIOLU (Turkey) felt that the divided spring session decided upon at the eighteenth session had not been given a fair trial. The results so far were admittedly not very encouraging. However, immediate success had not been anticipated. The Council should be allowed a reasonable period to adapt itself to the new scheme which, if effective, would be of considerable help to the delegations of countries which were at a considerable distance from United Nations Headquarters.

20. For the reasons given, the Turkish delegation could not support the joint draft resolution (E/L.665), which it considered premature.

21. Mr. STANOVNIK (Yugoslavia) said that the Yugoslav delegation would vote in favour of the joint draft resolution despite the fact that it had supported Council resolution 557 B II (XVIII). Yugoslavia still subscribed to the underlying considerations which had led the Council to change its programme of work. Moreover, in its view the joint draft resolution in no way affected the substance of the reorganization which the Council had decided upon at its eighteenth session. The minor revision proposed would, on the contrary, contribute to the fulfilment of the basic concept which had prompted nine Member States, including Yugoslavia, to introduce the draft which had become resolution 557 B II (XVIII). The Yugoslav delegation had felt at the time that the reorganization proposed in that resolution would ensure the attendance of high-level representatives and experts at the Council's summer sessions. The proposal to revert to the system of a single spring session would not affect the achievement

of that goal. It would, on the other hand, allow delegations more time in which to study the documentation for the important items which the Council would have to consider at its summer sessions.

22. Mr. HSIA (China) said that he would support the draft resolution (E/L.665). His delegation had voted for resolution 557 B II (XVIII), but with some misgivings about the extra work, expense and travelling entailed by holding the spring session in two parts. It had finally been persuaded that the first part would be devoted to the more important problems requiring the attendance of high-level representatives and the second to routine items. It was generally agreed that the arrangement had not worked as planned. Both parts required the presence of representatives at all levels. A return to the former system of a single spring session of five to six weeks with a concentration of personnel was required. There was a growing feeling that under the current system the presence of high-level representatives was unnecessary. If it were amended as proposed in the draft resolution, however, they would have to attend, even if for only a part of the session.

23. Mr. MIR KHAN (Pakistan) said that, as it had expected, Pakistan had found the difficulties and expense of sending experts to two parts of the spring session insuperable and the main work had been done by the permanent mission, which had hardly been able to cope with the agenda. The sooner the decision to rectify a mistaken decision was taken, the better, as the Council would have to plan its work for 1956. He therefore supported the draft resolution.

24. Mr. AMANRICH (France) urged the Council not to take action prematurely. In the opinion of the French delegation, it was not so much the Council's resolution that was at fault as the way in which the Council itself had put it into effect. However, the draft resolution submitted was only limited in scope; the Council would still be able to deal at its first session with major items appropriate for high-level discussion, and the most important parts of resolution 557 B II (XVIII), in particular the organization of the summer session, was not affected. Even so, he could not support the joint draft resolution (E/L.665).

25. Mr. RAJAN (India) said that his delegation had supported Council resolution 557 B II (XVIII) and did not see any good reason for reversing it only two-thirds of the way through the first session held under its terms. He appreciated the difficulties experienced by some delegations and admitted that certain drawbacks had been found which had not been anticipated and that certain of the advantages expected had not materialized, for example, the attendance of high-level representatives. The divided session had, however, eased the burden on the Secretariat and had facilitated

the early production of documents. The agenda of the summer session had also been somewhat lightened. Some of the difficulties might decrease with further experience. The current arrangement should be continued.

26. Mr. SCOTT FOX (United Kingdom) requested a separate vote on paragraph 1 (b) of the joint draft resolution (E/L.665). He would vote against it, because it jettisoned the idea that the summer session should be restricted to four weeks, which was fundamental to the new system. If the summer agenda appeared too heavy, the decision to meet earlier than the second week in July could be taken at the spring session, but that decision should be taken each year if it proved necessary.

27. He proposed a preamble reading "Reaffirming the general aims expressed in its resolution 557 B (XVIII)". If that were acceptable, he would abstain on the joint draft resolution as a whole in view of the weight of feeling in the Council in its favour.

28. Mr. HOTCHKIS (United States of America), Mr. MORALES (Argentina) and Mr. ROGERS (Australia) accepted the amendment.

29. The PRESIDENT put to the vote paragraph 1 (b) of the draft resolution submitted by Argentina, Australia and the United States of America (E/L.665).

The paragraph was adopted by 13 votes to 1, with 4 abstentions.

30. The PRESIDENT put the draft resolution (E/L.665) to the vote as a whole, as amended.

The draft resolution, as amended, was adopted by 13 votes to none, with 5 abstentions.

31. Mr. SCHIFF (Netherlands) said that he had not taken part in the debate as the Netherlands delegation had not been a member of the Council at its eighteenth session, but he had voted for the joint draft resolution on the basis of the unhappy experience of the divided session, an arrangement which he thought had little prospect of future improvement.

AGENDA ITEM 23

Revision of the rules of procedure of the Council (E/2713)

32. The PRESIDENT said that the adoption of the joint draft resolution (E/L.665) had rendered any change in the rules of procedure unnecessary, so that the Council was not required to take any action on item 23. The item would therefore be deleted from the agenda.

It was so agreed.

The meeting rose at 12.20 p.m.



ECONOMIC AND SOCIAL COUNCIL

Resumed Nineteenth Session

OFFICIAL RECORDS

854th Meeting

Friday, 20 May 1955,
at 3.10 p.m.

NEW YORK

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Agenda item 11:

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Report of the Transport and Communications Commission 89

President: Sir Douglas COPLAND (Australia).*Present:*

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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: Brazil, Chile, Iran.

The representative of the following agency: International Labour Organisation.

AGENDA ITEM 11

Report of the Transport and Communications Commission (E/2696)

REPORT OF THE ECONOMIC COMMITTEE (E/2754)

1. Mr. BRILEJ (Yugoslavia), Chairman of the Economic Committee, presented the report of the Committee (E/2754) on the report of the Transport and Communications Commission (E/2696).

2. He explained, with reference to the work programme and priorities for projects, that the Committee had decided to replace draft resolution F of the Transport and Communications Commission by a text proposed by the Secretary-General (E/2744, para. 5) and an additional provision based on the Argentine amendment (E/AC.6/L.124). The Committee had rejected the draft resolution submitted by Norway and Sweden (E/AC.6/L.121) on the situation with respect to ratification of the Convention on the Inter-Governmental Maritime Consultative Organization (IMCO) as explained in paragraphs 25 to 30 of the Commission's report.

3. The PRESIDENT drew attention to the financial implications of draft resolution E on the transport of dangerous goods (E/2696, annex II). An estimate of the expenses resulting from the draft resolution would be submitted first to the Council in the document whereby it was regularly informed at its summer session of the financial implications of the United Nations work programme in the economic and social fields and then to the Fifth Committee of the General Assembly.

4. Mr. DONS (Norway) regretted that the Economic Committee's report (E/2754) did not give an account of the Committee's discussions on the IMCO Con-

vention. The Norwegian Government attached great importance to that matter and Member States not represented in the Council or in the Transport and Communications Commission would find a full report on it useful. It would probably be best to deal with it at greater length in the Council's report to the Assembly so as to facilitate discussion if the question was raised again in the Assembly.

5. Mr. KADAPA (India) supported the Norwegian representative's proposal.

6. The PRESIDENT assured the Norwegian and Indian representatives that their comments would be taken into account when the Council's report to the Assembly was drafted.

7. He put to the vote the draft resolutions contained in the report of the Economic Committee (E/2754, para. 5) on the report of the Transport and Communications Commission (E/2696).

8. Mr. NIKOLAEV (Union of Soviet Socialist Republics) requested a separate vote on each of the draft resolutions.

Draft resolution A was adopted unanimously.

Draft resolution B was adopted by 14 votes to none, with 3 abstentions.

Draft resolution C was adopted by 15 votes to none, with 2 abstentions.

9. Mr. BARNES (United Kingdom) requested a separate vote on paragraph 2 of the operative part of draft resolution D.

The paragraph was adopted by 14 votes to none, with 3 abstentions.

Draft resolution D as a whole was adopted by 15 votes to none, with 2 abstentions.

Draft resolution E was adopted by 15 votes to 2.

10. Mr. ALFONZO RAVARD (Venezuela), supported by Mr. HAMDANI (Pakistan), requested a separate vote on the last paragraph of the preamble and paragraph 1 of the operative part of draft resolution F.

11. The PRESIDENT pointed out that the last paragraph of the preamble was missing in the French text of the Economic Committee's report (E/2754).

The last paragraph of the preamble and paragraph 1 of the operative part of draft resolution F were adopted by 10 votes to none, with 7 abstentions.

Draft resolution F as a whole was adopted by 15 votes to none, with 2 abstentions.

12. Mr. ABOU-GABAL (Egypt) and Mr. HAMDANI (Pakistan) said that they had abstained on the last paragraph of the preamble and on paragraph 1 of the operative part for the reasons they had explained in the Economic Committee.

13. Mr. ALFONZO RAVARD (Venezuela) said that he too had abstained because, in his delegation's opinion, the question of the *Transport and Communications Review* should have been first examined by the Transport and Communications Commission.

14. Mr. NIKOLAEV (Union of Soviet Socialist Republics) recalled that his delegation had explained to the Economic Committee its views on each of the draft resolutions.

15. Mr. VEJVODA (Czechoslovakia) said that he had voted against draft resolution E concerning the transport of dangerous goods because the report of the Committee of Experts (E/CN.2/143—E/CN.2/

CONF.3/1) mentioned in that draft made recommendations on military articles, which were incompatible with the peaceful work of the United Nations. The Czechoslovak delegation had abstained in the vote on draft resolutions B, C, D and F because certain of the questions they dealt with came within the domestic jurisdiction of States.

16. Mr. HOTCHKIS (United States of America) explained that in voting for draft resolution B concerning uniform system of road signs and signals, his delegation had in no way sought to encroach upon the domestic affairs of States of the Union.

The meeting rose at 3.45 p.m.



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Agenda item 12:

Restrictive business practices 91

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President: Sir Douglas COPLAND (Australia).**Present:**

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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: Brazil, Chile, Cuba, Haiti, Iran.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Civil Aviation Organization, International Bank for Reconstruction and Development.

AGENDA ITEM 12

Restrictive business practices (E/2380, E/2612 and Add.1 to 3, E/2671, E/2675, E/2716, E/L.667)

1. Mr. THAGAARD (Norway) said that his delegation favoured the control measures which the *Ad Hoc* Committee on Restrictive Business Practices proposed, in its report (E/2380), to apply to international trusts and cartels. It was obvious that such powerful organizations might have harmful effects on international trade; they might, for instance, stifle competition by means of dumping, conclude exclusive agreements, impose unfair prices and make excessive profits, discriminate between countries in the fixing of prices or conditions of sale, or limit production. International trusts and cartels had no monopoly of such undesirable practices but there was no doubt that trusts and cartels might seriously hinder, as they had done in the past, the economic development of many countries and the expansion of international trade. Their activities must therefore be controlled.

2. In his delegation's opinion it would be inadvisable to apply such control without the support of an adequate number of Member States, but far too many Members had hitherto taken scant interest in the problem. It was unlikely that the members of the Council would be able to agree, at the present session, on the preparation of an international agreement. Nevertheless, States must be urged to take more interest in a thoroughgoing reform of international trade. To that end, his delegation had proposed an extremely moderate draft resolution (E/L.667) which was broadly based on Council resolutions 375 (XIII) and 487 (XVI).

3. A distinction must be made between the control of restrictive business practices in international trade and the question of national trusts and cartels. In his delegation's view it was for Member States themselves to decide how they should deal with national trusts and cartels. The measures already taken in that connexion varied according to States and it was to be hoped that countries would find some suitable means of combating the harmful effects of their trusts and cartels; that problem, however, was a national one and was therefore not amenable to solution by an international agreement.

4. Restrictive business practices in international trade, on the other hand, were obviously an international problem. It would be seen from the second paragraph of the preamble of resolution 375 (XIII) that co-operative international action was needed in order to deal effectively with the harmful effects of international trusts and cartels; it should be noted that the control measures proposed in the Council resolutions and in the *Ad Hoc* Committee's report applied only to practices affecting international trade. Similarly, although the conclusion of an international agreement would necessarily impose on the contracting States obligations such as those set out in articles 1 to 5 of the *Ad Hoc* Committee's draft articles of agreement (E/2380, annex II), the obligations referred only to the control of restrictive practices in international trade.

5. Mr. OZGUREL (Turkey) noted that the Secretary-General had been unable to submit to the present session his report on the organization referred to in paragraph 6 of Council resolution 375 (XIII), since so few Governments had communicated their observations on the *Ad Hoc* Committee's report (E/2380). The Council could therefore usefully discuss the question in order to determine clearly what information was available and to crystallize its ideas and thereby come closer to its goal. His delegation realized that it would take some time to conclude the agreement proposed by the *Ad Hoc* Committee but was sure that discussion in the Council would assist in solving the problem.

6. The *Ad Hoc* Committee's report showed that it considered an international agreement necessary for controlling the activities of trusts and cartels whose restrictive business practices had had harmful effects in the international economic field. His delegation was not convinced that that view was the only possible one but it did recognize the desirability of some such international control, and therefore considered it appropriate and desirable to take joint action, including the conclusion of an international agreement.

7. The *Ad Hoc* Committee had defined restrictive business practices in its draft agreement and had shown that in certain circumstances, trusts and cartels might be useful institutions, as had been stated in the Havana Charter for an International Trade Organization. As Turkey was a consumer of many imported

commodities the trade in which was regulated by trusts and cartels, the Turkish Government agreed that the activities of such organizations should be controlled in so far as they were detrimental to international trade.

8. His delegation noted with satisfaction that the control proposed in the draft agreement was to be world-wide; since trusts and cartels regulated the trade in certain commodities in international markets, the measures proposed for controlling the harmful activities of such organizations must also of necessity be international in character.

9. His Government also agreed with the *Ad Hoc* Committee's statement on the interrelation between restrictive business practices and the other main forms of restriction and control of foreign trade, such as tariff barriers, quotas and exchange control.

10. The Turkish Government did not, however, agree with the *Ad Hoc* Committee on the establishment of a new control organization; in its view, GATT should be regarded as the most appropriate international body for such action. It was already concerned with tariff barriers and quota limitations; it co-operated with the International Monetary Fund on exchange control and at its ninth session had spent much time examining the forms which such co-operation might take in the future. In view of the relationship between those three forms of restrictions and restrictive business practices themselves, the latter were a proper subject for GATT action. He pointed out that the signatories of GATT had recently prepared an agreement for the establishment of a new international co-operative organization to replace the International Trade Organization proposed under the Havana Charter. It was therefore logical that the question of restrictive business practices should be given to an international organization which would at the same time deal with international trade.

11. The Turkish delegation fully supported the first nine articles of the draft agreement proposed by the *Ad Hoc* Committee which were couched in virtually the same terms as the corresponding articles of the Havana Charter.

12. In general, the lifting of restrictions on international trade would make it easier for Turkey to export its tobacco, the country's chief export item, trading in which was regulated by trusts and cartels. Moreover, it would protect Turkish industry which was still in the process of development and would normalize trading in a large number of import products.

13. Mr. STIKKER (Netherlands) said that in his Government's view there were three different approaches to the problem of the measures to be taken to prevent the harmful effects of restrictive business practices.

14. The first was to consider the problem entirely from the point of view of civil law. Thus, a person who had suffered a loss as the result of a restrictive practice could bring an action for damages based on provisions embodied in the civil code for that purpose. That method was nevertheless open to various objections. In the first place, action could be taken only where the practice complained of constituted a tort. It was by no means an easy matter to indicate exactly where the dividing line between lawful and unlawful restrictive practices was to be drawn. Moreover, the method would take the matter out of the hands of the

Government and place it entirely in those of the judiciary which could apply only the existing law and not take preventive measures where necessary. Finally, the State would be precluded from applying price control measures where required.

15. The second method was to resort to penal law. The legislator might lay down certain rules to be observed in economic competition under penalty of prosecution and punishment. For instance, the establishment of any type of cartel might be prohibited. However, the method would be too generalized. In the case of absolute prohibition, account could not be taken of the special conditions obtaining in certain branches of business. Where the prohibition took those conditions into account, the rules would become so vague that neither the businessman nor the judge would know exactly what was permissible and what was not.

16. The third method was for the Government to adopt such regulations as it deemed necessary on the premise that conditions of competition differed. A restrictive agreement between producers or wholesalers might be indispensable in a certain branch of trade or at a certain time but harmful in another branch or at a different time. Under that method the Government would have to maintain a constant watch over all branches of trade to ensure that their development was consistent with the general economic policy. In the Netherlands Government's view the benefits derived from the national application of the third method could also be achieved on the international level where differences in trade conditions were even greater. The method should therefore be seriously considered when the time came to conclude an international arrangement on restrictive business practices. In that connexion, the Netherlands delegation would in due course propose certain amendments along those lines to the proposals in the *Ad Hoc* Committee's report (E/2380).

17. In the meantime the Council should remember that other inter-governmental bodies and agencies were also actively considering the problem of restrictive business practices. Secondly, the Council might find some delicate problems easier to solve if approached on a regional rather than on a world scale. It might be desirable, for instance, to persuade the European States to co-operate with one another. In the circumstances, the Secretary-General might be requested to invite GATT and the Council of Europe to express their views on the subject before the Council took final action. Thirdly, the application of legislative and administrative measures in some countries was so wide that their effects were felt far beyond the national boundaries of the States concerned. The Netherlands delegation considered that to be undesirable and hoped that when an international arrangement was arrived at the participating States would refrain from such measures. Finally, while national legislation should obviously not go beyond its usual field of competence, it should at the same time meet certain minimum conditions to ensure the functioning of the international arrangement; participating Governments would have to adapt their national legislation so as to be able to comply with the obligations they would assume under the international convention.

18. Mr. JALIL (Ecuador) observed that when the Council, at the beginning of its nineteenth session, had considered the question of the economic development of under-developed countries the Ecuadorian delega-

tion had expressed the hope that restrictive business practices would be eliminated as far as possible. If that were done the economic development of under-developed countries would be promoted, as they would acquire more foreign exchange and would thereby improve their position with respect to investment capital. The benefits of the new situation would be confined to those countries alone, for the industrialized countries would be in a position to export their products to new markets where they would find millions of consumers.

19. The problem of restrictive business practices, closely related as it was to the economic development of all countries, particularly the under-developed countries, deserved the most careful consideration. While specific measures should be adopted to ensure successful action in that field, many theoretical and practical difficulties would have to be overcome, among them the psychological reactions of the various populations concerned and the differences in national legislations.

20. He congratulated the Secretariat on its work. With respect to its report containing information on restrictive business practices in international trade in a number of countries (E/2675), he mentioned by way of example the situation with respect to chemical products which provided conclusive evidence of the harmful effects those practices could have. In 1949, the exports to the United States of the British Imperial Chemical Industries, Ltd., which had concluded an agreement with the firm of E. I. du Pont de Nemours, had amounted to a little over \$500,000. The very next year, following the devaluation of the pound sterling and the termination of the agreement with du Pont de Nemours, the British firm's exports had increased by more than 1,000 per cent. The courts in the United States and in the United Kingdom failed to take the same view of that type of case.

21. Restrictive business practices were not invariably the result of agreements between firms. Quoting a passage of the annual report of the International Monetary Fund (E/2661 and Add.1), in which the coffee shortage was referred to, he observed that the drop in coffee prices despite favourable conditions could be attributed chiefly to the effect of discriminatory publicity. For many of the producing countries, coffee represented more than half of the total exports. Consequently, the price drop of as much as 40 per cent had had a particularly unfavourable effect on their balance of payments. Faced with that situation, some Latin-American countries had been compelled to impose import restrictions. Those restrictions had been purely defensive measures and in no way discriminatory.

22. The elimination of restrictive business practices presupposed a series of measures. Careful consideration should be given to the exchange control system in some countries, to customs regulations, and to trade agreements between governments and private companies. Account should be taken of the effect of the proposed measures on production. Fluctuations in currency values, concealed monopolies, the effect of restrictive practices on employment, production costs and the position of the consumers should also be carefully considered. In view of the difficulties which might arise in the absence of an applicable international law, measures should be adopted on the national and regional levels in that order before proceeding to international action. The countries concerned should enact equitable legislation designed to abolish all discriminatory re-

strictions and practices. Such action would attract private capital from abroad and encourage its participation in the economic development of under-developed countries and areas.

23. Mr. STANOVNIK (Yugoslavia) observed that there seemed to have been some slackening in restrictions on international trade and payments, but cartels showed an ever-increasing tendency to spread. Thus progress in some fields might be paralysed by trends in another. The situation was the more disturbing in that some countries with a large stake in world trade seemed to be less and less interested in curbing that trend.

24. The Yugoslav delegation's stand on the matter was based on predominantly economic considerations. It considered how international cartels affected world production and trade and the national and world income. It was concerned with the question whether international cartels would lead to an increase in the world income and whether restrictive business practices could ensure a fairer distribution of the world income among countries. Obviously, restrictive business practices of whatever kind were a serious handicap to the new countries' industrial development.

25. There were five kinds of barrier to international trade: customs duties, quotas, exchange controls, restrictive practices based on bilateral or multilateral agreements and international cartels set up by private undertakings. All of them raised interrelated problems linked to a greater or lesser extent to the more general problem of international trade, so that the idea of a piecemeal solution must be discarded. The Council had therefore probably been right in taking the problem up again as it had been put in the Havana Charter and in considering it afresh.

26. As things were, the only organization which could be made responsible for executing an agreement on restrictive business practices was GATT. But that organization was in the formative stage, its relationship to the United Nations had not yet been adequately defined and its membership was too restricted for it to be made responsible for work on such a large scale. The Council might deem it necessary to convene in the near future another conference on international trade to consider the problems he had mentioned as a whole; their importance for the execution of the *Ad Hoc* Committee's draft agreement (E/2380, annex II) could not be exaggerated.

27. Seven countries and a few organizations had so far replied to the letter circulated by the Secretary-General in compliance with Council resolution 487 (XVI). Some observations in those replies (E/2612 and Add.1 to 3) warranted comment.

28. In several replies, for instance, the comment was made that no international agreement could be drawn up, because national anti-trust laws varied greatly from country to country and all countries could not enter into the same commitments. It had also been stated that under the agreement the position of free enterprise countries would be appreciably weakened in relation to that of countries applying stricter restrictions. But nowadays all free enterprise countries protected themselves by high customs tariffs. Moreover, the system of international cartels was incompatible with the free enterprise system. So, when a country was convinced that international cartels were harmful, the best it could do was to advocate the implementation of the draft agreement prepared by the *Ad Hoc* Committee.

29. It had also been stated that judicial powers could not be conferred on an international administrative body. But the Council had just dealt with the problem of the enforcement of international arbitral awards and had found that even matters of that kind could be settled by judicial methods at the international level provided that the competent international bodies were given the requisite powers.

30. Some replies criticized the provisions vesting the proposed body with powers to decide whether a cartel agreement might be regarded as having harmful effects on the expansion of production or trade. It should be noted that the draft agreement provided for a right of appeal and other democratic procedures.

31. Although he did not agree with the objections he had cited, the Yugoslav delegation believed that the time was not ripe to submit the draft agreement to Governments for signature, as probably not enough countries would sign it. Governments should therefore be afforded the opportunity to consider the matter again. A broader approach should be made to the problem and a body which would operate under the United Nations, and would cover the whole field of international trade should be made responsible for putting the agreement into effect.

32. The Council should not, however, remain inactive. It should at once take practical action which would enable the proposed agreement to be put into effect in the future and would in the meantime prevent to some extent the spread of international cartels harmful to economic development and the expansion of international trade.

33. The Yugoslav delegation had, at the Council's sixteenth session (742nd meeting), stressed the need for greater publicity for the question of restrictive business practices. Governments should be asked to supply the Secretariat with more detailed information on such practices. The Secretariat would thus be able to continue its studies on the basis of official information. The regional commissions might also give the Secretariat useful help.

34. Governments might well again be invited to send their observations on the draft agreement on restrictive business practices pursuant to Council resolution 487 (XVI), so that the Council would have before it at its twenty-first session a number of observations enabling it to continue its discussion of points raised in the draft agreement. The Council's discussions would be made easier if the Secretariat prepared a study of the relationships between the restrictive practices constituted by international cartels and other restrictive practices applied in international trade. The Secretariat could take account of restrictive practices affecting not only trade but also services, and particularly maritime transport rates. Such a study could be particularly valuable to the Council if it proposed to examine the effects of international cartels on policies concerning economic development, inflation and employment as well as the effects on the more general problem of economic stability which was always before the Council.

35. Mr. ZAHIRUDDIN (Pakistan) said that as his delegation had not had time to examine in detail the Norwegian draft resolution (E/L.667), it reserved the right to comment on the draft at a later meeting.

36. The Economic and Social Council had been dealing with the question of restrictive business practices for several years. The time and effort devoted to the problem should not be regretted. In 1953 the *Ad Hoc* Committee on Restrictive Business Practices had submitted a report (E/2380) which represented the work of more than a year. Extensive material had been prepared by the Secretariat, and comments on the *Ad Hoc* Committee's report had been submitted by various Governments, specialized agencies and inter-governmental and non-governmental organizations (E/2612 and Add.1 to 3). However, before the report was discussed at length, the important inter-governmental organizations, the Contracting Parties to the General Agreement on Tariffs and Trade and those Governments which had not yet submitted comments should be asked for their observations.

37. Before any international action was taken, efforts should be made to discover what practical results could be anticipated. Although no Government questioned the value of measures to prevent restrictive business practices, not all restrictive practices should be indiscriminately condemned. Some countries occasionally found it necessary to adopt measures aimed not at reducing production or restricting trade but at raising the level of living. The freedom of action of such Governments should not be limited by international measures, the utility of which would in such circumstances be seriously impaired. It was heartening to note that the *Ad Hoc* Committee also shared that view.

38. The same attitude should be adopted with regard to restrictive business practices specifically required by governmental measures. In article 3 of the draft articles of agreement, the *Ad Hoc* Committee endorsed that principle to a large extent but limited its scope by stating that any practice found to exist in more than one country might be investigated if such practice was not so specifically required in all countries in which it was found to exist. That provision was obviously intended to reconcile divergent points of view, but as conditions might vary from one country to another, it should be recognized that if the Government of any one country deemed it necessary to adopt measures requiring the application of restrictive business practices, no investigation should be undertaken.

39. He emphasized that the economy of the under-developed countries depended on commodity trade. Since 1870, the prices of commodities had steadily worsened in relation to the prices of manufactured goods, and as a result countries producing primary commodities had become impoverished in comparison with the industrialized countries. The situation had recently become even more serious due to the fact that textiles made of artificial or synthetic fibres had to some extent replaced cotton fabrics. As the prices and the consumption of raw materials produced in the under-developed countries had to be stabilized at a reasonable level, there was no reason to be surprised if those countries endeavoured to conclude agreements for the purpose of selling their primary commodities under the best possible conditions. Those agreements were sometimes said to embody restrictive business practices; that at least was the opinion of the National Association of Manufacturers in the United States. He did not, however, agree with that argument and felt that pending the establishment of an organization

capable of stabilizing the prices of primary commodities, the prohibition of agreements relating to those commodities would leave the under-developed countries defenceless. Accordingly, his delegation asked that such agreements should not be covered by the measures which might be adopted in implementation of the *Ad Hoc* Committee's recommendations.

40. Before the practical results of an international programme of action were examined, the present feasibility of such action must be determined. He did not share the pessimism of those who considered that international action, directed for example against powerful international cartels, was impossible, and he recalled that international measures should go hand in hand with national programmes. The regional solution proposed by the Netherlands representative did not at first glance appear to be satisfactory, but it did offer possibilities which Governments would undoubtedly wish to study more thoroughly.

41. With respect to the establishment of an organization to implement the decisions taken, his Government, desiring to avoid a proliferation of international organizations, felt that consideration should be given to GATT or the proposed Permanent Advisory Commission on International Commodity Trade.

42. He congratulated the *Ad Hoc* Committee, the Secretary-General and the Secretariat on the valuable work that had been accomplished.

43. Mr. CHA (China) noted that there were no differences of opinion as to the harmful effects of international cartels and the need to eliminate them. What had to be done therefore was to agree on the methods to be used.

44. Too few countries had submitted observations on the *Ad Hoc* Committee's report (E/2380) to allow of any generalizations. Some, which played an important part in world trade, such as Canada, the Federal Republic of Germany, the Netherlands and the United Kingdom, had not yet replied. That, however, did not justify the conclusion that Governments were not interested in the question. It was more likely that they had not had sufficient time to study in detail the various aspects of that complex problem. Before replying, Governments had to examine their legislation and the decisions of their courts; they had to decide whether the establishment of an international organization was desirable and the extent to which they could co-operate with other Governments. They would also wish to re-examine chapter V of the Havana Charter.

45. As it was clear that the agreement of all States to the implementation of international control measures could not yet be obtained, his delegation felt that the Secretary-General should again request those Governments which had not replied to submit their comments as soon as possible in order that the Council might be able to study the question at a future session.

46. His delegation fully supported the draft resolution proposed by the Norwegian delegation (E/L.667); the reference in paragraph 3 c to the technical assistance which interested Governments could share was particularly commendable.

47. Mr. CAFIERO (Argentina) said that although the problem of restrictive business practices had already been considered at the international level, agreement on all aspects of the question was still far from

having been reached. He felt that restrictive business practices concerned not only the establishment and activities of monopolies and cartels but also all tariff measures aimed at restricting trade.

48. Restrictive business practices had already been dealt with in chapter V of the Havana Charter, which provided that the signatory States should take steps against practices which could have harmful effects on the expansion of production or trade. Article 46 emphasized the general nature of the problem by condemning trade practices that were contrary to the creation of conditions of stability and well-being which were necessary for peaceful and friendly relations among nations. All measures which were contrary to the objectives set out in article 1 of the Havana Charter should be regarded as restrictive business practices.

49. Although the Argentine Republic had accepted the general principles set forth in the Charter, it had been unable to subscribe to the Final Act of the United Nations Conference on Trade and Employment because the specific provisions adopted at Havana had diverged from those principles, had constituted intervention in the affairs of States and had paid insufficient regard to the essential problem, namely, the consequences of the increasing tempo of economic development in the under-developed countries.

50. Later, the *Ad Hoc* Committee on Restrictive Business Practices had submitted a set of draft articles of agreement (E/2380, annex II) based on chapter V of the Havana Charter. The Argentine Government recognized the general value of the principles embodied in the draft agreement but regarded it as too limited in scope. Consideration should have been given to the general problem of economic development and to the questions raised by the Ecuadorian representative. Furthermore, in view of the considerable differences between the laws of the various countries, it did not appear appropriate to consider the establishment of a new international control agency at the present time. The question of restrictive business practices which adversely affected economic development, productivity, international trade and the balance of payments should nevertheless continue to receive attention, and the Argentine delegation had no wish to postpone consideration of the matter.

51. There were two agencies in existence which were concerned directly or indirectly with restrictive business practices. The General Agreement on Tariffs and Trade was based on the principles of the Havana Charter, for its present article XXIX provided that the contracting parties undertook to observe the principles of chapters I to VI of the Havana Charter, including of course the provisions concerning restrictive business practices contained in chapter V. Thus the article in question preserved the spirit of the Havana Charter and merely omitted any reference to the International Trade Organization. In other respects it reiterated the provisions of the Agreement already signed. It was still uncertain, however, whether the contracting parties intended to establish a control agency to supervise the application of decisions taken concerning restrictive business practices.

52. The matter might, moreover, be dealt with indirectly by the Commission on International Commodity Trade, which under paragraph 3 a of Economic and Social Council resolution 557 F (XVIII) was em-

powered to consider any problem connected with international commodity trade within its terms of reference, which was of special importance. The matter of restrictive business practices affecting primary commodities might well find a place among such problems.

53. In view of the existence of those two agencies and their possible functions, it would for the time being be inappropriate to establish a new international agency. The problem was also being dealt with by non-United Nations agencies on their own initiative, and the results and conclusions arrived at by them might be of some value to the Council. The work of the International Law Association was an example, and such studies of restrictive business practices should be continued. Although the Norwegian draft resolution (E/L.667) was generally acceptable, he reserved the right to refer to it again when he had had time to study it in detail.

54. Mr. TURPIN (France) recalled that his country had favoured international control of restrictive business practices and that the French representative had taken an active part in the *Ad Hoc* Committee's work. The Committee's report (E/2380) had dealt very clearly and fully with the question. It suffered from certain defects to which its authors themselves had drawn attention, and it showed the juridical and economic limitations which might now paralyse an international programme of action.

55. Although the procedure should provide Governments with the guarantees necessary to induce them to become parties to the agreement, there was no precise definition of what constituted an offence, and the powers of the various tribunals were neither well-defined nor effective. While there was no uncertainty concerning what constituted "restrictive practices", nothing was said about the manner in which the existence of harmful effects was to be ascertained or to be traced to a restrictive business practice. There was no way of making a balance between certain harmful effects and others which might be to the advantage of not merely one country but a group of countries.

56. It was pointed out in the report, on the other hand, that conflict of laws might arise between the laws of various countries and between such laws and international law. That raised the important problem of the application of domestic law to undertakings situated abroad whose operations affected the domestic market of the States concerned. In that connexion the rights of signatory States should be clearly delimited. Finally, it would appear that except by concerted unanimous action no effective sanction could be applied. The international organization's recommendations would be entirely dependent for their effectiveness on the goodwill of the parties. That goodwill would

not be greatly in evidence, for every party would hesitate to impose controls or limitations which others would not apply to their own undertakings.

57. In the economic field, as several representatives had pointed out, it was difficult to dissociate restrictive business practices from other impediments to international trade. Customs barriers, quotas and exchange restrictions were often similar to such practices in their effects; those might be either a defence against those limitations or the result of their abandonment. Restrictive business practices might also be required to meet the demands of economic advancement or to ensure greater production or improved levels of living: establishment of research bodies and common laboratories, monopolistic exploitation of patents, trading-posts, control of the quality of export products.

58. The recognition by the French delegation that the legal basis of the draft articles was inadequate and the consequences of restrictive business practices uncertain did not imply a judgment of the advantages and disadvantages of cartels and agreements but merely of the practical effectiveness of immediate action. There appeared little hope that under present conditions practical measures could be adopted at the international level, regardless of the organization that might be responsible for them. Even at the regional level some countries would probably be unwilling to forego reprehensible business methods, for that would mean placing their economy in an unfavourable position with regard to countries not parties to such regional agreements.

59. Although inter-governmental action of any kind could not likely be undertaken without the effective support of all countries, Governments could in any case take effective measures within their own borders to combat or at least strictly control restrictive business practices. Very few countries had anti-cartel legislation, and it would be to the advantage of those which had made some effort in that direction to learn from the experience of those Governments which had already established a fairly complete system of regulation. France, whose national legislation in that regard was still rudimentary but which was, nevertheless, not one of the most retarded, was ready and willing to co-operate with other countries.

60. In conclusion, the French delegation thought that the Norwegian draft resolution (E/L.667) was in general reasonable; it did not go too far and would indicate the Council's desire to keep the matter under consideration. The French delegation might, however, wish to introduce some amendments.

The meeting rose at 12.45 p.m.



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Restrictive business practices (*continued*) 97**President: Sir Douglas COPLAND (Australia).****Present:**

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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, Colombia, Costa Rica, Haiti, Iran, Israel, Mexico.

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 Civil Aviation Organization, International Bank for Reconstruction and Development.

AGENDA ITEM 12

Restrictive business practices (E/2380, E/2612 and Add.1 to 3, E/2671, E/2675, E/2716, E/L.667) (*continued*)

1. Mr. KAMAT (India) said that his delegation was concerned at the delay in dealing with international action against restrictive business practices, although it had been generally agreed that they were harmful to consumers, particularly in the under-developed countries. The subject had been discussed for seven years, ever since the ill-fated Havana Charter. His Government was substantially in agreement with the subsequent recommendations made by the *Ad Hoc* Committee on Restrictive Business Practices (E/2380) that inter-governmental machinery should be set up to deal with the matter. When the Council had discussed the subject in 1953, it had anticipated that the contracting parties to the General Agreement on Tariffs and Trade (GATT) would take some action, but the Secretary-General had informed it (E/2716) that the terms of Council resolution 487 (XVI) precluded him from referring the matter to GATT, since a sufficient number of Governments had not commented on the Committee's report. The GATT Working Party had concluded that to discuss the Committee's recommendations would be premature since they were still before the Council. There seemed to be a procedural vicious circle. Governments should be urged to submit their comments so that GATT could take action within the general framework of the Agreement. GATT was the most important body concerned with international trade, and there were enough Contracting Parties to ensure the execution of the Committee's recommendations.

2. The Norwegian draft resolution (E/L.667) was good as far as it went, but it did not go far enough. It was not clear how long the proposed studies would continue. The matter should be referred to GATT at its next session and operative paragraph 3 (c) should be amended accordingly.

3. Mr. ANIS (Egypt) observed that restrictive business practices harmed economic development because they affected mainly commodities for which the demand was inelastic and because monopolies could accordingly fix their prices at a level ensuring the maximum profit. That price usually suited the least efficient producer and thus adversely influenced productivity and the volume of trade. Restrictive business practices were therefore to be condemned, but tariff barriers and the regulation of investment, production, trade and prices were equally harmful. The definition of a cartel should cover restrictive agreements between Governments. The *Ad Hoc* Committee's definition, in article 1, paragraph 3 of the draft articles of agreement (E/2380, annex II) was broad but vague and would make it more difficult to tackle the problem effectively.

4. Agreements on the distribution of foodstuffs were another form of restrictive business practice; they were more harmful to consumer countries than were industrial agreements. Large consumer countries could afford to buy non-perishable foodstuffs when prices were low owing to their better knowledge of and easier access to the world market.

5. International commodity agreements, too, might be used to keep prices higher than they should be. Equal representation of producer and consumer countries on the controlling body in such agreements would not be sufficient to prevent unfair price bidding. A study by the Food Research Institute of Stanford University had concluded that international commodity agreements bore a strong resemblance to cartels and had expressed the doubt whether special rules could be devised to prevent their domination by producer countries, which would use the agreements to maintain higher prices. The matter merited further consideration by the Council and by the Commission on International Commodity Trade. The Secretariat should keep the Council informed of current developments in international commodity agreements and of their effects on price valuation.

6. The Council might well pay heed to a statement made by the representative of the International Law Association to the Council Committee on Non-Governmental Organizations (E/C.2/SR.153), particularly his remarks to the effect that while the purposes set forth in Council resolution 375 (XIII) were commendable, there were obvious limitations to the terms of reference laid down by it for the *Ad Hoc* Committee on Restrictive Business Practices; the Committee had not been authorized to consider Government-directed cartels, nationalized industry arrangements or the relationship between cartel policy and commodity agreement policy.

7. Mr. GINEBRA HENRIQUEZ (Dominican Republic) observed that import quotas and similar restrictive practices were as harmful as cartels, since they impaired economic development in countries which exported raw materials to industrialized countries by limiting their supply of foreign exchange. The problem of restrictive business practices existed in all countries, and it was to be hoped that a more thorough study of it would be made. He could support the Norwegian draft resolution (E/L.667) in principle, but its details required further consideration.

8. Mr. HOTCHKIS (United States of America) said that any actions which impeded progress towards increased international production and trade were of concern to his Government. The *Ad Hoc* Committee's recommendations had therefore been given the most serious consideration, in the light of the United States' policy and practice, and more particularly of its long experience with its anti-trust laws. The concepts on which those laws were based had the support of the entire nation; they were devotion to the principles of free individual enterprise and the belief that free and vigorous competition was essential to progress. The people of the United States were strongly opposed to monopolies and cartels.

9. A national committee to study the anti-trust laws, composed of lawyers, economists and experts, had recently reported its belief that the anti-trust laws remained one of the most important forces promoting competition in open markets. Those laws were vigorously enforced. The knowledge that they would be effectively enforced was a strong deterrent to practices calculated to restrict competition.

10. The *Ad Hoc* Committee's proposal for the establishment of international machinery to eliminate restrictive business practices would lead to success only if all countries were guided by a common economic philosophy, put into effect by comparable legislation and enforcement. In recent years commendable progress had been made by some countries in developing such programmes, but the necessary degree of comparability had not yet been achieved. Any attempt, therefore, to formulate and carry out a plan of international co-operation such as that suggested by the *Ad Hoc* Committee might well defeat its purpose.

11. Article I of the draft articles of agreement (E/2380, annex II) defined that instrument's purpose as the prevention of restrictive business practices affecting international trade which restrained competition, limited access to markets, or fostered monopolistic control, whenever such practices had harmful effects on the expansion of production or trade. Hence the test would be not whether a practice restricted business, but whether the restriction of competition was harmful. The draft provided no adequate criteria for determining whether such practices were harmful or not. There was at present no consensus as to the interpretation of the term "harmful"; it might range from the United States' view to an acceptance of restraints on competition as beneficial to trade. There would be uncertainty and misunderstanding. In time, there might be a greater measure of agreement. Recognition of the scope of restrictive business practices was comparatively recent and few countries had as yet much experience with curbing them. The United States, although it did not support the proposal for an international organization to deal with restrictive

business practices, would continue to co-operate with other Governments in doing so. Much could be done through the normal diplomatic channel and through technical assistance. Each country should seek to establish effective national policies in the field; and there should be a continuing exchange of views.

12. The PRESIDENT invited the representative of the International Confederation of Free Trade Unions to address the Council.

13. Miss SENDER (International Confederation of Free Trade Unions) said that there was still a need to curb such measures as discrimination against persons who were not members of an association, unreasonable limitations imposed through wholesale channels giving virtual monopolies to a few firms in the supply of certain goods, the virtual exclusion of new entrants to a trade, price discrimination against certain traders, and other restrictive business practices.

14. Any measures taken to terminate such undesirable practices must be of an international character if they were to embrace restrictive practices having an indirect as well as a direct effect on international trade.

15. She referred to her organization's suggestions (E/2612, section II D) aimed at achieving more effective measures of international control and to the proposals it made for the registration of business agreements.

16. Not all countries had national legislation for the control of restrictive business practices and such legislation as did exist might vary so much from one country to another as to preclude the wide application of international measures. Nevertheless, a great improvement would result if the countries where control was lax modelled their legislation on that of the countries which had established a more effective control of restrictive business practices. The United Kingdom legislation, in particular, was worthy of study.

17. The problem was pressing, because the restrictive power of monopolies was preventing the realization of full employment in an expanding economy.

18. The PRESIDENT invited the representative of the International Co-operative Alliance to address the Council.

19. Mr. WOODCOCK (International Co-operative Alliance) said that the consumers' and producers' co-operatives represented by his organization had long been endeavouring to maintain and raise standards of living by such means as the reduction of the cost of consumer goods, which could be achieved by rationalizing distribution or by the joint purchase and use of productive equipment. All the organizations which were in any way connected with import or export trade had found their activities hampered by division of markets, price maintenance and other restrictive practices.

20. The International Co-operative Alliance had been aware for many years of the gravity of the problem; it had consistently advocated the maximum freedom of trade consistent with stability, the removal of unnecessary tariffs and the control of restrictive practices engaged in by private enterprise.

21. The Council's decision to appoint an *Ad Hoc* Committee on Restrictive Business Practices had been most welcome; the Committee's report had confirmed

his organization's view that although the number of national laws against restrictive business practices was increasing, little had been done to deal with the international aspects of the problem. Governments would ultimately be obliged to recognize that international action was the only practicable solution and that a serious attempt must be made to implement the *Ad Hoc* Committee's report. The views expressed during the discussion in the Council had included proposals for treating the whole matter in the context of the General Agreement on Tariffs and Trade; that might indeed prove an acceptable solution, but in any case his organization believed that the question should remain on the Council's agenda until some effective means of control had been established.

22. The PRESIDENT invited the representative of the World Federation of Trade Unions to address the Council.

23. Miss KAHN (World Federation of Trade Unions) said that the question of restrictive business practices should, in her organization's view, continue to engage the Council's attention and be the subject of further study and recommendations by the Secretariat.

24. The Council had recently demonstrated its desire to examine and act upon problems of international trade by establishing the Commission on International Commodity Trade. The Council's work on restrictive business practices should cover those practices in their broadest sense. It could not be limited to the operations of formally established cartels which reflected only one aspect of restrictive practices, but should include monopolistic practices in general which, in turn, required examination of the role of the monopolies themselves as well as the broad range of their economic, financial, political and social influence and domination.

25. Extreme concern about the practical effects of restrictive business practices was shown in the final *communiqué* adopted by the twenty-nine Asian-African nations meeting at Bandung, Indonesia, in April 1955. The effect of such practices on developed countries had recently been shown by the study entitled "The Price of Oil in Western Europe" (E/ECE/205) published by the Economic Commission for Europe.

26. The recent period had been marked by two divergent trends—on the one hand, the monopolies had made a desperate effort to strengthen their hold on the economy of the capitalist and colonial countries, and on the other, the under-developed countries and colonial areas had carried on a vigorous political campaign to realize economic as well as political independence. In that struggle the monopolies had so far succeeded in protecting and strengthening their position. The degree to which that ran counter to the interests of the United Nations and of world peace and stability warranted the continued scrutiny and action of the Council.

27. Recent studies of corporation assets and profits in the United States and the United Kingdom, for example, had demonstrated that concentration of holdings and of monopoly control was more marked than in years past.

28. The problem of restrictive business practices was not something that could be debated briefly and then ignored. It would persist unless the United Nations remained vigilant, and initiated action. Such action was indispensable if the objectives of economic develop-

ment, broader trade between nations, and maintenance of peace were to be achieved. Together with the objective of national independence and sovereignty, those were precisely the objectives which the unbridled rule of the monopolies continued to imperil.

29. The World Federation of Trade Unions therefore considered the role of the United Nations in the matter of monopolies to be extremely important. Monopolies tended to keep their affairs secret. They did not, as the *Ad Hoc* Committee had pointed out, voluntarily furnish data concerning their restrictive business practices.

30. While the documentation already available was impressive and provided conclusive evidence of the vast scale and dire effects of the activities of monopolies, it was certain that deeper and more thorough studies by the United Nations would show that so far only a corner of the veil of secrecy had been lifted. Preparation and publication of such studies would be a powerful factor in combating restrictive practices. At the same time, it must be recognized that the power of the monopolies themselves and the whole complex of their activities had now reached formidable proportions. No limited approach was possible. The effect of the monopolies upon society and the economy as a whole should be examined in concrete terms and not in the inadequate concepts of restriction of competition found in much existing anti-trust legislation.

31. It was thus impossible for the United Nations to consider problems of trade and economic development without continuing to give serious attention to the problem of restrictive business practices. Difficulties should not deter the Council and the Secretariat from pursuing their activities in that important field. The problem was of extreme gravity and should be faced seriously and constructively. The WFTU would welcome an expansion of United Nations activities in this direction.

32. The PRESIDENT invited the representative of the International Chamber of Commerce to address the Council.

33. Mr. BEETHAM (International Chamber of Commerce) said that the International Chamber of Commerce had considered the problem of international business agreements since 1947. In 1948 it had taken the view that chapter V of the Havana Charter dealing with restrictive business practices was the best possible compromise between several approaches to the question. At the sixteenth session of the Council the ICC had submitted a statement (E/C.2/352) in which it was recommended that business agreements should not be considered *a priori* good or bad but that each should be treated on its merits.

34. In accordance with Council resolution 487 (XVI), the ICC had studied the draft international convention prepared by the *Ad Hoc* Committee established by the United Nations. Its views were set out in document E/2612/Add.2.

35. Detailed consideration of the draft agreement had increased the doubt previously expressed by the ICC regarding the practicability of introducing at the present time a fair and legally effective system for the international control of restrictive business practices.

36. The ICC felt that the international supervisory body proposed by the *Ad Hoc* Committee would find

difficulty in exercising its functions in an equitable manner, owing to the fact that opinions varied from country to country, both regarding the actual definition of restrictive business practices and the criteria to be applied in determining whether such practices were harmful or not. Sufficient allowances had not been made by the *Ad Hoc* Committee for the fact that government enforcement policies and powers varied considerably from country to country, with the result that the general application of measures recommended by the international supervisory body would be made difficult if not impossible. It was also feared that the draft agreement failed to provide adequate protection against the lodging of vexatious complaints. Finally, the ICC considered that the draft agreement discriminated between government and private enterprises and between restrictive practices affecting goods and those affecting services.

37. The ICC felt that the formation of an international control organization could not be recommended

at present, but that the question could be revived later on if a realistic approach were made.

38. The PRESIDENT declared the general debate closed. He commended the Council on the high level of debate which had been maintained throughout, and invited comment on the draft resolution proposed by Norway (E/L.667).

Mr. STANOVNIK (Yugoslavia) said that several delegations were in the process of preparing amendments to the Norwegian draft resolution. The Council would be well advised to await the distribution of the amendments before embarking upon a discussion of the draft resolution. He therefore moved the adjournment of the meeting.

It was so decided.

The meeting rose at 4.15 p.m.



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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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, Colombia, Cuba, Haiti, Indonesia, Iran.

The representatives of the following specialized agencies: Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Civil Aviation Organization, International Bank for Reconstruction and Development.

AGENDA ITEM 12

Restrictive business practices (E/2380, E/2612 and Add.1 to 3, E/2671, E/2675, E/2716, E/L.667, E/L.669, E/L.670) (*continued*)

1. Mr. STANOVNIK (Yugoslavia) introduced the joint amendments (E/L.669) proposed by the delegations of Argentina, Ecuador, Egypt and Yugoslavia to the Norwegian draft resolution (E/L.667).
2. The sponsors of the amendments recognized that the question of restrictive business practices was extremely complex and that it should be dealt with cautiously and without undue haste. Spontaneous international action to combat the harmful effects of restrictive business practices was out of the question before the way for such action had been prepared.
3. On the other hand the sponsors had seen the need to lay down generally acceptable standards with regard to restrictive business practices. As the United States representative had pointed out at the previous meeting, the term "harmful" as applied to the effects of international cartels was still open to different interpretations in different countries. The joint amendments obviously did not seek to solve the whole problem for that was a long-term task, but they were a first step in that direction.
4. The new paragraph which it was proposed to insert after operative paragraph 2 of the draft resolution was intended to allow the Secretary-General to prepare, on the basis of official documents received from Governments, a further study like the report he had already

published on restrictive business practices in international trade (E/2675).

5. The new text of operative paragraph 3 *b* would merely request the Secretary-General to carry out the provisions of Council resolution 375 (XIII), paragraph 6, and would in no way imply that the Council endorsed the recommendations set forth in the report of the *Ad Hoc* Committee on Restrictive Business Practices (E/2380).

6. The last of the joint amendments would request the Secretary-General to prepare an objective study of the nature of restrictive business practices and of their effects on economic development, employment and international trade. Only after such a study had been made could the United Nations lay down generally acceptable standards with regard to restrictive business practices or be more specific about what was meant by "harmful" effects. The Council might, for instance, decide that certain practices had good or bad effects according as they were or were not in keeping with the purposes and principles of the United Nations. Moreover, such a study would help Member States to take a firmer stand and adopt a policy more in line with international standards.

7. He would be interested to hear the Secretariat's views on the amendments he had just introduced. It might be helpful if the Norwegian representative and the authors of the various amendments could be asked to meet informally as a working group and try to prepare an agreed text.

8. Mr. HOTCHKIS (United States of America) introduced the joint Australian-United States amendments (E/L.670) to the Norwegian draft resolution. They were in keeping with the position stated by his delegation at the previous session; their main purpose was to stress the relationship between national action and international co-operation in the matter of restrictive business practices.

9. He endorsed the suggestion that a working group should be asked to prepare an agreed text.

10. Mr. KAMAT (India) reminded the Council that at the previous meeting he had announced his intention of proposing an amendment to operative paragraph 3 *b* of the Norwegian draft resolution. As it stood, that sub-paragraph left the Secretary-General free not to seek the opinion of appropriate inter-governmental bodies and agencies if he felt that the number of Governments that had commented on the report of the *Ad Hoc* Committee on Restrictive Business Practices (E/2380) was not yet sufficient in the sense of Council resolution 487 (XVI), paragraph 3. The new text of the sub-paragraph proposed in paragraph 5 of the four-Power amendments (E/L.669) met that objection, however, and his delegation would not submit any amendment on that point.

11. Mr. ZAHIRUDDIN (Pakistan) supported, on the whole, the Norwegian draft resolution, although he felt that it somewhat reduced the scope of the problem

of restrictive business practices and particularly of their "harmful" effects. He also endorsed the proposal that a working group should be set up to prepare a consolidated text.

12. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) said that the Secretariat had two major objections to the new paragraph 6 proposed by the four Powers in their amendments.

13. First, the Secretariat had not the necessary resources to undertake the suggested study. The plan for the reorganization of the Secretariat submitted to the Council and the General Assembly was based on the assumption that sufficient preparatory work had been done on that particular question to enable Governments to act. The *Ad Hoc* Committee had held four sessions and the Secretariat had prepared several studies and analyses which were now before the Council. The Secretary-General had therefore thought that the preparatory work had been completed.

14. Secondly, the proposed study was not the type of work that the Secretariat could usefully undertake. Such a study would have to contain certain conclusions on the effects of restrictive business practices. However, the discussions in the Council and the *Ad Hoc* Committee, as well as during the drafting of the Havana Charter, had shown that the matter was one on which it was difficult, if not impossible, to reach any conclusions acceptable to all delegations. Hence, the proposed study would inevitably be somewhat speculative, an attitude which should be avoided.

15. Ample documentation on the international effects of restrictive business practices was already available. The Secretariat could prepare a bibliography, with notes if necessary, instead of the proposed study.

16. The PRESIDENT suggested that the proposals and amendments before the Council should be referred to an informal working group composed of all those representatives who wished to take part.

It was so decided.

17. Mr. STANOVNIK (Yugoslavia) proposed that Sir Douglas Copland should be chairman of the working group.

18. Mr. ANIS (Egypt) supported that proposal.

The proposal was adopted.

AGENDA ITEM 13

Wood-pulp and paper (E/2697, E/2700)

19. Mr. SOLLI (Norway) asked whether the report of the Latin American Meeting of Experts on the Pulp and Paper Industry (E/2697), held at Buenos Aires in 1954, was submitted to the Council for consideration or only by way of information. The question was whether the Council was going to discuss the whole matter or the pulp and paper industry in one region only. The Economic Commission for Latin America (ECLA) had not yet considered the report and the Council should perhaps postpone its discussion of that document until it had received ECLA's report.

20. The PRESIDENT pointed out that ECLA would not meet until September, whereas the next session of the Council would be in July. He opened the discussion on wood-pulp and paper, on the understanding that the Council might decide to defer considera-

tion of the report of the Meeting of Experts until it had received ECLA's report.

21. Mr. STIKKER (Netherlands) said that the question of wood-pulp and paper was particularly important. Some of the problems which the Council was called upon to consider were very general; others were more limited in scope and more practical. In the discussion of broad principles, the Council sometimes lost touch with reality and when it had to take decisions on specific questions, it gave the impression that it preferred the broader field of discussion. The question now before the Council belonged to both categories. It was an example of what an international organization ought to be able to do bearing in mind both facts and principles.

22. Important work had been done by the various specialized agencies, such as the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Food and Agriculture Organization (FAO) and the International Bank for Reconstruction and Development, by the United Nations Technical Assistance Association (TAA), the regional commissions, the Council and the Secretariat and, lastly, by the Meeting at Buenos Aires in 1954, which had presented a very detailed report (E/2697). That was a striking example of well co-ordinated action. A study of the entire question, from production to consumption, had been made. The starting point of the study had been the shortage of newsprint and paper for books, after which the problem of raw materials and then the more general question of production in under-developed countries had been taken up.

23. At the 840th meeting of the Council, concerning the integrated economic development of under-developed countries, he had already stressed the need for those primarily agricultural countries to change over to an industrial economy. In that connexion, he had explained that the industrialized and the under-developed countries should act in concert to create new markets and expand world trade and that the industrialized countries should put their capital and their experience at the disposal of the under-developed countries for that purpose. The Council was now faced with a concrete problem and it must demonstrate that its general statements on integrated economic development had represented a definite policy. His delegation felt that the time had come to put into practice the various methods it had mentioned during the first part of the nineteenth session, such as extending technical and financial assistance to the under-developed countries and taking into account the need for temporary protection of their new industries.

24. Some interesting facts had come to light with regard to wood-pulp and paper. There appeared to be a correlation between paper consumption and the index of total manufacturing production. Production and consumption were concentrated in two regions, Europe and North America, which manufactured 90 per cent and consumed 86 per cent of the world production. They exported paper to other regions which actually had all the necessary natural resources to manufacture their own paper. The situation was all the more curious as the regions concerned were those in which the need for paper would steadily increase. At present they were compelled to import paper but did not have the necessary funds. Nor did they have sufficient capital to set up paper manufacturing plants. Yet such indus-

tries could do much to raise the standard of living in those regions.

25. He mentioned reasons why programmes for the development of wood, pulp and paper industries should be put into effect in the under-developed regions. First, world paper requirements could be expected to increase. Second, it seemed advisable to set up paper manufacture in regions where demand would certainly grow and where the necessary raw materials were in abundant supply. Last, those industries could greatly promote the future development of those regions.

26. Very complex problems were involved. They varied from country to country and should be dealt with primarily by the Governments concerned, which were familiar with local conditions. They were also connected with more general problems, such as that of transport. That was why TAA, FAO and the International Finance Corporation could and should take a hand. The whole international machinery should be brought into action.

27. He analysed in detail the problem faced by the countries which wished to install paper manufacturing plants, and said that regional collaboration would be required.

28. The question arose whether the Council could take any useful action in the matter. His delegation felt that the Council, having collected a large body of useful data and pointed the way, should leave the next steps to be taken by other organizations, such as FAO, TAA, the various regional commissions, and, last but not least, the Governments concerned. It was to be hoped that all those agencies would endeavour to stimulate the interest of private individuals and undertakings, attract their capital and enlist their aid, for it was the private individuals and enterprises who would have to take practical action. If good results were achieved, a valuable link would have been established between the United Nations and those who would set up the new industries. All countries, whether industrialized or under-developed, must take part in the joint effort. The responsibility for establishing between the United Nations and the general public the link by which theory could be transformed into practice rested primarily with the industrialized countries.

29. Mr. TURPIN (France) recalled that the Economic and Social Council had placed the wood-pulp and paper item on the agenda of its nineteenth session at the request of FAO; that agency had asked the Council for its views on how best to effect a lasting increase in pulp and paper production capacity. Both the Council and UNESCO had long since recognized the importance of the problem. But it was at the Meeting of Experts that the transition from the stage of theory to that of practical achievement had been made. His delegation warmly welcomed the results of that work and had great hopes in the opportunities that it offered.

30. From the point of view of general culture, it was certain that in Latin America and in Asia, the development of paper production should help to augment the sale of books and newspapers. It would also promote the economic development and the industrialization of the countries concerned. France was also interested in the work from a domestic point of view, as it faced a difficult supply problem. As consumption

was expected to increase more rapidly than production of resinous wood, the French Government was investigating methods of manufacturing paper from many other types of wood, and recent discoveries in that field seemed to open up new possibilities.

31. But some action could be taken even at the present stage, as all the prerequisites for economically profitable production seemed to be there: adequate supply was assured by local resources, new techniques could be applied without excessive investment, and a large unsatisfied demand meant an assured market. All those elements, besides a suitable geographical distribution, gave reason to hope for a production at competitive prices in each region. From that time on, the countries in question should be able to expect the equipment, credit and technical assistance they required.

32. The International Bank for Reconstruction and Development was already extending assistance in that field; it should do still more; the future International Finance Corporation could also contribute to the development of the paper industries. France for its part was ready to encourage to the utmost the installation of paper industries in Latin America and Asia, and to offer, as it had already done, the most favourable financial terms for orders for new equipment. It was happy to establish a technical collaboration which would enable it in turn to profit by its partners' experience.

33. FAO and the other specialized agencies had given a lesson in methodical and effective work by which the Council should profit.

34. Mr. MORALES (Argentina) recalled that the Council had first considered the question of wood-pulp and paper when it had studied the problem of the newsprint shortage; it had later realized that the question was much more comprehensive and included all the activities connected with the manufacture of wood-pulp and paper. Consequently, for some years past, various international bodies—UNESCO, FAO, the regional economic commissions, the International Bank for Reconstruction and Development and the Organization for European Economic Cooperation (OEEC)—had studied various aspects of the problem and had achieved concrete results. First, some of those bodies had published comprehensive general studies on the world wood-pulp and paper problem and its long-range solution; one such study he might mention was entitled *World Pulp and Paper Resources and Prospects* and had been compiled by FAO in co-operation with other international bodies. Secondly, special studies had been made on local problems; FAO and Bank experts, for example, had visited a number of countries to study the possibilities of increasing production, taking into account the raw material supply. Thirdly, the Bank had financed the establishment of a number of plants, and in particular had made loans of \$3.5 million to Finland, \$4.7 million to Yugoslavia and \$20 million to Chile. Upon completion of that preliminary work and publication of a study by FAO and ECLA on the possibilities for the development of the pulp and paper industry in Latin America (E/CN.12/294), a Committee of Experts had met at Buenos Aires to study the situation in detail and to make recommendations. As stated in the communication from the Director-General of FAO (E/2700,

para. 3), several important developments had taken place since the Council's seventeenth session.

35. It could be concluded from the various studies mentioned that world paper consumption was increasing rapidly; production must therefore increase at the same rate. Europe and North America produced and consumed the greater part of the paper. Those two areas would also be able to meet their increased needs in that field. On the other hand, very little paper was consumed in the under-developed countries, and for that reason consumption should increase in the future at a more rapid rate than in the industrialized countries. Countries in process of development were however encountering great difficulty in satisfying their needs. Local resources could not meet the demand in view of the rate at which such needs were growing, and there was nothing to prove that Europe and North America would be able to supply all the raw material needed. Lastly, it was impossible for the under-developed countries to import all the pulp and paper they needed. They must therefore develop their productive capacity so far as wood-pulp and paper were concerned, and as they had the raw materials, their problem was essentially an economic one.

36. The Council must therefore concern itself above all with that aspect of the question. He quoted figures for the consumption per head of paper and board for 1950-1952 appearing in tables 3 and 4 of chapter 3 of FAO document entitled *World Pulp and Paper Resources and Prospects* and also those for paper and board production and consumption by regions for the same period appearing in table 5 of chapter 3 of the same document, and emphasized in that connexion that the low level of production and consumption in the under-developed areas was an obstacle to their economic and cultural progress. The production of pulp and paper in the under-developed areas should therefore be developed and the Governments concerned should make the necessary efforts to mobilize domestic resources and encourage national private undertakings in order to obtain the co-operation and participation of capital for investment in the pulp and paper industry.

37. The problem now before the Council was not a key problem, and could not be isolated from economic development considered as a whole, but the creation of a wood-pulp and paper industry in the tropical areas, which as a rule were very well-forested, would contribute to the economic development of the countries in question, encourage diversification of their economy and bring about an increase in consumption. The opportunities offered by that industry should therefore be borne in mind when integrated economic development programmes were drawn up. Nor should it be forgotten that the Commission on International Commodity Trade could supply the Council with information on the way the situation was developing.

38. Turning to the report of the Meeting of Experts on the Pulp and Paper Industry (E/2697), he said that the situation in Latin America was perfectly summarized in paragraph 77 of the report. National consumption in his country was limited by the productive capacity of the pulp and paper factories. Further, the lack of foreign exchange prevented the growth of imports, and as that situation threatened to continue, the only solution for Argentina was to increase production. Consequently the Argentine Government was

endeavouring to develop its national industry; it had already had some success which was definitely due to the action taken by Argentine private firms and to help from firms in industrialized countries.

39. The Argentine delegation attached great importance to the recommendation of the Meeting of Experts that a group of experts should be set up to perfect an integrated regional policy for research and technical training. In accordance with the recommendation made in 1952 by the FAO Latin-American Forestry Commission a Latin-American research and forestry training institute might be set up. But the practical realization of programmes now had to be considered, it being understood that Latin America would not be the only region to benefit from any action taken, and that other regions in process of development might profit from what was done.

40. He noted the encouraging statement of the Netherlands representative, an example of the spirit of co-operation which should exist between the more developed countries and those in process of development. He wished also to pay a tribute to the work done by the United Nations Secretariat, the specialized agencies, ECLA and ECE.

41. The Argentine delegation would introduce a draft resolution on the question of pulp and paper.

42. Mr. BARNES (United Kingdom) praised the reports before the Council, and congratulated FAO and ECLA which had taken the initiative in organizing the Latin American Meeting of Experts on the Pulp and Paper Industry. In the United Kingdom delegation's opinion that conference showed the importance of co-operation at the regional level.

43. The United Kingdom Government was pleased with the new prospects opening up for the under-developed areas to increase their wood-pulp and paper production. The whole economy of those countries and their cultural standards should be favourably affected as a result.

44. The United Kingdom delegation especially approved the part of document E/2700 where FAO emphasized that the problem could be solved only by action on the part of Governments and appropriate interests in the countries concerned.

45. The Meeting of Experts recommended in its report (E/2697) that before new industries were set up; a thorough study of the location and supply of raw materials, the power and labour available, and of markets must be made. In the opinion of the United Kingdom delegation that was a fundamental necessity, because the development of production which did not meet real needs should not be encouraged.

46. As regards the capital needed for the industry in question, it was essential for the countries concerned to create favourable conditions for private foreign investments. Further, the development of the industry could be profitable to all only if the market for the supply of the equipment needed was open to all countries on the same terms.

47. Mr. HOTCHKIS (United States of America) praised the FAO survey entitled *World Pulp and Paper Resources and Prospects*, the result of close co-operation between FAO, UNESCO, ECE and ECLA. The report had been carefully prepared. While it did not overlook the technical aspects of the question, its

comments on the economic and financial aspects were most useful.

48. The report of the Meeting of Experts which had met at Buenos Aires in 1954 was also of great interest. The part of that report which dealt with the economic aspects of the exploitation of tropical forests was the most complete study which had been submitted on that question. It was worth noting that the report pointed out that progress in that field was bound to be slow and unspectacular.

49. Those reports could be used by Governments which wished to undertake studies before perfecting production plans or requesting technical or financial assistance.

50. In the opinion of the United States delegation every effort to develop production should be left to private enterprise. Private capital should take the responsibility and run the risk of setting up new plants.

51. Mr. AKANT (Turkey) reviewed the history of the problem which was of great importance to his country. Some useful conclusions could be drawn from the FAO study entitled *World Pulp and Paper Resources and Prospects*. In particular, the report pointed out that world paper consumption was continuing to increase rapidly and that by about 1962 consumption would be over 18 million tons more than that in 1952. The report also pointed out that Europe and North America consumed the greater part of the paper produced and that consumption in less-developed countries was only about one-tenth of the world total. However, the demand in those areas was increasing more rapidly than in the more developed areas.

52. Consumption was increasing in Turkey. About half the paper consumed came from Finland and Canada. When consumption increased imports should also increase. But a large number of countries had difficulty in paying for their imports of paper. As a result there was a shortage of supplies which hampered educational and cultural progress and economic development.

53. However, almost all the under-developed countries possessed large resources in raw materials. For example, there were vast forests in certain parts of Turkey which were unexploited because of transport difficulties. Only the coastal areas could produce as production costs were not very high there.

54. In the Turkish delegation's opinion a more rapid expansion of local production should be encouraged. The 1954 Meeting of Experts had opened new prospects in that connexion. The Turkish delegation was grateful to the Latin American countries which had contributed to the success of that meeting, for the conclusions that they had reached were also applicable to other under-developed areas.

55. The under-developed countries would derive great benefits from foreign capital investments in the wood-pulp and paper industry. They would be able to use their own raw materials and effect economies in their imports.

56. There was reason to hope that the competent international organs would help to develop paper production in the under-developed areas and thus solve the world paper shortage.

The meeting rose at 12.55 p.m.



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Agenda item 13:

Wood-pulp and paper (*continued*) 107**President:** Sir Douglas COPLAND (Australia).**Present:**

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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, Haiti, Indonesia, Iran, Uruguay.

The representatives of the following specialized agencies: Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Bank for Reconstruction and Development.

AGENDA ITEM 13

**Wood-pulp and paper (E/2697, E/2700)
(continued)**

1. Mr. ZAHIRUDDIN (Pakistan) said that the great efforts in his country to develop the pulp and paper industry had resulted in noticeable progress. In East Pakistan, a paper mill with a production capacity of 30,000 tons had begun operations in October 1953 and was already able to supply most of the country's needs for writing, printing and wrapping paper. In addition two board factories would soon begin production. They had originally been financed from public funds, under the auspices of the Pakistan Industrial Development Corporation, but were eventually to be transferred to private ownership in accordance with the Government's general policy; one of them had indeed already been sold to a private company.

2. Plans for a newsprint mill were being studied and it was hoped to begin construction at the beginning of 1956. In the meantime there was still a shortage of newsprint and his delegation felt that there should be an increase in supplies to countries whose resources were not yet fully developed.

3. Pakistan would like to be able to produce enough paper of all qualities to meet its own needs and even to export a small amount. He hoped that with persistent efforts and outside assistance, it would prove possible to put to satisfactory use the abundant raw materials with which his country was endowed. Pakistan had already received assistance under the technical assistance programme and he endorsed the Netherlands representative's remark that the under-developed countries should receive increased financial

assistance for the development of their pulp and paper industries.

4. It was unfortunate that in some countries the dearth of paper helped to perpetuate illiteracy. The Council and the specialized agencies should press on with their efforts to co-ordinate research and activities directed towards the development of the pulp and paper industry, particularly in the under-developed countries. As the Food and Agriculture Organization of the United Nations had indicated in its survey *World Pulp and Paper Resources and Prospects*, it was a question principally of utilizing the natural resources of the various countries; while the main responsibility in that connexion lay with the countries themselves, outside assistance was also necessary.

5. In conclusion, he thanked the FAO for its interesting and informative report.

6. Mr. STANOVNIK (Yugoslavia) said that, although the question before the Council was primarily economic in nature, its political and cultural aspects, which were indeed the reason for its inclusion in the Council's agenda, must be borne in mind. Table 4 in the FAO survey showed, for example, that the per capita consumption of paper in North America was a hundred times as high as in the Far East. Those figures had only to be compared with the statistics of illiteracy to show the extent to which the under-employment of the civilized world's material resources could impede general political and cultural progress. Hence, the Council was discussing not merely the development of a given branch of activity, but a problem of material inequality which must be solved as its continued existence was a menace to the Purposes and Principles of the United Nations in general and the respect of human rights in particular.

7. It was clear from the FAO survey that the demand for and consumption of paper were increasing at an unbelievable rate. Whereas the population of the globe had increased by one-third in the last forty years, the average per capita consumption of paper had tripled. On the other hand, consumption varied greatly from one region to another. Europe, North America and Oceania with 24 per cent of the world's population, accounted for 88 per cent of the world production of paper and board. According to FAO's estimates, world demand would rise by 38 per cent in the next ten years, the increase being most rapid in the under-developed countries.

8. The main obstacle to the development of the pulp and paper industry was not the raw materials, which could be found almost everywhere. Nevertheless, it was a "heavy" industry which tended to be concentrated in the vicinity of the principal markets. As a result, paper was an unimportant item in international trade. In 1950-1951, for example, the intercontinental trade in pulp and paper had accounted for only 6 per cent by volume of world production.

9. The statistics given by FAO indicated that the increase in demand for paper was entirely due to

general economic advancement, thus confirming the view that education lay at the basis of any industrial society. The FAO survey also showed that the production of paper was but one cog in the whole process of economic development; the paper industry presupposed sources of power, especially means of transport, publishing and printing businesses and new houses.

10. His delegation therefore thought that, for the purposes of assistance to the economic development of the under-developed countries, the pulp and paper industry should come immediately after basic industries and means of transport in order of priority. That high priority was obviously justified by the balance of payments situation of the countries concerned. The FAO survey clearly indicated that in a few years' time the under-developed countries would either have to import more paper or reduce their consumption of paper to the detriment of their economic and cultural development, unless their national resources were exploited much more intensively than was now contemplated. In those circumstances, it was clear that the under-developed countries would have to make increasing efforts to establish their own paper industry.

11. The paper industry had one great advantage in that its development was desirable from every point of view: ample raw materials, the relatively high cost of transport for importing paper, and the shortages of foreign currency in the importing countries. Furthermore, since the demand in the principal exporting countries was steadily rising, the pulp and paper industry there would not be adversely affected by the establishment of new undertakings in the under-developed countries. At the same time, the increase in world production would be the best way of stabilizing prices on the world market.

12. Hence, the paper industry offered an admirable occasion for international co-operation and would undoubtedly enable the United Nations to gain valuable experience which it could subsequently apply to other more complex branches of activity. The proper approach for the Council was indicated in the resolution No. 20 adopted by the FAO Conference at its seventh session¹.

13. He stressed the importance that his delegation attached to regional co-operation in the development of the pulp and paper industry: production and consumption were relatively low in the Balkan countries compared with Europe and North America, but those countries spent a great deal of currency on importing various types of paper which they could produce themselves. Given the high cost of establishing economically sound pulp and paper mills, it would certainly be to the advantage of the countries concerned to co-ordinate their investment policies in that field. As far as technical assistance was concerned, it was not a question of making the experience of advanced countries to the under-developed areas but of finding new techniques for making the best use of the tropical woods found in those areas. The Technical Assistance Administration (TAA), acting in close co-operation with FAO, could do useful work in that connexion. Lastly, his delegation felt that the International Bank for Recon-

struction and Development might pay more attention to the question of financing, particularly as the development of the paper industry would help to reduce foreign currency expenditure on imports.

14. Mr. CUTTS (Australia) suggested that, as the Director-General of FAO had made no specific recommendation, his communication (E/2700) appeared to call for no action on the Council's part. It was merely an account of the developments in relation to wood-pulp and paper that had taken place since the Council's seventeenth session: it summed up FAO's survey entitled *World Pulp and Paper Resources and Prospects* and the work of the Latin American Meeting of Experts on the Pulp and Paper Industries, held at Buenos Aires.

15. It was clear from the FAO survey that there was no longer any question of extreme paper shortages threatening the very existence of daily newspapers and periodicals as there had been when the Council had first discussed the problem. For some years, indeed, world production had been sufficient to meet a sizable increase in effective demand. Nevertheless, FAO and the Meeting of Experts had agreed that in the under-developed countries high priority should be given to investment in the pulp and paper industry, both in order to raise their standard of education and culture and to promote their economic development. The Meeting had added that capital would certainly be forthcoming for soundly-based projects. His delegation noted that conclusion with satisfaction.

16. FAO considered that the problem could only be solved by action on the part of Governments and appropriate interests, the role of the United Nations being important, but secondary (E/2700, para. 12). His delegation concurred with that point of view. It also agreed that the under-developed countries should be able to satisfy their own needs to a large extent. On the other hand, the Meeting of Experts had perhaps failed adequately to stress that the desire for self-sufficiency should not blind Governments to the need for investing only in economically sound undertakings. It might be helpful in that connexion to study further the possibility of making pulp from raw materials that had not hitherto been used, such as tropical hardwoods and agricultural residues. Work along those lines in Australia had given highly satisfactory results.

17. In conclusion, he congratulated the Meeting of Experts on its work and the Director-General of FAO on his report.

18. Mr. ABOU-GABAL (Egypt) congratulated FAO, the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the other international agencies which had undertaken a very thorough survey of the wood-pulp and paper question.

19. The communication of the Director-General of FAO (E/2700) rightly pointed out the connexion between a country's paper consumption and its standard of economic and cultural development. His country, for example, was in the process of economic and social development and there had been a great increase in the number of newspapers, publications and magazines in recent years. Moreover, as free education had recently been introduced, a rapid increase in the demand for paper and in the circulation of publications was to be expected.

¹ Food and Agriculture Organization of the United Nations, *Report of the seventh session of the Conference, 23 November - 11 December 1953, Rome, 1954.*

20. FAO had concentrated on the problem of production, but the problem of consumption and distribution was no less important. According to the FAO report, Latin America, the Far East, the Middle East and Africa, together with Oceania, consumed only 4.5 million tons of paper annually or a tenth of world consumption. In other words two-thirds of the world's population consumed only one-tenth of the world production of paper. At the same time, as the report indicated, demand in those regions was rising more rapidly than in more advanced regions. The problem of paper imports was extremely important, particularly in countries which lacked the necessary means of payment, that was to say in almost all the under-developed countries. The co-operation of all countries, and of the producing and exporting countries in particular, was therefore necessary to control the high prices resulting from cartel agreements and thereby increase the volume of world trade in paper. As the Council was now dealing with restrictive business practices, it was sufficient to refer to chapter 8, concerning paper, of the report on restrictive business practices in international trade (E/2675).

21. The production of paper should be increased in the under-developed countries too. While it was true that it was for the countries concerned to take the initiative in seeking a solution to the problem, the Council was fully aware of the problem of financing economic development in those countries. Thus, advice and capital from more developed countries were urgently needed. In that connexion he pointed out that some countries had very limited timber resources. Egypt, for example, was obliged to develop other raw materials than wood in order to be able to produce paper at a reasonable price. A factory manufacturing paper from rice straw had already been established in Egypt and the Government intended also to use bagasse.

22. In conclusion, he expressed the hope that the Meeting of Experts at Buenos Aires would be succeeded by other meetings of the same kind at which the capacity of various regions for paper production and the means of utilizing it would be studied; in the meantime FAO, TAA and other international organizations might well furnish Member States with technical assistance in the matter of using agricultural residues in paper production.

23. Mr. KAMAT (India) commended the FAO survey on wood-pulp and paper. The question had first given rise to concern at a time when there was a serious paper shortage. The situation had improved, but FAO pointed out that consumption was increasing rapidly and that some way must be found to satisfy the continually increasing demand. It was interesting to note that the two-thirds of the world's population living in the under-developed countries consumed only one-tenth of world paper production, that the demand in those countries was increasing more rapidly than that in the more highly developed countries, and that those countries possessed abundant raw materials for paper production. Thus FAO emphasized the need for organizing production in the under-developed areas.

24. The Indian Government, which had been considering the question for a number of years, entirely endorsed FAO's conclusions. Paper consumption in India, which five years previously had been estimated at about one pound per head, had risen to about one

and a half pounds as a result of cultural and economic measures. The Government had therefore endeavoured to find some means of meeting the growing demand. The production of writing paper and wrapping paper, which had been 108,000 tons in 1950, had risen to 180,000 tons in 1955. Two new mills were in course of construction and three of the existing mills intended to increase their productive capacity. Requirements in newsprint were estimated at 70,000 tons per annum. Up to the present that amount had had to be imported, but it was thought the first mill that had been established might be able by October to produce enough paper to meet about half the country's needs. The Government had made a survey of the raw materials available in the country and possible processes for utilizing them. Before the war the paper factories had imported the wood-pulp they needed. Now they used the country's own raw materials, such as bamboo, certain kinds of grass and bagasse.

25. India had thus made considerable progress, thanks to the efforts of private enterprise, which had originated and carried out plans for meeting the growing demand. In doing so India had received foreign technical assistance from the United States, from FAO and from private enterprise in the United Kingdom, and it was very grateful for that help.

26. The Indian delegation had taken note of the studies undertaken in Latin America. In that connexion, it was gratifying that FAO had not merely stated the problem but had reached conclusions which might lead to the drawing up of specific programmes. In the opinion of the Indian delegation the Council should give its full support to that admirable work. He hoped that similar surveys would be carried out in other areas.

27. Mr. SOLLI (Norway) congratulated FAO and the other bodies that had collaborated in drawing up the admirable survey entitled *World Pulp and Paper Resources and Prospects*.

28. In the opinion of the Norwegian delegation, it should be borne in mind that the question related to a specific product, or rather to a specific group of products. The problem seemed to have been approached by FAO and UNESCO only from the point of view of production and from that of consumption. Apparently little attention had been paid to another aspect of the problem, that of the cost of production and prices. It should be pointed out that the price of paper decisively affected the use and consumption of newsprint and printing papers for books and magazines, particularly in low-income countries. The Norwegian delegation brought up that point because in the past there had been several examples of countries that had set up their own paper factories and at the same time introduced protection, thus fixing the price at a permanently higher level than that on the world market.

29. Norway had always supported the efforts made to improve the situation in connexion with the supply of paper, which played an important role in the cultural development of nations. It had sent technicians to under-developed countries in order to help those countries to develop their paper production. The Norwegian authorities had been able to follow that course owing to the support of the Norwegian people, who realized the need for such endeavours and the importance of the aim in view. Norwegian production, the cost of

which was low, had long ago been pushed to the limit of the country's forest resources and Norwegian producers had taken a liberal stand on aid to producers of other countries.

30. One of the weaknesses of the FAO survey was not to have recognized the fact that prices were of great importance from the consumer's point of view. For the product in question, as for all products, it was not enough that the necessary quantities should be available; they must be available at prices which made them accessible also to the poorest sections of the population. In view of the initial "settlement" costs of an industrialization programme, inexpensive paper could not be produced if that production should carry such costs.

31. The Norwegian delegation realized the difficulties which a number of countries might encounter in obtaining paper supplies for want of foreign currency and thought that the FAO report dealt adequately with that point.

32. It appeared from the statements made by various representatives and from the documentation placed before the Council that special decisions were contemplated by the Council to develop the wood-pulp and paper industry in a specific area. The Governments of those countries had not yet studied the question, which should form part of their general development programme, in their regional economic commission. The Norwegian delegation did not think such specific questions should be dealt with by the Council before they had been examined by the regional economic commissions. Mr. Solli had no instructions from his Government with regard to the possibility of taking decisions on the subject of a single area.

33. The Norwegian delegation would support every effort in the direction of reafforestation and the utilization of existing forest resources, and any action by United Nations organs with a view to seeking new low-cost raw materials for use in paper production. The Norwegian delegation did not underestimate the place that should be given to the paper industry in under-developed countries as a part of, but not necessarily as the first step in, their general industrialization programme. To that end Norway wanted, as it had done in the past, to place its services at their disposal.

34. Mr. ALFONSO RAVARD (Venezuela) welcomed the efforts of the United Nations and the various international organizations to solve the problem of wood-pulp and paper production, which so seriously affected general economic development and the normal activities of the agencies responsible for disseminating information and fostering culture.

35. As the situation was no longer as serious as it had been when the Council had begun to deal with the question, the time had come to consider the more far-reaching aspects. The FAO survey and statements by representatives showed that there was a marked disequilibrium between various parts of the world with regard to both production and consumption of paper and that many countries lacked the funds to obtain from abroad the wood-pulp and paper they needed.

36. Nevertheless, there seemed to be ways of solving the problem. As a result of technical progress and increased financing facilities, the under-developed countries could hope to meet the existing disequilib-

rium both by their individual efforts and with the assistance of the international community.

37. Venezuela was trying to help solve the problem. The public authorities were encouraging private initiative within the framework of the political economy of the country. A mill which had been set up with approximately \$7.5 million in private capital would be able to meet about 50 per cent of the country's paper requirements. It would use local raw materials, especially bagasse.

38. Similar efforts, as mentioned in the report of the Buenos Aires Meeting of Experts (E/2697), were being made in most Latin-American countries, and that was an encouraging sign.

39. The Venezuelan delegation would examine with great interest any draft resolutions that might be submitted.

40. Mr. CHA (China) congratulated FAO, UNESCO, TAA and the Economic Commission for Latin America (ECLA) on their survey of the possibilities of expanding pulp and paper production in the under-developed countries, especially in Latin America. The report of the Meeting of Experts was also very interesting, as it suggested a solution for one of the most pressing problems of the moment.

41. The raw materials used in the paper industry came mostly from the temperate regions, but it was obvious that the tropical and sub-tropical regions contained vast untapped resources. It was interesting to note that various herbs and agricultural waste could likewise be used for paper production. In that connexion, the Chinese delegation considered that tropical woods might be used. Countries possessing timber resources should develop their paper industry to meet their own needs and those of other nations. Settlement costs might be high, but as the abundance of available man-power would likely keep production costs relatively low, the under-developed countries should be able to produce paper under conditions as advantageous as those of other countries. It was true that the consumption of the under-developed countries was rather low, but FAO had stated in its survey that world paper consumption was continuing to increase rapidly. There was therefore no danger that the production of under-developed countries would compete with that of the more advanced countries.

42. The Chinese delegation was sure that the Latin-American countries, possessing large resources and in a position to benefit from the technical assistance of the competent specialized agencies and the financial assistance of the Bank, would soon take action in that direction. That in turn would encourage the countries of Africa, South-East Asia and Oceania, which had abundant timber resources. Considerable cultural and social progress could thus be achieved by all regions of the world.

43. Mr. TERVER (Food and Agriculture Organization) thanked the representatives who had expressed appreciation of FAO's work, and he drew attention to the valuable assistance of certain international bodies, specifically ECLA.

44. Outlining the world pulp and paper situation, he pointed out that in September 1951, when the Economic and Social Council had begun to deal with the question, the position had been very serious. Pulp

and paper prices had increased and many small buyers had experienced difficulty in obtaining newsprint. Supplies had soon begun to increase, however, and towards the middle of 1953, after some fluctuations, the market had again become normal. The rapid increase of paper production and consumption, which had continued steadily since then, reflected the constant trend towards expanded world consumption; and prices, which had fallen in 1952, had recovered and stood at a reasonable level. At the present time, the pulp and paper situation did not present any problems requiring urgent action.

45. Nevertheless, the long-term problem remained, for world pulp and paper needs continued to increase rapidly and there was a geographical disequilibrium between production and demand. The Economic and Social Council had drawn the attention of the United Nations and the specialized agencies to the problem in its resolution 522 L (XVII). The interested bodies had performed the task entrusted to them and had taken action which, if continued, might lead to a satisfactory solution of the long-term problem.

46. The measures taken by FAO to give effect to the Council's resolution were of four kinds. In the first place, it had sent investigators to twenty-four countries where an increase in pulp and paper production had seemed possible. The investigators had been instructed to study existing production and the investment plans already drawn up and to report on possibilities in that field. Their functions had also included the encouragement of useful projects and the discouragement of unprofitable investments. On completing their tasks, the twenty-four missions had submitted reports on most of the larger countries outside Europe, North America and Oceania, as the FAO had adequate information on those three regions.

47. Secondly, a meeting of about thirty specialists in the chemistry of wood and its transformation into pulp had been convened by FAO at Rome. The experts had stated that the manufacture of pulp from temperate broadleaved woods, mixed tropical woods, bagasse and other agricultural residues did not in itself present any technical difficulties. They had prepared tables and lists showing clearly the categories of pulp and paper obtainable from each of the raw materials mentioned and the processes most suitable in each case. With regard to the cost price, the experts had reached the conclusion that pulp made from mixed tropical broadleaved woods, for example, would not cost more than that obtained from the traditional conifers. Despite the obstacles to the rapid development of the pulp and paper industry in the regions concerned, the experts felt that the manufacture of pulp and paper from tropical woods was sufficiently advantageous economically to warrant the preparation of many proposals for the establishment of pulp and paper mills in the tropics. The work of the experts had been published in a survey² which had been very favourably received by specialists.

48. Thirdly, on the basis of the reports of the investigators and the conclusions of the experts meeting at Rome, FAO had undertaken a comprehensive survey of world pulp and paper resources, and the principal conclusions derived from the survey had been communicated to the Council under the symbol E/2700.

He explained that the increase in demand was most rapid in countries where consumption was low. It was anticipated that in the less-developed areas—Latin America, the Far and the Middle East, Africa, and Oceania—the demand would increase by approximately 4 million tons in the next ten years. Assuming that it were possible to utilize fully the existing potential productive capacity, a further increase of 2.2 million tons in productive capacity would still be required. According, however, to the development plans studied by FAO, the increase in productivity would be only 1.3 million tons, so that the areas concerned would be compelled either to import an additional one million tons, or develop local resources more rapidly than had been anticipated, or consume smaller amounts of paper than was required to meet the demands of economic and cultural development.

49. The FAO survey also showed that there were vast reserves of fibrous resources which could be used to meet future demand and that techniques existed for converting such raw materials. In those circumstances, the public authorities and industrialists of the areas concerned should without delay undertake further measures that would make increased consumption possible. He explained, in that connexion, that an accelerated expansion of production in the deficit regions would not necessarily constitute a threat to the export industries already existing in other countries, because the productive capacity of the new industries could not meet all new needs, and, in addition, the new facilities would for technical reasons need increasing quantities of long-fibred pulp. It would be to the advantage of the traditional production centres to encourage and assist in the setting-up of new plants, since they could discourage unsound or risky undertakings and thus prevent the erection of customs barriers which occasionally served only to camouflage commercial failures.

50. Fourthly, FAO, in co-operation with ECLA and TAA, had undertaken to organize a Meeting of Experts of the wood-pulp and paper industry at Buenos Aires. The Meeting had been attended by Latin-American, European, North American and Australian experts representing various branches of activity. The success of the Meeting had been largely due to the careful preparations which had preceded it, for an abundance of documentary material containing new ideas and fresh information of world interest had been submitted to the experts for their consideration. That material had all been gathered together in a final report which would be published in the course of the year.

51. The discussions had dealt specifically with the technical and economic possibilities of each of the main categories of fibres found in the region, namely, tropical broadleaved species, indigenous conifers, temperate broadleaved species, plantation trees and bagasse. The conclusion had been reached that all those types of fibre would be called upon to play a special part in the development of the industry, but since the resources to be found in neighbouring countries were in large measure complementary for the purposes of paper making, the Meeting of Experts had felt that the countries in question should consult one another when preparing their national programmes. As regards more especially the possibility of setting up factories that would use a mixture of tropical broadleaved trees, such undertakings were regarded as economically feasible but as inevitably involving a heavy initial

² United Nations Food and Agriculture Organization, *Raw Materials for More Paper*, Rome, 1953.

expenditure. If some Governments considered it opportune to undertake projects of that type, they should try especially to reduce that expenditure in order to attract private capital. They should also give attention to the site factor, which was of paramount importance since it strongly influenced the cost price. In the immediate future, however, use would be made of other types of fibre—temperate broadleaved species, indigenous conifers, plantation trees, bagasse—which gave rise to far fewer problems, both technical and economic. There was in any case no doubt that in the long run the exploitation of tropical forests offered possibilities which would considerably influence the development of wood-pulp and paper production and consumption throughout the world.

52. The Buenos Aires Meeting of Experts had not merely examined the question of tropical forests but had also considered other types of resources. The discussions begun on that point would continue for many years. That was the case with the controversial question of the advantages of plantations as compared with natural forests. He considered that the only way in which the problem could be solved would be to collect all possible information, which would then be interpreted and summarized. In the circumstances, FAO would pay increasing attention to the technical and economic aspects of the problem of plantations.

53. He emphasized the excellent results which had been achieved. The industrial centres of North America and Europe had shown a lively interest in developments in Latin America. Negotiations were being actively pursued on many of the questions taken up at Buenos Aires.

54. It would, however, be wrong to conclude that the work of the United Nations and the specialized agencies in that field had ended, because much remained to be done. First of all, every effort must be made to set up mills capable of using a mixture of tropical broadleaved species. It would then be necessary to intensify research in all areas on non-traditional raw

materials suitable for conversion into wood-pulp. Advice and reliable information would then have to be supplied to the new mills. Some of the Latin-American countries had requested the creation of an advisory group to assist and guide them in the choice of investments. In view of the success achieved by the Buenos Aires Meeting of Experts, it would certainly also be of interest to repeat the experiment in other regions, especially the Far East.

55. He concluded by saying that FAO would continue to co-operate with the regional economic commissions, UNESCO and the Bank and would lend its efforts to solving the long-term world problems of wood-pulp and paper.

56. Mr. ARNALDO (United Nations Educational, Scientific and Cultural Organization) recalled that UNESCO had co-operated with FAO, the Economic Commission for Europe (ECE) and ECLA in the preparation of the survey entitled *World Pulp and Paper Resources and Prospects*. It had also participated in the Latin American Meeting of Experts on the Pulp and Paper Industry, which had met at Buenos Aires at the end of October 1954. It had in addition contributed the following reports: Newsprint trends 1928-1951;³ Paper for printing (other than newsprint) and writing, 1929-1951 trends;⁴ and Paper for printing and writing: tentative forecasts of demand in 1955, 1960 and 1965.⁵

57. Both as regards the survey and the organization of the Meeting of Experts at Buenos Aires, the joint effort of FAO and UNESCO had thus, as regards the world pulp and paper situation, given tangible results with which there was every reason to be satisfied.

The meeting rose at 12.45 p.m.

³ United Nations Educational, Scientific and Cultural Organization, Department of Mass Communication, 1954, No. 10.

⁴ *Ibid.*, No. 11.

⁵ *Ibid.*, No. 12.



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Agenda item 13:

Wood-pulp and paper (*continued*) 113*President:* Sir Douglas COPLAND (Australia).*Present:*

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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: Brazil, Chile, Colombia, Iran.

The representative of the following specialized agency: Food and Agriculture Organization of the United Nations.

AGENDA ITEM 13

Wood-pulp and paper (E/2697, E/2700,
E/L.672) (*continued*)

1. The PRESIDENT asked members to comment on the joint draft resolution on wood-pulp and paper submitted by Argentina, Ecuador, France and the United States (E/L.672). Final action on the draft resolution would not be taken until the next meeting.
2. Mr. MORALES (Argentina), introducing the draft resolution on behalf of the sponsors, said that it reflected the general view expressed in the Council that the action taken by the United Nations in co-operation with the Food and Agriculture Organization (FAO) in dealing with the pulp and paper problem had been a model of logic and efficiency. The Council should therefore record its approval of the results achieved and encourage further activity.
3. An important point in the preamble was the view that capacity should be expanded in the less developed regions only wherever such expansion was economically sound in order to ensure that consumption standards in those regions rose to levels commensurate with the material, educational, scientific and cultural progress desired by Governments.
4. The recommendation in operative paragraph 2 that sympathetic consideration be given to requests for technical assistance under the expanded programme from interested Governments, with due regard to regional resources, facilities and markets, would, it was hoped, provide opportunities for continued United Nations co-operation with FAO in the field of wood-pulp and paper.
5. Operative paragraph 3 invited FAO to continue its previous activities which had led to successful results.

6. The reference to private capital in operative paragraph 4 was intended to call attention to the part which private investment could play in the development of pulp and paper resources.

7. Mr. AKANT (Turkey) stated that his delegation would vote in favour of the draft resolution.

8. Mr. ZAHIRUDDIN (Pakistan) thought that, while most of the provisions seemed satisfactory, delegations should be given more time to study the text in detail.

9. Mr. CUTTS (Australia) said that his delegation was in general agreement with the provisions of the joint draft resolution. He felt, however, that operative paragraph 3 was unduly long. In view of FAO's successful activities, it need not be told in detail what it should do in the future. Therefore, sub-paragraphs *a*, *b* and *c* might well be deleted. However, their retention would not prevent the Australian delegation from casting a favourable vote.

10. The reference to private capital in operative paragraph 4 raised some difficulty. The question whether private capital should be afforded an opportunity to participate in the development of pulp and paper resources was a matter for decision by the Governments concerned. As a matter of general principle it did not seem proper for the Council to express any hopes in that respect. Moreover, private capital might not be in a position to solve the important problems of the wood-pulp and paper industries. The development of those industries involved the development and conservation of forest resources on a national scale, a field in which the achievements of private capital had not been particularly outstanding.

11. For the reasons given, the Australian delegation felt that the Council would be well-advised to delete operative paragraph 4. Should a separate vote be taken, Australia would abstain, but it would vote for the draft resolution even if the paragraph were retained.

12. Mr. CHA (China) said that the draft resolution was acceptable to his delegation. It nevertheless seemed surprising that, in view of the important part foreign investments could play in the development of the wood-pulp and paper industries, no reference had been made to the possibility of obtaining financial assistance from the International Bank for Reconstruction and Development.

13. Mr. SOLLI (Norway) considered the draft resolution to be satisfactory on the whole. He suggested, however, that the word "important" be deleted from the second paragraph of the preamble.

14. With regard to operative paragraph 2, he was not sure that the recommendation regarding technical assistance could be carried out in view of the recent changes in the procedures governing the provision of technical assistance under the expanded programme. Moreover, he was not quite clear to whom the recommendation was addressed.

15. He agreed with the Australian representative's views on operative paragraphs 3 and 4.

16. Mr. BARNES (United Kingdom) said he would support the joint draft resolution but thought that the wording of operative paragraph 3 *a* was obscure. The part beginning "... in the fields ..." might be amended to read: "concerning forestry, research in forest products and agricultural by-products and pulp and paper technology".

17. Mr. MORALES (Argentina) and Mr. HOTCHKIS (United States of America) accepted that amendment.

18. Mr. HOMAN (Netherlands) said that he could agree in principle with the Australian representative that there was no need to give FAO specific instructions, but he would prefer the retention of operative paragraph 3 because the whole matter of wood-pulp and paper should be regarded as a test case for the Council's dealings with the problems of the underdeveloped countries, and that might well be stressed in the draft resolution. He agreed that the wording suggested by the United Kingdom representative made the sense clearer. Like the Chinese representative, he wished to know why no reference had been made to

the International Bank or even to other international financial bodies such as the special United Nations fund for economic development and the international finance corporation.

19. Mr. STIBRAVY (United States of America) said that the reference to requests for financial assistance in operative paragraph 1 had been intended to cover the Bank and other appropriate financial institutions.

20. Mr. JALIL (Ecuador) concurred with the view expressed by the Netherlands representative in the general debate to the effect that at last the Council had before it an item on which almost every delegation could be in agreement. The United Kingdom representative's oral amendment was acceptable. The Australian representative's objection to operative paragraph 4 seemed to him groundless, since his argument was met by the words "whenever appropriate".

21. The PRESIDENT said that the revised draft resolution incorporating the proposed drafting changes would be put to the vote at the next meeting.

The meeting rose at 5.15 p.m.



ECONOMIC AND SOCIAL COUNCIL

Resumed Nineteenth Session

OFFICIAL RECORDS

Thursday, 26 May 1955,
at 11.15 a.m.

NEW YORK

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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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, Cuba, Haiti, Indonesia, Iran, Philippines.

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.

AGENDA ITEM 12

Restrictive business practices (*concluded*)

REPORT OF THE WORKING GROUP (E/2760)

1. The PRESIDENT, speaking as Chairman of the Working Group, submitted the draft resolution contained in the Working Group's report (E/2760). The chief object of the draft resolution was to enable the study of restrictive practices and their harmful effects to be continued. It allowed for the fact that it was impossible to establish uniform rules in view of the fact that practices and laws differed in the various countries.

2. In paragraph 4 *d* the Secretary-General was requested "to continue to summarize information concerning restrictive practices in international trade". That should be understood to mean that the Secretary-General would confine himself to continuing the work undertaken in pursuance of Council resolution 487 (XVI) and would not undertake any fresh studies. The only additional task he was asked to perform was to prepare a bibliography.

3. Mr. JALIL (Ecuador) asked that, in the Spanish text, the word "*limitar*", in the second paragraph of the preamble should be replaced by the word "*controlar*".

It was so decided.

4. The PRESIDENT put to the vote the draft resolution contained in the report of the Working Group (E/2760, para. 3).

The draft resolution was adopted by 14 votes to none, with 3 abstentions.

5. Mr. MORALES (Argentina) wished to explain why he had voted in favour of the draft resolution. The Argentine delegation had been glad to note that the resolution which had just been adopted took into account certain amendments that it had proposed jointly with other delegations. In particular, in the second paragraph of the preamble and operative paragraph 1, the problem of restrictive practices was given a wider interpretation: it was no longer simply a matter of cartels and monopolies, but of restrictive practices which might have harmful effects on the attainment of higher standards of living, full employment, international trade and economic development.

6. The Argentine delegation regretted that the sponsors of document E/L.669 had been obliged, for practical reasons, to withdraw their amendment requesting the Secretary-General to prepare a study of the nature of restrictive business practices and of their effects on economic development, employment and international trade. It still considered that that question should be studied in the future.

7. Mr. STANOVNIK (Yugoslavia) had voted in favour of the text drawn up by the Working Group. The Yugoslav delegation was glad to note that the preamble of the resolution recognized that international co-operation was needed in order to deal effectively with restrictive business practices. While it was for Governments to take steps at the national level, especially with regard to the control of cartels, there was a danger that such governmental action might be inadequate.

8. Paragraph 2 of the operative part, which urged Governments to continue the examination of restrictive business practices, made it clear that the United Nations had not changed its policy and that although it was taking no steps at the international level for the time being it continued to take an interest in the problem with a view to future action.

9. With regard to paragraph 4 *d*, in reply to the Argentine representative's remarks, he pointed out that the delegations which had proposed the amendments appearing in document E/L.669 had suggested the preparation of a new study which would have shown the connexion between restrictive business practices on the one hand and economic development, employment and international trade on the other. The Yugoslav delegation appreciated the difficulties to which the preparation of such a study would give rise at the present time and to which the Secretary-General's representative had drawn attention (857th meeting). In the resolution just adopted, however, the Council provided for the continuation of work which might later lead to the preparation of such a study, that would make it possible to define the meaning of the harmful effects of restrictive practices.

10. He thanked the President for the manner in which he had guided the discussions in the Working Group, thus enabling the members of that Group to reach agreement on an extremely complex question.

11. Mr. KAPUR (India) said that he had voted in favour of the draft resolution recommended by the Working Group—which, in the opinion of his delegation, was a compromise—in view of the explanation given by the Under-Secretary in the Working Group. The resolution postponed substantive action to a later session and his delegation accepted it for the time being.

12. Mr. GINEBRA HENRIQUEZ (Dominican Republic) regretted that he had been absent when the vote was being taken. His delegation had intended to vote in favour of the text submitted by the Working Group.

13. The PRESIDENT took note of that statement.

14. Mr. SAKSIN (Union of Soviet Socialist Republics) said that he had abstained from voting on the draft resolution, in accordance with the position taken by his delegation at the thirteenth and sixteenth sessions of the Council. Measures for the expansion of international trade and the development of relations among nations should be considered at a different level and the USSR delegation intended to raise the question again at the twentieth session of the Council. In a draft declaration on 10 May 1955 in the Sub-Committee of the Disarmament Commission, the USSR Government had stressed the need to avoid, in economic relations among States, any discriminatory measures which would constitute an obstacle to the development of international co-operation on the widest bases, especially in commercial matters. It had added that the termination of long-standing relations between States could only harm both their public and their private interests. The removal of all discriminatory measures and the development of mutually advantageous trade relations among States would help to draw nations closer together and to ensure the well-being of the peoples.

15. Mr. HOTCHKIS (United States of America) congratulated Sir Douglas Copland on the large part he had played, as Chairman of the Working Group, in drawing up the resolution that had just been adopted. The United States delegation had voted in favour of the text, on the understanding that the information to be summarized under paragraph 4 *d* would be obtained from official Government documents as provided in paragraph 3 of Council resolution 487 (XVI).

16. Mr. ANIS (Egypt) agreed with the Argentine and Yugoslav representatives that restrictive business practices had harmful effects which would have to be studied sooner or later. Nevertheless, he had voted in favour of the draft resolution of the Working Group, in view of the explanations given by the Under-Secretary for Economic and Social Affairs. The Egyptian delegation reserved the right to raise the question again at a future session of the Council.

17. Mr. BRINSON (United Kingdom) said that his abstention had not been due to any lack of interest in the question of restrictive business practices or to any motives resembling those of the USSR representative, but to the fact that the debate coincided with certain events in the United Kingdom.

AGENDA ITEM 13

Wood-pulp and paper (E/2697, E/2700, E/L.672/Rev.1) (concluded)

18. Mr. ZAHIRUDDIN (Pakistan) supported the revised draft resolution, which took into account the amendments suggested by his delegation. Nevertheless, he thought that the word "Governments" in the third paragraph of the preamble should be replaced by "countries" and that the word "regions", which occurred twice in that paragraph in the English text, should be replaced by "areas", since the word "regions" might give the impression that the reference was to regional action, in the sense in which that term was used in the United Nations.

19. Mr. HOTCHKIS (United States of America) said that he had no objection to the Pakistani representative's amendments.

20. Mr. TURPIN (France) considered that, if the word "Governments" were replaced by "countries", the phrase "desired by Governments" should read "by which countries should benefit". While a Government could express a desire, only a country could benefit by material, educational, scientific and cultural progress. He could see no objection to the second amendment proposed by the Pakistani representative.

21. The PRESIDENT considered that the amendment proposed by the French representative related not only to the form but also to the substance of the text.

22. Mr. MORALES (Argentina) proposed that, in the third paragraph of the preamble, the phrase "desired by Governments" should be deleted and that the word "the" preceding the word "material" should be replaced by "their". He thought that the word "regions" should be retained and that it would be enough to attribute to it the meaning given it by the Pakistani representative.

23. Mr. ZAHIRUDDIN (Pakistan) said that he could not accept the deletion proposed by the Argentine representative, for it would limit the scope of the paragraph. As he considered that the original form of the draft resolution was preferable, he would not press his point.

24. The PRESIDENT proposed that the words "desired by Governments" should be retained and that "regions" should be replaced by "areas" in the English text.

It was so decided.

25. Mr. SAKSIN (Union of Soviet Socialist Republics) agreed with the delegations which had expressed doubts concerning paragraph 4. He asked for a separate vote on that paragraph.

26. The PRESIDENT first put to the vote operative paragraph 4 of the revised draft resolution (E/L.672/Rev.1) and then the draft as a whole.

The paragraph was adopted by 14 votes to none, with 4 abstentions.

The draft resolution as a whole was adopted unanimously.

27. Mr. CUTTS (Australia) explained that he had abstained from voting on paragraph 4 of the draft resolution, not because he was opposed to the principle set forth in it but because the question was one which fell within the exclusive competence of States.

The meeting rose at 12.5 p.m.



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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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: Brazil, Chile, Colombia, Cuba, Indonesia, Iran, Israel, Mexico, Philippines, Uruguay.

The representative of the following specialized agency: United Nations Educational, Scientific and Cultural Organization.

AGENDA ITEM 15

Freedom of information (E/2681, E/2683 and Add.1 to 3, E/2686 and Corr.1 and 2, E/2687 and Add.1 to 3, E/2693 and Add.1 to 3, E/2698 and Add.1, E/2702, E/2705 and Corr.1 and Add.1 and 2, E/2750, E/2759)

REPORT OF THE SOCIAL COMMITTEE (E/2759)

1. Mr. SOBOLEV (Union of Soviet Socialist Republics) could not support the proposal in draft resolution C in the report of the Social Committee (E/2759) that consideration of the draft convention on freedom of information should be deferred for two years. His delegation had participated in every stage of the discussion of the draft convention in the Social Committee, as well as at previous General Assembly and Council sessions, and had made many concrete proposals designed to ensure that the draft convention would be an effective instrument for guaranteeing freedom of information. Its proposals had been rejected, with the result that the draft convention as it stood had in it provisions contrary to the United Nations Charter and to the letter and spirit of General Assembly resolution 110 (II). But the imperfections of the draft convention must not dissuade the Council from attempting to draft an instrument which would really serve the purposes of freedom of information. He would therefore abstain on draft resolution C.

2. He agreed with operative paragraph 2 of draft resolution B; his own Government had taken measures to ensure facilities for the distribution of information provided that it did not serve the ends of war propaganda or provoke hatred among peoples or racial hatred and discrimination. The Ministry of Communications of the Soviet Union had made agreements with the appropriate authorities in other countries in order to provide lower rates and better facilities for information media. His delegation also accepted operative paragraph 3, but it had strong objections to operative paragraph 1. It had stated at the Council's previous session that any attempt to raise in the United Nations the question of censoring outgoing news dispatches would be contrary to Article 2, paragraph 7, of the Charter and an infringement of a State's right to suppress libellous information sent out with the object of misleading public opinion and endangering international peace and security.

3. His delegation accepted the basic principle of draft resolution D and agreed that further study of the question might well lead to the preparation of effective measures to develop information enterprises in underdeveloped countries. He could not, however, agree with the discriminatory provision of operative paragraph 1 that only those non-member States which were members of a specialized agency should be invited to transmit information. The USSR delegation reserved the right to introduce at the appropriate time a proposal designed to correct the unjust provision of paragraph 1 to which he had just referred.

4. His delegation would support draft resolution A.

5. He regretted that the Council had had no opportunity to discuss the draft convention on freedom of information, since such an exchange of views would have clearly shown what were the problems of freedom of information and the possible solutions.

6. Any discussion of freedom of information must take due account of the United Nations Charter and in particular of Article 1, and of General Assembly resolution 110 (II) on measures to be taken against the inciters of a new war. In the light of those considerations, it was clear that the Organization's main tasks in connexion with freedom of information were: first, to develop friendly relations among nations by promoting the dissemination of accurate information free from pressure by or dictation from private publishing monopolies, trusts and syndicates; secondly, to promote the solution of economic, social, cultural and humanitarian problems and to strengthen the development of economic links between nations on a basis of equality and mutual respect for the independence and sovereignty of States; and thirdly, to counteract the use of information media for incitement to war, nazi or fascist propaganda, racial or national discrimination, hatred or enmity or international hatred.

7. If all information media were guided by those principles, the Organization's task would be much

simpler, but unfortunately, information media in some countries served merely as weapons in the "cold war". The Press and radio in the hands of private monopolies, acting on the orders of aggressive elements in certain countries, were used to spread insecurity and fear of a new war and to fabricate lies directed against the Soviet Union and the peoples' democracies.

8. His delegation had always realized the importance of the proper use of information media in furthering the purposes and principles of the United Nations and it had been on his delegation's initiative that the General Assembly had adopted resolution 110 (II). In the Sub-Committee of the Disarmament Commission in London in 1955 his Government had submitted on 10 May a draft declaration on the limitation of armaments, the prohibition of atomic weapons and the removal of the threat of a new war, which contained certain proposals directly connected with the role of information media in strengthening international peace and security. The declaration of the Government of the USSR drew attention to the dangers of propaganda in favour of a new war, and growing incitement in a number of countries in recent times to an atomic war, in violation of General Assembly resolution 110 (II). The declaration noted that the situation that had arisen required that immediate and effective action should be taken to ease international tension and to strengthen mutual confidence in relations between States. That could only be achieved if an end were put to the "cold war" and if the propaganda for a new war which was being carried on in certain States, with its accompanying incitement to enmity and hatred between peoples and its inflaming of certain peoples against others, were brought to a stop. The USSR Government proposed in that declaration that the General Assembly should recommend all States to take the necessary measures to ensure scrupulous compliance with the General Assembly resolution condemning all forms of propaganda for a new war, to put an end to all calls for war and for the kindling of hostility between peoples in the Press, on the radio, in the cinema and in public statements. Non-compliance with that recommendation would be regarded as a violation by a State of its international duty and of its obligations to the United Nations, namely, to abstain in its international relations from the threat or use of force and not to permit violations of the territorial integrity or political independence of any State.

9. The adoption of those proposals by the General Assembly of the United Nations, and its scrupulous implementation by Governments would greatly contribute to the maintenance of international peace and security.

10. The Soviet Union itself, and the peoples' democracies, had taken all practicable steps, in particular legislative measures, to ensure that information media served the cause of peace. War propaganda in the Soviet Union was considered to be a crime against humanity, and the use of information media to propagate hatred was severely punished. The Press belonged to the people and therefore did not have to serve the interests of private monopolists; it could remain objectively devoted to the promotion of friendly relations among nations and peaceful co-operation and serve the interests of the entire Soviet people. If information media in other States served the cause of peace as well as they did in the peoples' democracies, the "cold

war" would soon be a thing of the past, and the task of maintaining international peace and security would be considerably facilitated.

11. Mr. ULLRICH (Czechoslovakia) considered unsatisfactory the results achieved at the current session on the question of freedom of information, which were summarized in the Social Committee's report (E/2759), particularly the negative decision with respect to the draft convention on freedom of information. The Council had thereby evaded consideration of the substance of one of the most important items on the agenda of its current session. That fact was not counterbalanced by the positive results achieved through the unanimous adoption of the resolutions concerning technical assistance for the promotion of freedom of information and information media in under-developed countries.

12. The Czechoslovak delegation considered that neither the past resolutions nor the draft convention drawn up a few years earlier offered a guarantee that a solution could be found. It had stressed in the Social Committee that much still remained to be done and that no final solution could be reached without considerable effort. In particular, measures should be adopted to carry out the guiding principles laid down in the Charter and in General Assembly resolutions 110 (II) concerning measures to be taken against propaganda and the inciters of a new war, and 127 (II) on false or distorted reports.

13. The continuing propaganda carried on in certain countries in favour of a new war and of enmity between nations represented one of the most serious obstacles to the development of useful activities in the field of information. A Czechoslovak draft resolution in favour of measures to put an end to war propaganda had been submitted to the General Assembly at its ninth session but had unfortunately not been adopted.

14. Both Member and non-member States, and the United Nations itself, were faced with the task of adopting such recommendations and measures concerning dissemination of information as would be conducive to a lessening of international tensions and would serve to increase confidence in international relations. Governments which desired peace could neither advocate nor tolerate war propaganda, a type of propaganda which was not an expression of freedom of information but, on the contrary, an abuse of that freedom for ends hostile to the cause of peace and peaceful co-existence among nations. For that reason the Czechoslovak delegation could not vote in favour of operative paragraph 1 of draft resolution B, which allowed misuse of information media, for it felt that a State had the right to exercise control over the dissemination of news which advocated hostility between nations. Legislation had been adopted in Czechoslovakia and a number of other countries which made the fomenting of hatred between nations and the spreading of war propaganda and fascist ideology a penal offence.

15. The Czechoslovak people had welcomed the proposals which the Government of the Soviet Union had submitted on 10 May 1955 to the Sub-Committee of the Disarmament Commission, for those proposals offered new possibilities for a lessening of international tension and the creation of the necessary atmosphere of confidence and mutual understanding among nations.

16. In that connexion, the United Nations could do much to bring about the elimination of war propaganda by including in the draft convention on freedom of information provisions condemning the spreading of such propaganda and of hatred between nations. The desired objective should be the use of information media exclusively for the promotion of peace.

17. The PRESIDENT asked the Council to vote on the four draft resolutions submitted by the Social Committee (E/2759).

Draft resolution A was adopted by 15 votes to none, with 3 abstentions.

18. Mr. SOBOLEV (Union of Soviet Socialist Republics) requested a separate vote on operative paragraph 1 of draft resolution B.

Operative paragraph 1 of draft resolution B was adopted by 14 votes to 2, with 2 abstentions.

Draft resolution B as a whole was adopted by 14 votes to 2, with 2 abstentions.

Draft resolution C was adopted by 11 votes to 3, with 4 abstentions.

19. Mr. SOBOLEV (Union of Soviet Socialist Republics) proposed the deletion of the words "those" and "which are members of a specialized agency" in operative paragraph 1 of draft resolution D.

The proposal was rejected by 13 votes to 4, with 1 abstention.

20. Mr. SCOTT FOX (United Kingdom) proposed the deletion of the words "if any" and the insertion of the words "any based on" between the words "including" and "the recommendations" in operative paragraph 1 (b).

The proposal was adopted.

Draft resolution D, as amended, was adopted by 16 votes to none, with 2 abstentions.

21. Mr. BOZOVIC (Yugoslavia) said that his delegation had voted against draft resolution C because the Social Committee had taken a negative attitude not in keeping with the current international situation and had failed to carry out the General Assembly's instructions in the matter.

22. Mr. LOOMES (Australia) explained that he had abstained on draft resolution A because, although it was somewhat less vague than the draft submitted at the seventeenth session, the financial implications were still impossible to foresee and there was still uncertainty as to how the programme would be put into operation. Moreover, no request for such technical assistance had been received. It would have been better to refer the matter to the United Nations Educational, Scientific and Cultural Organization, in order to prevent the risk of duplication.

23. He had also abstained on draft resolution D because he doubted whether making further studies when much of the ground had already been covered would be desirable or useful. The objective of the draft resolution was similar to, if not identical with, that of resolution A and open to similar objections.

24. Mr. EPINAT (France) said that his delegation had abstained on draft resolution C for the reasons given in the Social Committee.

25. It had also abstained on draft resolution A because it felt that technical assistance to under-developed countries should be limited to the fields already defined. He interpreted resolution A to mean that technical aid in respect of freedom of information would not in any case come under the technical assistance programmes, but would be parallel to them. He must stress his view that any efforts in connexion with freedom of information should be broadly international, and should have as their aim to organize exchanges and meetings going beyond the limits of regional action.

26. Mr. MIR KHAN (Pakistan) said that he had supported operative paragraph 1 of draft resolution B on the assumption that it reserved to Governments the right to regulate the transmission of information material in national emergencies in the interests of national security.

27. Mr. RAJAN (India) explained that he had voted against draft resolution C because the General Assembly had clearly stated its intention of discussing freedom of information at its eleventh session. The proper course for the Council to take would have been to give the Assembly constructive guidance. It should have suggested the principles to be taken into account, even if it could not actually draft the convention, or ways of carrying the work forward, such as the making of recommendations to the Commission on Human Rights or the convening of a conference of plenipotentiaries. Instead it had merely recommended postponement until the Assembly's twelfth session. One reason given in the resolution was the absence of a wide measure of agreement. If that was true, it would surely have been more logical to apply procedures that might obtain wider agreement.

28. He had voted for operative paragraph 1 in draft resolution B, but regarded it as relating essentially to the practice of censorship, and as not prejudicing a State's right to resort to it in exceptional circumstances for the sake of national defence.

29. Mr. RIVAS (Venezuela) said that he had voted against draft resolution C because in it the Council had totally disregarded General Assembly resolution 840 (IX).

30. He had also had doubts about operative paragraph 1 of resolution B, as it was virtually impossible to draw a distinction between the practice of censoring outgoing news from practices adopted in defence of national security. In that paragraph States were requested to refrain from using powers recognized in multilateral instruments.

31. Mr. HOTCHKIS (United States of America) said that he had voted for draft resolution A because he construed it to mean that a new programme would be set up parallel to, but separate from, the existing technical assistance programmes. He was confident that, with the co-operation of the Governments, the specialized agencies and the Secretary-General, the programme would prove successful.

AGENDA ITEM 24

Elections (E/2743 and Add.1 to 3, E/L.671)

32. The PRESIDENT called attention to the note by the Secretary-General (E/2743 and Add.1 to 3) concerning the renewal of one-third of the membership

of the functional commissions of the Council. He asked the Council to vote to fill the vacancies in the commissions.

TRANSPORT AND COMMUNICATIONS COMMISSION

At the invitation of the President, Mr. Dipp Gómez (Dominican Republic) and Mr. Akant (Turkey) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	18
Invalid ballots:	0
Number of valid ballots:	18
Abstentions:	0
Number of members voting:	18
Required majority:	10

Number of votes obtained:	
France	18
Norway	16
China	14
Burma	9
Ecuador	6
Pakistan	6
Panama	6
Colombia	5
Brazil	1
Sweden	1
Indonesia	1
Haiti	1
Belgium	1

Having obtained the required majority, China, France and Norway were elected members of the Commission.

33. The PRESIDENT observed that the representative of Pakistan and the observers from Belgium, Brazil, Colombia and Haiti had indicated that they were not seeking election to the Commission. Under rule 69 of the rules of procedure, a special ballot would be held to determine whether Sweden or Indonesia should be included with Burma, Ecuador and Panama in the second ballot to fill the remaining two vacancies in the Commission.

At the invitation of the President, Mr. Dipp Gómez (Dominican Republic) and Mr. Akant (Turkey) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	18
Invalid ballots:	1
Number of valid ballots:	17
Abstentions:	0
Number of members voting:	17
Required majority:	9

Number of votes obtained:	
Indonesia	9
Sweden	8

Having obtained the required majority, Indonesia was included in the second ballot.

Mr. Brilej (Yugoslavia) took the Chair.

34. The PRESIDENT called for the second ballot.

At the invitation of the President, Mr. Dipp Gómez (Dominican Republic) and Mr. Akant (Turkey) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	18
Invalid ballots:	0
Number of valid ballots:	18
Abstentions:	0
Number of members voting:	18
Required majority:	10

Number of votes obtained:	
Burma	15
Ecuador	10
Panama	6
Indonesia	5

Having obtained the required majority, Burma and Ecuador were elected members of the Commission.

STATISTICAL COMMISSION

At the invitation of the President, Mr. van Braam Houckgeest (Netherlands) and Mr. Butt (Pakistan) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	18
Invalid ballots:	0
Number of valid ballots:	18
Abstentions:	0
Number of members voting:	18
Required majority:	10

Number of votes obtained:	
Canada	17
India	16
New Zealand	15
Dominican Republic	14
Ukrainian Soviet Socialist Republic	12
Cuba	9
Iran	2
Iraq	1
Turkey	1

Having obtained the required majority, Canada, India, New Zealand, the Dominican Republic and the Ukrainian Soviet Socialist Republic were elected members of the Commission.

POPULATION COMMISSION

At the invitation of the President, Mr. van Braam Houckgeest (Netherlands) and Mr. Butt (Pakistan) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	18
Invalid ballots:	0
Number of valid ballots:	18
Abstentions:	0
Number of members voting:	18
Required majority:	10

Number of votes obtained:	
France	18
Norway	15
China	14
Israel	14
Ukrainian Soviet Socialist Republic	12
Guatemala	7
Iran	3
Sweden	2
Haiti	1
Venezuela	1

Egypt	1
Honduras	1

Having obtained the required majority, France, Norway, China, Israel and the Ukrainian Soviet Socialist Republic were elected members of the Commission.

SOCIAL COMMISSION

At the invitation of the President, Mr. Dipp Gómez (Dominican Republic) and Mr. Akant (Turkey) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	18
Invalid ballots:	0
Number of valid ballots:	18
Abstentions:	0
Number of members voting:	18
Required majority:	10

Number of votes obtained:	
Egypt	18
United Kingdom of Great Britain and Northern Ireland	15
Czechoslovakia	14
Sweden	12
Colombia	11
Dominican Republic	11
Argentina	10
Haiti	8
Mexico	5
Chile	1
Iraq	1

Having obtained the required majority, Egypt, the United Kingdom of Great Britain and Northern Ireland, Czechoslovakia, Sweden, Colombia and the Dominican Republic were elected members of the Commission.

COMMISSION ON HUMAN RIGHTS

At the invitation of the President, Mr. van Braam Houckgeest (Netherlands) and Mr. Butt (Pakistan) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	18
Invalid ballots:	0
Number of valid ballots:	18
Abstentions:	0
Number of members voting:	18
Required majority:	10

Number of votes obtained:	
India	16
France	15
Iraq	15
Union of Soviet Socialist Republics	14
Philippines	13
Ukrainian Soviet Socialist Republic	12
Guatemala	9
Uruguay	7
Egypt	2
Haiti	1
Indonesia	1
Poland	1

Having obtained the required majority, India, France, Iraq, the Union of Soviet Socialist Republics, the Philippines and the Ukrainian Soviet Socialist Republic were elected members of the Commission.

COMMISSION ON THE STATUS OF WOMEN

At the invitation of the President, Mr. Dipp Gómez (Dominican Republic) and Mr. Akant (Turkey) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	18
Invalid ballots:	0
Number of valid ballots:	18
Abstentions:	0
Number of members voting:	18
Required majority:	10

Number of votes obtained:	
United Kingdom of Great Britain and Northern Ireland	17
United States of America	16
Belgium	13
Union of Soviet Socialist Republics	13
Venezuela	11
Israel	10
Lebanon	9
Mexico	9
Colombia	6
Philippines	2
Haiti	1

Having obtained the required majority, the United Kingdom of Great Britain and Northern Ireland, the United States of America, Belgium, the Union of Soviet Socialist Republics, Venezuela and Israel were elected members of the Commission.

EXECUTIVE BOARD OF THE UNITED NATIONS CHILDREN'S FUND

35. The PRESIDENT observed that Colombia, Czechoslovakia, Dominican Republic, Egypt, Sweden and the United Kingdom had become members of the Board by virtue of their election to the Social Commission. The Council would hold a secret ballot to elect three members directly to the Board.

At the invitation of the President, Mr. van Braam Houckgeest (Netherlands) and Mr. Butt (Pakistan) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	18
Invalid ballots:	0
Number of valid ballots:	18
Abstentions:	0
Number of members voting:	18
Required majority:	10

Number of votes obtained:	
Canada	15
Pakistan	14
Brazil	11
Yugoslavia	11
Iran	1
Greece	1

Having obtained the required majority, Canada and Pakistan were elected members of the Board.

36. The PRESIDENT called for a second ballot between Brazil and Yugoslavia to fill the third vacancy.

At the invitation of the President, Mr. van Braam Houckgeest (Netherlands) and Mr. Butt (Pakistan) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	18
Invalid ballots:	0
Number of valid ballots:	18
Abstentions:	0
Number of members voting:	18
Required majority:	10
Number of votes obtained:	
Yugoslavia	11
Brazil	7

Having obtained the required majority, Yugoslavia was elected a member of the Board.

37. The PRESIDENT asked the Council to vote by secret ballot to elect one further member of the Board for a two-year term to fill the vacancy created by the election of the Dominican Republic to the Social Commission.

At the invitation of the President, Mr. van Braam Houckgeest (Netherlands) and Mr. Butt (Pakistan) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	18
Invalid ballots:	1
Number of valid ballots:	17
Abstentions:	0
Number of members voting:	17
Required majority:	9
Number of votes obtained:	
Brazil	17

Having obtained the required majority, Brazil was elected a member of the Board.

AGENDA ITEM 25

Confirmation of members of functional commissions of the Council (E/2742 and Add.1 and 2)

38. The PRESIDENT proposed that the list of representatives nominated by their Governments as representatives on the functional commissions (E/2742 and Add.1 and 2) should be approved.

It was so decided.

The meeting rose at 5.50 p.m.



ECONOMIC AND SOCIAL COUNCIL

Resumed Nineteenth Session

OFFICIAL RECORDS

Friday, 27 May 1955,
at 10.55 a.m.

NEW YORK

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Agenda item 19:

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United Nations Children's Fund 123

President: Sir Douglas COPLAND (Australia).**Present:**

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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, Colombia, Indonesia, Iran.

The representatives of the following specialized agencies: International Labour Organisation, United Nations Educational, Scientific and Cultural Organization.

AGENDA ITEM 19

United Nations Children's Fund (E/2662, E/2676, E/2717, E/L.673)

1. The CHAIRMAN called on Mr. Khalidy, First Vice-Chairman of the Executive Board of the United Nations Children's Fund, to address the Council.

2. Mr. KHALIDY (First Vice-Chairman of the Executive Board of UNICEF) drew the attention of members of the Council to the reports of the Executive Board of UNICEF. There were 254 UNICEF-assisted programmes in operation at the current time and UNICEF was aiding ninety-one countries and territories. In 1955, 32 million children and expectant and nursing mothers would benefit from the principal UNICEF-aided mass health and feeding programmes as against 28 million in 1954.

3. The Executive Board had given particular attention to the question of increased UNICEF aid for malaria eradication (E/2717, paras. 41 to 67).

4. At the current time malaria was one of the most widespread diseases and adversely affected the economic development of many countries. It impaired the profit-earning capacity of large undertakings, such as plantations, mines and factories in the small agricultural centres from which the under-developed countries derived most of their national income, malaria reduced production and increased indebtedness. In the social field it hampered the development of education as children suffering from malaria were unable to attend school regularly. The incidence of malaria among children hampered the development of maternal and child rural welfare services. In some regions malaria control had made it possible to reduce infant mortality by one-third.

5. There had been a radical change in malaria control methods after the Second World War. Residual spraying with insecticides, particularly DDT, had been used. With the introduction of that technique, it had been possible to extend malaria control programmes to rural areas. At the current time about 300 million persons were protected by such programmes, some permanently, and about 300 million others had yet to be protected.

6. United Nations bodies had played an important part in that work. The World Health Organization provided technical advice and UNICEF had supplied insecticides, transport and sprayers. In 1955, equipment supplied by UNICEF was being used to protect 17 million people in twenty countries. That figure, impressive in itself, was all the more significant because it represented assistance to regions which, without such help, would have been financially unable to undertake malaria control campaigns.

7. The United Nations Children's Fund was going to take a great step forward. It would no longer confine itself to the control of malaria, but would attempt to eradicate the disease. It was possible to speak of eradication because that goal had been achieved in some regions. To eradicate malaria completely all houses were first sprayed with insecticides for a period of about four years. During a further period of four years specialized national services exercised close supervision, after which the regular health services could deal with cases of malaria coming from abroad.

8. That method had great advantages. In the first place it made savings possible. A few years before it had been thought necessary to carry out spraying each year for an indefinite number of years. It had since been found that by intensifying the work for some years malaria could be completely eradicated. The current method involved a certain danger because mosquitoes developed resistance to insecticides in areas where annual spraying had been carried out for more than six years. It was therefore necessary to act rapidly, before the resistance of mosquitoes to insecticides became widespread.

9. Because of the ease with which malaria could be reintroduced into regions where it had been eradicated, by persons coming from unprotected areas, the question had to be examined on the international level, and large-scale regional programmes were most desirable. That point had been brought out in the conferences held at Santiago, Chile, and at Baguio, in the Philippines, in which WHO experts had participated. The two conferences had recommended the adoption of eradication programmes. A similar conference was to meet in the Eastern Mediterranean area in 1956.

10. The eradication campaign was developing on a world-wide scale. According to WHO estimates, drawn up on the basis of national projects and proposed projects, the campaign would have to cover the 300 million persons already protected as well as an additional 186

million persons. If that target was to be achieved, the annual cost of malaria control campaigns, which was currently \$14 million, would have to be increased to \$65 million. That figure represented the total cost that Governments and international bodies would have to bear. In fact, although some countries could meet the cost of malaria eradication campaigns, the cost of large-scale regional programmes was too high to be borne by the Governments concerned or by United Nations bodies. The bilateral assistance offered by the United States of America was therefore invaluable.

11. Of the 300 million persons who had yet to be protected, UNICEF estimated that 135 million lived in countries that might request its aid. In each of the next few years UNICEF would probably have to protect 40 million persons. Thus UNICEF allocations for malaria control would have to be increased from \$2 million to \$5 million annually and remain at that level for many years. The 40 million people to be protected lived in the countries of North and South America, which needed international assistance, and in some countries of Asia and Asia Minor.

12. Five million dollars represented a substantial proportion of the total annual allocations of \$20 million. Moreover, it should be borne in mind that in 1954 UNICEF had been able to allocate only \$17 million and not \$20 million as planned. Accordingly, the Executive Board had wondered whether it was advisable to increase its assistance for malaria eradication programmes. However, in view of the importance of long-term child welfare programmes, the Executive Board had decided to increase UNICEF aid to enable Governments to intensify their control programme in order to achieve malaria eradication.

13. The UNICEF-WHO Joint Committee on Health Policy had met in May 1955 and had unanimously recommended that malaria eradication programmes should be given first priority by UNICEF. It had also recommended that UNICEF and WHO should use their influence to transform malaria control campaigns currently under way into eradication programmes as soon as possible. United States bilateral assistance would be used in accordance with principles similar to those recommended by United Nations bodies.

14. He expressed the conviction that in years to come the United Nations would be proud of the help given by UNICEF, WHO and the Technical Assistance Administration. All of the agencies had co-operated in the eradication of malaria and would deserve the gratitude of future generations.

15. Mr. RAJAN (India) thanked the Vice-Chairman of the Executive Board for the encouraging picture he had given of the Fund's activities. The Executive Board's reports (E/2662, E/2676 and E/2717), too, contained interesting information on the number of beneficiaries and the costs of assistance. The assistance given by UNICEF, which was particularly spectacular in large-scale campaigns, was characterized by mass action and low costs.

16. He recalled the hesitation with which the first efforts of UNICEF had been greeted only a few years before. The United Nations Children's Fund had proved that it could produce results and, with its new policy, it could look to the future with confidence. In the campaign against malaria, which would be a joint campaign of Governments and international agencies, the

activity of UNICEF would be useful in the economic and social field, not only to individuals but to the whole community of nations, in accordance with the principles of the United Nations Charter. The peoples of under-developed countries might be unable to read or understand the Charter, but if, through the help of agencies like UNICEF, they were protected from disease, they would come to understand the real meaning of the United Nations, which had adopted as one of its objectives the promotion of the welfare of all peoples.

17. The Executive Board's report (E/2717) mentioned Universal Children's Day, which was to be observed for the first time in 1956. He regretted that the Executive Board had not been able to take a decision on the matter because there had not been a sufficient number of replies from Governments. It was to be hoped that additional replies would soon be forthcoming.

18. There had been a considerable change in the situation since the General Assembly had laid down the composition of the Executive Board of UNICEF in resolution 417 (V). The United Nations Children's Fund had become a permanent body. There had been a considerable increase in the number of its beneficiaries and it was currently active in ninety-one countries and territories. The interests of those countries, some of which were not members of the United Nations, had to be represented on the Executive Board. The situation should therefore be re-examined and the Council should deal with the question.

19. He congratulated all those working with UNICEF and indicated that he would support the joint draft resolution (E/L.673) taking note with satisfaction of the Executive Board's reports.

20. Mr. AMANRICH (France) said that the Executive Board's three reports (E/2662, E/2676 and E/2717) once again furnished evidence of the effective operations of UNICEF in various parts of the world. The Executive Board's work was becoming increasingly practical in character and, on the basis of past experience, UNICEF was implementing large-scale long-term programmes, including BCG vaccination, leprosy control and child-feeding programmes. At its March session, UNICEF had agreed in principle to the implementation, in co-operation with WHO, of campaigns to eradicate malaria in large areas of the world. That was a new kind of undertaking on a very broad scale, involving the mobilization of vast resources, and UNICEF should be congratulated: in general programming it demonstrated flexibility, imagination and great adaptability while undertaking, in collaboration with very well qualified experts, careful studies of the action to be taken. The co-operation of UNICEF with the Bureau of Social Affairs of the United Nations Secretariat and with the specialized agencies had had excellent results and it was to be hoped that that co-operation would continue.

21. In that connexion, as his delegation had stated at Geneva the year before,¹ the division of responsibilities between UNICEF and the specialized agencies should be accompanied by a corresponding division of the financial burdens so that UNICEF would not be placed in the unhappy position of having to finance

¹ See *Official Records of the Economic and Social Council, Eighteenth Session, 794th meeting.*

operations other than its own out of funds that were still unfortunately inadequate. The French delegation approved the procedures adopted by UNICEF and described in paragraph 125 of the March report (E/2717) as well as the resolution adopted a few days previously by the World Health Assembly.

22. The French delegation was concerned about the system of electing the UNICEF Executive Board; at the current time the members of the Board were the eighteen States elected to the Social Commission and eight States elected directly. In his delegation's opinion the disadvantages of that system outweighed the advantages. The small number of seats filled by direct election prevented the election of a number of States which, while desirous of becoming members of the Executive Board of UNICEF, did not have an equal desire to be represented on the Social Commission. Moreover, non-member States could become members of the Executive Board only by direct election and the competition between Member and non-member States and among non-members themselves was very strong. Yet, the non-member States could make a valuable contribution to UNICEF: it was enough to recall that the membership of Switzerland on the Executive Board had furnished the Board with an outstanding Chairman for a number of years. Admittedly, there had to be co-ordination between UNICEF and the Social Commission but, in fact, the great majority of countries were represented on the Commission and the Executive Board by different experts. So far as the United Nations Secretariat was concerned, the relations between the Administration of UNICEF and the Bureau of Social Affairs were, and would continue to be, very close regardless of the system of election.

23. The French delegation would not present a formal proposal at the current stage but it felt that the problem might be taken up at an early session of the Council or by the General Assembly, since it was a question of revising some of the provisions of General Assembly resolution 417 (V).

24. The French Government felt great satisfaction at the development of the activities of UNICEF and it had clearly expressed that satisfaction by raising its contribution for 1955 to 275 million francs, an increase of approximately 60 per cent over its 1954 contribution.

25. Finally, he expressed the hope that the draft resolution (E/L.673), of which his delegation was a co-sponsor, would be unanimously adopted by the Council.

26. Mr. OZGUREL (Turkey) congratulated the Executive Board of UNICEF and its First Vice-Chairman, who had just made a notable statement.

27. He noted with satisfaction that the three types of programmes that had received the highest allocations at the last session of the Executive Board were maternal and child welfare, malaria control and milk conservation, and that ninety-one countries and territories were receiving assistance from UNICEF.

28. Turkey was deeply grateful to UNICEF for the help it had received, in particular in connexion with the big long-term programmes currently under way in his country. As evidence of its interest and gratitude, the Turkish Government had raised its contribution to UNICEF from 50,000 to 75,000 Turkish pounds.

29. Mr. HOTCHKIS (United States of America) congratulated Mr. Khalidy on his excellent statement, which had brought out the remarkable progress made by UNICEF, and stressed the need for malaria eradication. He agreed with Mr. Khalidy that the eradication programme should be undertaken.

30. His Government still thought, however, that local currency costs (stipends for trainees, remuneration of local teaching staff, travel and subsistence for local supervisory staff) should be charged, not to UNICEF, but to the recipient countries, as an indication of the importance they attached to the work of UNICEF.

31. As regards environmental sanitation, his Government recognized the serious effects of bad hygiene upon children's health but it still felt that UNICEF should confine its action in that regard to pilot projects, instead of undertaking public works projects involving heavy capital expenditure, which UNICEF would find it hard to meet in view of its limited resources and restricted scope.

32. His delegation noted with satisfaction the size of the commitments by Governments to programmes approved in 1954, which had amounted to almost double the sums allocated by UNICEF. At the previous Executive Board session, Governments had been asked to assume an even higher ratio. It also commended the reduction in the ratio of administrative costs.

33. In conclusion, he congratulated the Executive Director of UNICEF and his staff. His delegation would vote for the joint draft resolution (E/L.673).

34. Mr. BARNES (United Kingdom) said that his delegation had already expressed its views in the Executive Board on the work of UNICEF during the period under review. It too would vote for the joint draft resolution.

35. His delegation was very much interested in the new activities of UNICEF, particularly in regard to malaria eradication, to which the Vice-Chairman of the Executive Board had referred in detail in his eloquent statement. The appropriate departments of the United Kingdom Government were giving detailed consideration to the report on the subject recently issued by the WHO-UNICEF Joint Committee on Health Policy (E/ICEF/263).

36. The work of UNICEF enjoyed the warm support of the Government and the people of the United Kingdom. The financial contribution of the United Kingdom Government for 1955 amounted to £200,000. In addition, the United Nations Association had recently conducted a fund-raising campaign in the United Kingdom by which it had collected £150,000, 80 per cent of which would be turned over to UNICEF.

37. In conclusion, he congratulated UNICEF on the success it had achieved in territories dependent upon the United Kingdom, in co-operation with the authorities of those territories.

38. Mr. CUTTS (Australia) congratulated UNICEF on its achievements, which were a credit to the United Nations as a whole and were all the more noteworthy since the financial resources of UNICEF were limited. Its success was due in large measure to the enthusiasm and co-operation of the recipient States, whose commitments far exceeded the sums allocated by UNICEF. It was satisfactory that increasing emphasis was still

being placed on long-range programmes, as opposed to emergency aid, a trend particularly to be observed in the maternal and child welfare, milk conservation, long-range feeding and intensive environmental sanitation programmes.

39. The Council should note with satisfaction the work undertaken by UNICEF in the new field of malaria eradication. His delegation was gratified that the Executive Board had decided to increase the allocations for child nutrition and feeding programmes in Central America and hoped that the experience gained in that region would subsequently be used in other regions, with a view to remedying the nutritional deficiencies of children. With regard to leprosy control, the Council should note with satisfaction the new discoveries which were making it possible to treat patients without segregation.

40. During its most recent sessions, the Executive Board had examined in detail the question of the financial relations of UNICEF with the specialized agencies, in particular with WHO (E/2717, paras. 119 to 135). His delegation had always felt that the reimbursement to WHO of expenditure for international staff assigned to certain UNICEF programmes had raised an important matter of principle. The voluntary contributions of States should be used to defray expenditures actually chargeable to UNICEF. Accordingly, it was not advisable to devote part of its funds to other purposes. In his delegation's view, expenditure for technical staff assigned to UNICEF-assisted projects should be charged against technical assistance funds. But, under the new procedure for the allocation of funds for the Expanded Programme of Technical Assistance (E/2717, para. 121), recipient Governments would be responsible for deciding on the priorities to be assigned to their various technical assistance projects. The financing of the cost of technical staff assigned to UNICEF programmes would thus depend, to a large extent, on the order of priority established by those States.

41. Certain decisions had been taken by the Executive Board on the matter (E/2717, paras. 125 to 131) and it was currently being considered by the World Health Assembly. His delegation therefore proposed that the Technical Assistance Committee should also study the matter during the Council's twentieth session, basing its examination on a documentary report, which the Secretariat might prepare. The report should embody detailed information on the projects in question, the dates set for carrying them out and the steps actually taken by the recipient Governments to include the staff costs in the budget of their technical assistance programme for 1956. It should also embody the World Health Assembly's decisions on the subject which, his delegation hoped, would help to provide a satisfactory solution to the problem. If, however, the TAC report showed that the problem remained unsolved, the Council should support the position taken by the Executive Board. The financial responsibilities of WHO, UNICEF and TAA should correspond to the functional tasks of each organization. With that reservation, his delegation supported the joint draft resolution (E/L.673).

42. With regard to the constitution of the Executive Board, his Government also thought that the existing system should be changed so that all members of the Executive Board would be elected.

43. Mr. MIR KHAN (Pakistan) congratulated the Vice-Chairman of the Executive Board on his statement and was glad to note the very great progress made by UNICEF since 1952. The United Nations Children's Fund had always been concerned with the needs of the Asian nations, in which it had attempted, in carrying out its fine programmes, to foster personal initiative and thus to reach all levels of society. It was not surprising, therefore, that the people of Pakistan should have attempted in turn to take an active part in carrying out the five UNICEF programmes currently being conducted in that country in maternal and child welfare training, children's hospitals, BCG vaccination, malaria control and antibiotics production. The main purpose of UNICEF was to help children, but its work also assisted adults, who were encouraged by its activities and could thus hope for a better life for future generations. The Government of Pakistan had therefore decided to increase its contribution to UNICEF by 25 per cent.

44. In stating that it was ready, in principle, to participate in the proposed malaria eradication programme in Mexico (E/2717, paras. 63 to 66), the Executive Board had taken a bold and courageous step, on which it should be congratulated. His delegation also paid a tribute to the Mexican Government, which had undertaken to play an important part in the financing of the programme. The whole world would watch the execution of that ambitious plan, from which, it was to be hoped, other regions might one day benefit.

45. The reports of UNICEF (E/2662, E/2676 and E/2717) deserved commendation by the Council. His delegation had therefore joined with three other delegations in submitting the draft resolution (E/L.673) before the Council.

46. He thanked the Director-General and his co-workers and the Non-Governmental Organizations Committee on UNICEF.

47. Mr. TSAO (China) thought that the action taken by UNICEF, particularly as regards malaria eradication and child nutrition and feeding, would have salutary effects both on the health of the children and on the economic development of the recipient countries.

48. While it supported that action, his delegation wished to point out that the proposed allocation of \$5 million annually for malaria eradication would represent a quarter of the funds of UNICEF and would undoubtedly impair other types of programmes. For that reason, his delegation endorsed the Executive Board's remarks in paragraph 61 of its last report (E/2717) regarding the temporary nature of the disproportion.

49. There was every cause for satisfaction at the close co-operation between UNICEF and the Food and Agriculture Organization of the United Nations in child feeding and nutrition and at the budgetary measures proposed by the Director-General of FAO (E/2717, para. 71). His delegation felt that UNICEF and FAO should take account, in their work, of the particular requirements of different regions and should consider the use of nutrition foodstuffs other than milk.

50. He paid a tribute to the United States Government, which, by supplying dried skim milk free of charge, had enabled the Executive Board to report a saving of \$631,800 at its last session.

51. The United Nations Children's Fund was one of the most solid achievements of the United Nations. By helping countries to help themselves it had promoted economic and social development, both national and regional, and therefore deserved the support of all nations. For that reason, the Chinese Government despite its extremely difficult financial position, had paid its contribution to UNICEF.

52. He would vote for the joint draft resolution (E/L.673).

53. Mr. BRILEJ (Yugoslavia) welcomed the General Assembly decision (resolution 802 (VIII)) which had made UNICEF a permanent institution, enabling it to apply broad long-term programmes methodically. It would be understood that certain changes were required in the composition of the Executive Board in order to increase the independence of UNICEF, as the Indian and Australian representatives had pointed out.

54. Between 1950 and 1954, UNICEF had doubled the number of its contributing members but it still had a tremendous task to perform throughout the world, particularly in regions where millions of children had still not received its assistance or received it only inadequately. It was reassuring to note that UNICEF had worked in the countries where its aid was most required, particularly in Africa and Asia, and that it had undertaken new programmes, such as the Central American food and nutrition programme and the Latin American malaria eradication programme.

55. He hoped that the implementation of new programmes would not effect the completion of the others. He deeply appreciated the efforts made by UNICEF in all fields, particularly in those of health and maternal and child welfare, and in that connexion, welcomed the Executive Board's decision to extend those services.

56. The Executive Board's reports showed that the programme of UNICEF was extremely ambitious and that great difficulties were being encountered in carrying it out, so that it was progressing extremely slowly and it was impossible to point to any tangible results. Moreover, in many countries the obstacles were such that certain village programmes necessitated a far greater expenditure than the country could meet. Maternal and child welfare programmes were being carried out relatively slowly, because the problem was not so much the establishment of maternal and child welfare centres as the much more complicated problem of training skilled workers, a task which required much time and effort, as the countries which had undertaken to establish such centres could testify. The conditions which recipient Governments were required to fulfil should not therefore be too stringent.

57. Similar difficulties were encountered in the food and nutrition and the milk distribution programmes. The proposals of the UNICEF and FAO consultants regarding food and nutrition in Central America were of prime importance, and he therefore hoped that the work of UNICEF would be extended in that field.

58. In conclusion, he congratulated the Vice-Chairman of the Executive Board on his brilliant statement and the Executive Chairman and his staff on their zeal; he stressed the importance of the Council's part in the work.

59. Mr. ABDEL-GHANI (Egypt), associating himself with the tributes which other delegations had paid to the work of UNICEF, said that it was an excellent example of international co-operation for peaceful and humanitarian ends; he was particularly gratified at the success achieved in health, hygiene and feeding and hoped that UNICEF would continue to carry out its programmes in co-operation with the specialized agencies. He congratulated Mr. Khalidy on his clear and concise statement.

60. Egypt, which had received UNICEF assistance, had paid \$200,000 over the last two years to show its gratitude for the aid received.

61. His delegation thanked the Council for the confidence in Egypt which it had shown by electing it to the Social Commission, where it would be able to take an active part on the UNICEF Executive Board and co-operate closely with the work of UNICEF.

62. He would vote for the draft resolution (E/L.673).

63. Mr. GALLEGOS (Ecuador) paid a tribute to the Vice-Chairman of the UNICEF Executive Board. Since its establishment in 1946, the Board had always done magnificent work, with which its Executive Director's name must be associated. Ecuador had received UNICEF assistance in many fields and special assistance when much of its territory had been stricken by disaster. The United Nations Children's Fund supplemented the work of other United Nations agencies which were combating war, since its aim and purpose were to save lives. He would therefore vote for the draft resolution.

64. Mr. SCHIFF (Netherlands) commended the work of UNICEF and thanked Mr. Khalidy for his statement. He emphasized the importance of the co-operation of WHO.

65. He said his delegation would vote for the draft resolution.

66. Mr. DONS (Norway) associated himself with the tributes paid by other delegations. Constant progress in promoting the well-being of mothers and children proved that hope had been crowned by achievement, and his country had accordingly increased its contribution year by year. He congratulated UNICEF and WHO on the way in which they had solved the problem of their financial relations.

67. He would vote for the draft resolution.

68. Mr. GINEBRA HENRIQUEZ (Dominican Republic) also commended UNICEF for its work and the Vice-Chairman of the Executive Board for his statement.

69. He would vote for the draft resolution.

70. Mr. PEREZ PEROZO (Venezuela) said that his delegation had carefully studied the reports (E/2662, E/2676 and E/2717) and had listened with interest to the excellent statement by the Vice-Chairman of the Executive Board of UNICEF, an organization which had translated into action one of the most promising ventures undertaken by the United Nations.

71. His delegation, which had voted against the General Assembly resolution establishing the composition of the Executive Board (resolution 417 (V)), hoped that countries which had never been represented on

UNICEF would be consulted on all question which concerned them.

72. His delegation thanked all who had contributed to the success of the work of UNICEF. He would vote for the draft resolution (E/L.673).

73. Mr. MIRANDE (Argentina) commended UNICEF for its work; its success was attested to by the Vice-Chairman of the Executive Board and the members of the Economic and Social Council. His Government whole-heartedly supported UNICEF and was certain that circumstances would enable it to give favourable consideration to contributing to its work. His delegation would therefore vote for the draft resolution.

74. The PRESIDENT put to the vote the draft resolution submitted by France, India, Pakistan and Yugoslavia (E/L.673).

The draft resolution was adopted unanimously.

75. Mr. KHALIDY (First Vice-Chairman of the Executive Board of UNICEF) thanked the members of the Council for their commendation of UNICEF and their kind remarks addressed to himself personally.

76. The discussion showed the part which the Economic and Social Council could play in improving living conditions.

77. The PRESIDENT said that he felt that the Council should take note of the Australian proposal that the Technical Assistance Committee should be requested to study, at the twentieth session of the Economic and Social Council, the relations between WHO and UNICEF, and that the Secretary-General should be requested to prepare a report on the practical aspects of those relations.

The meeting rose at 1 p.m.



ECONOMIC AND SOCIAL COUNCIL

Resumed Nineteenth Session

OFFICIAL RECORDS

863rd Meeting

(CLOSING MEETING)

Friday, 27 May 1955,
at 3 p.m.

NEW YORK

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President: Sir Douglas COPLAND (Australia).

Present:

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, 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, Iran, Uruguay.

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

AGENDA ITEM 17

Population questions (E/2707 and Add.1, E/2723, E/2761)

REPORT OF THE SOCIAL COMMITTEE (E/2761)

1. The PRESIDENT called the Council's attention to the report of the Social Committee (E/2761) on agenda item 17, which had been considered in committee.

2. Mr. ANIS (Egypt) observed that in economic development the main problem was how to increase production at the same rate as the growth in population. Experience had shown that a higher level of living was eventually accompanied by a reduction in the birth-rate, but that at first the population increased at a more rapid rate than the national income. Some held that demographic stability could not be achieved without State intervention and planning, others believed that too much attention should not be paid to family planning but that the stress should be placed rather on increasing production and redistributing wealth by social reforms. In under-developed countries the high proportion of non-productive manpower was a problem; the rapid population growth brought into existence a high proportion of children in relation to productive adults. In order to remedy such a state of affairs some countries allowed children to go to work

at an early age, but whatever temporary benefits that might bring were offset by the future shortage of trained adults and the consequent low rate of productivity.

3. Egypt was one of the most densely populated agricultural countries, with a surplus of agricultural labour amounting to 25 to 30 percent of the number of persons engaged in agriculture. Density of population in agricultural areas should not, however, be regarded as the only factor influencing economic development. By the use of modern methods of farming and land reform productivity might be greatly expanded. Land under cultivation could be increased in Egypt by 30 percent by new irrigation schemes. Industry and trade were held by some to be a better solution to the problems of densely populated countries than an increase in agricultural productivity, but the degree of industrialization necessary to offset the increase in population was very high and the per capita income of predominantly agricultural countries was very low. Industrialization was bound to encounter many obstacles, especially the lack of raw materials, power and capital equipment. According to some recent studies, the domestic saving necessary to raise per capita income by 2 per cent should be at least 3 per cent of the national income, assuming there was no increase in population. With a population increase of 1 per cent per year, the rate of saving should be at least 6 per cent of the national income. Capital could of course be borrowed from abroad, but servicing the debt might well become an intolerable burden on the domestic finances of the borrowing countries. Great caution should therefore be exercised in planning industrialization.

4. The Egyptian delegation attached great importance to the progress made at the World Population Conference in Rome. The Egyptian Population Commission in Cairo was carrying out a great deal of demographic research and his delegation anticipated with great interest further demographic studies undertaken by the United Nations Secretariat.

5. The PRESIDENT asked the Council to vote on draft resolution A, B and C submitted by the Social Committee (E/2761).

Draft resolution A was adopted unanimously.

Draft resolution B was adopted unanimously.

Draft resolution C was adopted by 16 votes to none, with 2 abstentions.

AGENDA ITEM 16

Allegations regarding infringements of trade-union rights (E/2587 and Add. 1 to 5, E/2685, E/2762)

REPORT OF THE SOCIAL COMMITTEE (E/2762)

6. The PRESIDENT asked the Council to vote on the draft resolutions submitted by the Social Com-

mittee in its report (E/2762) on agenda item 16, which had been considered in committee.

Draft resolution A was adopted by 12 votes to none, with 6 abstentions.

Draft resolution B was adopted by 9 votes to 2, with 7 abstentions.

Draft resolution C was adopted by 9 votes to 2, with 7 abstentions.

Draft resolution D was adopted by 11 votes to 3, with 4 abstentions.

7. Mr. FOMIN (Union of Soviet Socialist Republics) said that his delegation had fully explained in the Social Committee its position on the draft resolutions just adopted and in particular the reasons why it had objected to and voted against draft resolution B and D, which were unsatisfactory, and abstained on draft resolutions A and C, which it considered inadequate. Its position remained unchanged in the plenary meeting.

8. Mr. CHACKO (India) explained that he had supported draft resolution A because he regarded it as purely procedural; he took no stand as regards the substance of the allegations. He had abstained from voting on draft resolutions B and C because he was not satisfied that the question of the disposal of allegations against countries which did not consent to co-operate with the Council had been adequately considered and because draft resolution C did not take into account the new allegations regarding infringements of trade-union rights in Spain that had been brought to the attention of the Council. He had voted against draft resolution D, as the Council had not fully discussed the political assumption concerning East Germany, which was implied in that draft resolution.

Calendar of conferences for 1955: second session in 1955 of the Commission on International Commodity Trade (E/2755)

9. The PRESIDENT observed that the Council had to decide whether it would accede to the Commission's wish to hold its second session at Geneva from 28 November to 16 December 1955.

10. Mr. CUTTS (Australia) doubted whether the Commission should be allowed to hold a session at Geneva at a cost of some \$11,000. As a matter of principle, functional commissions should normally meet at Headquarters unless there was a clearly demonstrated reason for not doing so. He would reserve his position until he heard whether there was such a reason.

11. Mr. CAFIERO (Argentina) explained that by its terms of reference the Commission might hold meetings away from Headquarters when it considered that to be in the best interests of its work, subject to prior authorization by the Council. The United Nations did not pay the Commission members' travel costs. Several highly important commodity conferences were to be held in Europe during the autumn and winter and the Council of the Food and Agriculture Organization of the United Nations was meeting at Rome late in October. It would be much easier to send experts to the Commission's session if it was held at Geneva, since they would already be in Europe. No delegation was more concerned than the Argentine with avoiding any unnecessary costs, but in the case under consideration

the expenditure was justifiable. He was not sure that the estimate had not been somewhat exaggerated; but that was a matter that his delegation would raise in the Fifth Committee of the General Assembly.

12. Mr. HSIA (China) said that the Commission could not work as effectively without the documentary and other services that were available only at Headquarters. For his own delegation, a meeting in Geneva would mean much extra expense.

13. Mr. EPINAT (France), Mr. SAKSIN (Union of Soviet Socialist Republic) and Mr. SCOTT FOX (United Kingdom) pointed out the advantages of a session of the Commission in Europe. Experts would be able to attend meetings of other international organizations in Europe, whilst the Secretariat would be spared the difficulties of servicing the Commission's meetings at Headquarters during a General Assembly session.

14. The PRESIDENT put to the vote the proposal that the second session in 1955 of the Commission on International Commodity Trade should be held at Geneva.

The proposal was adopted by 11 votes to 2, with 5 abstentions.

Arrangement of business at the twentieth session of the Council (E/L.666)

15. Mr. SCOTT FOX (United Kingdom), referring to the note by the President on the arrangement of business at the twentieth session of the Council (E/L.666), said that item 4 of the provisional agenda (E/2741) would include the reports of the specialized agencies. The executive heads of those agencies would be present and would presumably reply to general questions on their activities, but there would inevitably be many questions on matters of detail which could hardly be discussed in plenary meetings of the Council. It would therefore be expedient to appoint a co-ordination committee to deal with such matters.

16. The note by the Secretary-General (E/2680) suggested that the reports of the regional economic commissions should be considered in connexion with the item on the world economic situation; in his view, those reports should also be considered in connexion with the discussion of co-ordination under agenda item 4. Similarly, the question of membership of the regional economic commissions could more appropriately be discussed under item 4.

17. Mr. KOTSCHNIG (United States of America) supported the United Kingdom representative's proposal. During the discussion at the eighteenth session on the reorganization of the Council's work, much had been made of the need for more effective ways of discussing co-ordination. The Council proposed to hold a wide discussion on co-ordination under agenda item 4; there would inevitably be points of detail in connexion with that discussion which were of great importance but which could not profitably be discussed in the Council's plenary meetings.

18. Mr. SAKSIN (Union of Soviet Socialist Republics) said that the Council's twentieth session would not necessarily bring together the same representatives as its resumed nineteenth session and it would ill become the representatives present at the current session to decide how their successors should organize their affairs. The Council could only consider the arrange-

ment of business proposed by the Secretariat; it could take no final decision on that arrangement.

19. Mr. MORALES (Argentina) said that if the Co-ordination Committee met, its meetings should not be held at the same time as those of the Economic Committee. The reports of the regional economic commissions in their general application to the world economic situation as a whole could be considered under agenda item 2 and again, in connexion with the particular activities of the individual commissions, under agenda item 4.

20. Mr. KOTSCHNIG (United States of America) said that the Governments of Member States were expected to send to the Council's summer sessions representatives of the highest status. Careful advance organization was essential to ensure that high-level representatives were not kept waiting in Geneva before the particular items which they had come to discuss were considered.

21. With reference to the Argentine representative's remarks, he emphasized that there was no intention of holding a substantive discussion of the regional economic commission's report in the co-ordination committee. Only organizational details would be discussed in the committee.

22. The PRESIDENT felt that the question of the establishment of a Co-ordination Committee required further study. Moreover, the point raised by the United Kingdom representative seemed to be covered in the footnote in document E/L.666. It would therefore be premature for the Council to take an immediate decision. The best course would be for the United Kingdom delegation to raise the question again at Geneva on the basis of a more concrete and detailed plan of action.

23. Mr. KOTSCHNIG (United States of America) said that the establishment of a Co-ordination Committee would not constitute a departure from the Council's usual practice since the Council had formed such a committee at every summer session. A decision at the current stage would help delegations plan their course of action. The United States delegation, for instance, was preparing its statements on the important and difficult question of co-ordination. The establishment of a Co-ordination Committee would enable it to confine its statement to the more important issues,

leaving points of detail to be worked out in that committee. If no committee were formed, those points would have to be dealt with in the general debate.

24. Mr. SCOTT FOX (United Kingdom) said that there might be some points of detail which should not be discussed either in the Economic Committee or the Social Committee and which it would be unwise to debate in plenary session. They could be dealt with by the Co-ordination Committee.

25. The PRESIDENT suggested that the footnote might be rephrased in more specific terms.

26. Mr. SCOTT FOX (United Kingdom) accepted the suggestion.

27. Mr. SAKSIN (Union of Soviet Socialist Republics) felt that no action by the Council was called for. The views expressed by the United Kingdom and United States representatives would appear in the summary record of the meeting. A final decision concerning the arrangement of the Council's business at its twentieth session should be left to the delegations representing Member States at that session.

28. Mr. SCOTT FOX (United Kingdom) said that he would not press his point if the arguments adduced by his delegation in favour of its proposal were fully set out in the summary record.

29. He agreed with the United States representative that the main framework of the twentieth session should be decided on immediately in order to ensure the desired high-level representation.

30. The PRESIDENT suggested that the Council should take note of the United Kingdom proposal and the ensuing discussion concerning the desirability of establishing a Co-ordination Committee and should defer its final decision until the twentieth session. It might approve the proposed arrangement of business on that basis.

It was so decided.

Closure of the session

31. The PRESIDENT declared the nineteenth session of the Council closed.

The meeting rose at 4.30 p.m.

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