

GENERAL ASSEMBLY

THIRTEENTH SESSION

Official Records


 Wednesday, 12 November 1958,
at 3.15 p.m.

NEW YORK
CONTENTS

	<u>Page</u>
Agenda item 12:	
Report of the Economic and Social Council (chapter I, section VI, chapters II, III, IV and V) (continued)	
Question of increasing the membership of the Economic and Social Council (continued)	175
Agenda items 28 and 12:	
Economic development of under-developed countries (continued)	
Report of the Economic and Social Council (chapter I, section VI, chapters II, III, IV and V) (continued)	
General discussion	176
Agenda item 29:	
Programmes of technical assistance (continued)	
(a) Report of the Economic and Social Council;	
(c) Establishment of an international administrative service	
Draft report of the Second Committee	178
Agenda item 12:	
Report of the Economic and Social Council (chapter I, section VI, chapters II, III, IV and V) (continued)	
Question of increasing the membership of the Economic and Social Council (concluded)	178

Chairman: Mr. Toru HAGIWARA (Japan).

AGENDA ITEM 12

Report of the Economic and Social Council (chapter I, section VI, chapters II, III, IV and V) (A/3848, A/C.2/L.385/Rev.1) (continued)

QUESTION OF INCREASING THE MEMBERSHIP OF THE ECONOMIC AND SOCIAL COUNCIL (A/3848, CHAP. I, SECTION VI, A/C.2/L.385) (continued)

1. The CHAIRMAN drew the Committee's attention to his note (A/C.2/L.385) suggesting the text of a letter which he contemplated asking the President of the General Assembly to transmit to the Chairman of the Special Political Committee. The letter was drafted in accordance with his original plan that the names of delegations holding the opinions stated should be listed. At the previous meeting, however, the Greek representative had proposed that only the number of delegations, and not their names, should be given in each case, and the French representative had suggested that the letter should merely state that a certain number of representatives were of the opinions in question, neither names nor numbers being given. There were thus three alternatives.

2. Mr. ARKADEV (Union of Soviet Socialist Republics) pointed out that, in the second paragraph of the Chairman's letter, a precise statement was given

of the views of one group of delegations, whereas, in the third paragraph, the views of another group, which included his own delegation, were given only on the question of procedure, and not on the substance of the matter. An additional paragraph should therefore be inserted to the effect that a number of countries had opposed consideration of the question of enlarging the membership of the Economic and Social Council, since a change in the membership of the Economic and Social Council involved the revision of certain provisions of the United Nations Charter, which was impossible without the participation of the People's Republic of China as a full Member of the United Nations and as a permanent member of the Security Council.^{1/}

3. Mr. FINGER (United States of America) said that, although he did not share the views of the countries concerned, he had no objection to the inclusion of the Soviet proposal, because he held that all delegations should have the opportunity to express their opinions. He suggested that footnotes should be added to the text of the letter indicating the number of delegations which had voted for or against the second, third and fourth paragraphs of the letter, or had abstained.

4. Mr. YRIART (Uruguay) supported that suggestion.

5. Mr. GURINOVICH (Byelorussian Soviet Socialist Republic) said that he could not accept the suggestion. The Committee could not vote on the different opinions of delegations.

6. Mr. SCHURMANN (Netherlands) said that he supported the Soviet proposal, for the reason given by the United States representative.

7. Mr. Gopala MENON (India) considered that the basic question was the form in which the Committee's views should be communicated to the Special Political Committee. He therefore proposed that the beginning of the second paragraph of the Chairman's letter should be amended to read "The representatives of . . . are of the opinion that their views should be communicated in the following form:".

8. Mr. SCHURMANN (Netherlands) noted that the paragraph referred to by the Indian representative had originally been proposed by his delegation (549th meeting). All members of the Committee should have a chance to express their views, first, on the substantive question of enlarging the Council, and secondly, on the form in which their opinions were to be communicated. The Indian amendment would confuse those two issues. He suggested that, in order to meet the Indian representative's wishes, the paragraph should be retained as it stood, and another paragraph added to the effect that certain representatives were of the

^{1/} The text of the Soviet amendment was subsequently distributed as document A/C.2/L.387.

opinion that those views should be transmitted by the Chairman of the Second Committee to the Chairman of the Special Political Committee.

9. Mr. Gopala MENON (India) said that the Committee's summary records would show the positions of all delegations regarding the enlargement of the Council. The form in which their views should be communicated was the only point at issue. He therefore maintained his amendment.

10. Mr. HAYTA (Turkey) proposed that the word "they", in the fourth paragraph of the Chairman's letter, should be replaced by the words "their delegations". The representatives who spoke in the Special Political Committee might well not be those who had spoken in the Second Committee.

11. Mr. CHENG Paonan (China) said that he would not oppose the Soviet proposal, since the proposed additional paragraph, although it introduced an extraneous issue, was a true reflection of the Soviet delegation's views. He would, however, suggest the addition at the end of the paragraph, of the words: "Others did not agree with this view".

12. Mr. CHARPENTIER (France) supported by Mr. KAMENOV (Bulgaria) and Mr. RAJAPATIRANA (Ceylon), proposed that the meeting be suspended to allow time for drafting a revised version of the Chairman's letter, taking into account the suggestions that had been made.

It was so agreed.

The meeting was suspended at 4 p.m. and resumed at 4.30 p.m.

13. The CHAIRMAN announced that a revised text of the letter contained in document A/C.2/L.385 would be available before the end of the meeting. In the meantime, he suggested that the Committee should begin its general discussion on the economic development of under-developed countries and the report of the Economic and Social Council by hearing the statement of the Under-Secretary for Economic and Social Affairs on the world economic situation.

It was so agreed.

AGENDA ITEMS 28 AND 12

Economic development of under-developed countries (continued)

Report of the Economic and Social Council (chapter I, section VI, chapters II, III, IV and V) (A/3848) (continued)

GENERAL DISCUSSION

14. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) observed that the economic picture was markedly more favourable than it had been at the time of the twenty-sixth session of the Economic and Social Council, chiefly owing to the rate of the recovery of the United States of America. Nevertheless, the productive potential of the industry of the United States was still far from being fully utilized and it would be unwise to say that a new boom, based on the expansion of fixed capital investment, was on the way. There had been a lag in the improvement in the employment situation and it would be impossible to reduce unemployment to the pre-recession level

until the volume of production had increased sufficiently to provide the more than two million jobs needed to reabsorb the unemployment resulting from the economic situation, absorb the annual increase in the labour force, and offset the effect of technical progress and the improvement of productivity.

15. Western Europe, in its turn, was going through an economic slow-down and the index of industrial production had dropped slightly since the end of the first quarter. As in the United States, industrial capacity had developed more rapidly than output and the volume of private fixed capital investment had ceased to grow. Some unemployment had appeared almost everywhere and average working hours had been reduced. Although certain restrictive measures previously adopted had recently been abolished or made more flexible, there had not as yet been any sign of a reversal of the trend. It would appear that the recessionary phase had been the result of independent factors and had not been determined or even directly influenced by developments in the United States; exports to North America had been maintained in a remarkable fashion. The lesson of the 1953-1954 recession had thus been confirmed; even a relatively sharp downturn in the United States need not, provided it was brief, have such serious effects on the balance of payments of other industrial countries as had once been feared.

16. In the centrally planned economies, expansion had continued, facilitated by improved supplies of raw materials and fuel and by the improvement in productivity. The rate of growth of industrial production had been over 10 per cent and, except in the USSR, had been particularly high in light industry and the food trades. Agricultural production, however, had not reached the 1957 level, except in the Soviet Union. Trade between the centrally planned economies and the rest of the world had continued to rise, although at a slower rate, the increase being principally in trade with the under-developed countries, which was financed partly by government loans.

17. The situation had been less satisfactory in the countries whose economies were primarily dependent on the production of raw materials. Commodity prices had continued to decline during the second quarter of 1958, and, to a lesser extent, during the third quarter; the relative firmness in some cases appeared to have been due to poor harvests or to an adjustment on the supply side rather than to any strengthening of demand. In view of the downturn in Europe and the surplus capacity in the commodity sector resulting from the previous period of expansion, it would probably be some time before the recovery spread to the primary producing countries. Long-term trends must also be taken into account, i.e., the development of synthetic products and the reduction in the raw material content of manufactured goods. During the first six months of 1958, exports from the under-developed countries had shown a decline of 7 to 8 per cent and the deterioration in the terms of trade had amounted to about 9 per cent. Their losses in foreign exchange—some \$2,500 million—would seriously affect their capacity to import and might prejudice the carrying out of development plans.

18. One of the most remarkable aspects of recent cyclical movements was the coexistence of opposite trends. The simultaneous effect of deflationary forces

and inflationary factors, which were studied in detail in the World Economic Survey, 1957 (E/3110 and Corr.1),^{2/} made the choice of an economic policy singularly complicated. Moreover, Governments did not always possess the information needed in complex economies in order to form a diagnosis. Realizing that much remained to be done, if cyclical movements were to be mastered more effectively, the Economic and Social Council, on the proposal of the Mexican delegation, had asked for more frequent reports on the development of the economic situation and the short-term outlook, as well as a review of the economic information available and suggestions concerning ways of improving it (resolution 690 C (XXVI)).

19. Despite the magnitude of the difficulties with which the under-developed countries had once again been confronted as a result of cyclical movements, the international system had weathered the storm in an encouraging manner. With some important exceptions, Governments had not sought refuge in excessive protectionism or in currency manipulations and, instead of trying to "export their problems", had shown a willingness to consider the impact of their domestic policies on the international community. The long-standing problems of the international economy had been subjected to an intensive and critical examination at the Commonwealth Trade and Economic Conference at Montreal, the annual meeting of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development at New Delhi, and the discussions of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT). The United States Secretary of State, for his part, had called upon the Members of the General Assembly to make a general examination of conscience (749th plenary meeting). It was particularly necessary that countries whose complex and highly developed economic systems were more flexible than less advanced economic systems should continually review their traditional positions in the light of changing international conditions.

20. The recession had caused or aggravated payment difficulties and focused attention on the problem of international liquidity, especially in the under-developed countries. Because of fluctuations in world prices, many countries had to maintain sufficient currency reserves, both to finance an increasing volume of foreign trade and also to offset the decline in the purchasing power of existing foreign exchange resources. The under-developed countries could not always meet their difficulties by an immediate curtailment of their imports, as the latter included capital goods required for development plans. The IMF had done much in recent years to help Governments in that position, but in order to do so it had had to commit a large part of its own resources, so that its ability to meet a fresh crisis would be limited. The decision to increase the resources of IMF had therefore been particularly timely.

21. An increase in international liquidity would not solve the chronic difficulties resulting from the instability of commodity income, which might continue even if the economic situation in the industrial countries was good. Most of the stabilization agreements concluded would probably be renewed or strengthened in the near

future and others would perhaps be considered. The scope of such measures was, however, fairly narrow and, notwithstanding the existence of inter-governmental arrangements, individual Governments should consider the extent to which they could adjust their policies in the interests of the international economy. The Commission on International Economy. The Commission on International Commodity Trade, which had been reconstituted by the Economic and Social Council (resolution 691 A (XXVI)), might provide a centre for the discussion of the various forms of government and inter-governmental action.

22. It must be recognized that, although certain risks were inherent in commodity production and trade, and although the under-developed countries could adopt measures to mitigate the effects of price instability and had frequently done so, it was important that international co-operation should be further improved. A report submitted to GATT^{3/} by a panel of experts clearly showed the consequences of agricultural protectionism and underlined the fact that relatively small changes in the policy of certain countries could have a considerable impact on the export earnings of a number of under-developed countries. It was encouraging that the countries principally concerned had agreed to hold international consultations on the subject of agricultural policy and that far-reaching changes in trade policies were in progress. Consideration was now being given to the establishment of a regional market including all the Latin-American republics, with a view to meeting the requirements of industrialization. The project might necessitate the application of a preferential system which would permit the various countries gradually to liberalize their trade and rationalize their payments system, but that would not necessarily delay or obstruct progress towards a world system of trade and payments. It was increasingly recognized that the ideal of universality could be attained through a series of arrangements of limited scope, provided the latter were not applied in isolation and could, at any time, be subjected to an undogmatic review in the light of the principles and procedures of international institutions. The decision to submit the scheme for a Latin-American common market to GATT for examination was therefore commendable and it was important that the proponents of the European Economic Community recognized that consideration by GATT was in the interests of their project.

23. That an effort of inter-governmental co-operation should have emerged in Latin America, under the auspices of the United Nations, was an event of great significance, particularly on the eve of the first session of the Economic Commission for Africa. It was important not to underestimate the role that could be played by that Commission, which would be able to remedy the division of the African continent into separate political entities by facilitating the application of concerted economic measures. It was generally true that regional arrangements could be valuable in helping to overcome the difficulties created by limited national markets, but they could not be regarded as an alternative to the expansion of exports on the world market. Regional integration should be considered as

^{3/} The Contracting Parties to the General Agreement on Tariffs and Trade, Trends in International Trade, Geneva, October 1958.

^{2/} United Nations publication, Sales No.: 58.II.C.1.

a means of strengthening the position of a given production zone in relation to the world market.

24. Exports and the normal flow of capital had been inadequate or too unstable to ensure a cumulative process of growth in the under-developed countries, and programmes of financial assistance had, therefore, become an essential and permanent feature of the economic scene. Despite the multiplication of such programmes, they did not meet all needs and their distribution was uneven. Nevertheless, it was not enough to improve them; it was also necessary to correct the anomalies in international trade. Commercial policies and assistance policies—and the dividing line between them was not always distinct—must both make a more effective contribution to the establishment of an international economic order which met the needs of the under-developed areas. The arrangements for the review of international economic problems were still fragmentary in some respects. Because of the division of responsibilities among various agencies, there was in all too many cases a tendency to deal separately with aspects that were in fact closely related. In many cases, also, the discussions included only a limited number of the members of the international community. The United Nations, which had been founded to deal with the whole range of problems and to concern itself with the whole world, could, therefore, make an original and irreplaceable contribution. That privileged situation could not but influence the direction and organization of its deliberations.

25. The development of the international economic situation might be regarded as encouraging, but any tendency to undue optimism would be checked by the recent United Nations publication, entitled The Future Growth of World Population^{4/} which contained impressive information concerning what had come to be called "the population explosion". Those data placed the debates of the Second Committee in their true perspective and brought out the full significance of the Organization's efforts to promote international solidarity.^{5/}

AGENDA ITEM 29

Programmes of technical assistance (continued):

- (a) Report of the Economic and Social Council (A/3848, chap. III, part B);
- (c) Establishment of an international administrative service (A/C.2/200)

DRAFT REPORT OF THE SECOND COMMITTEE (A/C.2/L.383)

26. Mr. FLERE (Yugoslavia), Rapporteur, introduced the draft report of the Committee (A/C.2/L.383). In order to comply with the General Assembly's decisions concerning the limitation of documentation, no summary of the main points in the general discussion had been included in the text.

The draft report was approved.

^{4/} United Nations publication, Sales No.: 58.XIII.2.

^{5/} The complete text of the statement made by the Under-Secretary for Economic and Social Affairs was distributed as document A/C.2/L.388 and Corr.1.

AGENDA ITEM 12

Report of the Economic and Social Council (chapter I, section VI, chapters II, III, IV and V) (A/3848, A/C.2/L.385/Rev.1) (continued)

QUESTION OF INCREASING THE MEMBERSHIP OF THE ECONOMIC AND SOCIAL COUNCIL (A/3848, CHAP. I, SECTION VI, A/C.2/L.385/Rev.1) (concluded)

27. The CHAIRMAN drew the Committee's attention to the revised text of his letter (A/C.2/L.385/Rev.1) and to the Soviet amendment (A/C.2/L.387), which had been incorporated in it.

28. Mr. HALIQ (Saudi Arabia) asked whether the Soviet representative would consider the deletion of the names of the countries listed in his delegation's amendment in order to avoid any specific labelling of expressions of view from the Committee.

29. Mr. ARKADEV (Union of Soviet Socialist Republics) said that he could agree to the suggestion if the other paragraphs in the letter were amended accordingly.

30. Mr. CHENG Paonan (China) drew attention to the fact that his proposal for an addition to the Soviet amendment was still before the Committee.

31. Mr. SCOTT FOX (United Kingdom) pointed out that part of the Soviet amendment was a statement of fact, to which all could subscribe, while part was a statement of opinion shared only by the nine delegations in question. He wondered, therefore, whether the Soviet representative could consider redrafting the end of his first paragraph to read: "which these countries consider to be impossible without the participation...".

32. Mr. ARKADEV (Union of Soviet Socialist Republics) said that he could not agree to any change in the wording of the amendment he had proposed, the text of which was that circulated in document A/C.2/L.387 and no other.

33. Mr. Mir KHAN (Pakistan) proposed that quotation marks should be inserted in paragraphs 1, 2 and 3 of the Chairman's letter to indicate clearly that the views expressed in each of them were those solely of the delegations which had specifically subscribed to them.

It was so decided.

34. After a procedural discussion, the CHAIRMAN invited the Committee to vote on the manner in which the letter should indicate the delegations supporting the views summarized in paragraphs 1, 2 and 3.

35. He would first put to the vote the French representative's proposal that those paragraphs should open with the words: "A certain number of representatives...".

That proposal was rejected by 38 votes to 32, with 4 abstentions.

36. The CHAIRMAN announced his intention to put next to the vote the Greek representative's proposal that only the total number of delegations supporting each viewpoint should be given. He would like first to ascertain whether the Soviet representative was prepared to accept the amendment on those lines of

the paragraph his delegation had submitted for insertion in the letter.

37. Mr. ARKADEV (Union of Soviet Socialist Republics) said that he could not accept the proposal.

38. The CHAIRMAN said that, in that case, in the interests of uniformity, he would not put the proposal to the vote. He would therefore propose that the names of the delegations holding the views therein expressed should be inserted at the beginning of paragraphs 1, 2 and 3.

That proposal was adopted by 44 votes to 1, with 26 abstentions.

39. Mr. CHENG Paonan (China) stated that, in the light of events, he was prepared to withdraw his proposal for an addition to the amendment submitted by the Soviet delegation.

40. The CHAIRMAN noted that the Chinese representative's suggestion for an addition to paragraph 3 was withdrawn. He then invited the Committee to decide whether it wished him to call the roll in order to determine which delegations wished their names to be entered as subscribing to the views in paragraphs 1, 2 and 3, without expressions of opposition or abstention.

That procedure was endorsed by 33 votes to 1, with 34 abstentions.

The roll was called three times, with the following results:

Delegations subscribing to the views in paragraph 1: Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Canada, Chile, China, Colombia, Cuba, Den-

mark, Dominican Republic, Ecuador, El Salvador, Ethiopia, Federation of Malaya, Finland, France, Guatemala, Haiti, Honduras, Iceland, Iran, Ireland, Italy, Japan, Liberia, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Spain, Sweden, Thailand, Turkey, Union of South Africa, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Venezuela.

Delegations subscribing to the views in paragraph 2: Afghanistan, Albania, Bulgaria, Burma, Byelorussian Soviet Socialist Republic, Cambodia, Ceylon, Czechoslovakia, Ghana, Greece, Hungary, India, Indonesia, Israel, Lebanon, Morocco, Poland, Romania, Saudi Arabia, Tunisia, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, Yemen, Yugoslavia.

Delegations subscribing to the views in paragraph 3: Albania, Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, Hungary, Poland, Romania, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

41. The CHAIRMAN stated that the names of those delegations would be inserted in the appropriate places in the final text of his letter to the President of the General Assembly.

42. Mr. HAYTA (Turkey) stated his delegation's view that the same procedure should have been applied to paragraph 4 of the Chairman's letter, since the delegations there referred to, which included his own, remained unspecified.

The meeting rose at 7.45 p.m.