

# **ECONOMIC AND SOCIAL COUNCIL**

## **OFFICIAL RECORDS**

### **RESUMED FIFTY-SEVENTH SESSION**

**14 and 18 October, 19, 26 and 29 November  
and 5, 10 and 16 December 1974**

*Summary records of plenary meetings*



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**UNITED NATIONS**

**New York, 1975**

## INTRODUCTORY NOTE

The *Official Records of the Economic and Social Council* consist of the summary records of the plenary meetings, incorporating corrections requested by delegations and any necessary editorial modifications, and supplements.

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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.

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## AGENDA OF THE RESUMED FIFTY-SEVENTH SESSION

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1. Adoption of the agenda.
2. Report of the Trade and Development Board.
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5. World Population Conference, 1974.
6. World Food Conference:
  - (a) Report of the World Food Conference;
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7. Special Programme to provide emergency relief and development assistance to the most seriously affected developing countries.
8. Establishment of an International Habitat and Human Settlements Foundation.
9. The impact of transnational corporations on the development process and on international relations.
10. Elections:
  - (a) Committee for Programme and Co-ordination;
  - (b) Committee on Natural Resources;
  - (c) Committee on Science and Technology for Development;
  - (d) Committee on Review and Appraisal.
11. Report of the Economic Commission for Western Asia on its first special session.
12. International conference to be held during the International Women's Year: question of the change of venue of the Conference.
13. *Ad hoc* authorization to the Executive Director of the World Food Programme to give food assistance to peoples in colonial Territories in Africa and their national liberation movements.

## CHECK LIST OF DOCUMENTS

NOTE. Listed below are the documents pertaining to the resumed fifty-seventh session. All documents were issued in mimeographed form unless otherwise mentioned.

<i>Document No.</i>	<i>Title or description</i>	<i>Agenda item</i>	<i>Observations and references</i>
E/5570/Add.1	Resolutions adopted by the Economic and Social Council at its resumed fifty-seventh session		<i>Official Records of the Economic and Social Council, Resumed Fifty-seventh Session, Supplement No. 1A</i>
E/5581	Annotated provisional agenda of the resumed fifty-seventh session	1	
E/5582	Note by the Secretary-General transmitting the report of the Trade and Development Board on the first part of its fourteenth session	2	For the report, see <i>Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 15 (A/9615/Rev.1)</i> .
E/5583	Note by the Secretary-General transmitting a summary of the 1974 annual reports of the World Bank and the International Finance Corporation	3	For the reports, see: World Bank, <i>Annual Report 1974</i> (Washington, D.C.), and International Finance Corporation, <i>1974 Annual Report</i> (Washington, D.C.)
E/5584	Note by the Secretary-General transmitting a summary of the 1974 annual report of the International Monetary Fund	4	For the report, see: International Monetary Fund, <i>Annual Report 1974</i> (Washington, D.C.)
E/5585 and Corr.1	Note by the Secretary-General transmitting the report of the World Population Conference, 1974, in provisional form	5	The report will be issued as document E/CONF.60/19
E/5586	Note by the Secretary-General transmitting the report of the Preparatory Committee for the World Food Conference on its third session (E/CONF.65/6)	6 (a)	
E/5587	Note by the Secretary-General transmitting the report of the World Food Conference in provisional form	6 (a)	The report will be issued as document E/CONF.65/20
E/5587/Add.1	Note by the Secretary-General transmitting the report of the First Committee of the World Food Conference	6 (a)	
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E/5587/Add.4	Note by the Secretary-General transmitting the report of the Credentials Committee of the World Food Conference	6 (a)	
E/5588	Human rights questions: allegations regarding the infringements of trade union rights: note by the Secretary-General transmitting a communication from the World Federation of Trade Unions		
E/5588/Add.1	<i>Idem</i> : note by the Secretary-General transmitting a communication from the representative of Bahrain		
E/5588/Add.2	<i>Idem</i> : note by the Secretary-General transmitting a further communication from the World Federation of Trade Unions		
E/5589	Report of the Economic Commission for Western Asia on its first special session		<i>Official Records of the Economic and Social Council, Fifty-seventh Session, Supplement No. 10A</i>
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E/5591	Agenda of the resumed fifty-seventh session as adopted at the 1922nd meeting	1	For the final version of the agenda, see p. v of the present volume
E/5592	Activities of the United Nations system closely related to the subject of transnational corporations: report of the Secretary-General	9	

<i>Document No.</i>	<i>Title or description</i>	<i>Agenda item</i>	<i>Observations and references</i>
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E/5594/Add.1	<i>Idem</i> : comments of the Administrator of the United Nations Development Programme		
E/5594/Add.2 and Add.2/Corr.1	<i>Idem</i> : observations of the Advisory Committee on Administrative and Budgetary Questions		
E/5594/Add.3	<i>Idem</i> : preliminary comments of the Director-General of the World Health Organization and action taken by the Executive Board of WHO		
E/5594/Add.4	<i>Idem</i> : comments of the Secretary-General of the International Civil Aviation Organization and action taken by the ICAO Council		
E/5594/Add.5	<i>Idem</i> : comments of the Secretary-General of the World Meteorological Organization and action taken by the Executive Committee of WMO		
E/5594/Add.6	<i>Idem</i> : comments of the Secretary-General of the Intergovernmental Maritime Consultative Organization and action taken by the IMCO Council		
E/5594/Add.7	<i>Idem</i> : preliminary observations of the Director-General of the United Nations Educational, Scientific and Cultural Organization and action taken by the Executive Board of UNESCO		
E/5594/Add.8	<i>Idem</i> : preliminary comments of the Director-General of the Universal Postal Union		
E/5595 and Add.1-6	Views of States on the report of the Group of Eminent Persons: report of the Secretary-General	9	
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E/5599	Report of the Special Intersessional Committee	9	
E/5601	Report of the Policy and Programme Co-ordination Committee	8	
E/AC.24/L.503	Jamaica and Kenya: draft resolution	8	For the text, see E/5601, para. 5
E/AC.24/L.503/Rev.1	Jamaica and Kenya: revised draft resolution	8	<i>Idem</i> , para. 9
E/AC.24/L.504	France: amendments to document E/AC.24/L.503	8	<i>Idem</i> , para. 6
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E/AC.24/L.505	Trinidad and Tobago: amendments to document E/AC.24/L.503/Rev.1	8	<i>Idem</i> , para. 11
E/AC.24/L.506	Chairman of the Committee: draft resolution	8	Adopted by the Council; see resolution 1914 (LVII)
E/AC.24/SR.546-548	Summary records of the meetings held by the Policy and Programme Co-ordination Committee during the resumed fifty-seventh session		
E/AC.61/L.1	Canada: draft resolution	9	For the text, see E/5599, para. 4
E/AC.61/L.2	Draft resolution	9	For the text and the sponsors, see E/5599, paras. 5 and 6
E/AC.61/L.3	Brazil: amendments to document E/AC.61/L.2	9	For the text, see E/5599, para. 7
E/AC.61/L.4	Chairman of the Committee: draft resolution	9	Adopted by the Council; see resolution 1913 (LVII)
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E/CONF.60/19	Report of the World Population Conference, 1974 (Bucharest, 19-30 August 1974)		United Nations publication, Sales No. E.75.XIII.3
E/CONF.65/6	Report of the Preparatory Committee for the World Food Conference on its third session (Rome, 16-20 September 1974)		Mimeographed
E/CONF.65/20	Report of the World Food Conference (Rome, 5-16 November 1974)		To be issued as a United Nations publication

<i>Document No.</i>	<i>Title or description</i>	<i>Agenda item</i>	<i>Observations and references</i>
E/DEC/53-63 (LVII)	Decisions adopted by the Council at its resumed fifty-seventh session		For the printed text, see <i>Official Records of the Economic and Social Council, Resumed Fifty-seventh Session, Supplement No. 1A</i>
E/INF/139/Add.2	Notification of meetings of the Administrative Committee on Co-ordination and the Preparatory Committee: note by the Secretary-General		
E/INF/145	Schedule of meetings: note by the Secretariat		
E/L.1614	Revision of the agenda: Secretary-General: request for the inclusion of an additional item in the agenda of the resumed fifty-seventh session		See item 11 of the final version of the agenda, as it appears on p. v of the present volume
E/L.1615	Revision of the agenda: Secretary-General: request for the inclusion of an additional item in the agenda of the resumed fifty-seventh session		See item 12 of the final version of the agenda
E/L.1617	Idem		See item 13 of the final version of the agenda
E/NGO/27	Statement submitted by the World Federation of United Nations Associations, a non-governmental organization in category I consultative status with the Council	5	
E/NGO/28	Statement submitted by the International Council on Social Welfare, a non-governmental organization in category I consultative status with the Council	9	
E/RES/1912(LVII)- 1914(LVII)	Resolutions adopted by the Council at its resumed fifty-seventh session		For the printed text, see <i>Official Records of the Economic and Social Council, Resumed Fifty-seventh Session, Supplement No. 1A</i>
E/SR.1922-1934	Summary records of the plenary meetings held by the Council during its resumed fifty-seventh session		<i>Official Records of the Economic and Social Council, Resumed Fifty-seventh Session, 1922nd to 1934th meetings</i>

# ECONOMIC AND SOCIAL COUNCIL

## RESUMED FIFTY-SEVENTH SESSION

Summary records of the 1922nd to 1934th plenary meetings, held at Headquarters, New York, on 14 and 19 October, 19, 26 and 29 November and 5, 10 and 16 December 1974

### 1922nd meeting

Monday, 14 October 1974, at 10.50 a.m.

President: Mr. Aarno KARHILO (Finland).

E/SR.1922

#### *Statement by the President*

1. The PRESIDENT said that the situation of those worst affected by the uncertainties of the international economic crisis was the same as it had been during the fifty-seventh session of the Council (3 July -2 August 1974), if not worse. The call for a political commitment by the international community to use United Nations machinery to improve that situation had never been more urgent.

2. The Council, having returned to its own chamber at United Nations Headquarters, was once again close to the Security Council chamber, and members should find symbolic significance in that fact at a time when the Economic and Social Council was considering the strengthening of its role. On behalf of the members, he expressed gratitude to the Permanent Representative of Brazil, who had been largely responsible for ensuring that the Council chamber was ready in time. It was to be hoped that the work of the resumed fifty-seventh session would be undertaken in the same energetic spirit, in view of the Council's new responsibilities.

#### AGENDA ITEM 1

Adoption of the agenda (E/5581, E/INF/145, E/L.1614)

3. Mr. CORDOVEZ (Secretary of the Council) drew the attention of the members of the Council to the provisional annotated agenda for the resumed fifty-seventh session (E/5581). That agenda had been approved by the Council at its fifty-seventh session at the 1919th and 1921st meetings. Since that time, the Economic Commission for Western Asia had held a special session, on 9 and 10 September, to consider the question of its headquarters. The Commission had adopted a decision on which the Council must act if the General Assembly was to take the necessary financial measures at the current session.

The Secretary-General had therefore proposed a supplementary item for inclusion in the Council's agenda at its resumed fifty-seventh session (E/L.1614).

4. Document E/INF/145 contained a schedule of meetings approved by the Bureau of the Council. It had only been possible to indicate the week during which the Council would meet to discuss certain items, and the Secretariat would announce the exact dates at a later stage. The schedule indicated that item 5 (World Population Conference) would be considered during the current week, 14 to 18 October. However, the Secretary-General of the Conference was indisposed and his return to New York had been delayed. Item 5 had therefore been rescheduled for discussion after his return, which was expected at the beginning of November. The documentation on item 5 would be circulated on about 10 November, and the item would probably be considered on 17 or 18 November. If the provisional agenda and the supplementary item were adopted, it was proposed that the Council should consider items 2, 7 and 3 and the supplementary item referred to in document E/L.1614 during the current week.

5. The PRESIDENT said that, if there were no comments, he would take it that the agenda as contained in documents E/5581 and E/L.1614 was adopted.

*The agenda was adopted.*

6. The PRESIDENT said that, having consulted the other officers, he would suggest that, in order to expedite its work, the Council should decide that the Special Committee on the question of the impact of transnational corporations on the development process and on international relations, which would meet from 11 to 15 November, should have the same officers as the Economic Committee, taking into account the fact that the Economic Committee had considered the item at the fifty-seventh session.

*It was so decided.*

## AGENDA ITEM 2

Report of the Trade and Development Board  
(E/5582)

7. Mr. COREA (Secretary-General of the United Nations Conference on Trade and Development) said he had hoped that the report of the Trade and Development Board on the first part of its fourteenth session (E/5582) would be circulated by 11 October. However, that had not been possible, and he wished to apologize to members of the Council. The interval between the end of the Board's session (13 September) and the opening of the resumed session of the Council had been shorter than in previous years and, as usual, time had been needed for consultations between the Rapporteur and Governments before completion of the report. However, he hoped that his introduction would fill in some of the background for members of the Council.

8. The first part of the fourteenth session of the Board had been particularly significant, since it was the first time that an organ of the United Nations Conference on Trade and Development (UNCTAD) had been able to consider the Declaration and the Programme of Action on the Establishment of a New International Economic Order which had emerged from the sixth special session of the General Assembly (resolutions 3201 (S-VI) and 3202 (S-VI)). It had also been significant because it had taken place in the tenth year of UNCTAD's existence. The tenth anniversary had been marked by a special meeting, and the Board had taken stock of the achievements of past years and considered guidelines for the future. The Board had also for the first time addressed itself to the preparations for the fourth session of UNCTAD, to be held in 1976.

9. The agenda of the fourteenth session of the Board had included items concerning the ongoing work of UNCTAD machinery on subjects such as the transfer of technology, the problems of the least developed among the developing countries, land-locked developing countries and developing island economies, trade relations between countries with different economic and social systems, external debt-servicing of developing countries and aid problems including aid concepts and the measurement of aid flows. In addition, the Board had considered new initiatives, some of which had emerged from the sixth special session of the General Assembly—for example, in the field of commodities, co-operation among developing countries and the monetary and financial situation.

10. He was pleased to report that the Trade and Development Board had adopted a record number of constructive resolutions and decisions (see E/5582, annex I), all except two of them on the basis of a consensus. He felt that such action augured well for the future. The two resolutions which had been put to the vote were resolution 111 (XIV), concerning the President of the third session of the Conference, and resolution 122 (XIV), paragraph 1, concerning the implementation of the Declaration and the Programme of Action on the Establishment of a New International Economic Order. In the latter case, five delegations had voted against the paragraph and seven had abstained. The rest of the resolution was adopted without a vote. The resolution as a whole had been adopted with 12 abstentions.

11. He wished to draw the Council's attention to the key resolutions and decisions which gave UNCTAD

a mandate to pursue an intensive work programme in the future. In his introductory statement to the Board (*ibid.*, chap. I, sect. A) he had stressed the importance of the commodity issue in the light of the new international situation and the urgent need for remedial measures to deal with the problem more adequately than in the past. The Board had adopted resolution 124 (XIV) on new approaches to international commodity problems and policies, which was divided into three sections. Section A recommended to all Governments that they take concrete action on the proposals made in the intensive consultations in 1974 and requested the UNCTAD secretariat to submit a full evaluation of the results of those consultations and proposals for future action. Section B dealt with the "over-all integrated approach" to commodities, which he had suggested. Section C referred to the study on indexation of prices and called for continued work on the subject.

12. Resolution 123 (XIV) concerned the strengthening of the activities of UNCTAD, with particular reference to the development of international trade in raw materials throughout the world. He stressed that the emphasis on primary products would in no way detract from the priority given to other aspects of the trade of developing countries, i.e., trade in manufactured goods. He said that this point had been well understood by the Board.

13. Decision 117 (XIV) laid down the terms of reference of the Committee on Transfer of Technology, which was to take over the work of the *ad hoc* Intergovernmental Group on Transfer of Technology. The *ad hoc* Group had requested that UNCTAD should start work on a revision of the patent system and draft a code of conduct on the transfer of technology. UNCTAD work in that area would intensify, and the decision to establish the standing Committee would give added impetus.

14. The Board had adopted an important decision on trade expansion, economic co-operation and regional integration among developing countries (decision 121 (XIV)). The question of economic co-operation had been strongly emphasized in the Programme of Action adopted at the sixth special session of the General Assembly, and he had stressed before the Board the potentials of such co-operation in the light of the changed situation in which, for the first time, many developing countries possessed significant resources which could be utilized to strengthen the whole concept of co-operation among developing countries.

15. Resolution 119 (XIV) set up an intergovernmental group on the problems of the least developed among the developing countries, in order to further work already done by UNCTAD in that field: from that point of view the resolution marked a decisive step forward.

16. The Trade and Development Board had also adopted an agreed conclusion (112 (XIV)) on trade relations among countries having different economic and social systems, in which he was invited to convene a seminar of experts from interested countries to examine ways and means of promoting industrial specialization through various forms of multilateral co-operation. In his view, UNCTAD had a constructive role to play in that field.

17. A very interesting resolution had been adopted concerning the problem of inflation (resolution 114 (XIV)). It requested him to prepare an analytical

report with the assistance of experts, on the influence of inflationary processes on world trade, paying special attention to problems of the developing countries, and in particular the least developed among them.

18. Resolution 116 (XIV) requested the Trade Negotiations Committee of the General Agreement on Tariffs and Trade (GATT) to find solutions enabling him to attend meetings of that Committee and its subsidiary bodies, as appropriate, and to receive relevant documentation concerning the negotiations. It was to be hoped that a close working relationship could be established between UNCTAD and GATT on the multi-lateral trade negotiations.

19. The Board had received a report from the Chairman of the Working Group set up to draft a Charter of Economic Rights and Duties of States. In accordance with decision 110 (XIV), the report was being transmitted to the General Assembly and further consultations were under way in an effort to find a text that would be acceptable to all groups.

20. In response to Economic and Social Council resolution 1819 (LV), requesting the Trade and Development Board to report on the progress made in connexion with United Nations export promotion programmes, the Joint Advisory Group on the UNCTAD/GATT International Trade Centre had established a working party, whose report had yet to be presented to the Joint Advisory Group. The Board had agreed to consider the report at its fifteenth session.

21. UNCTAD had a particularly heavy agenda for the next year. The Committee on Commodities would meet in February to consider further the elaboration of an integrated approach to commodity problems. Later, there would be a special session of the Trade and Development Board to consider the review and appraisal of the International Development Strategy, and preparations for the seventh special session of the General Assembly, and also a number of resolutions, including one concerning the establishment of a standing committee of the Trade and Development Board which could meet fairly regularly to examine the rapidly changing international situation.

22. Several decisions had been taken concerning preparatory steps for the fourth session of UNCTAD. The Board recommended that the session should be held in Nairobi in May/June 1976 for a period not exceeding four weeks. A special session of the Board was to be held at Geneva prior to that in order to start discussions of and negotiations on some of the major issues to be dealt with at Nairobi. That would give Governments additional time for reflection and consultation and, it was hoped, would expedite agreement at the Conference itself.

23. The general feeling was that the first part of the fourteenth session had been a success. Although no firm position had been taken or commitments made in respect of the new issues, the Board had been given a clear mandate to move ahead and produce concrete, practical solutions. It was generally agreed that the situation had changed over the 10 years of UNCTAD's existence and that UNCTAD must respond to the change. It fully intended to take up that challenge and hoped to play its role as part of the international decision-making machinery.

24. Mr. GONZALEZ DE COSSIO (Mexico) said that his delegation was, on the whole, very pleased with the work that had been achieved by the Trade

and Development Board at the first part of its fourteenth session. It would state its position on some of the matters dealt with in the report—those on which it could make constructive suggestions—and would comment in greater detail when the report was considered by the Second Committee of the General Assembly.

25. His delegation supported the proposal that the fourth session of UNCTAD should be held in Nairobi, and the dates proposed were acceptable. As his delegation had already explained at the fourteenth session of the Board, the duration of the Conference should not exceed four weeks. Both the Conference and the special preparatory session of the Board should be high-level meetings so that clear decisions might be taken on important matters. The provisional agenda of the Conference should take account of the results of the seventh special session of the General Assembly to be held in 1975.

26. His delegation was pleased to note the Board's resolution (122 (XIV)) requesting the Secretary-General of UNCTAD to periodically review UNCTAD activities to ensure that the Declaration on the Establishment of a New International Economic Order was speedily and effectively implemented within the framework of the policy clearly established by Economic and Social Council resolution 1911 (LVII). The main task of UNCTAD would be to identify the progress made and shortfalls in the achievement of the objectives, and to formulate specific recommendations on how to overcome those shortfalls.

27. Mexico had been represented in the Intergovernmental Group on Transfer of Technology and had agreed to that Group's being superseded by the Committee on Transfer of Technology, which would take over the Group's responsibilities and formulate policies concerning the transfer of technology within the broader framework of development. Although there was a risk that the Committee might overlap with the Economic and Social Council's Committee on Science and Technology for Development, his delegation was confident that it would concentrate on very specific aspects, such as the formulation of a code of conduct for the transfer of technology and a global study on the role of the existing patent system in the transfer of technology to developing countries. That study must be prepared in conjunction with the formulation of policies on transnational corporations, and he stressed that all studies on the transfer of technology and on patents must be carried out within the machinery which the Economic and Social Council would establish for the formulation of policies concerning transnational corporations; otherwise, the over-all perspective would be lost, there would be duplication of effort and no integrated results would be obtained.

28. With regard to Board resolution 124 (XIV) concerning international trade and financing in relation to general commodity problems, his delegation was satisfied with the resolution's aim of achieving concrete results in the field of prices and access to markets but was somewhat disappointed to see that UNCTAD, the Board and the relevant committees continued to concentrate on raw materials and basic commodities and paid little or no attention to the problems of intermediate goods, semi-manufactures and manufactured goods exported by the developing countries. It should be remembered that the position of those countries as importers of manufactured goods



and exporters of commodities was transitory and strategies must be elaborated in order to help them to attain higher levels of economic development. Ways of correcting the situation must be devised, without, of course, neglecting the problems of basic commodities and raw materials.

29. His delegation would make a detailed statement on the question of the indexation of prices in the Second Committee. In general, it agreed that it would be premature to take any action on the study by the Secretary-General of UNCTAD which was before the Committee (TD/B/503/Supp.1 and Add.1) and that later refinements and supplementary studies must be carried out in order to determine the viability and practicability of indexation. Nevertheless, for the reasons it had already stated, his delegation did not believe that subsequent studies on indexation should be referred only to the UNCTAD Committee on Commodities, the scope of indexation being broader, as was indicated in section I, part 1, subparagraph (d), of the Programme of Action adopted by the General Assembly in its resolution 3202 (S-VI), which stated *inter alia* that a link must be established between the prices of exports of developing countries and the prices of their imports from developed countries. Price indexation must be studied within that context with a view to eventually applying it on a product-by-product and country-by-country basis. He thanked the Secretary-General of UNCTAD for the study on the indexation of prices and said his delegation would comment further on the study in the Second Committee.

30. In conclusion, his delegation welcomed the Board's decision to ask the Secretary-General of UNCTAD to prepare an analytical report on the influence of the inflationary processes on world trade and international economic relations. It would like the report to be submitted to the Board at its special session and not at the regular session, so that the Economic and Social Council might refer it with its comments to the General Assembly at its seventh special session to be used in the mid-term review and appraisal of the International Development Strategy.

31. His delegation would reserve its comments on the report of the Working Group on the Charter of Economic Rights and Duties of States until the Chairman of the Group had reported on the results of the informal negotiations to the Second Committee.

32. Mr. MAKEYEV (Union of Soviet Socialist Republics) said that one of the main achievements of UNCTAD during its 10 years of existence had been the adoption in 1964 of the principles governing international trade relations and trade policies conducive to development.<sup>1</sup> Those principles should be the basis for trade and economic relations throughout the world, for they set out clearly and concisely a new and more just approach to the fundamental problems of international trade and economic relations. UNCTAD had made a significant contribution to the development of such relations, including those between countries having different social and economic systems.

33. He noted with satisfaction that the questions of further normalization and development of economic relations between countries having different economic

and social systems had occupied an important place in the work of the fourteenth session of the Trade and Development Board. The Board should continue its efforts to ensure that the progress in that respect achieved in bilateral relations was supplemented by multilateral recommendations which would permit the fullest possible advantage to be taken of all existing possibilities for the development of extensive, long-term economic relations both between East and West and between socialist and developing countries. His delegation considered that the Board's agreed conclusion (112 (XIV)) concerning the intensification of UNCTAD activity with regard to certain important aspects of the economic relations between the socialist and other groups of States was the first positive step in that direction.

34. As stated in the report prepared by the UNCTAD Secretariat on current trends and prospects in trade and development,<sup>2</sup> the world capitalist economy had been increasingly subject to crisis in the past year. His delegation considered that the adoption by the Board, on the initiative of the socialist countries, of resolution 114 (XIV), which called for a study of the influence of the intensification of inflationary processes in the developed capitalist countries on world trade and international economic relations, would increase understanding of such phenomena and aid the drafting of appropriate recommendations.

35. His delegation believed that the agenda of the fourth session of UNCTAD should encompass all the functions of the Conference as envisaged in General Assembly resolution 1995 (XIX). It supported the Board's decision 113 (XIV) concerning the place and date of the session. The further consultations concerning the Charter of Economic Rights and Duties of States recommended by the Board in its decision 110 (XIV) were now in progress and would, he hoped, lead to reconciliation of the alternative wordings now proposed for the articles on such matters as the right of States freely to dispose of their own natural resources, the control of transnational corporations, the prohibition of discrimination in trade between countries having different economic and social systems and the institution of most-favoured-nation status. The consultations should also be the occasion for a further clarification of the positions of the various groups of countries in order to arrive at articles which would take account of the interests of all the States concerned.

36. One of the major achievements of the fourteenth session of the Trade and Development Board had been the adoption of resolution 111 (XIV), calling for the release by the Chilean Government of the President of the third session of UNCTAD. His delegation believed that the resolution had been sympathetically received by the overwhelming majority of the States Members of the United Nations and that at its twenty-ninth session the General Assembly would voice its support both for Mr. Almeyda and for other valiant sons of the Chilean people.

37. His delegation would not oppose a decision by the Council to take note of the report of the Trade and Development Board and transmit it to the General Assembly for consideration by the Second Committee.

38. Mr. ROUGÉ (France) welcomed the spirit of moderation and co-operation which had prevailed dur-

<sup>1</sup> *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No. 64.II.B.11), third part, annex A.I.3.

<sup>2</sup> TD/B/496/Supp.1.

ing the first part of the fourteenth session of the Trade and Development Board. The Board could be a most useful instrument for the development of international economic relations in accordance with the decisions taken at the sixth special session of the General Assembly. He deeply regretted, however, that the Board's report had only recently become available and that, since the Second Committee would be taking up the item on the following day, there would be no time for the Economic and Social Council to make a thorough study of the report or for Governments to consider any conclusions the Council might reach. It was not enough for the Economic and Social Council merely to play a symbolic role, for it was both statutorily and in practice the central United Nations organ in the field of economic and social affairs. The success of the debate in the Second Committee would depend on the groundwork laid in the Council, which, moreover, was the only forum where observers for the many non-governmental organizations accredited to it could express their views. The report showed that the Board had rightly concentrated on the legislative structure of trade relations; only the Council could make recommendations to Governments or to the General Assembly on wider subjects such as the action to be taken in the current economic situation and the Board's relations with other United Nations organs with regard to the implementation of General Assembly resolution 3202 (S-VI). Finally, scheduling problems could arise if the Council did not fulfil its express mandate from the General Assembly to consider such important matters as the review of the International Development Strategy, the Programme of Action on the Establishment of a New International Economic Order, and preparations for the seventh special session of the Assembly and the fourth session of UNCTAD, all of which involved study of the Board's report.

39. Mr. CORDOVEZ (Secretary of the Council) said that the members of the Secretariat were the first to regret any problems arising from the late distribution of documents. A tremendous effort had been made, and considerable expense had been necessary, to have the report of the Trade and Development Board available for the resumed session, but problems would continue so long as the Council and its members considered the questions of documentation, the Council's agenda, and the calendar of meetings in isolation. He recalled that the Secretariat had suggested to the Council that it should discontinue its resumed session because it did not have time to discuss the reports of the World Bank and the International Monetary Fund and a large number of substantive items in depth. As far as the report of the Trade and Development Board was concerned, the problem was not related to documentation but to the calendar of meetings; should the Board decide to meet before the summer session of the Council the current difficulties, relating to the need to reproduce and transport the report to New York in a very short time, would disappear.

40. The PRESIDENT said that, if there was no objection, he would take it that, in accordance with established practice, the Council decided to transmit the report of the Trade and Development Board (E/5582) to the General Assembly and to draw the attention of the Assembly to the comments made on the subject at the current meeting.

*The decision was adopted [decision 53 (LVII)].*

## AGENDA ITEM 7

### Special Programme to provide emergency relief and development assistance to the most seriously affected developing countries (E/5590)

41. The PRESIDENT invited the Chairman of the *Ad Hoc* Committee on the Special Programme to introduce the report of the Committee on its second session (E/5590).

42. Mr. ALGARD (Norway), Chairman of the *Ad Hoc* Committee on the Special Programme, said that the terms of reference of the *Ad Hoc* Committee could be found in section X, paragraph 6, of the Programme of Action on the Establishment of a New International Economic Order (General Assembly resolution 3202 (S-VI)). The first part of the Committee's mandate concerning proposals for the scope, machinery and modes of operation of the Special Fund was dealt with in paragraphs 1 to 3 of the report, the conclusions of the Committee being reflected in the draft resolution on the operation of the Special Fund in paragraph 1. He hoped that the resolution would be adopted by consensus in the General Assembly.

43. The second task entrusted to the *Ad Hoc* Committee, the monitoring of the Emergency Operation, was dealt with in paragraphs 4 to 7 of the report. The Committee had been assisted in its work by the Special Representative of the Secretary-General for the United Nations Emergency Operation and by representatives of other agencies of the United Nations system. Replies of Governments to a questionnaire distributed by the Secretary-General indicated that, as at 4 October 1974, \$2.7 thousand million had been committed for emergency assistance through bilateral and multilateral channels, of which \$197 million was for the Special Account of the Secretary-General. Details were contained in annex II to the report.

44. The third and last task of the *Ad Hoc* Committee, the assessment of requirements, was dealt with in paragraphs 8 to 12. The Committee had not been in a position to make a broad assessment of requirements and had therefore limited itself to noting the preliminary assessment made by the Special Representative of the Secretary-General. The preliminary projection by the Special Representative of the over-all balance-of-payments deficit of all the countries in the provisional list drawn up for the Committee<sup>3</sup> amounted to about \$2.3 thousand million for 1974 and the same for 1975.

45. He considered that by presenting its report, the *Ad Hoc* Committee had fulfilled the task entrusted to it.

46. Mr. PEREZ GUERRERO (Venezuela) pointed out that some changes should be made in the Spanish version of article VI (a) of the provisions for the operation of the Special Fund contained in the draft resolution proposed by the *Ad Hoc* Committee in paragraph 1 of its report, to bring it into line with the English version. No reference was made in the Spanish text to loans or to participation in investments, and the word "grants" should be translated as "*donaciones*" rather than "*subsídios*".

47. The PRESIDENT said that the Secretariat would do whatever was necessary to take account of the observations made by the representative of Venezuela.

*The meeting rose at 12.20 p.m.*

<sup>3</sup> See A/AC.168/6/Add.1.

# 1923rd meeting

Monday, 14 October 1974, at 3.15 p.m.

President: Mr. Aarno KARHILO (Finland).

E/SR.1923

## AGENDA ITEM 7

### Special Programme to provide emergency relief and development assistance to the most seriously affected developing countries (*concluded*) (E/5590)

1. Mr. PREBISCH (Special Representative of the Secretary-General for the United Nations Emergency Operation) said that the outlook for the United Nations Emergency Operation had brightened considerably in recent weeks. At the conclusion of the initial assessment of the requirements of the most seriously affected developing countries, the amount needed had been very much higher than the commitments. That situation had been overcome and the current figures were more encouraging. Total pledges amounted to \$2,720 million, of which \$223 million in cash would form part of the Secretary-General's special account. That total included \$500 million from the European Economic Community, the provision of which had been made subject to two major conditions by the Community's Council of Ministers: first, that the developed countries' contribution on concessionary terms must reach a minimum of \$300 million, and, secondly, that the concessionary element contributed by the oil-exporting countries must amount to at least \$450 million. Both conditions had been fulfilled.

2. That did not mean that there were no outstanding problems; there were, and they were considerable. One of the main problems was the need, in view of the shortage of available resources, to draw up a very restrictive list of countries which could receive assistance from the Special Fund established by the terms of General Assembly resolution 3202 (S-VI). The basic criterion for classifying a State as a seriously affected country on the list<sup>1</sup> had been its capacity to pay for essential imports, such as food-stuffs and petroleum. In any event, it must be borne fully in mind that the list was not final and that sooner or later it would be necessary to consider requests from other countries wishing to be included in it. The initial period envisaged for the Emergency Operation was 12 months, but he believed that it would have to be extended and to take in more countries, since an increase in the number of most seriously affected developing countries could be expected. Accordingly, the sum of \$2,720 million, although substantial, would not be sufficient. It was therefore to be hoped that an appeal by the Secretary-General for an increase in the number and size of contributions would meet with the appropriate response.

3. Another cause of major difficulties was lack of information. In some cases the Secretariat had been able to identify the concessionary element in contributions, but in others it had been impossible to do so for lack of information. It was essential for contributors to indicate the percentages intended for each country. The cash amount of \$220 million would be avail-

able to the Special Fund shortly, and the Secretariat was already considering requests with a view to distributing it. He assured delegations that all information in that connexion would be kept strictly confidential.

4. Lastly, he emphasized that, although the worst was past, much more was needed to attain the objectives established by the General Assembly for the Emergency Operation.

5. Mr. LEGHARI (Pakistan) proposed that the Council should adopt the following draft resolution:

*"The Economic and Social Council,*

*"Having considered the report of the Ad Hoc Committee on the Special Programme on its second session (E/5590),*

*"1. Draws the attention of the General Assembly to the above-mentioned report;*

*"2. Recommends to the General Assembly the adoption at its twenty-ninth session of the draft resolution contained in chapter I, paragraph 1, of that report."*

6. Mr. HOSNY (Egypt) said that he did not agree with the reference in article VI (a) of the draft resolution contained in paragraph 1 of the report of the Ad Hoc Committee to "countries most seriously affected by economic crises"; the words at the end should be deleted, so that it would simply read: "countries most seriously affected", so that the draft resolution would be more in conformity with General Assembly resolution 3202 (S-VI), which defined those countries as those affected by economic crisis, natural calamities, foreign aggression and occupation, etc.

7. In accordance with the criteria established by General Assembly resolution 3202 (S-VI), Egypt, as a country subjected to foreign aggression and occupation, was eligible for assistance from the Special Programme and its emergency operations; it was also eligible simply on the basis of the narrow criteria of *per capita* income and the balance-of-payments deficit for 1974 and 1975 currently applied. Accordingly, his delegation expected that Egypt would be added to the provisional list of the countries most seriously affected.

8. Mr. ALGARD (Chairman of the Ad Hoc Committee on the Special Programme), replying to the representative of Egypt, pointed out that article I of the draft resolution defined which countries would receive emergency relief.

9. Mr. CORDOVEZ (Secretary of the Council) made a statement, pursuant to rule 34 of the rules of procedure, on the administrative and financial implications of the draft resolution recommended for adoption. If it was assumed, under the terms of article III (a) of the draft resolution, that the Special Fund was to operate as an organ of the General Assembly, the travel and subsistence costs for the members of the Board of Governors would be borne by their respective Governments. Consequently, financial implications would arise only in respect of documentation and conference servicing costs.

<sup>1</sup> See A/AC.168/6/Add.1.

10. Under the terms of article V (a) and (c), an Executive Director, appointed by the Secretary-General, would be chief executive officer of the Special Fund and would be assisted by a small secretariat within the framework of the United Nations Secretariat. The Secretary-General intended to review the most economical means of achieving the objectives of the Special Fund and to report to the General Assembly in due course on the financial implications of the establishment and operation of the Special Fund. At the time when the General Assembly considered those implications, the question of the method of funding of administrative expenses could also be decided.

11. Mr. TANK (United States of America) said that his delegation could agree to the adoption of the report of the *Ad Hoc* Committee by consensus, although it had reservations on some particular parts of the report.

12. With respect to the draft resolution contained in paragraph 1, he felt that the Board of Governors should have full discretion, subject to the provisions of General Assembly resolution 3202 (S-VI), to determine periodically the eligibility of beneficiaries of the resources of the Special Fund and, therefore, that there should be no automatic inclusion of least developed and land-locked developing countries among the most seriously affected, as appeared to be provided for in article VI (b). Secondly, his delegation had doubts about the Special Fund's participation in investment, since it interpreted investment as being primarily a commercial function and not one for which the resources of the Fund should be used. Those two issues had not been agreed in the *Ad Hoc* Committee and had been decided by vote. His delegation had not called for a vote on the current occasion and regarded its acceptance of the draft resolution by consensus as being consistent with the general position of the United States on the Special Fund, that position being that it planned to make no contributions to the Fund and, for emergency and development assistance, would continue to rely on bilateral and existing multilateral channels, which it found adequate.

13. His delegation had reached conclusions different from those of the *Ad Hoc* Committee on balance-of-payments deficits of the most seriously affected countries, partly because the United States assumed that developing countries would make some use of their foreign exchange reserves and would borrow through the International Monetary Fund (IMF) to meet some of their requirements. Nevertheless, his delegation regarded the figures given in the report as a reasonable initial assessment of needs. It further felt that import and export volumes and price levels were subject to significant changes over short periods of time and, accordingly, that calculations of balance-of-payments deficits needed to be revised periodically in order to keep current the basis for making decisions on aid needs.

14. Finally, his delegation noted that the monitoring function had been carried out by the staff of the Special Representative of the Secretary-General and, while it considered that there were some gaps in the results, it appreciated the difficulties involved in trying to assemble a reasonably complete set of data in a short period of time. That was especially true when it was recognized that precise definitions for the reporting had yet to be developed before Governments could be in a position to provide the data needed. In any

case, his delegation was of the opinion that the new Development Committee—the Joint Ministerial Committee of the Boards of Governors of the World Bank and IMF—would be in a position to develop general international guidelines for the transfer of real resources to developing countries.

15. Mrs. DERRÉ (France) said that, with regard to the emergency measures referred to in paragraphs 4 to 7 of the report of the *Ad Hoc* Committee, her delegation regretted that in many cases the Committee had been only an onlooker and had not been able to carry out a general assessment of the needs of the countries most seriously affected by the economic crisis. In that connexion, it had hoped that there would be closer co-operation with the secretariat of the Special Fund in the communication of data, not only with regard to assessment of the needs of the most seriously affected countries, but also with regard to accounting methods for the special assistance. Her delegation hoped that, by the time the Second Committee of the General Assembly considered the subject, the Secretariat would have been able to supplement the tables in annex II to the report so as to show clearly the amount of additional contributions, their form, their terms and their concessionary elements. It also hoped that the Secretariat would indicate the purpose for which funds remitted direct to the Special Fund would be intended and that the list of the countries most seriously affected by the economic crisis could be modified.

16. With regard to the Special Fund, she pointed out that, since there had been a great delay in circulating the text of the draft resolution, her delegation had been among those which had not been able to express their final views because of lack of instructions. For that reason, it reserved the right to speak later on the draft statute of the Special Fund, and it requested the Council not to take any decision on it for the time being and simply to transmit the report of the *Ad Hoc* Committee to the Second Committee.

17. In any case, her delegation wished to state that it would have preferred not to have the purpose of the Special Fund expressed in a single sentence. In dealing with a special operation, it was necessary to establish the specific character of its objectives, since, before potential donors assumed any obligations, they would obviously like to know how their contributions were going to be used. It must also be stressed that the activities of the Special Fund should not duplicate those of IMF or replace the assistance activities of the World Bank Group and the United Nations Development Programme (UNDP). It was necessary to specify the Fund's position in relation to other assistance agencies, since the operational activities of the United Nations system seemed to be more in need of classification than of co-ordination. More and more special funds were now being established, and that would inevitably lead to duplication. For example, in the field of agriculture there was already a fertilizer fund, and as a result of the World Food Conference to be held in Rome in November an agricultural development fund might possibly be established. In such circumstances, it must be determined how the activities of the new Fund were going to be organized in relation to those of existing bodies or bodies soon to be established.

18. That was an urgent and highly important problem which should be carefully considered by the Council because, in the present period of economic crisis,



the needs of the developing countries were too great for a substantial part of the assistance provided to them to be used to cover the administrative costs of various funds, as had happened in other cases.

19. Finally, her delegation considered that, in accordance with General Assembly resolution 3202 (S-VI), the United Nations had a new function to perform with regard to accounting methods for assistance; unfortunately, that aspect was not dealt with in the report of the *Ad Hoc* Committee. The United Nations was obviously in the best position to produce a complete picture of the needs of developing countries and the assistance granted to them.

20. Mr. KANAZAWA (Japan) noted that the report represented a compromise between the various views that had been expressed, and said that he could agree to its being adopted by consensus.

21. With regard to article VI (a) of the draft resolution, his delegation was of the opinion that emergency relief for the countries most seriously affected by the economic crisis should be complementary to existing bilateral and multilateral assistance. It did not agree that the Special Fund could participate in investment, since such activity was not compatible with the functions of a fund of that kind; moreover, the nature of the investment in question was not clear, and it should be determined with the greatest care.

22. With regard to article VI (b), he considered that the objectives of the Fund would be better served if the beneficiaries of the assistance were decided on in accordance with the provisions of General Assembly resolution 3202 (S-VI) and did not automatically include the least developed and land-locked developing countries.

23. Mr. NEUFELDT (Federal Republic of Germany) said that his delegation joined the consensus on the draft resolution orally proposed by the delegation of Pakistan. He briefly explained the position of his Government vis-à-vis the Special Fund. At the sixth special session of the General Assembly, his delegation had not objected to the establishment of a Special Fund. It felt that other potential contributors who, for one reason or another, had not made use of the existing multilateral machinery might prefer a new instrument for channelling assistance to the most seriously affected countries. His Government would continue to assist those countries through machinery which in the past had proved to be highly efficient. He was referring to the already existing bilateral and multilateral machinery.

24. In the field of multilateral assistance his Government closely co-operated with a number of United Nations organizations, especially with the World Bank and its affiliates, and with UNDP, the United Nations Children's Fund and the World Food Programme. The Federal Republic of Germany had recently increased its share in the Fourth Replenishment of the International Development Association from 9.6 per cent to 11.4 per cent, and the Government had proposed to Parliament an aid budget for 1975 that would be 9.1 per cent larger than that for 1974. That increase would be larger than the proposed increases of the budgets for any other purpose.

25. His Government's bilateral aid programme in 1974 was already to a large extent directed to those countries which were now most seriously affected by the recent increase in the prices of certain commodities.

In 1974 his Government responded promptly and generously to the plight of the drought-stricken countries of the Sudano-Sahelian Zone as well as of other countries stricken by natural disasters. His Government would also in 1975 continue to make special efforts to increase its assistance to the most seriously affected countries.

26. Mr. CHANG Hsien-wu (China) said that the draft resolution prepared by the *Ad Hoc* Committee was a result of the positive efforts made by the third-world countries, and his delegation agreed that it should be submitted for consideration by the Second Committee and the plenary General Assembly.

27. Referring specifically to the text of the draft resolution, he noted that article V (c) provided that the Special Fund might enter into management contracts with the World Bank and IMF; those agencies had exerted economic pressure on the third-world countries, refused to implement General Assembly resolution 2758 (XXVI) on the restoration of the lawful rights of the People's Republic of China in the United Nations, and were still keeping the "representatives" of the Chiang Kai-shek clique in their organizations. His delegation therefore had serious reservations about that provision. It was also firmly opposed to the Special Fund's providing any aid to the Lon Nol puppet clique, which appeared as one of the recipient countries in the provisional list.<sup>2</sup> The Royal Government of National Union of Cambodia was the sole legal Government representing the Cambodian people.

28. His delegation appreciated the efforts made by the developing countries most seriously affected by the economic crisis to defend the unity of the third world, and it was in favour of taking emergency measures. It hoped that such assistance would strictly respect the sovereignty of the recipient countries and would be in the interests of the independent development of their national economies. China would continue to make, in appropriate forms, its modest contribution within its capabilities.

29. Mr. BERLIS (Canada) said that, in view of the delay in circulating the report of the *Ad Hoc* Committee, it should simply be transmitted to the General Assembly, without any recommendations. It was unwise to adopt a draft resolution of the kind proposed by the delegation of Pakistan without having had time to study it.

30. Mr. MACKENZIE (United Kingdom), referring to the report just made by the Special Representative of the Secretary-General for the United Nations Emergency Operation, said that it was the third time the latter was requesting information, which seemed to be a sad state of affairs. It was even more distressing to have had to promise that the information received would be confidential. He recalled that the purpose was to meet human needs; his Government would supply the necessary information, and hoped that other countries would do the same.

31. He pointed out that the report of the *Ad Hoc* Committee on the Special Programme did not mention the fact that in the Committee decisions were taken by majority vote. His delegation's support for the contents of that report did not imply any commitment on the part of his country with regard to the Special Fund. Although his country recognized the merits of the

<sup>2</sup> A/AC.168/5.

Fund, it preferred to use the channels of assistance which already existed. However, whatever system was used, assistance should be provided as rapidly as possible. Finally, he hoped that the representative of Egypt would not insist upon his amendment to the draft resolution contained in the report.

32. Mr. BRITO (Brazil) said it was significant that, notwithstanding possible short-comings in its work, the *Ad Hoc* Committee had made an important contribution in a critical area of economic co-operation, thus bringing the United Nations to the centre of current preoccupations. Like other speakers, he considered that the result of the work of the *Ad Hoc* Committee was the fruit of a compromise, and should be received in that light by the Council when it took action on the report (E/5590). However, a few points might be clarified. It would be interesting to point out, for example, that, as the Chairman of the *Ad Hoc* Committee had observed at the preceding meeting, the draft statute proposed for the new Special Fund contained in the draft resolution in paragraph 1 of the report, had to be understood and interpreted in the light of the relevant provisions of section X of General Assembly resolution 3202 (S-VI). Those provisions were relevant both to the purposes of the Fund and to the selection of its potential beneficiaries. A more detailed presentation of its purposes would probably be inadequate, since the final nature of the operations of the Fund would depend, to a large extent, on the level of resources. It would therefore be difficult, at the current stage, to go into the details of the "purposes" of the Special Fund, beyond the general indication that it should provide both emergency relief and development assistance. He specifically supported the reference to "investments" in article VI (a) concerning the modes of operation of the Fund, because the statute should leave the door open not only to grants and concessional loans but also to investments. The latter could not be viewed as a purely commercial operation. There were modalities of investment in which the concessional, non-commercial element predominated, as was the case, for instance, with the United Nations Capital Development Fund.

33. With regard to the potential beneficiaries of the Special Fund, all of the criteria advanced by the General Assembly in resolution 3202 (S-VI) should be fully taken into account. Moreover, that resolution automatically included two categories of countries among the "countries most seriously affected": the least developed of the developing countries, and the land-locked countries. The same reasoning should prevail in relation to the selection of beneficiaries of the Emergency Operation. In that connexion, he wished to register the fact that the Special Representative of the Secretary-General had himself acknowledged the provisional nature of the list that he had prepared for the Emergency Operation.

34. Finally, his delegation supported the draft resolution orally proposed by the representative of Pakistan. The Council should provide the General Assembly with a specific recommendation on the issue, in order to comply with section X, paragraph 11, of General Assembly resolution 3202 (S-VI).

35. Mr. MASSONET (Belgium) said that his Government had not yet been able to give an opinion on the draft resolution contained in the report (E/5590), and reserved the right to express its point of view when

the item was discussed in the Second Committee of the General Assembly.

36. Mr. PEREZ GUERRERO (Venezuela) said that it was understandable that, despite the efforts made and the amount achieved, the goal had not yet been reached; he was confident that the support of all Governments could be relied on to achieve it. With regard to the draft resolution submitted by the *Ad Hoc* Committee on the Special Programme, he understood that it was a compromise document. While his country did not fully agree with its contents, it would provide financial support; but that would depend upon what other countries gave, particularly the richest. He welcomed the creation of a new element in the administrative machinery which, although a small unit, could count on the support of the other bodies. He was surprised by the evident hesitations of other delegations, although he understood that they needed more time to study the document, and trusted that they would finally overcome them.

37. Mr. CAVAGLIERI (Italy) said that, in view of the short time that had elapsed since the publication of document E/5590, he could not make a definite statement concerning his Government's position. While he agreed with the establishment of the Special Fund, he had doubts concerning its operation, and warned of the need to avoid duplication of the efforts of already existing bodies. He reserved the right to make further comments when the matter was discussed in the Second Committee.

38. Mr. GAJENTAAN (Netherlands) reaffirmed his Government's full support for the measures taken by the Special Representative of the Secretary-General for the United Nations Emergency Operation, and deplored the fact that it had not been possible to reach a consensus within the *Ad Hoc* Committee on the Special Programme. His delegation could take part in a consensus on the report and the corresponding draft resolution, but it should be borne in mind that the *Ad Hoc* Committee had not yet finished its work.

39. Mr. SKOGLUND (Sweden) said that the main features of the Special Fund seemed to correspond to the principles of the new economic order. He welcomed the intention to limit the administrative machinery, and hoped that a solution could be found on the basis of the existing proposal, so as to avert the risk that the Special Fund would not be able to commence its operations by the date laid down by resolution 3202 (S-VI).

40. With regard to the draft statute of the Special Fund, his delegation welcomed the proposal that the Fund might enter into management contracts with international organizations; in that connexion, however, it would be interesting to learn how the *Ad Hoc* Committee envisaged the relations with organizations other than those mentioned in article V of the draft resolution, particularly UNDP and the United Nations Capital Development Fund, which were referred to explicitly in resolution 3202 (S-VI).

41. With regard to the possibility of giving contributions in kind, mentioned in article II (a), his delegation would like to know what type of commodity the *Ad Hoc* Committee had in mind, and if that possibility would exist both for contributions for development and for emergency assistance. In that connexion, his delegation wondered how a "small secretariat" could deal with such commodity assistance, which often re-

quired a considerable amount of administrative machinery.

42. Finally, it was somewhat unclear how the *Ad Hoc* Committee envisaged the participation of the Special Fund in investments, and whether the expression "concessionary terms" also applied to investments.

43. Mr. MAKEYEV (Union of Soviet Socialist Republics) said that the measures envisaged during the sixth special session of the General Assembly were extremely important, and they included precisely the measures aimed at meeting the situation of the countries most affected by the economic crisis created by the capitalist countries.

44. He recalled that the Minister for Foreign Affairs of the USSR, in his speech in the general debate at the current session of the General Assembly (2210th plenary meeting) had repeated that the worsening of economic difficulties was closely related to the growth of military spending. His country's proposal at the twenty-eighth session of the General Assembly, on the reduction of the military budgets of States permanent members of the Security Council by 10 per cent and utilization of part of the funds thus saved to provide assistance to developing countries, had met with the support of an overwhelming majority of the developing countries. By implementing that proposal, all the needs of the Special Fund mentioned by the Under-Secretary-General for the Emergency Operation would be met, and there would even be a residue of funds for development. The USSR continued to provide a considerable amount of assistance with a view to promoting the establishment of a new economic order and putting an end to the consequences of colonialism, monopolies, the intervention of transnational enterprises, and so on. To that end, the Charter of Economic Rights and Duties of States, in the preparation of which his country had taken part, should be promoted.

45. The assistance provided by his country was not subject to political or any other conditions, but rather was based on the principle of mutual benefit. In that way, the receiving country avoided a loss of capital, its export capacity was increased and a contribution was made to stabilizing its balance of payments. Furthermore, his country's assistance was primarily aimed at the industrial and energy sector of the developing countries. The USSR was carrying out exploration and prospecting, and providing the services of highly qualified experts; in all cases, in its co-operation activities it took into account the socio-economic structure of the receiving countries.

46. His delegation would not oppose the adoption of the draft resolution on the structure and procedures of the Special Fund, but it wished to point out that it was incorrect to attribute monitoring faculties in connexion with bilateral assistance to a United Nations body, because that would imply that the body in question would be empowered to interfere in the internal affairs of countries. It was doubtful whether the Special Fund should be required to maintain close contacts with the World Bank, which was under the control of certain interests which acted in a manner hostile to the developing countries, as had been seen in the case of the Government of Popular Unity in Chile.

47. Neither did it seem particularly appropriate for contributions to the Special Fund to be made in convertible currencies. The principle regulating voluntary contributions was that they should be made in national

currencies. The reference, in article II (a) to the possibility of receiving contributions from private sources, also seemed inappropriate. In conclusion, he considered that the allocation of assistance to countries was the responsibility of the intergovernmental agencies and not that of the Secretary-General.

48. Mr. FASLA (Algeria) noted that it was impossible to find a solution to the current economic crisis without the full co-operation of the industrialized countries, and that, in any case, the United Nations formed the ideal framework for the promotion of international assistance and the development of international co-operation. In the view of his delegation, the activities of the Special Fund should be directed essentially towards development and, to that end, the Fund should base its activities on large-scale regional or subregional projects, particularly in the food sector.

49. He felt that General Assembly resolution 3202 (S-VI) envisaged two classes of countries eligible to receive emergency assistance: the least developed of the developing countries, which were automatically included in the list, and landlocked countries and other developing countries, whose eligibility would be periodically reviewed by the Board of Governors.

50. In conclusion, he said that the draft resolution submitted by Pakistan was satisfactory and indicated his readiness to support it.

51. Mr. QADRUD-DIN (Pakistan) pointed out that, for a broader view of the draft resolution submitted by his delegation in the course of the meeting, paragraph 1, which merely brought the report of the *Ad Hoc* Committee on the Special Programme to the attention of the General Assembly, should be read in conjunction with paragraph 2 of the report which indicated the special position of a number of delegations.

52. Mr. HOSNY (Egypt) said that his delegation could accept the suggestion by the United Kingdom delegation and, in view of the explanation given by the Chairman of the *Ad Hoc* Committee, would not press its amendment to article VI (a) of the draft resolution which appeared in the report; in any case, he understood that the wording used had been chosen in the interests of brevity and did not prejudice the definition of the most seriously affected countries which appeared in General Assembly resolution 3202 (S-VI).

53. His delegation requested that the report of the Economic and Social Council to the General Assembly at its twenty-ninth session should include the statements by delegations concerning the countries eligible to receive emergency assistance and the explanations of the Chairman of the *Ad Hoc* Committee in that regard.

54. Mr. CORREA (Chile) said that his country fully concurred with the need to establish the Special Fund and was prepared to co-operate with it. The new international economic order must strengthen agencies of that kind which centralized assistance to the developing countries and guaranteed that it was given without political motivations. He wished to point out that, when referring to the question of assistance, the Soviet delegation repeatedly intermingled economic considerations and political considerations, and in connexion with that delegation's statement that the assistance which the USSR gave to developing countries was not contingent upon political circumstances but upon economic situations, he said that Chile's three

years' experience of bilateral relations with the Soviet Union showed that the very opposite was in fact true.

55. Mr. LUCHTERHAND (German Democratic Republic) said that his country was in favour of the establishment of a new international economic order which would ensure the political and economic independence of the developing countries and would help to eliminate all forms of colonialism and neo-colonialism. The German Democratic Republic had always based its relations with the developing countries on a strict respect for the principles of sovereignty, equality of rights, non-interference in internal affairs and mutual advantage. In pursuing those relations, the German Democratic Republic proposed to use effective methods which would take into account the particular needs of the developing countries, in the light of their national plans. The implementation of the proposals which had been introduced in the United Nations, proposals that were designed to put an end to the arms race, would be very helpful in accelerating economic progress, particularly that of the least developed among the developing countries.

56. With regard to the draft resolution in the report of the *Ad Hoc* Committee, he wished to point out that article I, which referred to the Special Fund as the central monitoring body for bilateral and multilateral assistance, could not be interpreted in a manner that would allow a violation of the basic principles of the Charter of the United Nations; it was obvious that the preparation, conclusion and implementation of bilateral agreements between States were matters which fell within their own competence, and that statement also applied to the agreements concluded in the economic, scientific and technological fields; in his view, the Special Fund should be operated on the basis of that principle.

57. Moreover, the German Democratic Republic shared the view of many States that the World Bank did not meet the requirements of the new economic order, and for that reason it did not consider it appropriate that the Special Fund should be associated with that agency. In conclusion, his delegation had no objections to the adoption of the draft resolution which appeared in the report.

58. Mr. CZARKOWSKI (Poland) said that his country associated itself with the consensus on the operation of the Special Fund, as set out in paragraph 1 of the report of the *Ad Hoc* Committee, since it had always supported the aspirations of the developing countries, as reflected in the Programme of Action on the Establishment of a New International Economic Order in General Assembly resolution 3202 (S-VI). Because of the delay in distributing document E/5590, his delegation would state its comments and reservations when the item was taken up in the Second Committee of the General Assembly.

59. Mr. ACEMAH (Uganda) recalled that he had already had an opportunity, in the Second Committee, of expressing his country's concern at not having been included in the lists of countries most seriously affected.<sup>8</sup> Uganda was not only a land-locked country, but also one of the countries which had to pay the highest transport costs. Since the list was a provisional one, Uganda trusted that it would be included when an enlarged list was drawn up in accordance with the criteria set forth in General Assembly resolution 3202 (S-VI). In that connexion, he endorsed the statement by the Brazilian representative. His delegation reserved the right to speak on the item when it was considered in the Second Committee.

60. The PRESIDENT recalled that the delegation of Pakistan had orally introduced a draft resolution and pointed out that no other formal proposal had been made. If there were no objections, he would take it that the Economic and Social Council was prepared to adopt the Pakistan draft resolution, without a vote.

*The draft resolution submitted by Pakistan was adopted [resolution 1912 (LVII)].*

61. Mrs. DERRÉ (France) said that her delegation was compelled to reiterate what it had said at the previous session with regard to the Economic and Social Council's methods of work. Instead of rectifying its short-comings, the Council continued to prefer a comfortable routine. The membership of the Council had been expanded to 54 countries in order to reflect more accurately the membership of the United Nations. However, a proposal had just been made for the adoption of a draft resolution with which only the 36 States members of the *Ad Hoc* Committee were familiar in detail, while 18 other countries had not had an opportunity of duly studying it and their representatives had had to remain silent because they had no instructions from their Governments. Her delegation did not oppose the consensus, but it would like to draw attention to the arbitrary nature of the procedures followed, which would not help to enhance the prestige of the United Nations.

62. Mr. BERLIS (Canada) said, referring to the matter under consideration, that at the General Assembly's sixth special session his delegation had supported resolution 3202 (S-VI) because of the urgency of helping the most needy countries in view of the crisis. However, it did not view the establishment of the Special Fund with particular enthusiasm although it recognized, then as now, that it might be useful for those Governments which did not normally make contributions. Canada believed that it was necessary to make the maximum use of the existing channels for contributions and, accordingly, would not contribute to the Special Fund.

*The meeting rose at 5.40 p.m.*

<sup>8</sup> A/AC.168/5 and A/AC.168/6/Add.1.



## 1924th meeting

Friday, 18 October 1974, at 10.10 a.m.

President: Mr. Aarno KARHILO (Finland).

E/SR.1924

### AGENDA ITEM 3

#### Reports of the World Bank Group (E/5583)

1. Mr. McNAMARA (President of the International Bank for Reconstruction and Development, the International Development Association and the International Finance Corporation) said that during the past year new economic problems had arisen, old problems had become more acute and the cumulative impact of complex events had touched every member of the World Bank. Although all countries had been affected in some degree by those events, the poorest of the developing countries had been most adversely affected. Those low-income countries, with a population of one thousand million, were relatively disadvantaged in natural resources, lacked significant foreign exchange reserves and had already been suffering from serious internal deprivations; they now found themselves caught in a web of external economic forces which were largely beyond their control.

2. With regard to the work of the World Bank within the United Nations system, as reported in the 1974 annual reports of the World Bank Group, he said that, in order to avoid duplication of effort and achieve the greatest possible impact from the investment of scarce funds and expertise, the Bank's basic policy was to co-operate closely with all other members of the United Nations family. Some of the relationships had been developed in the regular course of the Bank's operations; they included co-operative programmes with the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization (WHO) and the United Nations Industrial Development Organization (UNIDO). The Bank had also continued the useful practice of undertaking periodic reviews with other organizations—particularly the International Labour Organisation (the ILO), the United Nations Fund for Population Activities (UNFPA) and the United Nations Children's Fund (UNICEF)—operating in fields in which it was also active. The United Nations Capital Development Fund had recently for the first time joined the Bank in financing a project, and the Bank looked forward to continued co-operation with the United Nations Development Programme (UNDP) on pre-investment activities. Other relationships had developed as a response to special problems. For example, the Bank had been collaborating with FAO and the Special Sahelian Office in meeting rehabilitation needs in the Sudano-Sahelian region and had helped to establish a relief project to assist people in the drought-affected areas in regaining self-sufficiency through development of their farms and herds. International Development Association (IDA) credits aggregating \$14 million had been extended to the six countries involved.

3. The Bank had taken the lead in mobilizing the funds required for a 20-year programme sponsored by the Bank, WHO, FAO and UNDP to control river

blindness—onchocerciasis—in seven countries of western Africa. Owing to inflation, the estimated expenditures for the first six years had risen from \$40 million in 1973 to \$54 million. Six Governments had agreed to provide financing totalling \$7.5 million for the first year of operations. The Bank was in touch with other possible donors, and he hoped that an understanding would be reached on the balance of the financing for the first phase of the programme before the end of 1974. A Joint Co-ordinating Committee, composed of donor and participating African Governments and international agencies, which would exercise general supervision over the programme, would hold its first meeting in western Africa early in 1975 under the chairmanship of Dr. Candau, former Director-General of WHO.

4. In the past year the Bank had also joined with UNICEF, UNDP, WHO, the United Nations Environment Programme (UNEP) and the International Development Research Centre of Canada to develop a plan for international action to improve water supply and sanitary services in the rural areas of developing countries.

5. In connexion with the designation of 1975 as International Women's Year, the Bank was reviewing its activities, particularly in the field of education, to make a more effective contribution towards improving the situation of women in the developing countries.

6. At the sixth special session of the General Assembly, the Bank had submitted a study of the impact of recent economic changes on the growth prospects of developing countries. The Bank would also continue to play a role in the United Nations Emergency Operation, launched under the terms of General Assembly resolution 3202 (S-VI).

7. Turning to recent economic events, he noted that the significant acceleration in the rate of inflation in the developed countries had begun before the prices of petroleum and other primary commodities had increased and was only partially explained by those increases. Inflation had benefited, and would continue to benefit, virtually all the developing countries by reducing the burden of their debt service in relation to the value of their exports. However, for many of them, particularly the poorest, that benefit would be more than offset by the deterioration in their terms of trade. Moreover, inflation had already eroded, and would continue to erode, the value of the concessionary aid which they received. Most donor countries had not increased the amounts appropriated for official development assistance by an amount sufficient to offset inflation.

8. Since imported oil had accounted for the principal increase in world energy supplies in recent years and could not rapidly be replaced from other sources, the effect of the fourfold price rise in petroleum prices was a global imbalance of payments of unprecedented magnitude which could be expected to persist at least until the end of the decade. The increase in oil prices had

two particularly serious consequences for the less developed countries. First, the cost of their current volume of oil imports had increased by some \$10 thousand million, which accounted for 15 per cent of their total import bill and equalled 40 per cent of the entire net flow of external capital to them. As a result they had already had to curtail their development programmes. Secondly, by the end of the decade the members of the Organization of Petroleum Exporting Countries (OPEC) were likely to have a continuing balance-of-payments surplus totalling from \$30 thousand million to \$60 thousand million—in 1974 prices—of which roughly one fourth would be directly with the other developing countries and the remaining three fourths with developed countries. That imbalance would exert a cumulative strain on the economies of the developed nations and on international financial markets, making it more difficult for developing countries to expand export earnings and finance their balance-of-payments deficits.

9. Although some developing countries had benefited from the boom in other primary commodities which had begun in 1972, only a small number, principally mineral producers, was likely to continue to benefit.

10. Since price projections for primary commodities depended on the assumptions made about growth in the industrialized countries, and since there was likely to be less growth in those countries for the remainder of the decade than in the 1960s and early 1970s, the prices of most primary commodities were not likely to be very buoyant in the years ahead, and a weakening trend could already be discerned.

11. By the end of the decade, the net effect of those price changes would be a decline in the terms of trade of virtually all the developing countries, the poorest among them being likely to suffer a decline of over 20 per cent. Even with expanding export volumes, there would be little increase in the purchasing power of their exports in the face of rapidly increasing import requirements.

12. The industrialized countries had reacted to the price increases and world-wide inflation in ways which had reduced their growth rate. A diminished growth rate in the countries of the Organisation for Economic Co-operation and Development (OECD), which imported 75 per cent of the exports of the developing countries, translated very quickly into a reduced demand for those exports, which in turn reduced the capacity of the developing nations to import and thus led to lower rates of growth.

13. Any one of the events he had just described would have had a serious impact on the developing nations. In combination, the effect on some countries had been near disaster. The trade deficit of the developing countries as a whole would more than double during the current year and, if they were to maintain even minimum economic growth, would continue to rise for the remainder of the decade. Yet official development assistance, as a percentage of gross national product (GNP), would continue to decline in the next few years. Moreover, unless steps were taken to expand the supply of capital available on market terms to the more creditworthy developing countries, they too would have difficulty in obtaining the funds necessary to finance their imports.

14. Even on the probably optimistic assumption that capital flows to the developing nations, with some ad-

justments for inflation, would increase from the 1973 figure of \$20 thousand million to as much as \$33 thousand million by 1980, including a proportionate increase in concessionary aid, the growth rates for all the developing nations would be substantially below the levels which had been thought likely only three months earlier. Some countries—for example, Thailand and the Philippines, whose reserves had benefited from buoyant export prices, or Turkey and Yugoslavia, which had received substantial remittances from their workers abroad—could partially absorb the heavy trade account deficits and avoid severe deterioration of their growth rates. The prospects of other countries such as Korea and Brazil, which had been steadily expanding their export of industrial goods, were much better than those of countries dependent primarily on agricultural exports.

15. The rising prices of imported fertilizer, cereals and petroleum, the slack demand for their exports to industrialized countries and the erosion by inflation of the real value of development assistance had had the most severe impact on the growth prospects of the poorest members of the Bank; they could be expected to suffer an actual decline in their *per capita* income—currently averaging less than \$200 per year—each year during the remainder of the decade. The effect of that on the already marginal condition of life of the poorest 40 per cent within those nations was an appalling prospect.

16. In his statement to the Council on 15 October 1973 (1881st meeting), he had described the plight of the poorest 40 per cent and had emphasized the critical relationship of social equity to economic growth. The programme that the Bank was carrying out to combat the problems of that segment of the population of the developing countries would put primary emphasis not on the redistribution of wealth and income—justified as that might be in many countries—but rather on increasing the productivity of the poor, thereby providing for a more equitable sharing of the benefits of growth.

17. Since 70 per cent of the population of the developing countries lived in rural areas, the centre of the problem was there. The Bank was determined to pursue the goal of increasing over-all productivity of the 100 million small farms tended by some 700 million individuals by 5 per cent per year by 1985, a rate more than double that of the 1960s. The achievement of that ambitious goal was made even more urgent by the continuing food shortage in the developing world. In the past year, the Bank had assisted in financing rural development projects in 42 countries, involving a total investment of almost \$2 thousand million. The projects were expected to generate production increases of more than 5 per cent each year for at least 12 million persons whose average *per capita* income was now less than \$75. During the coming five years he expected agricultural loans to double, supporting projects that would cost a total of about \$15 thousand million and were intended to benefit directly 100 million rural poor. The economic returns on those investments were expected to exceed 15 per cent.

18. By way of example, he cited projects financed by the Bank in India, Kenya, Mali, Brazil and Mexico. Although the risks of failure were greater in such projects than in the Bank's more traditional investments, for the first time it was possible to see substantial income and employment benefits within the reach of very large

numbers of the rural population, along with very high economic returns to the national economies. Common to all those efforts was an increased emphasis on project design directed towards raising the productivity of the absolute poor. It was clear that past development efforts, both by Governments and by the Bank, had simply not made an adequate contribution to the welfare of that huge and growing group. The unprecedented combination of events affecting the world economy to which he had referred must not distract attention from that fundamental task.

19. Although the world-wide demand for and supply of food grains had been in reasonable balance for several decades past, in recent years there had been a serious and growing shortage of food production in the developing countries. If present trends continued, the cereal import requirements of the developing countries could double between 1970 and the mid-1980s. The additional requirements for foreign currency could not be met from any reasonable projection of export earnings or capital flows. Accordingly, the developing countries must expand their production of cereals. That would be a major topic for consideration at the World Food Conference to be held in Rome in November. The goal could be accomplished only if those countries initiated action on a wide front, including measures to expand cultivated areas under production, to expand fertilizer capacity and to increase agricultural research activities, all of which would require substantial capital. The activities supported by the Consultative Group on International Agricultural Research, formed by FAO, UNDP and the World Bank in 1971, would complement those efforts. Grants totalling \$33 million had been made by the Group in 1974 to finance 10 research programmes.

20. The Bank estimated that only one half of the expected demand for fertilizer in the developing countries by 1980 could be produced with their existing capacity or planned expansion; thus, a 100 per cent increase in fertilizer production in those countries was necessary, requiring an investment of some \$6 thousand million to \$10 thousand million—an amount which did not appear to be forthcoming.

21. Although many developing nations had already initiated action to expand their production of food grains, years would pass before those efforts would yield results. In the meantime, the higher import costs of petroleum, food grains, fertilizer and manufactured goods would place a very heavy burden on their balance of payments and reduce their savings available to finance investment. Unless those requirements were met by additional external capital flows, further declines in their rates of growth would result.

22. Assuming a modest 2 per cent growth per year in *per capita* income in the poorest developing countries and a somewhat higher rate in other developing countries, the Bank estimated that total capital requirements would increase from \$20 thousand million in 1974 to \$53 thousand million in 1980, necessitating a proportionate increase in concessionary aid. The concessionary element, although a huge sum, would still represent only one third of a percentage point of the donors' GNP, which was no more than the current figure. Two thirds of the increase in the capital required was needed simply to compensate for the higher prices of commodities and services imported by the developing countries.

23. Two points should be emphasized when considering whether such capital flows could be attained. First, the middle-income and higher-income developing countries must substantially increase their borrowings in capital markets. That was impossible unless the recycling mechanisms made special provision for meeting their capital requirements, which they did not do at present. Secondly, he wished to stress again the alarming rate at which inflation was causing official development assistance to fall in relation to GNP. The ratio had decreased by two thirds in the past 10 years and was now scarcely 40 per cent of the rate established by the General Assembly in 1970 in the International Development Strategy for the Second United Nations Development Decade (resolution 2626 (XXV)), since when there had been no increase in real terms in concessionary aid flows despite a 12 per cent increase, in real terms, in the GNP of the donor nations.

24. Accordingly, the most important single step the developed nations could take to assist the one thousand million people of the poorest countries would be to recognize that the effects of inflation alone required, and would continue to require, major increases in the appropriated money values of official development assistance.

25. Although the OPEC countries were beginning to help to meet the capital requirements, many of their initiatives would take time to organize and disbursements were therefore likely to be slow. The World Bank had offered its assistance to accelerate the flow of funds.

26. Inasmuch as the current plans of the OECD and OPEC countries did not indicate that sufficient capital would be available for the developing nations, he believed that the World Bank Group must expand its lending to the maximum permitted by prudent financial management and the availability of funds. The programme which he had presented to the Board of Directors for its consideration was a first step.

27. It provided for total lending during the current fiscal year and in the succeeding four years of \$36 thousand million. The programme approved by the Board for the fiscal year ending June 1975 contemplated commitments totalling \$5.5 thousand million, as compared to \$4.5 thousand million in the year just ended and \$3.5 thousand million in the year before that. The total actually provided for an increase in real terms of only 40 per cent.

28. The proposed Bank Group programme would require net borrowing during the five years of over \$13 thousand million. Much of that amount could, he believed, be borrowed from OPEC countries, which had been most co-operative, the Bank having received from them in recent months commitments totalling some \$2 thousand million. But large as the Bank's programme was, in combination with the other funds which the OECD and OPEC countries indicated they planned to make available to the developing nations, it was totally inadequate, in his opinion, to meet minimum development objectives. The Bank had therefore strongly recommended that the newly established Joint Ministerial Committee of the Boards of Governors of the World Bank and IMF on the Transfer of Real Resources to Developing Countries—the so-called "Development Committee"—should appraise the needs of the developing countries for additional capital and examine possible sources of funds to meet those needs.

29. To sum up, he believed that the additional assistance on concessionary terms needed, and needed promptly, by the poorest of the Bank's member countries—\$3 thousand million to \$4 thousand million of additional assistance per year in the remaining years of the decade—could and must be mobilized. The OPEC countries had gained considerable wealth, and the traditionally wealthy countries continued to be wealthy, although less so currently than they had once hoped to be. They were immeasurably more wealthy than the nations of the developing world.

30. There were no more fundamental measures of wealth than levels of nutrition, literacy and health, and in those terms the average citizen of a developed nation enjoyed wealth beyond the wildest dreams of the inhabitants of the poorest developing countries. The developed nations must not yield to the temptation to set aside considerations of additional aid to those countries until their own problems were resolved. Such aid was not a luxury; it was a continuing social and moral responsibility, and the need for it was greater than ever.

31. The affluent nations could absorb the inconvenience of a small further reduction in their already immensely high standard of living in order to continue to expand aid. However, for the poorest countries such a downward adjustment did not mean inconvenience; it meant appalling deprivation, and for millions of individuals it meant death.

32. Mr. ROUGÉ (France) said that the Council should keep itself informed of the activities of the specialized agencies and ensure that their activities were properly integrated with those of the United Nations system as a whole. The Council should also form as precise an opinion as possible of the world economic and social situation by tapping the experience of all the components of the system. Furthermore, the Council should work out general guidelines for the system as a whole and help each constituent organization to make as effective a contribution as possible.

33. In the light of those responsibilities, he wished to ask the President of the World Bank a number of questions. At the eighteenth session of the Governing Council of UNDP (5-24 June 1974) and, more recently, at the second session of the *Ad Hoc* Committee on the Special Programme, which had dealt with the United Nations Emergency Operation, his delegation had seen for itself the good working relationship between the World Bank and the rest of the United Nations system. The establishment of the new World Bank/IMF Development Committee would create further liaison and co-ordination problems. He wished to know how the Bank hoped both to safeguard its own authority and to ensure the necessary liaison with the other competent bodies of the United Nations system, taking duly into account the general co-ordinating role of the Economic and Social Council and the Secretary-General of the United Nations.

34. He also wondered why the President of the World Bank had not submitted at the fifty-seventh session the report he had just given to the Council.

35. He had three questions concerning the activities and role of the Bank in the future. First, he wished to know the status of the replenishment of the resources of IDA. His delegation agreed that the assistance to be provided under the Special Programme should be channelled through bilateral sources and existing multilateral institutions, including IDA. That implied that the countries in the best position to provide the neces-

sary resources would ensure that the funds were forthcoming. Secondly, he wished to know what the prospects were for the adoption and implementation of the five-year programme of the Bank to which the President had referred. Lastly, he wished to know how the Bank would deal with the need for increased capital to meet its expanded loan programme. The approach to be taken by the Bank should be consistent with the spirit of the sixth special session of the General Assembly and should reflect the redistribution of political power and financial capacity, while at the same time the Bank's structure should remain intact.

36. Mr. KANAZAWA (Japan) said his delegation was happy to note that the aid activities of the World Bank had increased substantially during the past year, despite the deterioration of the world economy. It was expected that the Development Committee would have the immediate task of analysing the flow of financial resources to the most seriously affected and the least developed countries, as well as dealing with the recycling of "oil dollars". His delegation hoped that, in addition, the Development Committee would help to find solutions to medium-term and long-term problems concerning the transfer of real resources to the developing countries. It should bear in mind the need for co-operation and co-ordination with the United Nations and the Development Assistance Committee of OECD in order to avoid possible duplication of work.

37. Japan was participating in the Emergency Operation launched under the auspices of the United Nations and was now extending assistance to the value of at least \$100 million, in addition to the existing level of aid, to the developing countries most seriously affected by the economic situation during the past year.

38. In addition to emergency relief, development assistance should be extended to the most seriously affected developing countries in larger amounts and on more concessionary terms. Along with bilateral assistance, multilateral assistance was indispensable for the successful implementation of aid programmes for those countries. His delegation therefore welcomed the World Bank's policy of giving preference to the most seriously affected developing countries through IDA loans, for which, of course, the terms were very concessionary. His Government would continue, to the best of its ability, to co-operate with the World Bank programmes of assistance, including assistance to the most seriously affected countries. He recalled that his Government had decided to contribute \$495 million for the Fourth Replenishment of IDA and was considering providing \$165 million of that amount, in co-operation with other major contributing countries, before the Fourth Replenishment entered into force.

39. His delegation was pleased to note that the machinery established within IMF in June 1974 had been facilitating the recycling of "oil dollars" primarily to the developing countries. His delegation welcomed the growing amount of funds borrowed by the World Bank during the past year from oil-exporting countries and hoped that such arrangements would continue smoothly. It was to be hoped that a favourable international climate for the recycling of "oil dollars" would develop and that the process would gain momentum. His delegation was relying on IMF and the World Bank to make further efforts to that end.

40. Mr. ERICSON (Sweden) said that drastic economic changes in the world had seriously affected the



balance-of-payments situation of many poor countries, threatening their development programme. The exceptional stress and strain on the world economy as a whole had strengthened the demands of the developing countries for changes in the relations between rich and poor States, demands which had been reflected in the Declaration on the Establishment of a New International Economic Order adopted at the sixth special session of the General Assembly (resolution 3201 (S-VI)).

41. The Programme of Action adopted at the special session should be the over-all framework for the work of the newly established Development Committee of the World Bank and IMF. One of its main concerns should be to provide for effective participation of the recipient countries in the decision-making process of the World Bank and IDA. The distribution of votes should better reflect the fact that the principals of a development institution were primarily those countries where the institution was contributing to development and not those countries where the funds were acquired. His delegation hoped that the Development Committee would do its utmost to promote the principles of the Programme of Action regarding increased influence of the recipient countries in the World Bank. Co-ordination between the Development Committee and the United Nations system was equally important. The United Nations rule of one vote for each Member State reflected the democratic principle of equality among sovereign States. It was therefore essential that the Development Committee, with its limited membership, should follow the principles laid down in basic United Nations resolutions such as the International Development Strategy and the Programme of Action. Attempts to steer multilateral development matters into the orbit of organs mainly influenced by the rich countries would seem to be contrary to the Declaration on the Establishment of a New International Economic Order.

42. His delegation fully supported the shift in the allocation of IDA resources towards the most seriously affected countries and the priority to be given to increasing agricultural production in general and improving the productivity of the rural poor in particular. It was now widely accepted that economic growth without social justice did not meet the ultimate objective of development. Although that point had been progressively reflected in the operational activities of IDA, further steps should be taken. According to the tentative five-year lending plan, the World Bank would concentrate increasingly on the poorest segments of the populations of the poorest developing countries. That implied that the limited resources available would be put at the disposal of Governments which were striving to attain internal economic and social justice. The President of the World Bank had stated that the Bank was prepared to work closely with Governments that made strong commitments to the promotion of new income and employment opportunities for the poorest groups. However, deeds spoke louder than words, and the World Bank must not put itself in a position which could be interpreted as counteracting structural and social reform in developing countries.

43. Many developing countries, especially the poorest, had heavy debt burdens. Debt relief must be part of any over-all development effort, and co-operation with the donor countries would be the natural framework for such activities. His delegation hoped that the Bank would continue to make a constructive contribu-

tion by co-ordinating efforts not only to avoid acute crises but also to increase the net capital transfer, especially to support the developing countries most seriously affected by the economic crisis.

44. His Government had repeatedly stressed the need for all rich countries and the international organizations to give generous and constructive aid to the peoples of Indo-China. The United Nations agencies and the World Bank Group, as well as other international organizations, would have an important role to play in the reconstruction of the region. However, assistance from multilaterally contributed funds should not be extended to only one of the parties in a country where military conflicts were raging and where international agreement had recognized the existence of two authorities. That point was important for both the general stature of the World Bank and the willingness of its members to support it.

45. His Government would make available the first instalment under the Fourth Replenishment of IDA, despite the fact that the agreement reached at Nairobi at the joint annual meeting of the World Bank and IMF in September 1973 had not yet entered into force, because it considered it important that IDA should be kept going. However, it assumed that the Bank would not act in a manner which would make it increasingly difficult to gain the support of public opinion in Sweden for further contributions to IDA.

46. Mr. KAUFMANN (Netherlands) said that the heavy emphasis placed by the President of the World Bank on the needs of the poorest people in developing countries coincided with his Government's views, as reflected in its development assistance programme. Over-emphasis on long-term development planning in past years had led to a certain neglect of more urgent and immediate needs. He wished to state that Netherlands official development assistance would be increased to 0.8 per cent of its GNP.

47. The fact that the Council would be considering the reports of the World Bank Group and of IMF separately, with an interval of about a month, was regrettable, since recent developments in both organizations showed their increasingly close interrelation. The establishment of the Development Committee was the most recent example. Moreover, the close connexion between events in the monetary sphere and development aid emerged clearly from the annual report of the World Bank. His delegation hoped that, in future, the Council would be able to deal with the annual reports of both institutions together. At the resumed fifty-fifth session, there had been a widespread feeling that the Council should have more frequent opportunities to meet the heads of both institutions when discussing development problems. His delegation hoped that the Secretariat would study how the Council dealt with the activities of the Bank and IMF and would make concrete suggestions on the matter at the organizational session in January 1975.

48. The Minister of Finance of the Netherlands had set forth the position of his Government on recent developments in the Bank and IMF at the joint annual meeting of the Bank and IMF in Washington in September 1974. While supporting the establishment of the Development Committee, he had recognized the danger that it might duplicate the work of other institutions, especially within the framework of the United Nations and the United Nations Conference on Trade

and Development (UNCTAD). His delegation would be grateful for any comments on that point by the President of the World Bank.

49. Recent events had clearly shown the increased need for close co-operation between the United Nations, the World Bank and IMF. The interrelationship between the United Nations, UNCTAD, the World Bank and IMF were not merely procedural or institutional. The United Nations system was faced with the increasingly significant question of socio-economic interdependence, as was borne out by the results of the sixth special session of the General Assembly. The Declaration and the Programme of Action on the Establishment of a New International Economic Order would remain meaningless unless all parts of the organized world community made every effort to contribute to their implementation. As shown in its *Annual Report 1974*, the World Bank had developed in many new areas and established new and important relationships with other parts of the United Nations system. His delegation whole-heartedly supported that trend. The World Bank's input into international discussions on development problems was increasingly recognized as indispensable to the United Nations system. His delegation welcomed the close working relationships that had developed over the past few years between the United Nations Secretariat and the Bank staff. The fruits of that co-operation had been referred to by the Secretary-General in his opening statement at the fifty-seventh session (1900th meeting), and by his Special Representative for the Emergency Operation for the most seriously affected countries (1917th meeting), an operation for which the Bank had provided statistics.

50. The seventh special session of the General Assembly on international economic problems would oblige Member States to take a close look at the institutional arrangements set up almost 30 years previously. It was to be hoped that the World Bank, as well as other United Nations organizations, would make a useful contribution to the discussions at the next special session on the substantive and institutional matters to be considered. His delegation hoped that the Council would be able to hold more frequent discussions with the President of the World Bank and his associates. Suggestions had recently been made in the Second Committee of the General Assembly proposing continuous sessions of the Economic and Social Council; that might provide a vehicle for more substantive discussions with the heads and the staff of the World Bank and IMF. The Council must organize its work so as to make fuller use of the knowledge and expertise in the United Nations family, including the Bank.

51. Mr. HOVEYDA (Iran) observed that the President of the World Bank had become the spokesman of what he had called the "marginal men". All that he had foreseen had come true, and yet he did not have too pessimistic a view.

52. In the current world economic situation, the most disturbing element was the fact that the old economic theories and recipes which had been successful in the past had proved useless. That was because a change had taken place. Until recently, the developed countries had lived in the world as colonizers lived in their colonies. They had established a kind of private club, and now the doors of that club had been opened and other countries were joining them. It was clear that the time when a group of countries

could impose their decisions upon the rest of the world had passed. The developing countries could no longer accept the widening of the gap between themselves and the developed countries. They would no longer foot the bill for inflation in the developed countries.

53. He wished to thank the President of the World Bank for emphasizing the fact that the inflation had begun before the rise in the prices of oil and other raw materials. His reply to those who blamed the oil-producing countries for all the world's current ills could be found in the report of the World Bank. As its President had explained, previously the rich countries had become richer while the poor countries became poorer; in the past year they had remained rich but had not grown richer, while some of the oil-producing countries had increased their wealth. In other words, the wealth of the world had not disappeared but had been redistributed. He wished to point out that the rise in the price of oil had contributed only 0.45 per cent to the inflation in the United States and 1.5 per cent to that in Western Europe. The richer countries should make an effort to avoid wasting the world's resources, particularly energy and food. It was essential for Governments to understand the changes that were taking place; otherwise, a confrontation might develop. All States should co-operate in the establishment of a new international economic order based on equality, justice and legality, in accordance with the Declaration and the Programme of Action adopted at the sixth special session of the General Assembly.

54. Iran was well aware of its responsibilities and had allocated its balance-of-payments surplus to the developing countries and to some developed countries. Its commitments for 1974-1975 amounted to \$6 thousand million, or 8 per cent of its GNP. Iran had assisted the Secretary-General's Special Representative in implementing the Special Programme outlined in section X of the Programme of Action (General Assembly resolution 3202 (S-VI)), but had already pointed out that the Programme did nothing to solve the long-term problem. In the long run it was not a developing country's balance-of-payments deficit that mattered, but its development. His delegation had proposed a new special fund to which the oil-producing and developed countries would pay some \$4 thousand million per year, and in the management of which the recipient countries would participate on an equal footing. He had been glad to hear the representative of Sweden stress that the developing countries should participate in the decision-making process, as was essential if the international community was to meet the immediate and future needs of the most seriously affected and other developing countries. It was regrettable that some industrialized countries had opposed that proposal.

55. In conclusion, he wished to assure the World Bank of his delegation's continued support. The President of the Bank had stated that aid was a moral and social responsibility. He would go further and say that it was a natural obligation and a necessity. The root of the current economic crisis was not the balance-of-payments deficit but the gap between the rich and poor, which, if allowed to widen any further, would mean the end of all economic order and perhaps of the world. The international community must therefore work to narrow the gap until it disappeared.

56. Mr. MACKENZIE (United Kingdom) said that the picture presented in the World Bank Report and

emphasized in the President's statement was a sombre one. The vast majority of nations faced immediate and major economic difficulties, but the poorest would be most affected, since they were most vulnerable to the recent increases in the prices of oil, fertilizers and food grains. The President of the Bank had referred to the temptation to defer assistance until national problems were solved, but his Government was fully aware of the need for all countries to avoid such a policy in the current situation. That was why it had been eager to take a constructive part in the dialogue on the process of adjustment both in the United Nations and at the recent joint annual meeting of the World Bank and IMF in Washington. Since an immediate practical response to the needs of the most vulnerable countries was essential, the United Kingdom, along with the other members of the European Economic Community (EEC), had offered to play a substantial part in the Special Programme initiated by the sixth special session of the General Assembly. It had also increased its bilateral aid flows to some of the most seriously affected countries.

57. His delegation welcomed the emphasis laid on the poorest countries in the future lending programme of the World Bank Group, and was encouraged by the wide spread of the sources of funds made available to those institutions. It hoped that the advance contributions promised by the United Kingdom and other countries would allow IDA to continue its vital work until the Fourth Replenishment came into effect. The United Kingdom had undertaken to make available one full year's contribution to IDA pending ratification of the agreement on the Fourth Replenishment.

58. Like the representative of the Netherlands, he wished to thank the World Bank and its staff for the assistance given to the Special Representative of the Secretary-General in preparing the analyses required for the United Nations Emergency Operation. Even after the 12-month operation to launch the Special Programme was completed, the poorest developing countries would need assistance over a long period. The new direction of Bank and IDA lending towards the poorest nations would be of major importance, and those institutions were undoubtedly well equipped to adapt themselves to the changing pattern of need. His delegation would like to hear any preliminary views which the President of the Bank might have formed about how the programmes of the new United Nations Special Fund, established under the terms of General Assembly resolution 3202 (S-VI), would relate to World Bank facilities. The Bank Group's institutions might well be major executing agencies under the terms of the draft articles of the Special Fund which the Council had submitted to the General Assembly. His delegation welcomed the fact that the new Fund, like the Bank, would concentrate its resources particularly on the hardest-hit countries.

59. His Government had considerable doubts concerning recent proposals for the establishment of new funds for specific sectoral action. He would be grateful for the views of the President of the Bank on the problems of reorientating the work of existing efficient major institutions, since they might throw some light on the difficulties encountered by new funds, with no experience of work in the relevant field, when trying to deal with a specific area of difficulty.

60. His Government considered it vital that all competent institutions should work together with a mini-

imum of overlap, particularly in assessing aid flows to the countries most seriously affected by the current economic problems. His delegation would be interested to hear the comments of the President of the Bank on a major problem recently emphasized by the Special Representative, namely, the difficulty of obtaining the fullest information about flows from all sources to individual recipients. The Bank's experience and access to information had already been of great value to the Special Representative in assessing needs, and its experience in organizing meetings of the various country consortia would undoubtedly be of value in considering how to overcome that difficulty.

61. Mr. MAKEYEV (Union of Soviet Socialist Republics) said that his delegation had found much with which it could agree and disagree in the statement by the President of the World Bank. It was, however, clear from the Bank's *Annual Report 1974*, that despite the changes in its programmes of action and priorities, the Bank's activities remained substantially the same and were still directed towards protecting the interests of the financial centres of the Western world. To that end, the Bank did not hesitate to interfere in the internal affairs of States and to put pressure on them, as numerous speakers at the current session of the General Assembly had pointed out.

62. In its analysis of the current economic disorder, the Bank had tried to overlook the main reasons for the ominous condition of the so-called market economy. As the representative of Iran had pointed out, the Bank blamed the current situation above all on the increases in the prices of oil and other commodities, despite the fact that inflation and other problems had existed long before. The Bank had failed to draw attention to the major contribution made to inflation by the spending of ever greater sums on armaments under pressure from the profit-seeking military-industrial complex. The growth of inflation could not be restrained if there was no end to the arms race, a point which had been recognized by world political, business and social leaders and to which the Bank should pay due heed.

63. The Bank had also failed to mention the role in creating inflation played by national and transnational corporations, which used every pretext to raise the prices of their products, thereby affecting also the prices of raw materials and semi-manufactures. It was no secret that leading statesmen in certain capitalist countries had rebuked the monopolistic corporations for their actions, asking them to exercise greater restraint.

64. Given its approach, it was not surprising that the Bank had not put forward a single constructive alternative to the inflationary policy which had led to the current crisis. Indeed, by propagating the principles of the market economy system in the developing countries, the Bank had in fact contributed to the spread and growth of inflation. The Bank had given a one-sided view of the issue of oil prices, which of course had for long been artificially depressed through the actions of the transnational corporations. He recalled that the substantial profits reaped by those companies from the rise in oil prices were now under investigation in such countries as the United States and Japan. The report also created the impression that the Bank was ready to devote almost all its efforts to the question of recycling capital acquired through the export of oil, an intention which took no account of the true



scope of world and national economic and social problems.

65. The Bank had noted the problems of poverty and backwardness in the developing countries, but had not made any specific proposals for their solution. It continued to pay little attention to promoting the industrialization of the developing countries, but contributed through its actions to the withdrawal of monopoly capital, a process leading to the outflow of profits and to the brain drain from the developing countries. The Bank plainly considered that the main way to overcome the present crisis was to reduce the living standards of the peoples of the world, an approach which clearly suited those circles that were accustomed to solving economic problems at the expense of the working masses. In that connexion, he reiterated that many of the problems of the developing countries to which the Bank referred in its report could be solved if even a part of the vast sums spent on armaments was used for development assistance. The adverse economic effect of arms expenditure had been clearly illustrated by the Minister for Foreign Affairs of the USSR in his statement at the current session of the General Assembly (2240th plenary meeting), and the Soviet delegation therefore wished to draw the attention of the Council once again to the many United Nations resolutions concerning development aid. Their practical implementation would be in the interest of all countries, particularly the developing countries.

66. Mr. GONZALEZ DE COSSIO (Mexico) thanked the President of the World Bank for his statement, and particularly for his reference to the Bank's participation in Mexico's development effort. He pointed out that much of the Bank's aid to the International Maize and Wheat Improvement Centre in Mexico was re-exported to other developing countries in the form of high-yield and drought-resistant plants and seeds.

67. Given the current background of food, raw materials and energy problems, the deterioration in the terms of trade of the developing countries and the possibility of recession in the developed countries, the critical state of international financial co-operation for development and the difficulty of transferring real resources to the developing countries, the recent establishment of the IMF Interim Ministerial Committee and the joint decision of the World Bank and IMF to establish a Development Committee had been essential. During the first 15 years of the Bretton Woods system, increasing volumes of public and private capital had been transferred to the developing countries. Since 1961, however, the increase in the resources transferred, in monetary terms, had been less than the increase in the GNP of the developed countries; even if no account was taken of the effects of inflation, official assistance, in absolute terms, had been practically stagnant over the last decade. Indeed, since 1968 the bulk of the financial resources channelled to the developing countries had come from private sources, causing those countries greater external indebtedness and an increased drain on their already limited foreign exchange reserves. The developing countries were now suffering acutely from the world-wide inflation and the adverse consequences of the restrictive policies being applied by the industrial countries to combat domestic price increases. There had been a concomitant hardening of world capital markets, because some developed countries which had formerly been capital exporters were now themselves in need of support and were

able to compete for the available resources on better terms than the international financial institutions and the developing nations. It was now clear that the oil-exporting countries would run up vast current account surpluses during the current year, while the industrial countries and the non-oil-exporting developing countries would incur heavy deficits. That serious imbalance would call for a massive rechanneling of funds to cover the deficits, for it was unlikely that the international community or individual countries would wish to achieve equilibrium by means of a major depression.

68. If the developing countries were to increase their exports and their GNP, they first required regular inflows of capital with which to remedy their present lack of production capacity. In that respect, it was essential to adhere to the guidelines for reform of the international monetary system laid down by the Board of Governors of IMF in 1971, which included the establishment of an efficient and equitable process for balance-of-payments adjustments, the promotion of economic development, and the institutionalization of the transfer of real resources from developed to developing countries.

69. Mr. CHANG Hsien-wu (China) pointed out that General Assembly resolution 2758 (XXVI) provided in explicit terms for the restoration of all the lawful rights of the People's Republic of China in the United Nations and for the immediate expulsion of the representatives of Chiang Kai-shek from the United Nations and all related organizations. In the three years which had elapsed, the overwhelming majority of the members of the United Nations system had complied with that resolution, but the World Bank Group, demonstrating a truculent and unreasonable attitude which his delegation strongly condemned, was still keeping the representatives of Chiang Kai-shek in its organizations.

70. The Government of the People's Republic of China was the sole lawful Government of China. The Chiang Kai-shek clique, a handful of national scum repudiated long ago by the Chinese people, was not in any way entitled to represent China. That the World Bank Group should stubbornly cling to its policy of creating "two Chinas" and of hostility towards the Chinese people could not be tolerated. His delegation once again requested that the World Bank Group should truly carry out General Assembly resolution 2758 (XXVI) by immediately expelling the representatives of Chiang Kai-shek from its organizations and by severing all its ties with the Chiang Kai-shek clique.

71. Mr. FASLA (Algeria) said he believed that the World Bank could and should play an important role in supplementing the efforts of the United Nations system to establish a more just and equitable economic balance between developed and developing countries. In that connexion, he emphasized the importance of the Declaration and the Programme of Action on the Establishment of a New International Economic Order adopted at the sixth special session of the General Assembly and asked what the Bank intended to do to implement those decisions, particularly with regard to industrialization and the transfer of real resources to the developing countries.

72. He welcomed the establishment of the Development Committee, but regretted that its composition reflected the economic system which had prevailed to date. Rather than produce studies and undertake research, the Committee should seek ways of imple-



menting the Declaration and the Programme of Action. For it to do otherwise could only be seen as an attempt to perpetuate indefinitely the traditional attitude of the rich countries to development problems. His delegation shared the view that the United Nations and its institutions should participate in the Development Committee and considered that the Economic and Social Council could do much to co-ordinate their efforts in that respect and avoid duplication.

73. While his delegation had reservations concerning some of the comments made at the current meeting concerning the relationship between oil prices and inflation, it was willing to increase its co-operation with the World Bank and supported the efforts of its President in behalf of the developing countries.

*The meeting rose at 12.55 p.m.*

## 1925th meeting

Friday, 18 October 1974, at 3.15 p.m.

*President:* Mr. Aarno KARHILO (Finland).

E/SR.1925

### AGENDA ITEM 3

#### Reports of the World Bank Group (*concluded*) (E/5583)

1. Mr. DIETZE (German Democratic Republic) said that his delegation had outlined its position on some of the substantive matters dealt with in the reports of the World Bank Group during the general debate and would explain its position on other issues when the reports were considered by the Second Committee of the General Assembly. He drew the attention of the Council to the fact that the German Democratic Republic and the Federal Republic of Germany were two independent, sovereign States and should be so designated in World Bank Group and International Monetary Fund (IMF) reports.
2. Mr. LASCARRO (Colombia) said that, in his statement to the Council at the preceding meeting, the President of the World Bank had given a dramatic description of the situation in developing countries, the widening gap between industrialized countries and poor countries, and the urgent need to end the waste of economic resources which was the root cause of inflation and of the current world economic crisis.
3. He endorsed the views expressed by the representatives of Iran and Algeria at the preceding meeting concerning the item under consideration.
4. His delegation attached great importance to the Programme of Action on the Establishment of a New International Economic Order adopted by the General Assembly at its sixth special session, in its resolution 3202 (S-VI), and to emergency and long-term measures in favour of developing countries. He wished to ask the President of the World Bank how the Bank proposed to implement the measures envisaged in the Programme of Action with a view to providing solutions to the alarming decline in official development assistance as a percentage of gross national product and to the apocalyptic situation he had so dramatically described.
5. Mr. QADRUD-DIN (Pakistan) said that, as a low-income country, Pakistan was seriously affected by the current world economic crisis. As it had received substantial economic assistance through the World Bank in recent years, the future policies and activities of the Bank were of great interest to his country. The President of the Bank had referred to the recent im-

provement in commodity prices which had benefited some developing countries, but had forecast a decline in the terms of trade of most of those countries in the future that would erode any quantitative improvement in exports achieved through increased production. He had further stated that the reduction of the growth rate of developed countries as a result of their current external payments difficulties would create great problems for developing countries, since there was a one-to-one relationship between that and a reduction in their own growth rate. The answer to the payments problems of the developed countries did not lie in a recycling of surpluses into short-term securities and bank deposits in those countries. Such measures could provide only short-term palliatives. Urgent, enlightened concrete measures were required to tackle the serious problems facing the international community, and in particular the developing countries. Development assistance was not a luxury affordable only when times were easy; on the contrary, it was a social and moral responsibility and indeed an economic necessity.

6. The process of recycling surplus oil revenues could help in solving the dual problems of inflation and recession in the developed countries, if it led to the creation of expanding markets for their exports. Low-income developing countries had potentially large markets for the capital goods produced in developed countries. That potential could be exploited through enlightened trade policies allowing free access to the markets of developed countries for the products of developing countries. A link must be established between the need to recycle surplus funds and expand markets for the products of both developed and developing countries on the one hand, and development assistance, on the other.

7. In the view of his delegation, the Declaration and the Programme of Action adopted by the General Assembly at its sixth special session provided a framework for such a process. The Special Fund established under the terms of Assembly resolution 3202 (S-VI), for emergency relief and development assistance was of vital importance in that connexion.

8. His delegation hoped that the work of the joint Development Committee established by the Bank and IMF would complement the efforts of the Council to solve the current economic and social problems of the international community.

9. Mr. PERCY (United States of America) commended the President of the World Bank for his accurate assessment of the international economic situation. Solutions to the current complex economic problems would not be achieved by a simplistic analysis of the situation as a struggle between the rich countries and the poorer countries. Realistic and accurate appraisal of world economic conditions would be a contribution to agreement in essence on the world economic situation and would facilitate solution of the problems facing the international community.

10. His delegation agreed that the situation in the poorest developing countries was desperate and called for additional assistance. He commended and encouraged offers of financial assistance by the countries members of the Organization of Petroleum Exporting Countries (OPEC) and would welcome any help from the World Bank in expediting the utilization of such funds, since time was of the essence. Oil-consuming developed countries were at a disadvantage, in that it was impossible for them to change their entrenched reliance on oil overnight. The World Bank should emphasize the importance of conservation of all natural resources including oil, for the benefit of both producer and consumer countries. In that connexion, he commended the measures adopted by certain countries to reduce their oil consumption and to find alternative sources of energy. As the President of the United States had indicated, drastic reduction of oil consumption and conservation of energy were essential in the battle against inflation.

11. Referring to food problems and famine conditions in the world, he said that it was necessary to provide fertilizers and share scientific and technological knowledge in order to improve agricultural yield.

12. In conclusion, he expressed regret that it had not yet been possible to achieve a consensus on the text of the proposed Charter of Economic Rights and Duties of States, and requested the World Bank to look into the problems with a view to bringing its good offices and expertise to bear in an effort to resolve outstanding difficulties.

13. Mr. McNAMARA (President of the International Bank for Reconstruction and Development, the International Development Association and the International Finance Corporation) said that the World Bank Group would give careful consideration to the many important issues raised by members of the Council and would reply to them in detail in due course.

14. Several delegations had referred to the establishment of the Development Committee of the World Bank and IMF. The Ministerial Committee had been formed at the instigation of developing countries. Its purpose was to advise the Governors of the Bank and the Fund concerning the transfer of real resources to developing countries. The Committee had held one meeting to date. It was encouraging that Ministers were prepared to devote time to seeking solutions to development problems. The resolution establishing the Committee had referred to the need to co-ordinate its activities with those of the United Nations, and representatives of the Organization were invited to meetings of the Committee with a view to avoiding duplication or conflict of efforts.

15. With regard to the possibility of arranging more frequent meetings between representatives of the World Bank and the Council, he stated that the Bank was

anxious to provide any technical expertise it could to the United Nations, and particularly to the Council.

16. Referring to the allocation of voting power in the Boards of Governors of the Bank and IMF, he said that both institutions were reassessing their capital structure. He would welcome an increase in the voting power of developing countries through larger subscriptions from the OPEC countries, which had indicated their interest in increasing their voting power in that way. The voice of the developing countries in the World Bank Group had increased dramatically in recent years, as was demonstrated by the emphasis on development in the Group's activities.

17. The agreement concerning the Fourth Replenishment of the resources of the International Development Association (IDA) had not yet been ratified. Since the voluntary contributions which had made it possible to continue operations would be fully committed by the end of the year, IDA would cease to operate early in 1975 unless the replenishment agreement was ratified or additional voluntary contributions were forthcoming.

18. Replying to the question put by the representative of France concerning the five-year programme of the Bank, he said that the first fiscal year of that programme would run until 30 June 1976. Because of the length of the lead time, it was necessary to commit funds beyond that date. It was his intention to proceed on the basis of the programme as drawn up for the next four years while the Board of Directors of the Bank considered the situation.

19. With regard to the question of the representation of China, as had been indicated the previous year, at the resumed fifty-fifth session of the Council (1882nd meeting), the Bank had received a communication from the Government of the People's Republic of China concerning this matter and it had been distributed to the Executive Directors for consideration. Discussions had taken place with the Ambassador of China, who had agreed to transmit the Bank's request for clarification on certain matters to his Government and to inform the Bank of its response. No reply had been received to date. Representatives of the Bank were prepared to meet Chinese officials at any time, anywhere and at any level.

20. With regard to conservation, he expressed the personal view that action to conserve resources was one of the few activities which could be undertaken without cost to developed countries and which would benefit developing countries.

21. In response to the request by the representative of the United States, he said that, if the United Nations asked the Bank to provide assistance with a view to achieving agreement on the proposed Charter of Economic Rights and Duties of States, he would be prepared to make recommendations to the Board of the Bank to that end.

22. Referring to the concern expressed by delegations concerning the proliferation of development funds, he agreed that existing institutions should be able to adapt to meet new circumstances and so avoid unnecessary proliferation of funds.

23. Concerning the world food situation, the Bank would assist in the implementation of any action agreed at the forthcoming World Food Conference to be held in November in order to expand food production.

24. As to the possibility of the Bank's acting as an executing agency for the United Nations Special Fund,

he would wish to discuss that with the Board of Directors, but he was sure, as he had already indicated to various United Nations officials, that the Bank would be unreservedly prepared to assume that role.

25. The PRESIDENT said that, if there were no objections, he would take it that the Council decided to take note with appreciation of the reports of the World Bank Group (E/5583).

*The decision was adopted [decision 54 (LVII)].*

#### AGENDA ITEM 11

##### **Report of the Economic Commission for Western Asia on its first special session (E/5589)**

26. Mr. CORDOVEZ (Secretary of the Council) recalled that the Economic Commission for Western Asia (ECWA) had informed the Council at its fifty-seventh session that the Commission would hold a special session to consider the question of the site of its permanent headquarters. At the special session, held on 9 and 10 September 1974, the Commission had adopted resolution 6 (S-I) on the site of its headquarters, which was reproduced in chapter III of its report (E/5589). The Secretary-General was ready to make the necessary arrangements to enable the Government of Lebanon to implement the resolution, which required endorsement by the Council before being submitted for appropriate action to the Assembly and to the authorities concerned.

27. The PRESIDENT invited the observer for Lebanon to address the Council.

28. Mr. GHORRA (Observer for Lebanon) said that he wished to make a brief statement on the report of ECWA on its first special session, which dealt mainly with two questions, namely, the site of the headquarters of the Commission and the role of the United Nations Development Programme (UNDP) in regional development.

29. During the debate on resolution 6 (S-I), the Minister for Foreign Affairs of Lebanon had declared that the Government of Lebanon would offer to the Commission all the necessary facilities, material and moral, to enable it to function properly. The Executive Secretary of ECWA had submitted to the Government a memorandum detailing the Commission's requirements. Substantial progress had already been achieved regarding the legal aspects of a "headquarters agreement", in accordance with the practices of the United Nations, which it was hoped could be signed in the not too distant future. The Government of Lebanon had appointed a committee to study the physical aspects of the requirements; the committee was looking most favourably into those requirements, and it was hoped that a final decision would be taken on the basis of the Foreign Minister's commitment to the Commission as soon as a new Government was formed.

30. The Government of Lebanon had embarked on a scheme to establish a United Nations centre at Beirut. It had already bought sufficient land on which to erect buildings to house several agencies which had national or regional offices at Beirut and other prospective agencies, and had also taken decisions to provide the United Nations with long-term interest-free loans to finance their construction. A centre for international conferences would be built. The Government hoped that ECWA would in due course decide to make its permanent headquarters at Beirut, and arrangements were being made with that prospect in mind.

31. Lebanon had steadfastly supported the United Nations since its inception and had faithfully adhered to the principles of the Charter. Its initiative to reactivate an old proposal to establish an economic commission for the Middle East region had stemmed from its desire to serve that region and to promote the role of the United Nations. It was convinced that ECWA would play a significant role in the acceleration of the development process in the countries covered by its activities and would provide an added impetus to the United Nations global development programmes. The establishment of the Commission coincided with a financial and economic boom in those countries, and its programme of action, approved by the Council at its fifty-seventh session, although modest in comparison to available potentialities, nevertheless marked a step forward in involving the region more effectively in the over-all activities of regional and international co-operation under the auspices of the United Nations.

32. Resolution 7 (S-I) dealt with UNDP regional and intercountry projects. At the seventeenth session of the Governing Council of UNDP, in January 1974, some delegations, including his own, had stressed the need for UNDP to give more importance to the regional aspects of development. Only 11 per cent of the funds for regional projects had been allocated to the whole Europe, Mediterranean and Middle East region embracing developed, less developed and developing countries.

33. The resolution stressed another need, that of establishing a special UNDP office to serve the Arab States as a group. The new opportunities offered in the Middle East made regional planning and development attractive. UNDP might therefore have to find new criteria in order to make the necessary adjustment both in allocation of funds and in servicing regional or sub-regional planning and development. It had been one of the main contentions of the countries of that region, when proposing the establishment of ECWA, that the region had long been underprivileged within the framework of the United Nations. Everyone could recognize the importance of the region and the role it could play in the global development effort, if given an opportunity to develop in conditions of peace and stability. The role to be played by the Commission in regional co-operation would therefore be viewed with particular interest. The peoples and Governments of the area had at long last reached an era of financial abundance. Their attention was directed principally to satisfying their legitimate development needs and to sharing in the developmental activities of the developing countries. The United Nations agencies, especially UNDP and ECWA, had a unique opportunity to help to turn that financial abundance into concrete development projects which would contribute to raising the standard of living of the people of the area.

34. The PRESIDENT suggested that the Council decide to take note of the report of ECWA on its first special session (E/5589) and to endorse Commission resolution 6 (S-I), entitled "Site of the headquarters of the Commission".

*The decision was adopted [decision 55 (LVII)].*

##### **Human rights questions: allegations regarding infringements of trade union rights (E/5588)**

35. The PRESIDENT drew attention to a note by the Secretary-General on allegations regarding infringements of trade union rights in Bahrain (E/5588), which

had been submitted to the Council in accordance with the relevant statutory provisions. He therefore suggested that the Council should decide to transmit the communication from the World Federation of Trade Unions, which was annexed to the Secretary-General's note, to the *Ad Hoc* Working Group of Experts estab-

lished under resolution 2 (XXIII) of the Commission on Human Rights and to request the *Ad Hoc* Working Group to include its findings on the matter in its report to the Council at its fifty-eighth session.

*It was so decided.*

*The meeting rose at 4.15 p.m.*

## 1926th meeting

Tuesday, 19 November 1974, at 3.15 p.m.

*President:* Mr. Aarno KARHILO (Finland).

E/SR.1926

### AGENDA ITEM 5

#### World Population Conference (E/5585 and Corr.1)

1. The PRESIDENT recalled that at its 1890th meeting, held on 10 January 1974, the Council had decided to include the report of the World Population Conference as an item in the agenda of the Council's resumed fifty-seventh session in order that the report might be considered by the General Assembly at its twenty-ninth session and be given further consideration in depth by the Council at its fifty-eighth session. He therefore suggested that the Secretary-General of the World Population Conference should be asked to make an introductory statement, that the Council should take note of the report (E/5585 and Corr.1) and transmit it to the General Assembly for consideration at the current session, on the understanding that the report would be considered in depth by the Council in 1975.

2. Mr. CARRILLO FLORES (Secretary-General of the World Population Conference) said that the World Population Conference, held in Bucharest from 19 to 30 August 1974, had been attended by representatives of the organizations of the United Nations concerned with population and related matters, representatives of the Organization of African Unity and the League of Arab States, and representatives of 137 States and four national liberation movements. The participants had thus represented 98 per cent of the world population.

3. A summary of the general debate of the plenary Conference was to be found in chapter IV of the report (E/5585 and Corr.1). He wished to make the following general comments.

4. First, there had been general recognition of the great diversity of situations from country to country and region to region and at the same time a feeling of world solidarity, although all States had energetically defended the sovereign right of States to define their own population policies. Secondly, the Declaration on the Establishment of a New International Economic Order (resolution 3201 (S-VI)), adopted by the General Assembly at its sixth special session, had had a strong impact on the Conference. At the same time, the strongest divergences of views that had appeared had related precisely to the new economic order, as was clear from the statements made by developed countries after the adoption by consensus of the World Population Plan of Action. Thirdly, the problem of popula-

tion growth was felt with differing degrees of urgency in different developing countries. Fourthly all the participants had agreed that population policies must be supported by vigorous and balanced economic and social development. All the specific recommendations on population policy had been adopted by a consensus of all the participants except for the Holy See. Fifthly, there had been general agreement that the fundamental rights and freedoms of the human being must be respected, although there had been wide differences of view as to what that entailed. Sixthly, the industrialized countries also had population problems, mainly connected with the emergence of enormous urban centres, and they had expressed concern about the effects of unskilled labour and technology on the environment and traditional values of their countries.

5. The Conference had divided its work between three main committees, dealing with the following agenda items respectively: population change and economic and social development; population, resources and the environment; and population and the family. It had also established a working group to consider the World Population Plan of Action on the basis of the draft submitted by the Secretary-General. The Conference had adopted 21 resolutions and 4 recommendations, which were to be found in chapter II of the report. The World Population Plan of action itself, which was set out in chapter I, combined the results of all the work done in the Committees and in plenary meetings. The original draft of the Plan had been prepared by the Secretary-General of the United Nations in collaboration with a group of experts, and it had been discussed at five regional meetings before the Conference had opened. In the form in which it had been adopted by the Conference, the Plan retained its original structure and much of the original content, but a new section on socio-economic policies had been added, thus significantly extending the scope of the Plan.

6. It had been recognized in all the documentation of the Conference that population policy could be viable and beneficial only if it fitted into a framework of social and economic policies to improve standards of living and the quality of life of the people. Perhaps the main message of the Conference had been to emphasize that interrelationship. From personal observation he could say that the representatives of Governments had not confined themselves to the areas which scientists and experts had defined as proper to population policy. Nevertheless, population policy had been recognized as a legitimate area for Government action.



7. The Secretary-General's draft had underlined the sovereign right of States to decide whether to adopt a population policy. The Conference had emphasized that point even more strongly, but at the same time it had reaffirmed that international co-operation, by such organizations as the United Nations Fund for Population Activities and the Population Division, was not incompatible with national sovereignty if such co-operation was extended at the request of the countries concerned. In the Plan of Action such co-operation was conceived as part of the efforts of the international community to achieve the purposes laid down in Article 1, paragraph 3, of the Charter of the United Nations relating to economic development and promotion of respect for human rights.

8. He outlined the background of the Plan of Action, set out in chapter I, section A, of the report and emphasized that the explicit aim of the Plan was to co-ordinate population trends and trends of economic and social development, raise life expectancy and reduce morbidity and mortality levels. Owing to the phenomenon of demographic inertia in young populations—the lag between a decline in fertility levels and the time when that decline was reflected in a slowing down of population growth—the Conference had recognized the necessity of accelerating social and economic development.

9. The principles and objectives of the Plan of Action were set out in chapter I, section B, and the recommendations for action were to be found in section C. Section C opened with the encouraging statement that the world-wide rate of population growth would decline from 2 per cent to about 1.7 per cent by 1985. However, the question of quantitative goals had given rise to considerable discussion at the Conference and was hardly mentioned in the recommendations for action. It was referred to by implication in paragraph 17 and directly in paragraph 37, which contained the statement that nothing in the Plan of Action should interfere with the sovereignty of any Government to adopt or not to adopt such quantitative goals for 1985.

10. The most important recommendations related to the status of women and their integration in society and in development. Nevertheless, there was no specific recommendation on a closely related question, the number of children which couples or individuals should decide to have. The basic right to obtain the information and the means to regulate fertility was reaffirmed, but no date was set for the full implementation of that right, even though measures to that end were recommended in paragraph 29, which placed the whole question on the elevated level of respect for human rights. The family was recognized as the basic unit of society and Governments were enjoined to assist families to fulfil their role in society.

11. Paragraphs 44 to 50 were devoted to population distribution and internal migration. Both in the plenary meetings and in the committees, much thought had been given to the need to include the rural areas in planning for industrial development and economic activities, and also in the planning of the distribution of social services. It was stated categorically in paragraph 46 (*d*) that population distribution patterns should not be restricted to a choice between metropolitan and rural life: efforts should be made to establish and strengthen networks of small and medium-sized towns to relieve the pressure on the large towns

while offering an alternative to rural living. As a natural concomitant, intensive programmes of economic and social improvement were recommended for the rural areas.

12. In the section on international migration (paras. 51-62), the problems were envisaged largely from the angle of human rights, and Governments were urged to take practical and humanitarian measures to deal with the problems of migrant workers. In particular, countries affected by significant numbers of migrant workers were urged to conclude bilateral and multilateral agreements to regulate migration, protect and assist migrant workers, and protect the interests of the countries concerned. The section also contained a number of recommendations relating to the brain drain.

13. In the section on the promotion of knowledge and policies (paras. 71-95), the importance of data collection and analysis for economic planning was emphasized, and it was recommended that countries should take a population census between 1975 and 1985. The Plan of Action gave high priority to research activities, particularly to those that were important for the formulation, evaluation and implementation of population policies. Special emphasis was placed on family studies, the use and improvement of fertility regulation methods, and the incidence, causes and treatment of sterility, when applicable.

14. In chapter I, section D of the Plan of Action it was noted that the success of the Plan would largely depend on the actions undertaken by national Governments, which were urged to utilize fully the support of intergovernmental and non-governmental organizations, with the proviso that national policies should reflect universally accepted standards of human rights.

15. In the section on the role of international co-operation (paras. 100-106) it was asserted that international co-operation, based on the peaceful coexistence of States having different social systems, should play a supportive role in achieving the goals of the Plan of Action. United Nations bodies were urged to give careful consideration to the Plan and to ensure an appropriate response to it. Developed countries and other countries able to do so were urged to increase their assistance to developing countries and it was recognized that considerable expansion of international assistance would be required. Countries sharing similar population conditions and problems were invited to consider jointly the Plan of Action, exchange experience and elaborate those aspects of the Plan that were of particular relevance to them. Considerable attention had been paid to that recommendation, which had been in the Secretary-General's draft, at the consultations prior to the Conference.

16. The concluding section (chap. I, paras. 107-109) was concerned with monitoring, review and appraisal of the Plan of Action; it was urged that those activities should be closely co-ordinated with those of the International Development Strategy and any new international development strategy that might be formulated.

17. Several of the resolutions adopted by the Conference had not been included explicitly in the Plan of Action and appeared in chapter II of the report. For instance, the Conference had recommended that Governments should lend maximum support to the formulation of the Charter of Economic Rights and Duties of States (resolution III) and solemnly proclaimed its

firm determination to act to create a more equitable world (resolution V); and in resolution IX, on inter-relationships between population, development, resources and environment, recommended that facilities for central research services be provided in a co-ordinated manner within the United Nations system taking into account the role of the United Nations Environment Programme (UNEP). Resolutions on decolonization (resolution XVIII) and against *apartheid* and racial discrimination (resolution XIX) had been adopted by the plenary Conference without reference to a committee.

18. There had been no item on institutional matters on the Conference's agenda and the possibility of establishing a new agency had not been discussed. The World Population Plan of Action therefore did not contain any recommendation on that point.

19. Several meetings and exhibits connected with population matters had been organized in connexion with the Conference. The International Youth Population Conference had met from 11 to 15 August 1974, and had been followed by the Population Tribune, in which the World Federation of United Nations Associations had participated and which had been organized by the non-governmental organizations in consultative status with the Economic and Social Council. There had also been an Encounter for Journalists on Population from 15 to 17 August, and a number of related events and seminars had also been organized.

20. The World Food Conference, which had just been held in Rome, from 5 to 16 November, had adopted a resolution on achievement of a desirable balance between population and food supply (resolution IX), in which it called upon all Governments and peoples to support, for a longer-term solution, rational population policies relevant to national needs within a strategy of development, which would ensure the right of all couples, freely and responsibly, to determine the spacing and size of their own families.

21. In conclusion, he thanked the Secretary-General and his colleagues for their help in preparing the World Population Conference, and expressed his gratitude to the Romanian Government for its generous hospitality and efficient assistance.

22. The PRESIDENT, speaking on behalf of the Council, expressed his deep appreciation to the Secretary-General of the World Population Conference for having discharged his task with vision, efficiency and statesmanship.

23. Mr. BARCELO (Mexico) welcomed the fact that, through the effort and goodwill of all participants at the Conference, it had been possible to adopt by consensus a World Population Plan of Action which reflected the various views expressed and the aspirations of the third world.

24. The Mexican Government had introduced significant constitutional reforms to ensure that women and men enjoyed the same legal status, as well as laws to implement those reforms. The objective was to ensure the full integration of Mexican women into the development process, as was called for in paragraph 32 (b) of the World Population Plan of Action. His Government wished to establish the family as the vital nucleus of society and to protect the organization and development of the family, to which end a new constitutional provision established the right of persons to determine in a free, informed and responsible manner the number and spacing of their children, in keeping with para-

graph 29 (a) of the Plan of Action. The Mexican delegation to the Conference had participated actively in the elaboration of that paragraph and of the section of the Plan of Action entitled "Reproduction, family formation and the status of women" (paras. 27-43) as a whole.

25. Mexico's population policy sought to stabilize population growth through the prudent use of rational measures consistent with respect for freedom and justice, the pursuit of national development and the well-being of the population.

26. He hoped that, once Governments had thoroughly reviewed the report and expressed their views on it and on the question of monitoring, review and appraisal raised in paragraphs 107 to 109 of the Plan of Action, it would be possible to take further steps to implement the measures adopted by consensus at the Conference.

27. Mr. ENE (Romania) said that the fruitful work accomplished at the Conference was only the beginning of a process which should be pursued using all the means at the disposal of the United Nations and, in particular, the Economic and Social Council and its subsidiary bodies. The fact that goodwill and understanding had prevailed had made it possible to adopt all the Conference documents by consensus. In following up the process initiated at Bucharest, the Council must continue to be guided by the principle that the human being was the supreme value of the world and its population the most precious treasure of every country, as was recognized in resolution V of the Conference. That resolution also stressed the need for closer international co-operation, particularly through the United Nations system, in order to build a more just world. His delegation welcomed the inclusion of population problems among the basic concerns of the United Nations and hoped that further efforts would be made to cope with those problems on the basis of the recommendations adopted by the Conference.

28. Mr. PAVLOV (Union of Soviet Socialist Republics) said that population questions were regularly discussed in the economic bodies of the United Nations because they played an important part in the solution of the socio-economic problems of various countries. The socialist countries adopted a Marxist-Leninist approach to the issue: demographic change depended on the development of productive forces and the nature of production relations. The position of the Soviet delegation at the World Population Conference had reflected its recognition of the need for a realistic approach to the problem.

29. At the Conference it had been generally felt that social and economic development was the principal factor in population growth-rate changes. Nevertheless, any population policy must be formulated by Governments independently without external pressure. The World Population Plan of Action could serve as a basis for working out practical measures, bearing in mind the particular circumstances of individual countries. The substantial amendments made to the original draft Plan of Action had improved it considerably. Nevertheless, the interrelationship between demographic and socio-economic processes was not always fully reflected. Population must not be seen as a purely quantitative parameter.

30. The positive provisions of the Plan were those relating to the use of socio-economic measures to solve population problems, the need for socio-economic reforms in the developing countries in order to bring development and demographic processes into line, and

the provisions based on the decisions of the sixth special session of the General Assembly relating to the equalization of trade and economic relations between the developed capitalist countries and the developing countries. His delegation had proposed a positive provision that the attainment of national independence, and the elimination of foreign and colonial domination, aggressive wars, racial discrimination and all forms of neo-colonialism were essential conditions for the progressive development of society. He expressed satisfaction that, following a proposal by the socialist countries, the theme of International Women's Year would be "Equality, Development and Peace".

31. In the socialist countries, a successful effort had been made to create conditions in which every member of society would be a conscious participant in the general drive for human progress. The demographic situation had also changed: mortality had dropped and people were living longer. Rapid improvements in education and high employment levels had also resulted in a substantially lower birth-rate, although no special action had been taken in the Soviet Union to reduce the population growth-rate artificially. Families decided for themselves how many children they wanted and the State protected and encouraged motherhood. Possibilities were provided for regulating the number of children in the family.

32. An objective assessment of the existing demographic situation and the scientific assessment of future prospects must not be confused with alarmist intimidation or unfounded assertions that there were no problems.

33. International co-operation could play an important part in achieving the aims of the World Population Plan of Action. His delegation therefore welcomed the fact that the Plan of Action reflected the need to develop international relations based on the principle of peaceful coexistence of States with different social systems. His delegation also supported the basic idea in the Plan that true development was possible only in conditions of total independence. It was therefore vital to implement those decisions of the Conference whose purpose was to remove the barriers to the progress of the developing countries. Accelerated socio-economic progress would create the proper conditions for raising the standard of living of the population and changing its attitude to reproduction.

34. The Soviet Union and the other socialist countries were helping to ensure the full political and economic independence of the developing countries. Closely related to that issue was the proposal made by the USSR at the twenty-eighth session of the General Assembly (agenda item 102) that States permanent members of the Security Council should reduce their military budgets by 10 per cent and use part of the funds thus saved for assistance to developing countries.

35. The socialist countries were building their relations with the countries of Africa, Asia and Latin America on the principles of strict observance of sovereignty, equality, non-interference in domestic affairs, and mutual advantage. The Soviet Union was ready to co-operate with any country to accelerate progressive socio-economic development.

36. Mr. CHENG Yu-kuei (China) said that, at the World Population Conference, representatives from third-world countries and liberation organizations, perpetuating the militant spirit of unity against hegemony demonstrated at the sixth special session of the Gen-

eral Assembly, has stressed that the basic way to solve population problems was to persist in the struggle against the aggression and plunder—the causes of unemployment, starvation and poverty—perpetrated by the forces of imperialism, colonialism and neo-colonialism, particularly the super-Powers, and to eliminate inequality in international economic relations, fight for and safeguard national independence, and develop the national economy and culture through self-reliance. They had convincingly refuted the reactionary demographic theories of Malthus and all the pessimistic views of the super-Powers. It had been recognized that people were the world's most precious resource. The representatives of many third world and second world countries had emphasized that the formulation and implementation of population policies were the sovereign right of each country.

37. Although those important points had been partly reflected in the World Population Plan of Action, which his delegation basically supported, that document had a number of defects on matters of principle, owing to sabotage by the super-Powers. The Plan of Action failed to elaborate fully on the root cause of unemployment, poverty and other population problems or on the correct ways to solve them. Although it affirmed the principle of respect for the sovereignty of all countries, it set targets for restricting population growth and used them as a basis for review and appraisal; that was tantamount to interference in the internal affairs of States. The United Nations could organize the exchange of experience and multilateral co-operation with respect to population problems, but should not provide leadership and guidance in that area. Furthermore, the super-Powers' pessimistic views concerning a so-called population explosion appeared in many paragraphs of the document. Certain expressions which had been used were also inappropriate.

38. His delegation understood the well-intentioned desire of small and medium-sized countries for true disarmament. However, he objected to the assertion in the report of the Second Committee that support had been expressed for United Nations resolutions concerning the reduction of military budgets and the channelling of the resources thus saved to the promotion of development. That assertion was nothing but deceptive propaganda spread by a super-Power which had been increasing its weapons supply without abatement for more than a decade. Its wanton aggression and threats against other countries had become a major obstacle to the independent development of the third-world countries.

39. So long as the people of the third world and other countries strengthened their unity and persisted in their struggle, they would win new victories against imperialism and hegemony.

40. Mr. DIETZE (German Democratic Republic) said that the World Population Conference and its outcome were clear proof that with a continuing improvement of the international situation it was possible to tackle the burning issues of international life. That was also how his delegation viewed the renewed call in the World Population Plan of Action for the development of international co-operation based on the peaceful coexistence of States having different social systems. It was in the interests of mankind and of a truly humanitarian population policy to safeguard peace, put an end to the arms race and conclude disarmament agreements.

41. The report of the Conference (E/5585 and Corr.1) made it clear that demographic processes were very complex and were closely related to prevailing



social and economic conditions. Demographic problems could be solved only if those relationships were taken into account when setting population policy objectives. In the German Democratic Republic, the welfare of the people was declared government policy—a policy which sought to raise further the material and cultural standards of living by a rapid development of production, science, technology and labour productivity. The socialist system of society ensured a systematic improvement of the people's standard of living, and provided social security and free development of the individual. It also provided a guarantee of certain civil rights.

42. The experience of the socialist States had shown that population growth need not be an obstacle to economic and cultural development. It corroborated, in fact, the view that the way to solve the population problem of the developing countries was to raise the standard of the productive forces while effecting a gradual socio-economic transformation. Colonial oppression and neo-colonialist exploitation delayed or prevented the development of socio-economic conditions that would enable the developing countries to create better living conditions for all their people. His country therefore supported the developing countries in their struggle for economic independence and for the final elimination of all forms of open or disguised imperialist exploitation. It was important to implement the principles of international co-operation formulated in the Declaration adopted by the General Assembly at its sixth special session, and to establish an equitable international economic order.

43. The recommendations on population policy contained in the documents of the World Population Conference were useful and might provide an appropriate basis for the formulation of national population policies and the development of international co-operation in population matters.

44. His delegation deplored the fact that the Provisional Revolutionary Government of South Viet-Nam had not been invited to the Conference. The discriminatory treatment of the Republic of South Viet-Nam had also prevented the Democratic Republic of Viet-Nam from taking part, thus prejudicing the universality of an important international forum. His delegation hoped that such relics of the cold war era would be finally overcome.

45. Mr. MARSHALL (United States of America) said that, although it might be a decade or more before the accomplishments of the World Population Conference could be fully judged, it was not too early to conclude that the Conference had been a remarkable success. It had clearly carried out the purposes for which it had been convened.

46. In 1974 population was recognized as an integral part of the quality of life of all people. The proclamation of 1974 as World Population Year and the participation of 137 Governments in the World Population Conference indicated that the international community recognized population questions as a matter of global concern. As President Ford had said, the world knew very little about the ways to deal with consequences of population growth. That problem must remain one of the primary concerns of the international community for the rest of the century.

47. Miss GHOSE (India) endorsed the President's suggestion that the report of the Conference should be transmitted to the General Assembly for action. Although the report could be studied carefully at the fifty-

eight session of the Economic and Social Council, the General Assembly must give due consideration to appropriate follow-up action.

48. Mr. GAJENTAAN (Netherlands) said that the results of the Conference were illustrated by the way in which it was possible to speak of the message and spirit of Bucharest, so well formulated by the Secretary-General of the Conference in his statement. His delegation looked forward to the further consideration of the report of the Conference at the fifty-eighth session. The intervening period would allow Governments to digest fully the contents and conclusions of the report and consider appropriate follow-up action.

49. The PRESIDENT suggested that the Council might wish to adopt a draft decision reading:

*"The Economic and Social Council*

"1. Takes note of the report of the World Population Conference (E/5585 and Corr.1);

"2. Expresses its gratitude to the Government of Romania for its kind hospitality in acting as host to the World Population Conference, 1974;

"3. Expresses its appreciation to the Secretary-General of the World Population Conference for the effective preparation and organization of the Conference;

"4. Recalls that the Council at its fifty-eighth session will study in depth the report of the World Population Conference;

"5. Transmits the report of the World Population Conference to the General Assembly at its twenty-ninth session."

*The decision was adopted [decision 57 (LVII)].*

#### REVISION OF THE AGENDA

**Request for the inclusion of an additional item in the agenda: item proposed by the Secretary-General (E/L.1615)**

50. The PRESIDENT invited the Council to consider the note by the Secretary-General (E/L.1615) on the revision of the agenda as adopted at the 1622nd meeting.

51. Mr. CORDOVEZ (Secretary of the Council) informed the Council that, since provision for the international conference to be held during the International Women's Year had been made in the performance report on the 1974-1975 budget, a statement of financial implications was not required at that time. The estimates had been made on the assumption that the conference would be held at Headquarters; pursuant to General Assembly resolution 2609 (XXIV), sessions could be held away from Headquarters when a Government issuing an invitation had agreed to defray the actual additional costs directly or indirectly involved. It was the Secretary-General's understanding that if the Conference were held in Mexico the additional costs would be met by the Government of Mexico.

52. The PRESIDENT suggested that the Council accept the proposal by the Secretary-General that, under rule 17 of the rules of procedure, the agenda of the resumed fifty-seventh session, as adopted at the 1622nd meeting, be revised by adding an item entitled: "International conference to be held during the International Women's Year: question of the change of venue of the Conference", and that the Council consider the new item forthwith.

*The revised agenda was adopted.*



## AGENDA ITEM 12

**International conference to be held during the International Women's Year: question of the change of venue of the Conference (E/L.1615, annex)**

53. The PRESIDENT said that if there were no objections he would take it that the Council decided to accept with appreciation the invitation of the Govern-

ment of Mexico to act as host to the Conference (see E/L.1615, annex), which would be held from 23 June to 4 July 1975 during the International Women's Year.

*The decision was adopted [decision 58 (LVII)].*  
54. Mr. BARCELO (Mexico) assured the Council that his Government would do everything possible to ensure the success of the Conference.

*The meeting rose at 5 p.m.*

## 1927th meeting

Tuesday, 26 November 1974, at 10.50 a.m.

*President:* Mr. Aarno KARHILO (Finland).

E/SR.1927

### *Tribute to the memory of U Thant, former Secretary-General of the United Nations*

1. The PRESIDENT paid tribute on behalf of the members of the Council to the memory of the former Secretary-General of the United Nations. U Thant had devoted all his energies to the pursuit of the economic and social objectives of the Organization. He had been deeply sensitive to humanitarian and human rights questions but had also made the United Nations aware of the problems of development. He had believed that economic development was an integral part of international co-operation and that the economic and social well-being of mankind constituted the common concern of all Member States.

2. Mr. de SEYNES (Under-Secretary-General for Economic and Social Affairs) said that the staff of the Secretariat and he himself had been saddened by the news of U Thant's death.

3. The attainment by a citizen of the third world of the highest office in the United Nations had been an event in itself and had helped to develop reflection and awareness within the Organization. The former Secretary-General had further strengthened the commitment of all the members of the Secretariat to the third world. No one could be indifferent to the warmth of his personality, his natural kindness and his faith in the destiny of mankind, which had been a constant source of inspiration to all.

*On the proposal of the President, the members of the Council observed a minute of silence in tribute to the memory of U Thant, former Secretary-General of the United Nations.*

### AGENDA ITEM 4

#### **Report of the International Monetary Fund (E/5584)**

4. Mr. WITTEVEEN (Managing Director of the International Monetary Fund), introducing the annual report of the Fund (IMF), said that since he had spoken to the Council a year earlier, at the resumed fifty-fifth session (1883rd meeting), there had been great turmoil in the international economic situation. Everywhere inflation continued apace, while signs of recession were emerging in some major countries and massive imbalances had developed in international pay-

ments. The international economic institutions had not confronted such a set of complex and grave problems since their foundation.

5. Because of the international character of those difficulties, every Government had to undertake determined and persistent application of remedial action, taking due account of its repercussions on other countries. More than ever before, economic interdependence required national policies to make a positive contribution towards global solutions and the burden of adjustment to changing circumstances to be shared by individual nations in proportion to their economic strength. It was well known that many of the developing countries most severely affected by recent developments did not possess the reserves of economic strength to carry out those adjustments by themselves without causing the most serious economic and human consequences.

6. At their Annual Meeting the Governors of IMF had universally recognized that the need for international co-operation, both to harmonize national actions and to relieve situations of extreme distress, had never been more compelling. The Fund was intensifying its efforts, through close consultations with members and through its system of balance-of-payments financing, to promote national policies conducive to a solution of the world-wide problems faced by all, and was giving particular attention to facilitating the transfer of real resources to its economically weaker members.

7. IMF would be strengthened in its task in the coming period by the establishment of two new committees, the Interim Committee of the Board of Governors of the Fund on the International Monetary System and the Joint Ministerial Committee of the Boards of Governors of the World Bank and the Fund on the Transfer of Real Resources to Developing Countries, whose short title was the Development Committee. A very important feature of the composition of both Committees was that it had been based on the constituencies of member countries that appointed or elected Executive Directors, so that practically all member countries, developed and developing, were represented.

8. The work of the Development Committee should help IMF, the World Bank and the international community generally to deal more effectively in both the short term and the longer term with some of the problems of developing countries. The Committee had agreed at its first meeting that the immediate focus of

its work would be on the analysis of the situation of the most seriously affected developing countries and the least developed countries and of measures to adjust to the new international outlook for commodity prices. The Fund would do all it could to ensure that the Chairman of the Committee, Mr. Henri Konan Bédié, and its Executive Secretary, Mr. Henry J. Costanzo, received the support needed to pursue that important work.

9. The Interim Committee, which was intended to become a permanent council of IMF by amendment of the Fund's articles, would have the task of reporting to and advising the Board of Governors in connexion with the management and adaptation of the international monetary system. It would add to the Fund's structure a new forum of national financial leaders, who would help to bring the political judgement of members more closely to bear upon the problems at the centre of the Fund's concerns. The Committee at its first meeting at the beginning of October had set out for itself a programme of work which reflected very closely the current concerns of the Fund's membership. In the context of the recycling issue, the Committee had asked the Executive Directors of the Fund to consider, as a matter of urgency the adequacy of existing private and official financing arrangements, to report on the possible need for additional arrangements, including enlarged financing arrangements through the Fund, and to present for consideration by the Committee proposals for dealing with the problem. The Committee had also stated its intention to discuss as a matter of priority the adjustment process, quotas in the Fund, and amendments to the Fund's articles, including amendments on gold and the link between the allocation of special drawing rights (SDRs) and the provision of development assistance.

10. At the Fund's annual Meeting early in October 1974, there had been a general consensus that the world economy was in the throes of a very difficult and serious situation, even apart from the massive disequilibrium in international payments. The evidence that had accumulated since then had reinforced those views on the gravity of the situation. The rate of price inflation remained very high, while trends in real activity were considerably weaker than had been generally expected some months earlier.

11. Discussions at the Annual Meeting had highlighted the widespread concern that member countries felt about inflation. They considered the current rates of price increase intolerable and believed that failure to contain inflation would pose a major threat to their collective well-being. At the same time, with current growth rates in the major industrial countries low or negative, programmes to fight inflation encountered the painful dilemma of attempting to make significant progress on the price front without pushing the economy into severe recession. The task that national authorities faced in walking that tightrope was all the more difficult because of the economic instability arising from the unprecedentedly large deficits in the current account positions of oil-importing countries.

12. It seemed that the policy intentions of most Governments followed the lines suggested in the annual report of the Fund. They were generally prepared to accept subnormal growth rates over an extended "cooling-off" period for the purpose of reducing inflationary pressures and changing the prevailing inflationary psychology. They were willing to incur the risks involved

in such a policy approach, but had ruled out severe recession and massive unemployment as a method of controlling inflation. In order to avoid such unacceptable conditions, national authorities would have to watch the changing economic situation very closely and very carefully, with a readiness to adapt their policies as soon as it seemed desirable, taking account both of time-lags in the effectiveness of policy instruments and of the interdependence of developments in different countries. Furthermore, whenever policies of relaxation or reflation seemed clearly indicated, it would be crucially important to avoid over-reacting, inasmuch as resorting to sharply expansionary measures of the kind often adopted in the past could easily revive or intensify inflationary pressures and expectations. Especially with regard to the interdependence of the policies of different countries, consultations within the Fund could be of great importance in the current situation. The Fund staff was engaged in special consultations with a number of member countries and that would help it to prepare an analysis of the world economic outlook for discussion in the Interim Committee.

13. With regard to the question of balance-of-payments adjustment and financing, he said that in the Fund's annual report the 1974 balance-of-payments surplus on current account of the major oil-exporting countries had been estimated at \$65 thousand million, representing an increase of some \$60 thousand million over their 1973 current account surplus. That estimate had been made some months earlier, but more recent information on the prices of crude oil and the volume of oil exports did not suggest that it should be modified greatly. The reasons why higher oil prices had had such a dominant impact on international payments had become well known: oil was the single most important commodity in international trade in terms of value; in the short run, the elasticities of demand for oil and of supply of alternative sources of energy were low, and the enlarged oil incomes were concentrated in a small number of countries, with very small populations, whose expenditure on imports could not approach the prospective build-up in their export earnings for some time.

14. In those circumstances, IMF and the international community generally had a twofold responsibility. First, it was necessary to determine which kinds of policy were conducive to an appropriate world adjustment pattern, and which were not. Secondly, members should be able to finance their oil deficits in the short run, for an attempt by oil-importing countries, as a group, to eliminate the deficit arising from higher oil prices too quickly through excessively deflationary demand policies, restrictions on trade and payments, or general resort to exchange rate depreciation would be extremely dangerous. Such measures could only shift the payment problems from one country to another and would damage world trade and economic activity. Fortunately, that had already been widely recognized at the Rome meeting of the Committee of 20 January 1974. Subsequently, when that Committee had agreed on a programme of immediate action in June 1974, it had included in the programme a declaration by which countries could pledge themselves in a voluntary basis not to introduce or intensify trade or other current account measures for balance-of-payments purposes without a finding by the Fund that there was balance-of-payments justification for such measures. So far, 12 member countries, holding about 40 per cent of the voting power in the Fund, had made that pledge. While adoption of the declara-

tion was voluntary, he urged other members to follow their example.

15. In the course of 1974 private financial markets had provided the principal means for absorbing capital flows reflecting the surpluses of the oil-exporting countries and the counterpart deficits of the oil-importing countries. The oil-exporting countries had also provided financing directly or through a number of existing or newly established institutions. They had made substantial commitments to economic assistance for developing countries. However, for a large part of those commitments the rates of disbursement had understandably been slow. Although disbursements were likely to increase with time, they could not be expected to assume large proportions within a short period. As the Council was aware, IMF itself, applying the conclusions of the Rome meeting, had set up a special oil facility to help members to cope with the deterioration in their payments positions. For that purpose, the Fund had arranged to borrow approximately SDR 3 thousand million from several oil-exporting and other countries. Under that facility the Fund had to date provided financial assistance of SDR 1.1 thousand million for 29 countries. Considerably further use of that facility was expected in the weeks to come.

16. In general, it could be said that those arrangements had so far helped the countries concerned to avoid severely deflationary policies and competitive exchange rate action. While some countries had tended to tighten their restrictions on trade and payments during the year, those measures had been limited in scope and it was to be hoped that they would remain so. For many countries the Fund's oil facility had certainly been a major factor, especially in the latter part of 1974, in helping to avoid restrictions or unduly abrupt adjustment.

17. It seemed clear that adjustment to higher levels of oil prices would take a number of years. Energy conservation, adjustment of production and consumption patterns, and the development of alternative sources of energy would all take time. The increase in the oil-exporting countries' demand for imports would also be relatively slow in its operation. Those facts were further reasons for countries to set the process of adjustment in motion as soon as possible by appropriate policies, which should be pursued with persistence.

18. Very difficult problems remained for the immediate future. From the best indications available, the prospect for 1975 was that, despite further substantial growth in the imports of the oil-exporting countries and possible increases in foreign aid and investment abroad by them, they would have a basic surplus of about the same magnitude as in 1974. Oil-importing countries, as a group, would therefore incur a corresponding basic deficit.

19. The extent to which private financial markets would be able to continue their intermediation between surplus and deficit countries in 1975 was difficult to judge. It was widely believed, however, that it would be unwise to expect that they would play as large a relative role as in 1974. In fact, available information indicated that financing through those markets had slowed down sharply in recent months. Banks had run into a number of limiting factors in the wake of their early strong expansion after the rise in oil prices. In that situation there could be no assurance that funds would necessarily find their way to individual deficit countries in amounts corresponding to their requirements.

20. Those considerations all suggested a greater need for recycling through official channels in 1975. There was broad agreement on that. Various channels were under review. A number of bilateral loan agreements with oil-producing countries had already been concluded. The European Economic Community had decided to set up a Common Market loan arrangement. The Fund's Executive Directors were considering ways in which the Fund's oil facility might appropriately operate in 1975.

21. Because of the many uncertainties about the flows of funds through other channels in 1975, the total size of the facility to be set up in the Fund for 1975 might have to be, at least to some extent, open-ended. It was probable, however, that the Fund would have to play a considerably expanded role of intermediation in 1975 compared with 1974. That would mean larger borrowings by the Fund from the oil-exporting countries and possibly from a few industrial countries in a strong payments position. The experience the Fund had acquired and the machinery that already existed should make it possible to set arrangements in train for 1975 within a very short time after a decision.

22. Recently, in a speech given at the University of Chicago, the United States Secretary of State had publicly proposed a loan and guarantee facility for the major industrial countries associated with the Organisation for Economic Co-operation and Development (OECD), to supplement existing channels of financing. That proposal had subsequently been elaborated by the United States Treasury Secretary and, together with the parallel suggestions made by the Secretary-General of OECD, was being studied by all concerned; many details, of course, had still to be worked out. The United States authorities had underlined the fact that their proposal was meant to supplement private and official channels, including IMF which they continued to see as "the permanent institution providing the basic financial support for a well-functioning world economy". The scheme they proposed would provide an additional insurance against financing difficulties among the major industrial countries in the current emergency situation.

23. It had been recognized from the beginning that the IMF oil facility could not be a complete answer to the needs of the weaker developing countries in financing the higher cost of oil imports. Many of those countries were already over-extended in respect of their short-term and medium-term borrowing; any addition to their debt-service burden would be fatal. They were also unfavourably affected by the rising prices of their non-oil imports, on the one hand, and the sharp fall in the prices of primary products from their recent very high levels, on the other. Moreover, recessionary tendencies in the industrial countries might well have an adverse effect on their external payments position. They therefore needed assistance of a highly concessional character.

24. In recent months, and particularly since the adoption by the General Assembly of the Programme of Action on the Establishment of a New International Economic Order (resolution 3202 (S-VI)), notable progress had been made in identifying those countries most seriously affected and in starting to mobilize assistance for them. The United Nations Emergency Operation, which had been established as part of the Programme, had played a useful role in that area under the guidance of Mr. Prebisch, and IMF had been

closely associated with the work of the Operation. Despite those efforts, the concessional aid received by the most seriously affected developing countries so far in 1974 had proved inadequate and a major effort should be made to enhance the flow of such aid in 1975.

25. IMF had been examining possibilities of lightening the interest burden on the use of the Fund's oil facility by those countries in 1975. As in 1974, the rate of charge on the use of the oil facility would have to be closely related to the interest rate paid by the Fund on borrowings for the facility, which in turn would be related to prevailing market conditions. The Fund was, however, now considering possible ways of arranging an interest subsidy for the most seriously affected countries.

26. In their statements, the Secretary of State and the Treasury Secretary of the United States had suggested the establishment of a trust fund, managed by IMF, which would receive contributions from member countries of the Organization of Petroleum Exporting Countries and other sources, and offer credit at relatively low cost and on moderately long maturities. He was sure that that suggestion, along with others that had recently been put forward, would receive the urgent attention of both the Interim Committee and the Development Committee.

27. Clearly, as the necessary adjustments took place, the Fund would gradually have to move from the question of oil deficits and their financing to the general problems of temporary balance-of-payments financing. It was important to ensure that IMF would continue to be equipped to respond to the requirements of its membership. In the course of 1974 there had been a substantial increase in the use of the Fund's regular facilities. For instance, drawings under normal tranche policies had increased from SDR 733 million in 1973 to SDR 2,276 million so far in 1974, and under the compensatory financing facility from none to SDR 107 million.

28. There were a number of areas for improvement of IMF facilities; in some fresh progress had been made and in others the Fund was currently at work. For example, in September the Fund had taken an important step in setting up an "extended Fund facility" under which the Fund, in certain circumstances, would be prepared to give special assistance to members to meet their balance-of-payments deficits for longer periods and in amounts larger in relation to quotas than had been the practice. The establishment of an extended facility had been one of the matters to which the Programme of Action adopted by the General Assembly at its sixth special session of the previous May had requested the Fund to give early attention.

29. The new facility, the main beneficiaries of which were likely to be the developing countries, could be applied in two types of situation: a country in which the economy had been suffering serious payments imbalance relating to structural maladjustments in production, trade, and prices would receive assistance in support of a comprehensive programme of action, covering a period of two or three years, that included policies of the scope and character required to correct the imbalances; aid could also be given where a country's economy was suffering from slow growth and an inherently weak balance-of-payments position which

prevented pursuit of an active development policy. The latter type of situation might be associated with dependence on one or two export commodities and the inadequacy of monetary and fiscal institutions for mobilizing domestic savings—a situation not uncommon in many of the least developed countries. Such countries needed long-term assistance to carry out a well-conceived development programme aimed at assisting the authorities in developing their monetary and fiscal instruments and in pursuing appropriate trade and exchange policies in order to establish the conditions necessary for a successful development effort. The new facility would undoubtedly strengthen the Fund's ability to assist its developing members in achieving economic progress.

30. The expanded needs of IMF member countries that were likely to result from the general expansion of the world economy in recent years would argue for a substantial strengthening of the ability of the Fund to grant conditional credit through an increase in quotas. The general review of quotas in which the Fund was engaged was one of the priority tasks the Interim Committee had set itself. It was a task which involved a number of thorny problems, apart from the basic issue of the over-all magnitude of the role that the Fund was to play. There was another difficult quest: that of adjusting the relative participation of different members and groups of members in the provision of resources to the Fund, access to those resources, and the taking of decisions.

31. There was also the question of the payment of the increase in quota subscriptions which, under the existing Articles of Agreement, had to be made partly in gold, and the necessity of amending the Articles of Agreement to permit payment otherwise than in gold. The amendment of the provisions of the Articles of Agreement was among the subjects which the Interim Committee intended to take up as a matter of priority in its work programme, and amendments on gold and on the "link" had been specially noted by the Committee in that connexion. The Executive Board of the Fund had been working on draft amendments and would be reporting on its work to the Interim Committee in January 1975.

32. The many difficult tasks which he had outlined called for the greatest possible effort from all who were involved in international economic co-operation, whether they were from industrialized or developing countries, from countries that had suffered from natural disasters or from those countries which had the good fortune to be richly endowed with natural resources. He remained convinced that the current difficulties called, more than ever before, for truly multilateral solutions, in which the specialized agencies of the United Nations had a unique and challenging responsibility.

33. Mr. ROUGET (Federal Republic of Germany) said that world-wide inflation jeopardized economic progress and democracy and, consequently, the basis of social justice. IMF had a key role to play in overcoming the current crisis. It was especially well placed to assist in the recycling of oil money because it offered attractive and internationally guaranteed investment opportunities and was in a position to channel to individual countries the funds they needed. His Government agreed with the analysis of the situation made by Mr. Witteveen and with the policy he had proposed for



solving current problems. It was itself trying to curb inflation through a policy of stability, but it was aware of the risk of recession which that entailed.

34. His delegation was particularly interested in the oil facility described by Mr. Witteveen and hoped that instrument could be further developed.

35. Mr. ROUGÉ (France) said that he first had a few comments to make on the procedure and methods of work of the Economic and Social Council and of the United Nations system as a whole. The Managing Director of IMF, like the President of the World Bank at the 1924th meeting of the Council, had preferred not to burden his statement with technical details, but rather to direct the attention of the members of the Council to matters directly within its competence. He had, therefore, described the current world economic situation as it was seen by the staff of the Fund, explained the most important of current monetary problems, urged Governments to behave responsibly and given a brief outline of the work of the Fund in 1974. All that could have been done in Geneva at the fifty-seventh session of the Council without in any way detracting from the authority of the Annual Meeting of the Governors of the World Bank and IMF. Consequently, he asked Mr. Witteveen, as he had already asked Mr. McNamara, to consider introducing his report at the summer session of the Council.

36. Moreover, at the very moment when the Council was listening to the Managing Director of IMF, the General Assembly had before it a draft resolution on the reform of the international monetary system for discussion in the Second Committee. The absence of any link between the two items showed once again the absurdity of the working methods of the United Nations system.

37. His final procedural comment concerned the respective roles of the United Nations and IMF: IMF should be seen as the international community at work on settling monetary problems. It was, therefore, senseless to claim that the Council and the General Assembly had the greater authority and that the Fund was a subsidiary body, or, conversely, that the Fund was sovereign in its own field. The truth was that the Fund's activities were part of the over-all plans approved in New York by the representatives of its member countries and that technical solutions should be evolved in Washington by the Fund's specialist organs.

38. Turning to the report of IMF he said that the role of the Fund was to operate an effective system of international payments, to assist in the solution of urgent topical problems and to promote the development of the developing countries, the latter being the long-term objective *par excellence*. The future international economic order required that those tasks should be carried out more carefully than ever. IMF should not be afraid to continue to demonstrate its usual firmness with regard to exchange rates. The authority it exercised in that field was that of the international community itself. Its quasi-jurisdictional monitoring function was in the real interest of all States. His delegation agreed entirely with the way in which Mr. Witteveen, to judge from his own words, saw that discipline.

39. With regard to the reform of the international monetary system, he felt that it was important to bear in mind the need to apply as early as was practicable

the future system, which would involve stable exchange rates based on fixed and adjustable parities.

40. The recycling of capital had been referred to in the context of current economic problems. That process should operate in such a way as to provide creditor States with assets commensurate with their needs and result in a tolerable level of indebtedness for debtor countries. IMF should reconcile the requirements of creditors and debtors, and assume responsibility for the recycling of capital derived from the export of certain raw materials.

41. Mr. CHANG Hsien-wu (China) said that, like the World Bank Group, IMF had not only exerted economic pressure on some third-world countries, but had also refused to implement General Assembly resolution 2758 (XXVI). His delegation had time and again condemned those organizations for their policy of hostility towards the Chinese people. To date, however, they were still keeping in their organizations representatives of the Chiang Kai-shek clique, which had been repudiated long ago by the Chinese people, and were erroneously attempting to create "two Chinas". Mr. McNamara, President of the World Bank, had tried to justify himself by claiming at the 1924th meeting that he was waiting for China's clarification on certain questions. It was known to all that the World Bank and IMF must unconditionally implement the resolution of the General Assembly by expelling the representatives of the Chiang Kai-shek clique and severing all ties with it. Self-justifications would be of no avail and would ultimately serve only to expose those organizations' hostility towards the Chinese people.

42. Mr. TANABE (Japan) said that his delegation had carefully studied the report of IMF (E/5584). In the past year, changes in the world economic situation had been brought about by a combination of political and economic factors. More vigorous efforts to find solutions to the current problems were therefore necessary. At the annual meeting of IMF in September 1974, the representative of the Japanese Government had urged that efforts to curb inflation should be given priority. That would require international co-operation, and each country, while taking measures at the national level, should take fully into account the possible effects of its actions upon the economies of other countries. At the same time, action should be taken to cope with economic recession.

43. The drastic changes which had affected the balance-of-payments structure were so closely related to the state of the world economy that stability must be restored, so as to re-establish a steady pace of economic development. For example, "oil dollars" should be recycled through multilateral channels. His delegation had high hopes of IMF and other international financial institutions, but all countries, both oil-producers and oil-consumers, should make every effort to bring about the smooth recycling of "oil dollars". His delegation welcomed the strengthening of that process of recycling through the establishment in June 1974 of the IMF oil facility, primarily for use in financing the essential imports of developing countries. It also welcomed the establishment on 15 September 1974 of the Extended Fund Facility, which would offer medium-term loans to the developing countries.

44. IMF and the World Bank had decided to establish a joint committee to study the transfer of real resources to developing countries, the Development Committee.

His delegation anticipated that the committee would have the immediate task of analysing the flow of financial resources to the most seriously affected developing countries and the least developed countries, as well as dealing with the recycling of "oil dollars". He hoped that, in addition, the committee would tackle the medium-term and long-term problems related to the transfer of real resources to developing countries. The need for co-operation with the United Nations and OECD in order to avoid possible duplication should be borne in mind.

45. Lastly, his delegation regretted that the early realization of the reform of the international monetary system had become difficult because of the drastic changes in the world economic situation. However, it felt satisfaction at the decision of the Committee of 20, in June 1974, to take temporary measures leading to gradual reform. Some of those measures had already been implemented and it was to be hoped that the others would be implemented smoothly, thus contributing to the gradual establishment of a stable international monetary system.

46. Mr. AMIRDZHANOV (Union of Soviet Socialist Republics) said that the current economic crisis was the most serious one experienced by the capitalist countries since the Second World War. Inflation was becoming worse, while production was declining and unemployment was increasing. The energy crisis was contributing to the gravity of the situation and to the disequilibrium of world trade, thus jeopardizing the development of the developing countries. The Economic and Social Council might therefore have expected to find in the IMF report an analysis of the true causes of the current situation. One cause was the militarization of the economies of the capitalist countries, as advocated by certain circles which rejected détente. Another was the activities of transnational corporations, particularly in developing countries. Those corporations' short-term assets alone were known to be more than twice the size of the resources of all financial institutions in the capitalist countries. They were constantly moving their funds from country to country, taking advantage of fluctuations in exchange rates in order to make profits. Of course, such movements of capital only increased monetary difficulties and contributed to economic upheavals. As long as the activities of transnational corporations were not subject to any controls, IMF would be incapable of ensuring the smooth functioning of the international monetary system.

47. The current economic crisis was harmful to the economies and the development of developing countries and was making their external debt burden even heavier. Yet IMF had not given any convincing answers to questions concerning the developing countries and had done nothing to resolve difficulties in the spirit of the Programme of Action adopted at the sixth special session of the General Assembly. It was unrealistic to try to solve current problems by means of partial measures. That was why the USSR was not participating in the work on reform of the international monetary system and felt in no way bound by the decisions taken in that respect. His delegation wished to stress that the negotiations should be conducted on a broader basis.

48. Lastly, the Soviet Union had always been opposed to the monopoly of a few currencies in the monetary

field; the rightful role of gold should be restored through the establishment of a fairer price.

49. Mr. AKHUND (Pakistan) said that IMF would gain in stature by implementing General Assembly resolution 2758 (XXVI) on the restoration of the lawful rights of the People's Republic of China in the United Nations. That decision was unambiguous, and its implementation should not be postponed on any pretext.

50. No one could dispute the gravity of the international economic situation described by Mr. Witteveen. In addition to the imbalances in the payments situation and the threat of world-wide recession, many countries were experiencing hunger, social breakdown and political turmoil. Nor did anyone question the need to fight inflation, which threatened the developed countries, of course, but was disastrous for the developing countries, whose economies were considerably more vulnerable.

51. Much had been said in the past year about the concept of interdependence, but it seemed that, in some of the specialized agencies, there was no true appreciation of all the concrete implications of that concept. It was not merely a question of assuring the supply of raw materials to the industrialized countries at prices which would not impair their economic viability; nor was it enough to keep the peoples of the poorer countries alive through food aid and emergency assistance. It must be understood that those difficulties were the result of the failure of the world community to respond to the increasingly obvious need to restructure world economic relations on a more equitable and rational basis. The current crisis could not be resolved unless there was an awareness of the need for a better world economic equilibrium. Indeed, that was the fundamental approach of the Programme of Action adopted by the General Assembly at its sixth special session.

52. Such an integrated approach was not merely desirable; it was essential. The problem of inflation could not be solved in a purely national context, or even within the framework of the OECD countries. The maintenance of growth rates in the developed countries depended on sustaining a growth in demand. Since consumption was already high, and most of the essentials of life provided for, any additional demand was in some respects artificial or unproductive. That, together with the fact that prevailing production patterns were irrational, was the reason for the current inflation. A potentially huge demand existed in the developing countries. A growth in the economies of those countries could therefore contribute to resolving the economic dilemma of the developed nations and to rectifying, partially at least, their balance-of-payments deficits.

53. His delegation welcomed the renewed interest exhibited by IMF in measures to promote the transfer of concessional assistance and greater financial resources to the developing countries, and hoped that Mr. Witteveen's efforts would be successful. However, it was disappointing to note that the question of a link between SDRs and development assistance was still only in the study stage. The feasibility of such a link had for long been proved. The integrated approach which was needed to resolve the current economic crisis made it necessary to ensure that there was no dichotomy between policy decisions taken by various organiza-

tions of the United Nations. His delegation therefore hoped that the essential relationship between the reform of the monetary system and the question of development would be adequately maintained although those matters were currently under consideration by two separate committees of the Fund.

54. Actually, a solution was closer than ever before. The financial surpluses generated by the so-called energy crisis could find avenues for productive use in the developing countries. By generating greater demand in those countries, they could provide the means to redress the payments deficits of the industrialized nations. No solution should disregard that possibility, which alone could bring stability to the world economy.

55. Mr. MACKENZIE (United Kingdom) noted that the Managing Director of IMF had rightly stressed interdependence and the need for a truly multilateral solution to the monetary problem. Interdependence implied co-operation and a more universal approach to world monetary problems, and in that connexion the fruitful co-operation between IMF and the Economic and Social Council was gratifying.

56. The IMF report had been prepared in mid-August, and it laid particular stress on the dangers of inflation. Since then, however, the international community seemed to have become increasingly seized of the growing risks of world-wide recession and unemployment. The role of IMF would be crucial in helping the international community to preserve economic stability and to tackle its problems in a concerted fashion. The inflation of the past months might well have been fuelled in many countries, including his own, by excess demand. During the first half of the year there had been a world-wide fall in output, reflecting the tighter monetary and fiscal control maintained by many countries as a means of countering inflation. In the meantime, the earnings of the oil producers had rapidly built up. The fact that the latter countries had not immediately had reason to spend their full earnings, together with tighter monetary and fiscal measures in the consumer countries, had contributed to the contraction of world demand, thus creating the risk of a slump. The United Kingdom Chancellor of the Exchequer had recently set out the British Government's view that it was in the interest of all members of the international community to seek an orderly adjustment to the massive transfer of financial resources and, that being so, four obligations were crucial: first, an obligation on the oil-consuming nations to live with substantial deficits on oil account for the time being; secondly, an obligation on all developed countries to ensure that the massive problems of the less developed countries were not exacerbated by insufficient demand for their products; thirdly, an obligation on those countries which had deficits on their non-oil trade to work towards balance; fourthly, an obligation on surplus countries to enable them to do so.

57. It was encouraging to see that there was growing international recognition of the cumulative danger of inward-looking national measures to restrain demand, or of seeking to cover the whole of the oil deficit with exports. In that connexion, IMF would seem to have a valuable role to play through its oil facility. His Government considered that that was a most effective short-term measure, and it was on the basis of its success that the British Government had proposed a new IMF facility, developed in stages as funds accrued to

the oil producers and the parallel needs of consumers grew. That was not proposed as a complete answer to the recycling problem, but as a contribution by his Government in a matter of urgent concern. It had already received significant support, and the new Interim Committee of the Fund, which had succeeded the Committee of 20, had instructed the Fund to undertake an urgent study in that whole area.

58. The Development Committee, within which some of the work of the Committee of 20 was to be continued, would provide a valuable forum for discussion at a high level of developmental problems. It had already set itself a formidable work programme, including a review of the implementation of a link between development finance and SDRs if such a link was proposed by the Interim Committee. The United Kingdom Government was very much in favour of such a link, and it welcomed the wide-ranging acceptance of the principle of a link. Considerable progress had been made in that connexion, although a number of complex questions had yet to be resolved.

59. In conclusion, he said that IMF had a central role to play in the solution of major international economic problems, and he commended the Managing Director of the Fund for the foresight and energy with which he had responded to the demands of his position.

60. Mr. LUCHTERHAND (German Democratic Republic) said the report before the Council and the introductory remarks by the Managing Director of IMF showed that the nature of the Fund's activities had not changed and that it continued to give priority to safeguarding the interests of the major imperialist countries in the Fund. The report confirmed that the Fund's anti-inflation programme and its measures to deal with the capitalist monetary crisis had proved ineffective. In fact, capitalist inflation was spreading and growing worse. The devaluation of the dollar and of other capitalist currencies was continuing; in capitalist countries, speculation on capital markets and on the stock exchange and the rates of inflation were reaching record levels. In those countries, where the burden of inflation was shifted on to the workers, unemployment and social conflicts were on the increase.

61. Those difficulties could no longer be concealed, and the IMF report had had to acknowledge that the capitalist world was up against the most difficult economic problems since the end of the Second World War. There could be no question of controlling inflation through IMF, as contemplated by the Managing Director of the Fund at the twenty-eighth session of the General Assembly. Contrary to all that had been stated in IMF, there was to date no concrete plan for the reform of the international capitalist monetary system. While the report said that the developing countries were most seriously affected by the capitalist inflation and monetary crisis, no constructive proposals whatsoever were made on how to solve those problems in the interest of the peoples of those countries. Like other international capitalist finance organizations, IMF considered a lowering of peoples' living standards to be the principal method of mobilizing financial resources and of temporarily slowing down inflation.

62. The report attempted to pass over in silence the main causes of inflation and monetary crisis, which lay in the capitalist system itself. It failed to mention the arms race in the interest of monopoly profit, although arms limitation measures were a major subject of

debate at the current session of the General Assembly and were an obvious prerequisite for the curbing of inflation. Nor did the report mention another important cause of inflation, namely, the colonialist and neo-colonialist methods of exploitation used by national and transnational corporations, which were the first to benefit from inflation. The currency manipulations of international financial corporations were one of the causes of the official or virtual devaluation of the dollar, the French franc, the pound sterling, the yen and lira in the spring of 1974.

63. He was surprised that the basic political issues of international economic co-operation and the decisions taken at the sixth special session of the General Assembly, which had a direct impact on the developing countries, were not reflected in the report. His delegation believed that the IMF oil facility, designed to offset balance-of-payments deficits arising from higher petroleum prices, failed to meet the economic and social needs of the developing countries, as set forth in the Declaration and the Programme of Action. Apart from the small volume of funds flowing through that channel, interest and repayment terms limited the number of borrowers among the developing countries from the outset. Nor did the fact that IMF gave priority to an international recycling of the financial resources of oil-producing countries really help to solve the problems of developing countries. In essence, the recycling of funds through IMF was designed to make additional resources available to capitalist industrial countries and to protect the interests of private capitalist banks. Moreover, the establishment of the Development Committee would hardly enable developing countries to participate as equals in the consideration of international currency and finance matters and in IMF decision-making.

64. While the capitalist monetary system had been constantly shaken by acute crises, the rouble—the collective socialist international currency—had proved to be the most stable currency in the world. On that basis the economic relations of the States members of the Council for Mutual Economic Assistance (CMEA) were developing in a planned and stable manner, and the most recent decisions of CMEA also offered the developing countries the opportunity of taking part in international payment transactions on the basis of the rouble.

65. Like the other socialist countries, the German Democratic Republic was not responsible for the capitalist monetary crisis and for reforming the capitalist monetary system. His delegation advocated giving all interested countries the opportunity of participating with equal rights in the consideration of monetary, trade and financial problems, and believed that that could best be done within the framework of the United Nations Conference on Trade and Development (UNCTAD); it took the opportunity to express again its support for the recommendations made by UNCTAD at its third session.

66. In conclusion, he wished to point out once again the frequent use made in the IMF report of such designations as "German imports", "German authorities" and "Germany" when referring to the Federal Republic of Germany. He hoped that, in the future, terms would be used that took account of the fact that the German Democratic Republic and the Federal Republic of Germany were two independent, sovereign States Members of the United Nations.

67. Mr. SHEMIRANI (Iran) thanked the Managing Director of IMF for his interesting introductory statement on the report of the Fund. However, he had a few observations to make. First, referring to the IMF oil facility, he stressed that his Government had been one of the first to welcome its establishment and had made a substantial contribution. However, it was disappointed to note that no major developed country had made any sizable contribution to the facility, which had originally been designed to receive contributions not only from the oil-producing countries but also from all the industrialized countries. In fact, the developing countries were suffering not solely from the increase in the oil prices but also, and especially, from the increase in the prices of other products, particularly the manufactures, food-stuffs and other goods which they imported from the developed countries. In that respect, it should be noted that both inflation and the slowing-down of the growth rate in many countries had started long before the increase and adjustment of the price of oil. These two phenomena should be considered separately and should not be linked to the measures taken by the oil-producing countries to protect their vital interests.

68. With regard to the surplus funds held by the oil-producing countries—a figure of \$65 thousand million had been quoted, and other exaggerated figures had also been mentioned—it should be made clear that no precise data were at present available concerning the amount involved. Furthermore, it should be noted that Iran, which had difficult problems to cope with and which had revised its economic development plans, was able to absorb much of the income derived from the exploitation of its natural resources; nor was it necessary to dwell on the bilateral and multilateral assistance which it provided to many countries and to IMF and other financial institutions. He believed that other oil-producing countries would increase their capacity to absorb the earnings from oil which they needed to implement their economic development plans.

69. He agreed with the Managing Director of IMF, that a change in the pattern of consumption in developed countries was necessary in addition to the search for new energy sources, particularly in the most highly developed countries, whose resources were much greater than those of the oil-producing countries and which were better placed to help the developing countries, including those most seriously affected by the crisis.

70. He agreed with the representative of Pakistan that it was absolutely essential to change the structure of international economic relations in order to meet the needs of developing countries. He also wished to stress a point that was fundamental for his Government, namely, that all short-term measures, such as the establishment of the oil facility, were mere palliatives. The only effective solution to the long-term problems was a change in the structures of the world economy. In his delegation's view, the concept of multilateral assistance now had a new meaning; it was no longer a humanitarian question but a necessity for the international community.

71. Mr. WITTEVEEN (Managing Director of the International Monetary Fund) thanked those delegations that had commended the work done by the Fund. He noted that the representative of the Federal Repub-



lic of Germany agreed with the analysis of the world economic situation made by IMF and that he had stressed the need for Governments to move with the utmost caution in dealing with rapid inflation, bearing in mind the dangers of recession and unemployment. He also noted that the representative of France agreed with the analysis made by IMF and that he had stressed the importance of problems of financing and the central role which IMF must play in that field. With regard to the question raised by the representative of the People's Republic of China concerning the status of China in the Fund, he said that the Executive Directors, the executive organ of IMF, had considered the question in October 1973, following a communication from the Government of the People's Republic of China. At the request of the Executive Directors, arrangements were made for a representative of the Fund to meet with the representative of the People's Republic of China to the United Nations, in order that the Fund might be provided with certain necessary information. So far, such information had not been provided.

72. He was pleased to note that the representative of Japan agreed with his analysis of the international economic situation, and he shared his view that the new Development Committee must not duplicate the work of other United Nations bodies and OECD. The representative of Pakistan had stressed the need to increase the transfer of real resources to the developing countries; he (Mr. Witteveen) agreed that the gravity of the economic situation in some developing countries called for such action, but it would be difficult to obtain more aid from the developed countries, which at present had serious balance-of-payments problems, although it was absolutely essential that the industrialized countries should maintain their assistance to the developing countries. Furthermore, he believed that IMF should do its utmost to help the developing countries, particularly those most seriously affected by the current crisis, and that they should benefit as a matter of priority from the oil facility of the Fund. He was glad that the United Kingdom representative had approved the development of the facility; he agreed with him that in combating inflation, account must be

taken of the dangers of recession, and in particular of unemployment. He stressed the need also for international co-operation, in view of the close interdependence of countries with regard to development. IMF was studying those problems and would produce an analysis of the world economic situation. He thanked Iran for its support of the Fund's oil facility and appreciated its disappointment that the industrialized countries were not making a greater contribution; it must not be forgotten, however, that they themselves were in a difficult financial situation. They would surely not refuse to give their support when they were in a position to do so; Canada and the Netherlands were already prepared to make a contribution. With regard to the surplus of \$65 thousand million held by the oil-producing countries, he was aware that, as the representative of Iran had pointed out, those countries were using the funds to accelerate their own development. In reply to the representative of France, he announced that he might be able, in the future, to present the IMF report at the summer session of the Economic and Social Council.

73. Mr. CHANG Hsien-wu (China), replying to the Managing Director of IMF, said that he could not accept the explanations which the latter had given to justify the Fund's position towards the People's Republic of China. Once again, he recalled that the General Assembly had decided, in its resolution 2758 (XXVI), to expel forthwith the representatives of Chiang Kai-shek from the place which they unlawfully occupied at the United Nations and in all the organizations related to it. Many United Nations agencies had implemented the resolution, but the World Bank and IMF continued to ignore it. IMF must unconditionally implement that resolution. He thanked the representative of Pakistan for his support.

74. The PRESIDENT said that, if there was no objection, he would take it that the Economic and Social Council decided to take note with appreciation of the report of IMF.

*The decision was adopted [decision 61 (LVII)].*

*The meeting rose at 1.05 p.m.*

## 1928th meeting

Tuesday, 26 November 1974, at 3.20 p.m.

*President:* Mr. Aarno KARHILO (Finland).

E/SR.1928

### AGENDA ITEM 6

#### World Food Conference:

- (a) Report of the World Food Conference (E/5586, E/5587 and Add.1-4);
- (b) Emergency measures in regard to the supply of fertilizers and pesticides (E/5596)

1. Mr. HANNAH (Deputy Secretary-General of the World Food Conference), introducing the report, in provisional form, of the World Food Conference (E/5587 and Add.1-4) on behalf of the Secretary-General of the Conference, said that he had accepted a role in

the secretariat of the World Food Conference only because of his belief that the gravest responsibility facing the entire world was the problem of feeding the hungry people in the developing countries. That problem should be of direct concern to all people of all races, all religions, all colours and all political or economic persuasions. The Conference had accomplished far more than could have been realistically expected by even the most optimistic. In that respect, he wished to thank the Under-Secretary-General for Economic and Social Affairs, the members of the Economic and Social Council secretariat and the Chairman of the Preparatory Committee for their role in ensuring the success of the

meetings of the Preparatory Committee and the Conference itself.

2. That the food problem was one of global proportions was demonstrated by the basic documentation, which included documents E/CONF.65/3 and E/CONF.65/4 and the report of the Preparatory Committee on its third session (E/CONF.65/6), which the Committee had before it, under cover of a note by the Secretary-General (E/5586), and the fact that the Conference had been attended by high-level representatives of 133 countries and numerous organizations. He was surprised that some people felt the Conference had been little but a torrent of words. Less than a year had elapsed since the General Assembly had approved the idea of the Conference, and in that time the situation had changed dramatically, to the point where there was now growing recognition that a world food crisis was imminent or had already arrived. It was essential not to lose the potential that now existed for achieving substantial and meaningful breakthroughs in three areas: the requirement for greatly increased food production, particularly in the developing countries; the achievement of improved food security; and realistic progress towards relief for the hungry in the poorest countries.

3. Part one of the report of the Conference (E/5587) included information on its background and organization and a summary of the general debate and other proceedings. Part two consisted of the Programme of Action, including the Declaration on the Eradication of Hunger and Malnutrition. That Declaration had been drafted by the First Committee of the Conference, whose mandate had also covered consideration of measures for increasing food production and improving nutrition. Of the 15 resolutions adopted on the report of that committee, resolutions I to XII largely concerned the responsibilities of the Food and Agriculture Organization of the United Nations (FAO). Resolution XIII requested the Secretary-General of the United Nations to convene a meeting to consider matters relating to the establishment of an International Fund for Agricultural Development, and resolutions XIV and XV were general and advisory.

4. The Second Committee of the Conference had been responsible for matters relating to food security, the global information and early warning system on food and agriculture, and improved food aid policies. Among the resolutions adopted on the report of that committee, resolution XVI dealt with one of the key points on which substantial division had been feared but had failed to materialize. The need for intelligent forward planning of agricultural production was clear, and it was hoped that the proposed system would help in that respect by anticipating droughts and other phenomena affecting crop yields. Resolution XVII urged all Governments to co-operate in achieving the first priority, the re-establishment of adequate world food reserves. Until two or three years ago, the main problem in the event of food shortages had been the purchase and shipment of stocks from the food surplus maintained on the North American continent. That surplus had now disappeared. He hoped that contributions to the rebuilding of adequate stocks would come more in the form of food-stuffs than of finance. Much attention had been focused on resolution XVIII, concerning an improved policy for food aid, and he therefore commended it to the Council's attention.

5. The Third Committee of the Conference had been responsible for considering international trade, stabilization and agricultural adjustment. Its discussions had resulted in the adoption by the Conference of resolution XIX, calling upon Governments and United Nations agencies to promote the expansion and liberalization of trade, with special reference to food products.

6. The most important of the resolutions was resolution XXII, paragraph 1 of which called for the establishment of a World Food Council, at the ministerial or plenipotentiary level, and described its functions. Paragraphs 2 and 3 urged improvements in the functioning of the United Nations system and requested that the resolution should be taken into account when the United Nations studied that question in 1975. He drew particular attention to paragraph 4, subparagraphs (a) to (d), concerning the organization of the proposed Council. A decision on the size of the Council had been left to the Economic and Social Council and the General Assembly because it had been felt that success would depend on the inclusion in that body of an appropriate number of representatives of food-exporting and food-importing countries, whether developing or developed, of various regions, such as East and West Africa, and of the countries of the Organization of Petroleum Exporting Countries (OPEC). Many participants in the Conference had felt that little practical action would ensue unless there was such a high-level political body that could promote both United Nations programmes and bilateral programmes—which often provided more food than multilateral schemes—and could perhaps help in obtaining contributions to the world food effort from the oil-exporting countries.

7. In conclusion, he drew attention to the closing remarks of the Secretary-General of the Conference as reproduced in chapter VIII of the report, especially paragraphs 4 to 11 and 13 to 15 and those parts of paragraph 12 in which the Secretary-General had indicated that the main challenge for national Governments and the international community as a whole would now be the effective implementation of the resolutions, the importance that the Conference attached to that point being reflected by the attention it had devoted to follow-up arrangements. He (Mr. Hannah) wished to point out that the world should not approach the food problem by asking whether it could be solved by reducing population growth, since, even with the immediate institution of a policy of aligning the birth-rate with the death-rate, the total world population would continue to grow for a further 70 years. The Secretary-General of the Conference had said that the first step towards solving the food problem must be the early approval by the Economic and Social Council and the General Assembly of the conclusions of the Conference. The final answer to the question how soon the goals could be reached would, of course, depend largely on the reactions of individual Governments. As the Secretary-General had recalled, those participating in the Conference had taken a pledge to ensure that "within a decade no child will go to bed hungry, that no family will fear for its next day's bread, and that no human being's future and capacities will be stunted by malnutrition".

8. Mr. DE SEYNES (Under-Secretary-General for Economic and Social Affairs), speaking on behalf of the Secretary-General of the United Nations, expressed the Organization's gratitude to the Government of Italy

for its great and successful efforts in support of the World Food Conference.

9. Mr. BARCELO (Mexico) said he was gratified at the speed with which the report of the World Food Conference had been produced, and also thanked the Government of Italy for its hospitality. His delegation had supported the establishment of both the World Food Council and the International Fund for Agricultural Development because they met the major concerns expressed by the President of Mexico to FAO in 1972 regarding the establishment of a world food bank. As the President of Mexico—the only Head of Government to attend the Conference—had said, the future of mankind was in the balance. Great efforts had been made in Rome to find ways of feeding the world's hungry and providing the technical and financial support needed to develop agriculture for that purpose. The Mexican idea of a world food bank had been largely met by the general interest expressed in the establishment of the World Food Council, in which all countries could address themselves to the urgent need for change in the current economic order in keeping with new international market conditions for agricultural exports, particularly with a view to supplying food for those nations which lacked it. The question of land and the provision of enough food for a growing population were problems that almost all nations had had to face at some stage. He warned that conformism and distortion of the facts were used by those who were opposed to change and to the implementation of the new international economic order.

10. He wished to make it clear that his delegation did not lay the blame for the current international economic chaos on those who, after great effort, had managed to acquire some of the profits which formerly had not accrued to developing countries from the sale of raw materials, and with which they hoped to improve the situation of their peoples. He stressed the need for the developed countries to provide direct and effective support for the International Fund for Agricultural Development; only thus could international solidarity improve conditions for the poorest people of the world. Although many of his delegation's concerns had not been fully met at the World Food Conference, it welcomed the progress made and was certain that FAO would carry out the structural changes needed in the current situation and that the world was on the threshold of a new period of history.

11. Mr. CAVAGLIERI (Italy) thanked the Under-Secretary-General for Economic and Social Affairs and the representative of Mexico for their expressions of appreciation to his Government. His delegation was well aware of the scope of the problems dealt with at the World Food Conference. He was glad that it had been a success and hoped that further progress would be made in the future.

12. Mr. KITCHEN (United States of America) said that his delegation had spoken at the World Food Conference and did not have much to add at the current stage. His Government appreciated all the hard work that had gone into the Conference and the drafting of the report. He had not had sufficient time to review the voluminous contents of that report and felt that delegations should have an opportunity to concentrate on the role which the Economic and Social Council and the General Assembly were called upon to play in accordance with the recommendations of the Conference. The Council could either agree to transmit the report

immediately to the General Assembly for discussion in the Second Committee, where a larger number of delegations could participate, or first discuss it itself. Either course of action would be acceptable to his delegation.

13. If both the Council and the Assembly were prepared to accept the report and recommendations of the World Food Conference as they stood, a minimum of immediate action was clearly required of both organs. For instance, the Assembly would have to develop the terms of reference of the World Food Council and decide how many members it should have and how they should be nominated and confirmed.

14. If the report was to be amended in any way, it was only after that process had been completed that the task of the Economic and Social Council and the General Assembly would become clear. He hoped that it would be possible for the Council to have a short debate on the report before it went to the Second Committee; the latter should concentrate in particular on the specific legal actions required of the Assembly to permit rapid implementation of the recommendations of the Conference. Three members of the United States Cabinet and 39 Senators and Representatives had taken part in the Conference, and it would therefore be presumptuous for his delegation to think of changing any of the political decisions contained in the report. It was essential that the recommendations should be implemented as a matter of urgency, as the Secretary-General of the United Nations, the Director-General of FAO and the Secretaries-General of the United Nations Conference on Trade and Development (UNCTAD) and the World Food Conference had said.

15. Mr. ROUGÉ (France) reiterated the comment made by his delegation at the Conference, namely, that it was indispensable that the Economic and Social Council should examine resolution IV of the Conference closely, and asked how the Council could organize its work to that end.

16. Mr. BOOTHE (Jamaica) said that resolution XXII raised various questions regarding the nature of the World Food Council and its relationship with the United Nations. He would like a clarification of the term "an organ of the United Nations" used in operative paragraph 1. As he had understood it, there were only five such organs in existence. The World Food Council was supposed to report to the General Assembly through the Economic and Social Council. However, if it was established at the ministerial or plenipotentiary level, as proposed in paragraph 1, it would be on the same level as the Economic and Social Council. The reference to a co-ordinating mechanism raised questions in the light of the content of paragraph 4 (b). Clarification was needed concerning the role of the Economic and Social Council in the matter. He drew attention to the somewhat unusual procedure for nomination and confirmation provided for in paragraph 4 (a), and said he questioned whether it would be wise to establish such a precedent. With regard to the first sentence of paragraph 4 (d), it should be made clear that the co-ordination referred to was in the context of food problems; otherwise, the World Food Council would infringe upon the role of the Economic and Social Council. Clarification was also required on the question how the Intergovernmental Committee of the World Food Programme, referred to in paragraph 6, was to be reconstituted and by whom—the World Food Council, the Economic and Social Council, or both together. Paragraph 11 also raised difficulties for the Economic and Social Council, for obvious reasons.



17. The representative of the United States had suggested alternative ways of dealing with the report. His delegation had an open mind on the matter but would like a decision to be taken without delay.

18. Mr. ROSTOV (Union of Soviet Socialist Republics) said that his delegation had only received the report of the World Food Conference that morning and had therefore not had sufficient time to study it in detail. It had no objection to transmitting the report to the Second Committee for consideration but would like to confirm its position on the questions discussed at the Conference, either in the Council or in the Second Committee.

19. Mr. MACKENZIE (United Kingdom) said that all members were well aware of the urgency and importance of the issues before them. He hoped that the Council would resist the temptation to renew the debate on the commitments already made by Governments in Rome. It was now necessary to see how those commitments could be implemented. It would be helpful if the President or the Secretariat could give the Council some guidance on the essential steps it should take as a result of the recommendations of the Conference. It was clear that resolution XXII, paragraph 4 (a), called for action by the Council, as did paragraph 11.

20. Mr. TANIGUCHI (Japan) said that the World Food Conference had been most fruitful. All the participants had recognized the importance of the world food problem and had made every effort to find a realistic solution. Some delegations had drawn attention to the lack of clarity in the description of the follow-up action to be taken. However, they must realize that the participants at the Conference had made great compromises in order to deal with the problem as expeditiously as possible. It was essential that debate on the questions dealt with in Rome should not be reopened. His Government was committed to the resolutions contained in the report, and his delegation therefore commended the report to the Council and the General Assembly for adoption, with a view to dealing as rapidly as possible with the urgent world food problem.

21. Mr. HASHMI (India) agreed that members had had little time to study the report of the Conference. Time was of the essence and therefore, despite the procedural difficulties pointed out by the representative of Jamaica, the Council should adopt the report and recommendations of the Conference. Unless the machinery called for in the resolutions was set up immediately, the momentum gained in Rome would be lost. The Council, the Second Committee and the General Assembly should make every effort to take positive action on establishing the World Food Council and the International Fund for Agricultural Development. His delegation would do all it could to help to clarify issues and consolidate the action taken by the Conference.

22. Mr. MWANGAGUHUNGA (Uganda) said that, as he understood the recommendation made by the President at the preceding meeting, the Council would take whatever action was required of it by the report of the World Food Conference to set in train the establishment of the World Food Council and would then transmit the report to the Second Committee of the General Assembly.

23. Mr. FASLA (Algeria) said that the role of the Council and the Assembly was to give effect to the measures called for in the report of the Conference,

and not to reopen the debate on decisions that had already been taken. Either the suggestion made by the President at the preceding meeting of the Council or the transmittal of the report directly to the Second Committee would be acceptable to his delegation.

24. Mr. ABDEL MEGUID (Egypt) agreed with the representative of the United Kingdom that the time had come for action, rather than debate on issues which had already been settled. The Council should concentrate on taking the necessary measures to implement the resolutions adopted at the World Food Conference.

25. The PRESIDENT requested the Secretary to inform the Council of the practice followed in the past in dealing with reports submitted by conferences.

26. Mr. CORDOVEZ (Secretary of the Council) said that decisions of United Nations conferences had the status of recommendations to the various governing bodies of United Nations organs and specialized agencies. That was the reason why the Secretary-General was not required to submit statements of the financial implications of proposals emanating from such conferences until the governing bodies of the organs and agencies in question took up the conference reports.

27. With regard to the practice of the Council and the Assembly in considering Conference reports, those of the first session of UNCTAD and the United Nations Conference on the Human Environment constituted relevant precedents. In both cases, the reports had contained two types of recommendations, namely, substantive recommendations and recommendations concerning institutional arrangements. The Economic and Social Council had endorsed all the recommendations contained in the UNCTAD report, including the institutional recommendations, and had transmitted them to the General Assembly for appropriate action. In the case of the United Nations Conference on the Human Environment, the Council had endorsed the recommendations and made comments on the institutional arrangements, which it had transmitted to the Assembly with the report. In both cases, the Assembly had been required to take special action with regard to the creation of the institutions involved; in relation to the establishment of UNCTAD, a proposal had been submitted by the President of the Assembly in accordance with the procedures that were adopted at the nineteenth session; and in connexion with the establishment of the United Nations Environment Programme, a number of delegations had submitted a draft resolution, along the lines of the relevant recommendations of the United Nations Conference on the Human Environment, which had then been considered and adopted in the usual manner, incorporating amendments made during the debate.

28. As for those recommendations of the World Food Conference which required specific action by the Economic and Social Council, it was for the Council to decide on the proper timing of such action.

29. Mr. MACKENZIE (United Kingdom) said the statement by the Secretary made it clear that the Council's responsibility was simply to transmit the report, with its approval, to the General Assembly and to take action on resolution XXII, paragraph 4 (a). The actual setting-up of the World Food Council was the concern of the General Assembly, not the Economic and Social Council.

30. Mr. AKRAM (Pakistan) said he did not entirely agree with the representative of the United Kingdom;

he believed that the Council, as the main co-ordinating organ of the United Nations system for economic and social matters had a responsibility to pronounce in some way on the institutional arrangements recommended by the World Food Conference before transmitting the recommendations, together with its own comments, to the General Assembly.

31. Mr. EKBLÖM (Finland) endorsed the view expressed by the representative of Pakistan. The report of the World Food Conference was of such a nature that it should not be transmitted to the General Assembly without the Council's comments. The Council should therefore hold a meeting to consider and comment on the institutional arrangements recommended in the report. His delegation would also welcome the clarifications requested by the representative of Jamaica.

32. Mr. FASLA (Algeria) said that the Council should maintain flexibility with regard to complicated questions of procedure. For example, resolution XXII, paragraph 4 (a), if approved by the General Assembly at it stood, would have to come back to the Council for action and then go once again to the Assembly. He wondered whether the urgency of the situation permitted such a time-consuming procedure.

33. It was desirable to hold another meeting to consider the report further, and yet another meeting might be necessary if the Assembly requested the Council to decide the question of the number of members of the World Food Council.

34. Replying to a question put by Mr. KITCHEN (United States of America), Mr. CORDOVEZ (Secretary of the Council) said that the introduction of the reports of the World Food Conference in the Second Committee was scheduled for Monday, 2 December, provided that the Council completed its consideration of the report at its meeting on Friday, 29 November, since the General Assembly had to receive not only the report of the Conference but also the Council's report on it.

35. Mr. KITCHEN (United States of America) said that, in view of the delicate compromise reached at the Conference after much negotiation, he doubted whether the Council could lend profundity to the negotiations and reach a compromise on the report in one meeting. A number of almost irreconcilable views had been expressed in Rome by States which were not members of the Council. Thus, whatever the Council decided, it was almost inevitable that the debate would be reopened in the Second Committee. At its next meeting, therefore, the Council should clarify the language, intent and background of the issues which raised difficulties.

36. Mr. ČABRIĆ (Yugoslavia) reserved his delegation's right to comment on the report and the resolutions later, either in the Council or in the Second Committee. He felt that resolution XXII paragraph 4 (a), should be clarified, since the procedure suggested was unusual. The Council should decide at its next meeting what action to take on that paragraph. The other questions raised, such as those concerning paragraph 11 of the resolution, could be discussed at a later stage, and even at the beginning of 1975, when the Council held its organizational session.

37. Mr. TANIGUCHI (Japan) recalled that agreement had been reached at the World Food Conference on the basis of a very delicate compromise. As the representative of the United Kingdom had said, the

Council should limit its discussion to the issues in which it was specifically involved.

38. Mr. KAUFMANN (Netherlands) stressed the importance of speedy implementation of the Conference's recommendations. It was true that resolution XXII, paragraph 4 (a), was somewhat unusual, perhaps as a result of a compromise at the Conference. He agreed with the representative of Pakistan that the Economic and Social Council should be involved in the decision-making process. He drew attention to the problem of timing: if action was to be taken by the General Assembly at its current session, consultations must be held quickly on the establishment of the World Food Council.

39. The International Fund for Agricultural Development should be established as soon as possible. He assumed that it was for the General Assembly, and not the Economic and Social Council, to take the necessary decision. With regard to resolution XIII, paragraph 5, he wished to know whether the meeting referred to should be convened before or after the General Assembly had taken its decision. His delegation, which had sponsored resolution XIII at the Conference, believed that it should be before.

40. Mr. OLIVERI LOPEZ (Argentina) said that there could be no question of reopening the debate which had taken place in Rome. All possible compromises had been reached, and those questions on which decisions had not been possible at the Conference could not be resolved in the Economic and Social Council. The substantive recommendations in the report should therefore be transmitted to the Second Committee, and the Council should concentrate on the matters requiring specific action by it. With regard to resolution XXII, paragraph 4 (a), he wished to know whether the Council could make recommendations on the number of members or whether it was necessary to await the Assembly's decision.

41. Mr. SHEMIRANI (Iran) said that no one was anxious to reopen the debate on the substantive recommendations contained in the report. The Council could take note of all such recommendations and transmit them to the Second Committee, limiting its own discussion to institutional arrangements, and specifically to resolution XXII. Before the Council met again on Friday, it would be useful to have further clarifications from the Secretariat and to hold informal consultations among members so that a decision on the World Food Council could be taken at that time.

42. Mr. ABDEL MEGUID (Egypt) said that the urgency of the situation required the Council to act with all possible dispatch. It should therefore endorse the report and attach whatever recommendations or comments it wished, without, however, making any substantial changes in arrangements already agreed upon. Although some delegations had doubts concerning the provisions of resolution XXII, paragraph 4 (a), the Council had an obligation to act, in view of the crucial world food situation. The most important consideration with regard to the World Food Council was to provide for balanced geographical representation irrespective of its total number of members, which the Council would have to determine.

43. Mr. CZARKOWSKI (Poland) observed that it was not possible to give the recommendations of the World Food Conference the very thorough consideration they deserved because the mechanism of the re-



sumed session did not permit it and the Second Committee was already behind in its work. Furthermore, the report had only been distributed on the previous day. His delegation therefore agreed that the Council should act immediately on the urgent matters referred to it directly by the Conference, should not reopen the debate on any substantive issues, and should take note of the report and transmit it to the Second Committee. If there was a need for further discussion in the Council, he agreed with the representative of Yugoslavia that certain points could be considered at the next session.

44. Mr. BARCELO (Mexico) said that the resolutions adopted at the World Food Conference were the product of a very delicate process of negotiation and compromise, and there could be no question of amending them in the Economic and Social Council. The Council should not be unduly legalistic or lose time, since it was precisely that kind of inadequate response to urgent situations which had caused certain other United Nations bodies to forfeit the confidence of the international community.

45. With regard to the establishment of the World Food Council, he believed that the mandate of the Economic and Social Council was sufficiently clear for it to take immediate action at its next meeting on the nomination of members. In that connexion, his delegation believed that a brief report by the Secretariat might be useful to the Council in making its choice.

46. Mr. BERLIS (Canada) said that he did not wish to confuse the issue by adding to the plethora of suggestions on how the Council should proceed. He simply wished to voice a warning against the recurrence of a similar procedural discussion at the next meeting. His delegation supported the idea of holding consultations before that meeting. It shared the view that it would not be profitable for the Council to reopen the substantive discussions already held at the Conference. The Council must complete its consideration of the report at its next meeting and submit it to the Second Committee with comments.

47. Mr. RYDBECK (Sweden) agreed with those representatives who had emphasized the urgency of the matter and warned against any attempt to reopen the debate on issues which had been settled in Rome. The

representative of Egypt had explained why the matter was urgent; indeed, the entire work for the Conference had been completed in less than a year because of the urgent need to solve the world food problem. Representation in Rome had been at a very high level, as requested by the General Assembly, and had included many government experts. It was, therefore, obviously unthinkable to reopen the debate. He was sure that the Council would act speedily at its next meeting, so that it could forward the report of the Conference to the Second Committee with its comments or recommendations. Members would obviously have to hold consultations regarding the institutional arrangements, and he hoped that the Council would deal with the matter speedily at its next meeting.

48. Mr. KITCHEN (United States of America) endorsed the comments made by the representatives of Egypt and Sweden. The substantive issues of a political nature dealt with in Rome were covered in resolutions I to XX. No further action should be necessary on those resolutions if the General Assembly and the Council were ready to endorse them. Resolution XXI required no action. Only resolution XXII dealt with issues which involved the Council, in paragraphs 1, 4 (a) and 11. If the Council could focus on those three points, it would enable the General Assembly to proceed with the implementation of the report.

49. Mr. JARPA (Chile) said that, as he understood it, at its next meeting the Council would only discuss the best way to implement the agreements reached in Rome and would not reopen the political and economic debates held during the Conference.

50. The PRESIDENT said there appeared to be a clear consensus that the Council should not reopen the debate on the substantive issues dealt with in Rome. At its next meeting, therefore, it would concentrate on the procedural aspects of the report. He urged interested delegations to hold consultations in the meantime. On the point raised by the representative of Jamaica concerning the legal meaning of the words "an organ of the United Nations", it would be useful to have the opinion of the Office of the Legal Counsel, and he would obtain such an opinion before the next meeting.

*The meeting rose at 5.50 p.m.*

## 1929th meeting

Friday, 29 November 1974, at 10.50 a.m.

President: Mr. Aarno KARHILO (Finland).

E/SR.1929

### AGENDA ITEM 6

#### World Food Conference (*continued*):

- (a) Report of the World Food Conference (E/5586, E/5587 and Add.1-4);
- (b) Emergency measures in regard to the supply of fertilizers and pesticides (E/5596)

1. Mr. STEINER (Food and Agriculture Organization of the United Nations) introduced the progress report of the Director-General of FAO on the International Fertilizer Supply Scheme (see E/5596). In

response to Economic and Social Council resolution 1836 (LVI) and upon the recommendation of the Commission on Fertilizers, the FAO Council had established the Scheme at its sixty-third session. The purpose of the Scheme was to ensure the availability of adequate amounts of fertilizers for developing countries and to mobilize financial assistance for those having serious payments problems because of high fertilizer prices.

2. In the past few months, the world fertilizer situation had deteriorated, and several countries—particularly on the Indian subcontinent and in Africa—

were unable to obtain their minimum current requirements. About half the fertilizers used in developing countries were imported and the cost of such imports in 1973/1974 was estimated at \$1.6 thousand million. Were it possible for those imports to increase at a conservative rate of 6 per cent annually, the cost in 1974/1975 would be of the order of \$5.4 thousand million, of which \$3.6 thousand million would be due to price increases.

3. In order to solve that very serious problem, the International Fertilizer Supply Scheme had embarked initially on four simultaneous activities: assessment of the uncovered fertilizer requirements of developing countries, with special attention to the countries most seriously affected by the economic crisis; assessment of the supply availability of fertilizers in producing countries; assessment of sources of finance to match shortfall and supplies; and practical arrangements to provide fertilizers to needy developing countries on receipt of requests.

4. So far, field missions had been sent to 16 countries in Asia, Africa and Latin America to assess uncovered fertilizer requirements and, with the agreement of the Governments concerned, to seek ways of remedying the existing shortfalls. Simultaneously, desk studies had been undertaken on supply shortfalls.

5. By the end of October 1974, 21 countries had officially requested help under the International Fertilizer Supply Scheme. The aid thus requested amounted to \$390 million. An effort had also been undertaken by the Scheme to define the availability of fertilizer supplies on commercial as well as on aid terms during the emergency period. A number of Governments had made firm pledges to supply the Scheme with services and cash worth \$30 million. In addition, the United Nations Emergency Operation in New York had allocated \$21 million to nine of the countries most seriously affected by the economic crisis, with a recommendation that the funds be used to acquire fertilizers through the Scheme.

6. The "fertilizer pool", which was a vital part of the Scheme, should not be viewed as containing large stocks of fertilizers under the exclusive control of FAO, nor large amounts of cash on an FAO account for fertilizer procurement. The pool represented in fact the total amount of fertilizers which industrialized countries and their industries had earmarked for needy developing countries over and above those covered by normal export contracts. Those fertilizers would therefore remain where they were until the moment when the necessary agreements had been concluded with the recipient countries for their shipment.

7. The Scheme had made a promising beginning, thanks to the co-operation of a number of producing countries, the fertilizer industry and recipient countries. The co-operation of countries such as the Netherlands, New Zealand, Norway and the United Kingdom had been particularly valuable. In order to achieve the objectives implicit in Economic and Social Council resolution 1836 (LVI) and explicit in resolution 1/63 of the FAO Council, the International Fertilizer Supply Scheme must have at the earliest possible date firm commitments of support, in kind and in cash, from Governments which had not yet responded to the appeals of the Council and of the Director-General of FAO.

8. The aspects related to fertilizer supply—which was a vital agricultural input—such as investment in

new production capacity and the elimination of production and distribution bottlenecks, should not be the exclusive concern of a few countries but must increasingly become the subject of a concerted international effort. Only then would it be possible in future to avoid emergencies of the kind which the world was currently experiencing.

9. The PRESIDENT proposed that, if there was no objection, the Council should take note with satisfaction of the progress report of the Director-General of FAO on the International Fertilizer Supply Scheme (E/5596).

*The decision was adopted.*

10. The PRESIDENT invited the members of the Council to decide whether the report, in provisional form, of the World Food Conference (E/5587 and Add.1-4) should be transmitted to the General Assembly.

11. Mr. FASLA (Algeria) felt that, since little time remained before the end of the Assembly session, the report of the World Food Conference should be transmitted directly to the Assembly, so that it could take the necessary urgent decisions.

12. The report of the Conference was a compromise between the positions of various delegations and there could be no question of reopening the discussion. Nevertheless, the Economic and Social Council could consider ways of following up the recommendations or decisions of the Conference, particularly its recommendations concerning the establishment of an International Fund for Agricultural Development and of a World Food Council.

13. It was stated in Conference resolution XXII, paragraph 4 (a), (see E/5587, chap. V) that the members of the World Food Council would be nominated by the Economic and Social Council. He was not quite clear what the word "nominated" meant in that context. Did it mean that the members would in fact be elected by the Economic and Social Council and that their election would then have to be confirmed by the General Assembly? If that were so, what would happen if the General Assembly refused to confirm the election of a member? Would the Economic and Social Council have to hold another election?

14. In addition, he would welcome clarification concerning the number of members of the World Food Council and its relationship with the Economic and Social Council. For example, it was stated in resolution XXII that the World Food Council would report to the Economic and Social Council. Did that mean that the Economic and Social Council would be able to change the decisions of the World Food Council or simply make recommendations?

15. Further details should also be given about the relationship between the International Fund for Agricultural Development and the Council itself.

16. In resolution XXII, the World Food Conference recommended that the World Food Council should have its headquarters in Rome. The question therefore arose whether the secretariat of that organ would receive instructions from FAO or from the Secretary-General of the United Nations. In addition, who would pay the salaries of the staff members? If the Council was attached to FAO and received instructions directly from that agency, it might be asked what would then be the attitude of the United Nations Industrial Development Organization or of the United Nations Confer-

ence on Trade and Development when the World Food Council came to consider problems which were within their own spheres of competence.

17. He had no desire to question the consensus reached in Rome, and was simply trying to clarify the decisions which had been taken. It would perhaps be advisable for those questions also to be considered by the Second Committee. He would like the Secretary of the Council to provide clarification of the points which he had just mentioned.

18. Mr. de MOURA (Brazil) endorsed the comments made by the representative of Algeria. In his view, most delegations would prefer the report of the Conference to be transmitted to the Second Committee in order for it to take the necessary decisions. He too would welcome clarification of the points raised by the representative of Algeria.

19. Mr. BARCELO (Mexico) stressed the need for urgent implementation of the recommendations of the World Food Conference; that did not mean, however, that the Economic and Social Council or the Second Committee was obliged to take immediate measures to that end. He would have no objection to the Second Committee dealing with the question, as some delegations had suggested; since the Second Committee had a larger membership, it represented a broader range of viewpoints.

20. Mr. HASHMI (India) thought that at that stage the Council could only transmit the report to the Second Committee. It was that Committee which would have to clarify certain points that were still somewhat vague in resolution XXII. Resolution XIII was also important, however, since it requested the Secretary-General to take certain measures. He therefore proposed that the Council should take note of those two resolutions when it transmitted the report of the Conference to the Second Committee, and that it should act without further delay.

21. Mr. HOSNY (Egypt) endorsed the comments made by the previous speakers, and particularly by the representative of India. The Council should make a special request to the General Assembly to take a decision on resolutions XIII and XXII, which were very important.

22. Mr. MWANGAGUHUNGA (Uganda) agreed that the report should be transmitted to the Second Committee, so that it could take decisions on resolution XIII and XXII without delay. Perhaps the Secretary of the Council could provide some clarification of the relationship to be established between the World Food Council and the Economic and Social Council.

23. Mr. OLIVERI LOPEZ (Argentina) said his delegation associated itself with those which had proposed that the Council should without delay transmit the report of the Conference to the General Assembly for follow-up action. It strongly supported the proposal of the representative of Algeria that the members of the Council should nevertheless have an exchange of views on the question. With regard to the relationship to be established between the World Food Council and the Economic and Social Council and other United Nations bodies, it would probably be advisable for those who had participated in the Conference in Rome to contact the Secretary of the Council, with a view to clarifying points which remained unclear.

24. Mr. KITCHEN (United States of America) considered that informal consultations would make it pos-

sible to clarify a few points which remained obscure in document E/5587.

25. As time was pressing and much remained to be done, he proposed that the Council should take note with satisfaction of the report of the World Food Conference, transmit the report to the General Assembly with the recommendation that it should examine it as a matter of priority so that the provisions and recommendations of the Conference should be implemented without delay, request the Secretary-General to perform the task entrusted to him under Conference resolution XIII, paragraph 5, and lastly, request the Assembly to determine the composition of the World Food Council in accordance with resolution XXII, paragraph 4 (a).

26. Mr. FASLA (Algeria) said that the proposal by the United States representative was in fact a draft decision and he would welcome clarification regarding the fourth and last point of that proposal. Did it concern only determining the number of members of the future World Food Council? All countries, and particularly the developing countries, hoped that the General Assembly would do more than that and would establish the body concerned at the current session.

27. Mr. MACKENZIE (United Kingdom) observed that the document before the Economic and Social Council was the result of a delicate compromise and had been accepted by the representatives of all of the Governments present at the Conference in Rome; moreover, in view of the limited time available to the Council, and the fact that many points required clarification, it was necessary to avoid becoming bogged down in endless discussion. He agreed that the Council should take a decision immediately on the four points proposed by the United States representative. With regard to resolution XXII, paragraph 4 (a), his delegation considered that the question of the number of members of the World Food Council should be the subject of informal consultations.

28. Mr. CORDOVEZ (Secretary of the Council), referring to the question raised by the representative of Algeria concerning the procedure to be followed, said that the Economic and Social Council could not confine itself to transmitting the report of the Conference to the General Assembly if it was intended that the World Food Council should begin operations in 1975. In fact, there were two decisions to be taken: the number of members of that body had to be determined and those members had to be nominated. There was no real precedent, but the two questions could not be settled at the same time. The first step must be to determine the number of members of the World Food Council. In that connexion, it should be noted that the Second Committee was in principle supposed to complete its work by 6 December; hence, the question had to be referred to it before that date. The General Assembly would then have to give its approval so that the Economic and Social Council could nominate the members of the World Food Council; the General Assembly could then elect those members before the end of the current session.

29. With regard to the relationship between the World Food Council and the Economic and Social Council, it should be noted that all decisions taken by a United Nations Conference or body must be in conformity with the Charter of the United Nations, which laid down the terms of reference of the Economic and Social Council, so that the relationship between

the World Food Council and the Economic and Social Council was bound to be in conformity with the Charter. As to the secretariat of the World Food Council, he expected Governments to indicate to him the meaning of the term "within the framework of FAO" in resolution XXII, paragraph 4 (b). Governments did not seem to have expressed their intentions clearly at the Conference in Rome. The Secretariat would have to submit a statement of financial implications in the light of the meaning attributed to that term.

30. With regard to the meeting which the Secretary-General was requested to convene in accordance with resolution XIII, paragraph 5, it should be noted that the Secretary-General could not convene such a meeting unless he had received an express request to that effect. A decision by the Economic and Social Council or the General Assembly would enable the Secretary-General to take action. However, any decision should take into account above all the need to enable the International Fund for Agricultural Development to begin operations as soon as possible.

31. Mr. KITCHEN (United States of America) said that during the negotiations in which it had participated, his delegation had understood that, by virtue of resolution XIII, paragraph 1, the Secretary-General was authorized to establish the International Fund for Agricultural Development and that, in accordance with the guidelines given him, he would take all necessary steps to establish that Fund as soon as sufficient resources became available. His delegation considered that for the time being the Secretary-General did not need to request a further opinion from the Economic and Social Council or the General Assembly.

32. With regard to resolution XXII, paragraph 4 (b), his delegation considered that the term "within the framework of FAO" meant that the secretariat of the World Food Council would form part of the United Nations Secretariat and would be serviced by FAO. As to the membership of the World Food Council, the latter was in an embryonic state and must be considered as a mechanism whose purpose was to co-ordinate the activities of auxiliary bodies which would not be established until the report had been adopted by the General Assembly. He doubted whether the World Food Council would be able to perform useful work in the immediate future. More time should be devoted to the question of its composition, so that the Economic and Social Council, at its organizational session in January 1975, could nominate the members, who could be confirmed by the General Assembly at its seventh special session. It was not absolutely essential to settle the question of the composition of the World Food Council immediately, and it would be preferable, should that prove necessary in order to establish a really viable body, to defer a decision on that subject until a later date.

33. Mr. MACKENZIE (United Kingdom) observed that there were discrepancies between resolution XIII and resolution XXII with regard to the Economic and Social Council. Resolution XXII made it clear that the Council had special responsibilities, but resolution XIII made no explicit reference to the Council. Consequently, the Council was not obliged to take a decision with regard to the latter resolution at the current meeting.

34. Mr. ČABRIĆ (Yugoslavia) considered it essential to take a decision on all the recommendations adopted by the Conference as soon as possible, prefer-

ably at the current session of the General Assembly. It was also essential that such decisions should be taken by consensus, i.e., without a vote, so as to reflect the consensus reached in Rome.

35. He agreed that the report should be transmitted to the General Assembly, but, in the light of the explanations given by the Secretary of the Council, he felt that the Secretary-General should be given guidelines indicating the most urgent steps to be taken by the Assembly. He also agreed in principle with the proposal of the United States representative, but felt that a decision should be taken at the current session or, at the latest, at the organizational session of the Economic and Social Council in January 1975, since that would make it possible to hold consultations concerning the composition of the World Food Council. The General Assembly could meet again after the January session of the Economic and Social Council and elect the members of the World Food Council.

36. With reference to the statement by the United Kingdom representative to the effect that the Economic and Social Council had no special responsibility with regard to resolution XIII, he wondered whether paragraph 3 of that resolution meant that the Governing Council which would administer the Fund would be elected by a small number of invited countries. The procedure to be followed was not clear. He considered it necessary for the Economic and Social Council and the General Assembly to play a role in that connexion, and would welcome clarification on that point.

37. Mr. MUMEKA (Zambia) said he shared the views expressed by the United States representative and approved of resolution XXII, paragraph 4 (b), in which the World Food Conference recommended that the World Food Council should be serviced within the framework of FAO. The Director-General of FAO had already made arrangements, which had been approved by the FAO Council, and had obtained appropriations in order to cover the operation of the services necessary for the establishment of the World Food Council. He agreed with the representative of Yugoslavia that, since the decisions of the World Food Conference had been taken by consensus, it would also be desirable for the Economic and Social Council and the General Assembly to take by consensus the decisions concerning the arrangements to be made to give effect to the recommendations of the Conference. Resolution XIII showed that the World Food Conference had believed that it was a matter of urgency to establish an International Fund for Agricultural Development, but for logistic reasons the Conference had decided that the Secretary-General of the United Nations should be requested to convene a meeting of all interested countries and competent institutions to discuss the way in which the Fund should be established. With regard to the other questions raised by the representative of Yugoslavia, he agreed that those questions were urgent and hoped that the General Assembly would see fit to take a decision on them as soon as possible. He agreed with the views expressed by the United Kingdom representative regarding the number of members and composition of the World Food Council.

38. Mr. FONSECA (Colombia) said that the recommendations of the World Food Conference were not quite what the developing countries had wanted. Nevertheless, important decisions had been taken. The Conference had not had time to make all the necessary



arrangements for implementing its recommendations and decisions; the necessary measures should be taken as early as possible. To his delegation, the number of members of the World Food Council and its composition was a very important question. The new body should be set up as a matter of urgency, and the Economic and Social Council should therefore make recommendations on the matter without delay—at the current meeting, if possible. There were two possible ways of establishing the World Food Council. The Economic and Social Council could make recommendations on its composition and the number of members to the General Assembly and then meet to nominate the members before the closure of the current session. The second procedure would take more time. It would require the General Assembly to reconvene in January 1975. Should the Economic and Social Council not reach agreement, consideration should be given to the possibility that, for once, it should refrain from nominating candidates for the World Food Council and leave that task to the General Assembly. It was his earnest hope that the World Food Council could be established at the current session of the General Assembly.

39. Mr. HJERTONSSON (Sweden) said that he, too, believed that the decisions taken in Rome should not be reconsidered. He recognized, however, that clarification of certain points would be useful. He endorsed the proposals made by the United States representative on measures to be taken by the Economic and Social Council, but, like the United Kingdom representative, was not sure that the Council needed to make a decision concerning resolution XIII, paragraph 5; his preference was for leaving that responsibility to the General Assembly. The suggestion made by the representative of Yugoslavia to the effect that the General Assembly should reconvene in January 1975 had some merit. He himself suggested that, in addition, the geographical groups should have consultations and convey their decision to the President of the General Assembly. On the subject of resolution XXII, paragraph 14, he said that it would be interesting to know how the World Bank, FAO and the United Nations Development Programme viewed their role in the matter concerned.

40. Mr. SHEMIRANI (Iran) suggested that the best course, if the Economic and Social Council failed to reach agreement on the number of members of the World Food Council or on its composition, would be to adopt the procedure proposed by the United States representative. With regard to resolution XIII, his delegation had from the outset attached great importance to the establishment of the International Fund for Agricultural Development, which was becoming increasingly urgent. The Secretary-General should initiate consultations with a view to convening a meeting of all the countries concerned as soon as the General Assembly had adopted that resolution.

41. Mr. BARCELO (Mexico) said that his impression was that the Council as a whole was in favour of referring the item to the Second Committee. On the other hand, some delegations contended that specific proposals should be made, so that the Second Committee could make its decision quickly. It should be borne in mind that the food issue was not an abstract problem: human beings were dying every day because nothing was being done to alleviate the situation. Consequently, the Second Committee's attention should be drawn to

the urgency of the entire matter, particularly resolutions XIII and XXII.

42. Mr. HANSEN (Netherlands) said that the General Assembly should adopt a resolution giving the broad outlines of the International Fund for Agricultural Development, and that it would be for the Economic and Social Council to devise rules for the operation of that Fund as soon as possible. The meeting mentioned in resolution XIII, paragraph 5, should take place in December 1974, so that the Economic and Social Council could consider the outcome of that meeting at its organizational session in January 1975, since the question was extremely urgent.

43. Mr. BOOTHE (Jamaica) observed that at the preceding meeting his delegation had asked a number of questions about resolution XXII, because certain points needed to be clarified. Certain tendencies were beginning to emerge, and he hoped that they would crystallize within the General Assembly.

44. At that meeting his delegation had referred to the need to make the meaning of resolution XXII, paragraph 1, clear; some words should be added to that paragraph to indicate that the World Food Council would operate under the auspices of the Economic and Social Council.

45. There had been much discussion at the current meeting of the nomination of members of the World Food Council. In his delegation's view, it was not the Economic and Social Council but Member States which should appoint the members of that new body. Each geographical group should nominate a representative who would be elected by the General Assembly. Consequently, the Economic and Social Council would have no role to play in the process.

46. Finally, the resolution was not very clear about the procedures for the submission of reports by the World Food Council. He held that it should report to the General Assembly each year through the Economic and Social Council.

47. Mr. STURKEY (Australia) said that his delegation wanted the World Food Council to be established as early as possible. To that end, he suggested that the Economic and Social Council should transmit the report of the World Food Conference to the Second Committee, which would consider it and make a decision. The proposal of the United States representative might be the right solution.

48. The Economic and Social Council might, as its Secretary had suggested, meet again in a few days to nominate the members of the World Food Council, in accordance with resolution XXII, paragraph 4 (a). Whatever procedure was adopted, he hoped that the issue would be settled before 1975.

49. Mr. CORDOVEZ (Secretary of the Council) explained, in reply to a question from the United Kingdom representative about resolution XIII, that by virtue of General Assembly resolution 3180 (XXVIII) the Economic and Social Council had been entrusted with over-all responsibility for the World Food Conference. Consequently there was no doubt that the Economic and Social Council should make some decision, either by devising recommendations or by referring the question to the Second Committee.

50. As for the establishment of the Fund, the practice in cases of that kind was that the General Assembly took a decision. He would, however, consult the competent authorities on the matter.



51. The text of resolution XXII was ambiguous about the relationship between the World Food Council and the United Nations Secretariat, and it would be the responsibility of the General Assembly to lay down the nature of the relationship between the World Food Council and the Secretariat. Nevertheless, steps should be taken to obviate possible constitutional and institutional conflicts.

52. In reply to a question by the representative of Sweden, Mr. WEITZ (Food and Agriculture Organization of the United Nations) explained that the FAO Council had given the Director-General a fairly wide mandate which would allow him, if necessary, to take action in pursuance of a decision of the United Nations General Assembly. Provision had also been made for convening a special session of the FAO Council in March 1975 with a view to taking any legal decisions which might be required as a result of a decision of the General Assembly. The Council had also given some latitude to the Director-General in financial matters and had authorized him to make decisions on certain questions, including negotiations with the World Bank and other agencies. He believed that the decisions of the FAO Council would reach the General Assembly by 2 December.

53. Mr. MUMEKA (Zambia) pointed out that the representative of Jamaica had asked the United States delegation a specific question about the interpretation of resolution XXII, paragraph 1.

54. In his delegation's view, although the text of paragraph 1 did not specifically say so, the intentions of the Conference with regard to the operation of the World Food Council were clear in two respects. First, the Council should operate at the highest political level possible, namely, at General Assembly level. Secondly,

in view of the fact that the Economic and Social Council was responsible for co-ordinating the activities of the United Nations system in the economic and social sphere, the World Food Council could not operate outside the Council.

55. Mr. CHATENAY (International Bank for Reconstruction and Development) said, in reply to the Swedish representative's question about whether the Bank had made arrangements to apply resolution XXII, paragraph 14, that the President of the World Bank and the Director-General of FAO had been in contact and that consultations had been held between members of the two secretariats to consider the terms of reference of the Consultative Group mentioned in paragraph 14 and the machinery through which the secretariats of the two bodies could help the Consultative Group in its work.

56. Mr. de MOURA (Brazil) asked the United States representative to explain how he understood the word "composition" in the context of resolution XXII, paragraph 4 (a). He was asking that question because he felt that the wording proposed by the United States representative might enable the Council to resolve the procedural issue.

57. Mr. KITCHEN (United States of America) said that he endorsed the interpretation of resolution XXII, paragraph 1, offered by the representative of Zambia. With regard to the question asked by the representative of Brazil, his delegation intended to propose that the General Assembly should replace the blanks in paragraph 4 (a) and paragraph 9 by figures. If the members of the Economic and Social Council so requested, he could submit a formal proposal.

*The meeting rose at 12.40 p.m.*

## 1930th meeting

Friday, 29 November 1974, at 4.05 p.m.

*President:* Mr. Aarno KARHILO (Finland).

E/SR.1930

### AGENDA ITEM 6

#### World Food Conference (*continued*):

- (a) Report of the World Food Conference (E/5586, E/5587 and Add.1-4);
- (b) Emergency measures in regard to the supply of fertilizers and pesticides (E/5596)

1. The PRESIDENT said that, after consultations between the members of the Council, the following draft decision on the report of the World Food Conference (E/5587 and Add.1-4) had emerged:

*"The Economic and Social Council*

"1. Takes note of the report of the World Food Conference;

"2. Expresses its gratitude to the Government of Italy for its generous hospitality in acting as host to the Conference;

"3. Expresses its appreciation to the Secretary-General of the Conference for the outstanding man-

ner in which the Conference was prepared and organized;

"4. Transmits the report of the World Food Conference to the General Assembly, together with the comments made thereon by the Council with the request that careful and priority consideration be given at its twenty-ninth session to the recommendations contained in Conference resolutions XIII and XXII, with a view to adopting provisions regarding those issues which would effectively enhance the capacity of the United Nations system to deal with world food problems;

"5. Requests further the General Assembly, in considering the institutional arrangements recommended by the Conference, to take into account the Charter responsibilities of the Economic and Social Council as a central organ for comprehensive policy formulation and co-ordination of the activities of the United Nations system in the economic, social and human rights fields."

2. Mr. WRIGHT (Canada) said that, although his delegation had no objection to paragraph 5 of the draft decision, he was not sure that it was really necessary. It was obvious that the General Assembly would take into account the Council's role under the Charter.

3. Mr. STIEPEL (Federal Republic of Germany) agreed with the representative of Canada about paragraph 5. In taking any decision, the General Assembly always had to take account of the Council's responsibilities under the Charter. Any emphasis on that fact might give the erroneous impression that the World Food Conference had taken decisions which questioned that role, whereas in fact its decisions had been in line with the Charter.

4. Mr. BREITENSTEIN (Finland) said that he understood the point which the representatives of Canada and the Federal Republic of Germany had made concerning paragraph 5. However, it could be interpreted differently, to mean that the Council had not had time to consider the report and recommendations of the World Food Conference in detail, and that it was transmitting the report to the General Assembly in the hope that the Assembly could do what the Council had been unable to do.

5. Mr. MACKENZIE (United Kingdom) said that his delegation would have some difficulty in accepting paragraph 5, which seemed to question the decisions taken by Governments in Rome. If it was necessary to stress the role of the Economic and Social Council, the concluding words of paragraph 4 could be amended to read "the United Nations system, including the Economic and Social Council, to deal with world food problems".

6. Mr. BARCELO (Mexico) suggested that the best course might be to delete all the words after "those issues". However, his delegation had no objection to the original text. It had become customary to stress in resolutions the role of organs in the United Nations, and his delegation could accept paragraph 5 or any wording which took into account the Council's role under the Charter.

7. Mr. QADRUD-DIN (Pakistan) said that the representative of Finland had put into words his delegation's views on paragraph 5. His Government had played a part in adopting the resolutions at the World Food Conference, and he did not wish the draft decision to question them or to imply that the Conference had questioned the provisions of the Charter of the United Nations. However, he felt that a reference to the central co-ordinating role of the Council was necessary, because some members of the Council did hold that Conference resolution XIII questioned the role of the Economic and Social Council, whereas others had said that the content of that resolution had nothing to do with the Council. Even though the role of the Council under the Charter was obvious, he endorsed paragraph 5 as it stood.

8. Mr. BRITO (Brazil) said that he, too, interpreted paragraph 5 to mean that the Council had not had time to consider the resolutions adopted at the World Food Conference. It was therefore a safeguard clause which in no way questioned the decisions of the Conference. Although his delegation had no difficulty with paragraph 5, he suggested that the substance of paragraph 5 might be incorporated in paragraph 4, in order to satisfy those delegations which did have difficulties; that could be done by amending the relevant part of paragraph 4 to read "... with the request, bearing in

mind the responsibilities of the Economic and Social Council under the Charter of the United Nations, that careful and priority consideration...".

9. Mr. MWANGAGUHUNGA (Uganda) said that his delegation would have no objection to supporting either paragraph 5 or the Brazilian amendment to paragraph 4.

10. Mr. MUMEKA (Zambia) said that paragraph 5 stated the obvious. Conference resolution XXII, paragraph 1, indicated that the World Food Council would report to the General Assembly through the Economic and Social Council, thus implying full recognition of the role of the Economic and Social Council. His delegation had no problem with paragraph 5, which it did not interpret as implying that the Conference had not taken cognizance of the role of the Economic and Social Council.

11. Mr. SHEMIRANI (Iran) said that, following further informal consultations, there seemed to be general agreement among members; as several representatives had said, there seemed to be no need to retain paragraph 5. The decision would be transmitted to the General Assembly, which might interpret it differently again and have lengthy discussions on it. If members felt strongly that paragraph 5 should be maintained, the Brazilian amendment might serve their purpose. Otherwise, in his delegation's view, the paragraph was superfluous, because it was well known that the Economic and Social Council had a central policy-making role under the provisions of the Charter.

12. Mr. CHANG Hsien-wu (China) said that his delegation could agree to the adoption of the decision under discussion. However, he pointed out that his delegation had not received the report of the World Food Conference in Chinese and was working from the English version; it was to be hoped that the Chinese version would be available shortly. He reserved his delegation's right to comment further on the report when it was available in Chinese. He had not opposed the adoption of a decision before receiving the Chinese version of the report so as to facilitate consideration of the report by the General Assembly.

13. Mr. MURIN (Czechoslovakia) said that his delegation had no difficulty with the text read out by the President. However, the Council had not had time to study the report and discuss it in detail. He therefore suggested that the Council should be given the opportunity to discuss the report of the World Food Conference further at its fifty-ninth session. If members of the Council felt otherwise, he would not press his suggestion, but he hoped it would be included in the draft decision. To some extent, it was covered in paragraph 5, and he therefore fully endorsed that paragraph. The Economic and Social Council should study in greater detail the issues dealt with by the World Food Conference.

14. He was concerned about the reference in the draft decision to comments by the Council on the report, comments which were to be forwarded to the General Assembly. The Council had not reached agreement on any specific comments on the report, and individual delegations would still have an opportunity to express their views in the Second Committee or the plenary meeting. He asked whether there was any need to attach the Council's comments to the report, particularly since some members had made no comments. In conclusion, he said that, if the Council was prepared to adopt the draft decision in the form in which it had

been read out by the President, his delegation would support it as a compromise reached by concerted efforts, but if any amendments were made to the text, his delegation would submit its own comments separately.

15. Mr. FONSECA (Colombia) said that, while his delegation had no difficulties with paragraph 5 of the draft decision, it would support the Brazilian amendment if its adoption eliminated the objections of other delegations.

16. Mr. MUMEKA (Zambia), referring to the suggestion of the representative of Czechoslovakia that the Council should undertake a full review of the report of the World Food Conference at its fifty-ninth session, said that he doubted whether the Council could review the decisions of the World Food Conference, at which the representation of almost all States had been at the ministerial level.

17. The Council had already reached agreement on recommending the endorsement of Conference resolutions XIII and XXII and, as he understood the matter, could not reconsider its own decision. His delegation had no difficulty with any of the Conference resolutions, since it had been involved in the work of the Conference from the very beginning. He could assure members of the Council that the report of the Conference had been drafted with great care and reflected positions which were the outcome of protracted negotiations.

18. Mr. BOOTHE (Jamaica) recalled that at the 1928th and 1929th meetings of the Council, his delegation had sought clarifications concerning the terms of reference of the World Food Council, its servicing and its relationship with the Economic and Social Council. To a great extent those clarifications were provided by paragraph 5 of the draft decision. While the decisions of the World Food Conference should be implemented as a matter of urgency, it was also imperative to avoid any complications which might arise from action taken in haste.

19. Mr. STIEPEL (Federal Republic of Germany), Mr. HOSNY (Egypt), Mr. RUGGIERO (Italy) and Mr. HJERTONSSON (Sweden) endorsed the Brazilian amendment.

20. Mr. MACKENZIE (United Kingdom) withdrew his delegation's amendment since it was accommodated by the Brazilian amendment.

21. Mr. KACIMAIWAI (Fiji) said that his country, because of insufficient financial resources, was among the eight Member States of the United Nations which had not attended the World Food Conference. His delegation had transmitted the report of the Conference to its Government for study and comment, and was therefore favourably disposed towards the suggestion that the Council should continue its consultations and transmit the report to the Second Committee, in which, in the interests of universality, those States which had not participated in the Conference should have the opportunity to place their views on record. Moreover, a number of aspects of the institutional arrangements needed further elucidation.

22. Mr. KITCHEN (United States of America) said that paragraph 4 of the draft decision gave the impression that the Economic and Social Council was recommending that the General Assembly should focus its attention almost exclusively on resolutions XIII and XXII. For greater precision, therefore, he proposed that in paragraph 4 of the draft decision the

words "of the Conference, and especially those" should be added after the word "recommendations".

23. The PRESIDENT invited the Council to adopt the draft decision incorporating the amendments proposed by the representatives of Brazil and the United States. If there were no objections, he would take it that the Council adopted the draft decision as amended.

*The decision was adopted [decision 59 (LVII)].*

24. Mr. FASLA (Algeria) said that a number of general conclusions had emerged with regard to the institutional arrangements called for under resolution XXII of the World Food Conference. The terms of reference envisaged in paragraph 1 for the World Food Council were similar to the arrangements governing the relationship between the United Nations Environment Programme and the Economic and Social Council, which had not undermined or detracted from the responsibilities and functions of the Council. The formula in paragraph 4 (b), which stipulated that the World Food Council was to be serviced "within the framework of" FAO was ambiguous. In the interests of the closest possible co-operation between FAO and the World Food Council, part of the staff in the new body's secretariat should be seconded from FAO, although, since some aspects of the Council's work fell within the scope of such bodies as the World Health Organization and the United Nations Conference on Trade and Development, the secretariat should also have the necessary degree of independence and should come under the authority and jurisdiction of the Secretary-General of the United Nations. The Council of FAO had declared itself willing to meet its share of the financial implications of the World Food Council and to ensure budgetary co-operation between it and FAO. In that connexion, the efforts of the Director-General of FAO deserved commendation.

25. With regard to paragraph 4 (a), he said that if the Economic and Social Council could reach agreement, through informal consultations, on the number of members of the World Food Council and the essential aspect of geographical distribution, the General Assembly could proceed immediately to the election of the members. In that connexion, he observed that the use of the verb "désigner" in the French version had given rise to some confusion as to the role of the Economic and Social Council.

26. Mr. RUGGIERO (Italy), responding to the expression of gratitude to his Government in the Council's decision, said Italy had been very honoured to be host to an international event as important as the Conference.

27. Mr. DE SEYNES (Under-Secretary-General for Economic and Social Affairs) said that the representative of Algeria had rightly argued that the Secretary-General of the United Nations should have full authority over the new secretariat unit to be established in pursuance of Conference resolution XXII, paragraph 4 (b), since it would have to serve a United Nations organ. He also agreed that the new secretariat unit should have access to FAO experience in agriculture. There would be little difficulty in establishing close co-operation between the United Nations and FAO, but, as already noted by the Secretary of the Council, it was important to clarify the institutional and constitutional arrangements for such co-operation. The Secretary-General was taking a personal interest in that problem and would study it before the relevant item was discussed by the Second Committee.

28. Mr. BRITO (Brazil) welcomed the Council's decision concerning the report and hoped that the Second Committee would devote adequate time to considering the resolutions of the Conference. While he agreed with the representative of Zambia that neither the Economic and Social Council nor the General Assembly should review decisions taken at the ministerial level, it might be prudent for the Council to consider the report of the Conference at a later session in the context of the mid-term review of the International Development Strategy for the Second United Nations Development Decade. He hoped that the report of the Conference would be available to the Preparatory Committee for the seventh special session of the General Assembly and to the Committee on Review and Appraisal, even if it was not the subject of a separate item on the Council's own agenda.

29. Mr. CHAVANAVIRAJ (Thailand), speaking in explanation of vote, said that his comments were prompted by the last-minute United States amendment to the draft decision.

30. Thailand had long held that a global policy and prompt action were needed to meet man's immediate and long-term food needs. His country also believed that in striving to ensure a fair balance of interests between food-exporting and food-importing countries, due account should be taken of the special needs of peoples beset by national disasters and economic crises and of the position of developing countries that were dependent on the production and export of agricultural commodities. In Rome, his delegation had expressed reservations concerning Conference resolutions XVII, particularly paragraph 4, and XVIII, particularly the first preambular paragraph. Thailand was not opposed to the main thrust of those resolutions and had given practical examples of its support for the concept of food aid on a grant basis. It could not, however, support concessional sales because they tended to inhibit the normal conduct of international commerce and to produce adverse effects on the trade of food-exporting developing countries. In that connexion, he pointed out that approximately 80 per cent of Thailand's export earnings came from agricultural products and that the country was suffering from a chronic and worsening balance-of-payments deficit.

31. His delegation agreed with the comment made at the World Food Conference by the representative of

a developed country to the effect that developing countries should trade rather than depend on aid. Thailand had long been making efforts to that end, but suffered constantly from commodity price fluctuations, the scarcity of essential inputs, and unfair and non-commercial competition by rich producers. In view of a number of unfortunate experiences with concessional sales in the past, it favoured the conduct of such trade on a triangular basis, a system under which a developed producer would buy agricultural products from a developing producer at the world market price and then sell them to another developing country on concessional terms.

32. Mr. MURIN (Czechoslovakia) said that his delegation's support of the decision to transmit the report of the World Food Conference to the Second Committee did not in any way change the position taken by his Government on certain points at the Conference itself. He agreed that it would be advisable for the Council to study the report of the Conference fully at a future session, but that did not imply that the Council should revise the report. Since the problem of providing adequate food supplies concerned not only the agricultural sector but also other branches of the economy and had social and socio-political aspects, advantage should be taken of the contribution towards a solution of the problem which could be made by relevant existing United Nations organs.

33. The PRESIDENT suggested that, as it had done in respect of the reports on the first and second sessions, the Council should take note of the report of the Preparatory Committee for the World Food Conference on its third session (E/5586).

*The decision was adopted.*

34. Mr. CORDOVEZ (Secretary of the Council), referring to the comment by the representative of China, expressed the Secretariat's regret that, owing to pressure of time, it had not been possible to provide copies of the report of the Conference in languages other than the working languages of the Council. The report would however, be available in all the working languages of the General Assembly in time for consideration of the item by the Second Committee.

*The meeting rose at 5.40 p.m.*

## 1931st meeting

Thursday, 5 December 1974, at 11.30 a.m.

President: Mr. Aarno KARHILO (Finland).

E/SR.1931

### AGENDA ITEM 9

**The impact of transnational corporations on the development process and on international relations (E/5592, E/5595 and Add.1-6, E/5599)**

1. The PRESIDENT invited the Chairman of the Special Intersessional Committee on the impact of transnational corporations on the development process and on international relations, which had been convened pursuant to Economic and Social Council resolu-

tion 1908 (LVII), to report orally on the draft resolution that it recommended to the Council.

2. Mr. AKHUND (Pakistan), Chairman of the Special Intersessional Committee, said that he had been charged by the Committee to introduce draft resolution E/AC.61/L.4 which the Committee recommended to the Council for adoption (E/5599, para. 11). The Committee had adopted the draft resolution without a vote after consensus had been reached through informal consultations, and therefore recommended it to



the Council in the hope that it would be adopted unanimously.

3. The PRESIDENT drew attention to the statement of financial implications of the draft resolution submitted by the Secretary-General to the Intersessional Committee (E/AC.61/L.5). Since there had been no change in the draft resolution since that statement had been submitted, it could also serve as the statement of financial implications required by the Council in accordance with rule 34 of the rules of procedure.

4. If he heard no objection, he would take it that the Council wished to adopt the draft resolution recommended by the Special Intersessional Committee for adoption in paragraph 11 of its report (E/5599) without vote.

*The draft resolution was adopted [resolution 1913 (LVII)].*

5. Mr. HUME (United States of America) said that his delegation was pleased that the Special Intersessional Committee had been able to reach consensus on the draft resolution which the Council had just adopted.

6. The intergovernmental Commission and the Information and Research Centre which were to be set up would face great challenges in dealing with the issues associated with transnational corporations. It was therefore incumbent on the Governments selected for membership of the Commission to appoint highly qualified persons who were fully acquainted with the subject. The Commission, in turn, would have the important responsibility of selecting knowledgeable persons, who would serve in a private capacity, to assist it in its work. The active and regular participation of non-governmental representatives of business, labour, the academic world and consumer groups was an essential element in the Commission's work.

7. The influence and significance of the Commission would depend to a considerable extent on how it performed its functions under its terms of reference. A constructive and objective approach was essential if it was to avoid making decisions and recommendations on the basis of untested assumptions, rather than on the basis of carefully gathered and analysed facts.

8. The work of developing a non-binding code of conduct dealing with transnational corporations should not be carried out too hastily. In that connexion, his delegation interpreted the phrase "dealing with" in paragraph 3 (e) of the resolution as referring to the general subject of transnational corporations; it believed that any code to be developed should cover the responsibilities of Governments as well as those of transnational corporations. The consideration of possible international agreements or arrangements on specific questions relating to transnational corporations should also be a step-by-step process. A general agreement on the question of transnational corporations was, in the view of his delegation, simply not feasible in the near future.

9. The Information and Research Centre in the Secretariat should work in the same professional manner as the Commission and under its guidance. His delegation was confident that the Secretary-General would choose as Director of the Centre a person of recognized professional ability and objectivity.

10. A major function of the Centre would be the collection, analysis and dissemination of data, and his delegation believed that the most efficient means of obtaining reliable data was to request them from Gov-

ernments. The Centre would also have to organize and co-ordinate programmes of technical assistance for strengthening the capacity of host countries in their dealings with transnational corporations. In that connexion, his delegation believed that it would be highly inappropriate for any United Nations body to participate directly in negotiations between host Governments and transnational corporations.

11. The new Commission had rightly been given the responsibility of developing its own draft programme of work and statement of proposed priorities. Among the guidelines provided in the resolution, his delegation believed that high priority should be given to the definition of transnational corporations. The definition should be broad enough to include the international investment-type activities of all business enterprises, whether private, State-owned or mixed, and whether based in developed or developing countries.

12. The resolution that the Council had just adopted provided a good basis for continuing the dialogue on the issues associated with transnational corporations. It was for those who would serve on the Commission and in the Centre to ensure that the dialogue was productive.

13. Mr. CZARKOWSKI (Poland) expressed his delegation's satisfaction regarding the adoption of the resolution; it had supported the draft resolution as a modest advance towards shaping international economic relations for the benefit of the developing countries. It was nevertheless an important advance, since transnational corporations played a significant role in economic relations between highly industrialized and developing countries. His delegation was gratified by the content of paragraph 1 (d) regarding the intergovernmental Commission's right to call upon experts. The Information and Research Centre in the Secretariat should be staffed with highly qualified personnel recruited on the basis of broad geographical distribution so that the Centre's work would be useful to all countries.

14. Mr. SPRÖTE (German Democratic Republic) said that his delegation welcomed the adoption of the resolution without a vote. The establishment, within the framework of the Council of an intergovernmental organ which would regularly investigate and report on the activities of transnational corporations was a victory for the progressive forces which sought to prevent transnational corporations from interfering in the internal affairs of States, especially of developing States. Moreover, the establishment of the Commission was an important step towards implementing the Declaration and the Programme of Action on the Establishment of a New International Economic Order adopted by the General Assembly at its sixth special session (resolutions 3201 (S-VI) and 3202 (S-VI)).

15. It was regrettable, however, that neither paragraph 3 (e) nor paragraph 7 referred to certain fundamental principles that had earlier been accepted concerning the regulation of the activities of transnational corporations; nevertheless, his delegation had agreed to the wording of paragraph 3 (e) in order to make consensus possible. In any event, the provisions of Council resolution 1908 (LVII), particularly those of paragraph 2, should be taken as guidelines for the Commission's future activities.

16. In conclusion, he said that the adoption of the "All States" formula as the basis for the Commission's composition was an important step towards imple-



menting the principle of universality and eliminating the Vienna formula—a remnant of the cold war period. He expressed appreciation for the spirit of co-operation shown by all delegations during their work on the draft resolution.

17. Mr. STURKEY (Australia) welcomed the adoption of the resolution, which was the outcome of lengthy consultations. The new intergovernmental Commission's membership of 48 would allow for equitable geographical distribution and facilitate the representation of the particular interests and experience of host and home countries, both developed and developing. His Government believed that the representatives of developed host countries had a distinctive role to play in the work of the Commission. He stressed that any code of conduct dealing with transnational corporations should be of assistance to Governments in formulating their policies and arrangements for foreign investments, while ensuring that transnational corporations behaved as good corporate citizens in host countries, with both parties honouring their agreements.

18. Mr. MORDEN (Canada) associated his delegation with the remarks made by the representative of Australia.

19. Mr. SMIRNOV (Union of Soviet Socialist Republics) said that his delegation supported the observations of the representatives of Poland and the German Democratic Republic. His delegation had not objected to the adoption of the draft resolution without a vote, because it felt that consensus would strengthen the hand of the Council in implementing the decision. His delegation had consistently championed the interests of developing countries vis-à-vis transnational corporations, and considered that the resolution marked a modest step forward.

20. The members of the intergovernmental Commission should be appointed on the basis of equitable geographical distribution; that issue had been the subject of lengthy discussions, and his delegation was satisfied with the results achieved in paragraph 1 of the resolution. He drew attention to the fact that the Russian version of paragraph 1 (a) stated that the Commission should be composed of 48 "Member States" instead of "members". He requested the Secretariat to have that mistake corrected. In his delegation's view, the consultations with the President of the Council referred to in paragraph 1 (b) were superfluous.

21. Turning to paragraph 3 (e), he said that any recommendations on a code of conduct should respect the principles endorsed by the Council concerning the supervision of transnational corporations and prevention of their involvement in the domestic affairs of States. It was regrettable that no reference to the interests of the developing countries and the harmful effects of the activities of transnational corporations had been included in that subparagraph. Paragraph 7 stated that the draft programme of the Commission should be without prejudice to the work undertaken within the United Nations system in related fields; that requirement should be borne in mind in implementing section V of the Programme of Action adopted at the sixth special session.

22. He reserved his delegation's right to speak on the financial implications of the resolution (E/AC.61/L.5) in the Fifth Committee. He had doubts about the estimates given in paragraph 5, and felt they might be reduced. It was regrettable that no specific reference was made in the statement of financial implications to

the cost of establishing the Information and Research Centre; perhaps those costs were to be met from funds allocated to the Department of Economic and Social Affairs.

23. The PRESIDENT assured the representative of the USSR that the Russian version of the draft resolution would be corrected.

24. Mr. FASLA (Algeria) said that the consensus reached on the draft resolution proved that the lengthy negotiations had not been in vain. Although the outcome was not entirely satisfactory to his delegation, it was acceptable. In paragraph 3 (e) his delegation would have preferred a clear statement that a code of conduct should be applied by the transnational corporations, since it could not agree that a transnational corporation, however powerful, should be considered on the same level as a State, however weak. All States should do their best to ensure that the code of conduct was applied by transnational corporations and that the intergovernmental Commission worked towards that end. Obviously the developed countries disliked the changes that were taking place in international economic relations, but those changes were necessary if progress was to be made towards international economic co-operation.

25. Mr. OLIVERI LOPEZ (Argentina) said that the consensus reached by the Special Intersessional Committee on the draft resolution after lengthy discussions had enabled the Council to adopt the resolution without a vote. His delegation had accepted the consensus because most of its views were reflected in the text. The intergovernmental character of the Commission established by the terms of paragraph 1 would ensure that those problems which had not yet been solved would remain under government control. His delegation agreed with paragraph 1 (b) on the understanding that the consultations with the President of the Council were optional; it favoured a flexible arrangement for the participation of experts from different sectors in their individual capacity, to which reference was made in paragraph 1 (d).

26. With regard to the interpretation of paragraph 3 (e), his Government had not changed its views since the subject of transnational corporations had been discussed at the sixth special session of the General Assembly. Section V of resolution 3202 (S-VI) envisaged the proposed code of conduct as being applicable to transnational corporations, and that was his delegation's view. That, of course, did not relieve the Governments of host or home countries of responsibility in connexion with transnational corporations.

27. His delegation found paragraph 4 entirely satisfactory. It had already spoken in favour of leaving the question of priority to the members of the intergovernmental Commission, and paragraph 7 was sufficiently flexible not to cause any difficulties for his delegation.

28. Mr. KOCH (Federal Republic of Germany) said that the resolution would form a useful basis for the work of the intergovernmental Commission and the Information and Research Centre. In his delegation's view, the highest priority should be given to the gathering of information in order to provide a second basis for the future work of the Commission and the Centre. He was glad to note that a compromise had been reached on the wording of paragraph 3 (e). The triangular relationship between home countries, host countries and transnational corporations should be borne in mind in the work on the code of conduct,

which his delegation assumed would be of a non-binding nature. With regard to subparagraph (f) of the terms of reference of the Commission, his delegation felt that work on a general agreement would be premature for some time to come and would require a great deal of preparation.

29. Mr. BARCELO (Mexico) said that his delegation had consistently maintained that transnational corporations should be controlled and governed by a code of conduct which would restrict their activities in the interests of the host countries by requiring strict observance of the legislative and other domestic measures applied by host developing countries. During the general debate at the fifty-seventh session of the Council, he had expressed his delegation's specific interest in the issue of transnational corporations and the establishment of the Centre and the Commission. His delegation accepted the consensus reached on the various controversial issues in the resolution. It did not feel that paragraph 3 (e) prejudged the substance or the form of the code of conduct, but merely gave priority to the formulation of a code. It would be for Governments in the intergovernmental Commission to decide upon the subject-matter, criteria for action, and philosophy of the code of conduct.

30. Mr. CAMACHO (Venezuela) said that his delegation welcomed the consensus on the draft resolution. Referring to paragraph 3 (e) he said that, in his delegation's view, transnational corporations usually distorted prices, evaded taxation and gave rise to imbalances in economic growth. Above all, they perpetuated the dependence of weaker countries by monopolizing resources, technology, administrative skills and foreign exchange. It was therefore essential to establish a code of conduct for transnational corporations at the world level as well as subjecting them to the laws of host countries. There was an urgent need to formulate, adopt and implement a code of conduct for transnational corporations to regulate their activities in host countries, particularly developing countries, as stated in section V of General Assembly resolution 3202 (S-VI). The adoption of the resolution was a step in the right direction, but much remained to be done.

31. Mr. ČABRIĆ (Yugoslavia) said that his delegation welcomed the consensus on the draft resolution, which was one of the most important decisions ever taken by the Council. Although it was only a first step and somewhat limited in scope, it was important for the developing countries as the first practical action to implement section V of the Programme of Action adopted at the sixth special session of the General Assembly. The task facing the intergovernmental Commission was a responsible and difficult one. The Governments represented in the Commission should therefore appoint experts who were of the highest calibre and well informed on the issues involved. He drew attention to the importance of paragraph 1 (d), which provided for the participation of private individuals in the work of the Commission. An important forum would thus be created for the dialogue needed to solve the problem in the interests of the developing countries.

32. Mr. SKOGLUND (Sweden) welcomed the consensus reached on the important issue before the Council. Referring to paragraph 1 (d), he said that his delegation felt that the persons selected should be able to participate in the work of the intergovernmental Commission on a continuous basis. His delegation in-

terpreted paragraph 3 (e) to mean that the Commission, in its work on recommendations for a code of conduct, should also deal with the role of Governments. Reference had been made in the Special Intersessional Committee to questions such as taxation, which were of direct relevance to the policy of Governments.

33. Mr. BERNIERE (France) also welcomed the consensus on the draft resolution on transnational corporations; it was an illustration of the success which could be achieved through dialogue. His Government wanted the host countries to be in a better position in future to control the activities of transnational corporations, ensuring that they kept out of domestic politics and helped to accelerate development and to strengthen international economic co-operation. Stable relations based on adequate guarantees were needed between the developing countries and transnational corporations to enable the former to benefit from external investment.

34. The intergovernmental Commission should have a balanced approach which took into account all interests, specifically those of the developing countries. He hoped that the Commission would adopt a logical work programme; it should first collect information and, where information was lacking, carry out its own investigations or consult experts. A doctrine would gradually emerge from that information and the Commission would then be able to draw up a code of conduct which took into account the interests of all concerned. Such a procedure would make it possible to maintain the spirit of co-operation which had prevailed during the discussions on the draft resolution. In his delegation's view, a universally recognized definition of transnational corporations was essential if the Commission was to determine the scope of its work. The sponsors of the draft resolution had laid down no specific order of priorities in paragraph 7, but had merely listed the subjects to be discussed in the Commission. His delegation felt that the logical first step was for the Commission to agree on a definition of transnational corporations.

35. Mr. MACKENZIE (United Kingdom) said that his delegation fully agreed with the objectives of the resolution. His Government attached great importance to the new machinery which had just been approved and looked forward to co-operating with it.

36. In the view of his delegation, representatives of trade unions and business could make a valuable contribution to the work of the intergovernmental Commission because of their first-hand knowledge of the full range of problems with which the latter would deal. His delegation would therefore have preferred the participation of non-governmental experts to be even more clearly integrated into the work of the Commission than was done in paragraph 1 (d). However, his delegation had joined in the consensus on the resolution in the expectation that the Commission itself would realize the importance of the collaboration of non-governmental experts. His Government's over-all views on the Commission and the Centre had already been conveyed to the Secretary-General and he was confident that they would be duly taken into account.

37. With regard to the code of conduct, his delegation believed that the neutral language of paragraph 3 (e) was appropriate, since there had not been time to consider the matter fully. The views of his delegation on the nature of the code of conduct were very simi-

lar to those of the delegations of the United States and other Western countries.

38. Mr. BRITO (Brazil) said that his delegation was pleased that a consensus had been reached on the resolution which had just been adopted although, as with any consensus, a number of points did not fully reflect the position of his delegation.

39. His delegation interpreted paragraph 3 (e) to mean that the code of conduct should establish principles to be observed by the transnational corporations themselves. Such an interpretation did not, of course, prejudice the content of any future code or the inclusion in it of other provisions, but the primary concern should be the protection of host countries in general and developing countries in particular. It was for that reason that the Council had taken up the issue in the first place.

40. Mr. GÖKSENIN (Turkey) said that his delegation was gratified by the adoption of the resolution by consensus. In the preparation of a code of conduct, priority should be given to regulating the operations of transnational corporations with a view to obviating any influence they might have on the exercise by States of their permanent sovereignty over natural resources. Efforts should be made to devise a mandatory code of conduct applicable to transnational corporations.

41. Mr. SCHWARTZ GIRON (Spain) associated his delegation with others which had expressed their satisfaction with the consensus that had been reached. He hoped that the intergovernmental Commission would receive the unqualified support of all delegations. His delegation had already communicated its views in the matter to the Secretary-General.

42. He asked whether the Secretariat has already selected a venue for the first session of the Commission and whether a decision had been made as to when its members would be selected.

43. The PRESIDENT said that the first session of the Commission was scheduled to take place at Headquarters. With regard to the selection of members of the Commission, the Council would take that decision at its organizational session in January 1975.

44. Mr. CAVAGLIERI (Italy) joined other delegations in welcoming the consensus on the resolution. With regard to paragraph 1 (d), his delegation hoped that the participation of experts in the work of the Commission would be ensured on a regular basis.

45. With regard to paragraph 3 (c) he said that the question of transnational corporations involved a triangular relationship between the corporations, the host country and the country of origin, which should be taken into account in the preparation of the code of conduct. His delegation understood the resolution to mean that the code of conduct would not be legally binding but have the force of a recommendation. It believed that for the moment the expectation of a general agreement, as expressed in paragraph 3 (f), was premature.

46. Paragraph 7 was flexible enough to be acceptable to his delegation. With regard to the suggested list of priorities contained in that paragraph, he agreed with the representative of France that logic required that two points should receive absolute priority, namely, the definition of transnational corporations and the development of a comprehensive information system so that further decisions would be taken on an equitable and objective basis.

47. His delegation was confident that the Commission would carry out its work in a spirit of objectivity.

48. Mr. ESSY (Ivory Coast) welcomed the fact that a consensus had been possible on the draft resolution and expressed the hope that the important decisions of the intergovernmental Commission itself would be taken on the same basis.

49. In spite of the drawbacks of transnational corporations, his country's experience had shown that corporations could have favourable effects. It therefore considered the resolution to be a good basis for the regulation of their activities.

50. The proposed code of conduct was urgently needed and should apply, first and foremost, to the transnational corporations themselves without, however, ruling out its application to States as well.

51. Mr. SHEMIRANI (Iran) expressed the satisfaction of his delegation that a consensus had been reached on such an important question as the activities of transnational corporations. The resolution which had just been adopted was a good beginning to an important endeavour. He hoped that the constructive spirit which had been manifest throughout the informal consultations in Geneva and New York would continue to prevail, so that the important objectives set out in the resolution would be achieved. His delegation would do all in its power to contribute to its successful implementation.

52. Mr. MWANGAGUHUNGA (Uganda) said that his delegation was pleased that the resolution had been adopted by consensus. His Government took great interest in the activities of transnational corporations and hoped that the machinery which had been approved would make it possible to devise a code of conduct for them. His delegation's interpretation of paragraph 3 (e) coincided with that outlined by the representatives of Algeria, Argentina and Brazil.

53. In staffing the Information and Research Centre, due consideration should be given to the adequate representation of the developing countries, especially since those countries were under-represented in many bodies of the United Nations.

54. Mr. HILARY (Liberia) said that the question of transnational corporation was of profound interest to Liberia as a developing country. The fact that the resolution had been adopted by consensus was gratifying, and he hoped that the objectives set forth in the resolution would be successfully achieved.

***Human rights questions: allegations regarding infringements of trade union rights (concluded)\*  
(E/5588 and Add.1 and 2)***

55. The PRESIDENT recalled that, at its 1925th meeting, the Council had considered a communication dated 25 July 1974 from the World Federation of Trade Unions (WFTU) containing allegations of infringements of trade union rights in Bahrain; that communication had been circulated under cover of a note by the Secretary-General (E/5588) in accordance with the procedures established by the Council in its resolution 277 (X) of 17 February 1950. Since Bahrain was not a member of the International Labour Organisation (ILO), the Secretary-General had sought the consent of the Government of Bahrain to have the allegations referred to the Fact-Finding and Conciliation

\* Resumed from the 1925th meeting.

Commission on Freedom of Association of the ILO under the provisions of Council resolution 277 (X).

56. At the same meeting the Council had decided to transmit the communication from WFTU to the *Ad Hoc* Working Group of Experts of the Commission on Human Rights and to request it to include its findings on the matter in its report to be submitted to the Council at its fifty-eighth session. When taking that action, the Council had not had before it the reply of the Government of Bahrain to the Secretary-General's inquiry, but the reply had since been received and circulated as document E/5588/Add.1. The Government of Bahrain had stated, *inter alia*, that the issue was a domestic matter involving breaches of the peace and security of the island, and that it was unable to grant its consent for transmission of the communication to the ILO.

57. A further communication from WFTU had been received and circulated as document E/5588/Add.2; in it WFTU made a further appeal to the Commission on Human Rights to take urgent and effective action to help the workers of Bahrain who had allegedly been unjustly imprisoned.

58. In view of the new communications received, he suggested that the Council should transmit the two communications of WFTU and the reply of the Government of Bahrain to the Commission on Human Rights for consideration and appropriate action at its forthcoming session. The Council would thus receive the Commission's report at its fifty-eighth session and be in a position to carry out its functions under Council resolution 277 (X).

59. Mr. BYKOV (Union of Soviet Socialist Republics) requested the President to explain the procedure for the transmission of such communications to the Commission on Human Rights.

60. The PRESIDENT said that Council resolution 277 (X) established the procedure for dealing with such communications. When the country involved was a member of the ILO, the communication was to be transmitted in the first instance to the ILO. When the country involved was not a member of the ILO, the Secretary-General of the United Nations was directed to request the permission of the Government to refer the matter to the ILO. In the case under consideration, the Government of Bahrain had not given its consent and the Council had to decide what course it wished to follow.

61. Mr. SHARAF (Jordan) said that his delegation regretted that a domestic incident in a traditionally liberal-minded and stable country such as Bahrain should receive undue publicity and become open to distortion in the minds of delegations. Bahrain, a newly independent country, was pursuing a democratic course and should be encouraged. He therefore proposed that the Economic and Social Council take note of both WFTU communications and of the reply of the Government of Bahrain. His delegation was confident that the Government of Bahrain would handle the matter in accordance with the rule of law and in a democratic spirit.

62. Mr. SHEMIRANI (Iran), Mr. FASLA (Algeria), Mr. AKRAM (Pakistan) and Mr. HUTAGALUNG (Indonesia) supported that proposal.

63. The PRESIDENT invited the observer for Bahrain to comment on the item.

64. Mr. AL-SAFFAR (Observer for Bahrain) thanked the representative of Jordan for having made his proposal and also thanked the representatives who had expressed support for it.

65. He said that the arrested workers had been released once the investigation carried out by the authorities had been completed. As could be seen from the list of persons arrested annexed to document E/5588, a number of those persons were not workers at all, but had infiltrated the movement in order to instigate others to continue the strike.

66. Freedom of expression and the right to strike were guaranteed in Bahrain, provided they did not involve breaches of the peace or the destruction of property. A century and a half of colonialism had left many gaps in his country's legislation and his Government was taking steps to remedy that situation. A new Constitution had been adopted in 1972 and a bill to legalize the existence of trade unions was currently before Parliament. Bahrain was endeavouring to follow a democratic course, and he hoped that the members of the Council would take that circumstance into account in taking a decision on the matter.

67. The PRESIDENT said that, if there were no objections, he would take it that the Council decided to adopt the proposal of the representative of Jordan.

*The decision was adopted [decision 56 (LVII)].*

*The meeting rose at 1.15 p.m.*

## 1932nd meeting

Tuesday, 10 December 1974, at noon

*President:* Mr. Aarno KARHILO (Finland).

E/SR.1932

### AGENDA ITEM 8

**Establishment of an International Habitat and Human Settlements Foundation (E/5593 and Add.1, E/AC.24/L.506)**

1. The PRESIDENT said that since the Policy and Programme Co-ordination Committee had just com-

pleted its work, the report of the Committee<sup>1</sup> was not yet available. The Council would not debate the matter; however, it could vote on draft resolution E/AC.24/L.506, which had been adopted by the Committee.

2. Miss PETIGURA (Deputy Secretary of the Council) announced that draft resolution E/AC.24/L.506, as it stood, would have no financial implications for the United Nations budget, as posts and the associated

<sup>1</sup> Issued on 16 December as document E/5601.



resources would simply be transferred from one organizational unit to another. The Council should be aware, however, that should the site of the Foundation be elsewhere than at Headquarters, and should there be a consequent transfer of staff, there would be additional costs.

3. The PRESIDENT, replying to a question from Mr. HOHLER (United Kingdom), said that the site of the Foundation would be determined by Governments, either in the General Assembly or in the Governing Council of the United Nations Environment Programme (UNEP). The question could be discussed further in the Fifth Committee of the General Assembly.

4. Mr. HOHLER (United Kingdom) said that his delegation did not consider the statement of financial implications to be adequate.

5. The PRESIDENT invited the Council to vote on draft resolution E/AC.24/L.506.

*The draft resolution was adopted by 41 votes to 1 [resolution 1914 (LVII)].*

6. Mr. KLEIN (United States of America) said that his delegation had been compelled to vote against the draft resolution. He acknowledged that the proposal was logical, in that it provided that the Centre for Housing, Building and Planning should continue its pre-investment and research activities and that the Foundation would be concerned with financing. Moreover, the language of the draft resolution was fair; it maintained the *status quo* in general, as there would be little disruption of the personnel, status and authority of the Centre.

7. However, the draft resolution was impractical and unwise. It failed to provide the Foundation with technical assistance capability, without which it would be unable to operate. Moreover, it was reasonable to expect that the Foundation would seek funds from the Fund of UNEP in order to engage the services of

subcontractors to carry out technical assistance activities, in which case a conflict would arise in the Governing Council between those delegations which preferred UNEP to concentrate on operational activities and those which preferred it to be a global operation. That conflict could have been avoided by transferring technical assistance activities from the Centre for Housing, Building and Planning to the Foundation.

8. Mr. SMIRNOV (Union of Soviet Socialist Republics) said that his delegation had voted in favour of the draft resolution, which reflected the views of various delegations, including his own.

9. Paragraph 1 of the draft resolution should be discussed further in the Fifth Committee of the General Assembly. A more detailed statement of the financial implications than that provided by the Deputy Secretary was required. His delegation interpreted paragraph 3 to mean that the Economic and Social Council would confine itself to an exchange of views on the subject, and that any further decisions would have to await the results of the United Nations Conference on Human Settlements.

## AGENDA ITEM 10

### Elections

10. The PRESIDENT recalled that at its 1897th meeting, on 16 May 1974, the Council had decided to postpone the election of members to certain of its committees to the fifty-seventh session. The vacancies were listed in the annotated agenda of the resumed fifty-seventh session (E/5581). No candidates had been nominated, and if he heard no objections, he would take it that the Council agreed to postpone consideration of the item to the organizational session to be held early in 1975.

*The decision was adopted [decision 60 (LVII)].*

*The meeting rose at 12.05 p.m.*

## 1933rd meeting

Monday, 16 December 1974, at 11.15 a.m.

President: Mr. Aarno KARHILO (Finland).

E/SR.1933

### REVISION OF THE AGENDA

**Request for the inclusion of an additional item in the agenda: item proposed by the Secretary-General (E/L.1617)**

1. The PRESIDENT invited the Council to comment on the Secretary-General's recommendation to include in the agenda an item entitled "*Ad hoc* authorization to the Executive Director of the World Food Programme to give food assistance to peoples in colonial Territories in Africa and their national liberation movements".

2. Mr. MACKENZIE (United Kingdom) said that he was reluctant to speak on the proposed item; the note by the Secretary-General (E/L.1617) had been distributed so recently that he had not been able to consult his Government regarding its position on the

draft authorization reproduced in paragraph 10, concerning which some members of the Council of the Food and Agriculture Organization of the United Nations (FAO) had expressed reservations. His Government's position might have changed since the sixty-fourth session of the FAO Council. He therefore suggested that the item should be dealt with at the fifty-eighth session of the Economic and Social Council or, if it was felt to be urgent, that it should be added to the agenda of the organizational session for 1975.

3. Mr. ROUGET (Federal Republic of Germany) supported the suggestion of the representative of the United Kingdom.

4. Mr. FASLA (Algeria) supported the recommendation of the Secretary-General that the item should be added to the agenda of the current session. He was surprised that some delegations should have suggested

deferring it since assistance to national liberation movements was an accepted principle. The explanatory note attached to the note by the Secretary-General was quite straightforward, and he urged that it should be considered without delay.

5. Mr. OLIVERI LOPEZ (Argentina) and Mr. CHABALA (Zambia) supported the observations of the representative of Algeria.

6. Mr. GRANQVIST (Sweden) supported the inclusion of the item in the Council's agenda. His delegation had received the document several days earlier, and considered that a decision could be reached, if not at the current meeting, then at a meeting to be arranged in the afternoon.

7. Mr. MAKEYEV (Union of Soviet Socialist Republics) said that his delegation supported those representatives who had spoken in favour of the Secretary-General's recommendation. The General Assembly had repeatedly supported the granting of assistance to peoples still under colonial domination and those in the liberated Territories, and to their national liberation movements. In view of the heavy agenda for the afternoon plenary meeting of the General Assembly, he would prefer a decision on document E/L.1617 to be taken immediately.

8. Mr. WILDER (Canada) said that the interpretation of the word "consideration" in paragraph 11 of E/L.1617 caused his delegation difficulty. He did not regard it as a responsible course of action to push through a hasty decision without proper discussion of the item.

9. Mr. ČABRIĆ (Yugoslavia) fully supported the position of those delegations which favoured consideration of the item at the current meeting. He reminded the Council that the Governing Council of the United Nations Development Programme (UNDP) had at its eighteenth session adopted a similar decision, couched in almost identical terms. Therefore, since the political decision had already been taken, the Council should be able to reach a decision without delay.

10. Mr. GONZALEZ DE COSSIO (Mexico), supported by Mr. DAVID (Liberia) and Mr. CHANG Hsien-wu (China), endorsed the remarks of earlier speakers who wished a decision to be taken without delay.

11. Mr. MACKENZIE (United Kingdom) drew attention to the fact that none of the speakers who supported an immediate decision on the item had answered the point he had raised concerning paragraph 10, namely, that some members of the FAO Council had expressed reservations regarding the wording of the authorization to the World Food Programme. He reiterated that he had had no opportunity to find out from his Government whether its position had changed.

12. Since an earlier speaker had mentioned the possibility of an afternoon meeting, he requested the Secretariat to inform the Council whether such a meeting was possible.

13. Mr. FASLA (Algeria) said that, since it would be desirable for the proposed authorization to be adopted by consensus, his delegation could agree to having the item considered at an afternoon meeting. Naturally, in the event of consensus being reached, delegations had the right to enter reservations.

14. The PRESIDENT informed the Council that an afternoon meeting could be arranged. If he heard no

objection, he would take it that the Council adopted without a vote the proposal of the Secretary-General that the agenda should be revised to include the item entitled "*Ad hoc* authorization to the Executive Director of the World Food Programme to give food assistance to peoples in colonial Territories in Africa and their national liberation movements", for consideration at the following meeting.

*The revised agenda was adopted.*

#### AGENDA ITEM 6

##### World Food Conference (*continued*):\*

- (a) Report of the World Food Conference (E/5586, E/5587 and Add.1-4);
- (b) Emergency measures in regard to the supply of fertilizers and pesticides (E/5596)

##### NOMINATION OF MEMBERS OF THE WORLD FOOD COUNCIL

15. The PRESIDENT reminded the Council that the Second Committee had adopted draft resolution A/C.2/L.1421 regarding the World Food Conference. In accordance with paragraph 8 of that document, the Council was responsible for nominating the members of the World Food Council for election by the General Assembly, the geographical distribution of seats to be according to the pattern given in a foot-note to that paragraph. The part of the report of the Second Committee on item 12 (A/9886/Add.1) that contained the draft resolution in question, had not yet been considered by the General Assembly. However, he suggested that the Council, subject to the adoption of the draft resolution by the Assembly should proceed to nominate the members of the World Food Council so that the Assembly would be in a position to elect the members of the Council as soon as it had adopted the resolution. If he heard no objection, he would take it that the Council agreed to that procedure.

*It was so decided.*

16. Mr. GONZALEZ DE COSSIO (Mexico), speaking on behalf of the group of Latin American States, said that the seven candidates for the seven seats allocated to the Latin American region on the World Food Council were: Argentina, Chile, Colombia, Guatemala, Mexico, Trinidad and Tobago, and Venezuela.

17. Mr. CAVAGLIERI (Italy), speaking on behalf of the group of Western European and other States, said that the eight candidates for the eight seats allocated to that group on the World Food Council were: Australia, Canada, France, Germany (Federal Republic of), Italy, Sweden, United Kingdom of Great Britain and Northern Ireland, and United States of America.

18. Mr. DIETZE (German Democratic Republic), speaking on behalf of the group of Socialist States of Eastern Europe, said that the four candidates for the four seats allocated to that group on the World Food Council were: Hungary, Romania, Union of Soviet Socialist Republics, and Yugoslavia.

19. Mr. FASLA (Algeria) said that the African and Asian States were still holding consultations on their nominations. In view of the possibility that the number of candidatures submitted might exceed the number of seats available, the Council should agree to take note of all candidatures submitted and transmit them without change to the General Assembly, which

\* Resumed from the 1630th meeting.

would elect the required number for each region. Otherwise, difficulties might arise concerning the interpretation of the word "nominate".

20. Mr. WILDER (Canada), supported by Mr. OLIVERI LOPEZ (Argentina) and Mr. ČABRIĆ (Yugoslavia), associated himself with the observations of the representative of Algeria. It was the function of the Council to nominate and not to elect.

21. Mr. ROUGÉ (France) said that the Council was responsible for taking certain decisions and seemed reluctant to do so. It had just spent time debating whether or not to consider the substance of document E/L.1617. He had not taken part in that discussion, partly because he had been prepared to accept a straightforward answer, whether affirmative or negative, as sufficient, and partly because there had seemed to be political undertones which eluded him. However, the Council would be failing in its duty if it did not take a decision regarding the World Food Council and present the General Assembly with the nominations of the required 36 members for confirmation. The report of the Council to the General Assembly should mention that Cuba had submitted its candidature in addition to the seven formal nominations by the group of Latin American States, but the Council should transmit only 36 names to the General Assembly.

22. Mr. GONZALEZ DE COSSIO (Mexico) said that in the case of the Latin American region, eight candidatures had been put forward for the seven seats allocated to the region. The Council should transmit the names of the eight candidates to the General Assembly, which would elect seven of them to membership of the proposed World Food Council.

23. Mr. MAKEYEV (Union of Soviet Socialist Republics) supported the Algerian proposal as to the procedure the Council should follow and agreed with the representative of Mexico that, in the case of Latin America, the eight candidatures proposed should be transmitted to the General Assembly.

24. Mr. DE MOURA (Brazil), supported by Mr. JARPA (Chile), said that the group of Latin American States had decided to submit seven nominations, not eight.

25. Mr. BREITENSTEIN (Finland) supported the Algerian proposal.

26. Mr. KITCHEN (United States of America) said that his delegation could accept the suggestion that all candidatures should be submitted to the General Assembly. He asked the Secretariat whether there was any legal precedent for the situation in which the Council found itself.

27. Mr. CORDOVEZ (Secretary of the Council) said that the Secretariat knew of no precedent for the situation, inasmuch as the formula for the nomination of candidates set out in draft resolution A/C.2/L.1421 was itself unprecedented. There seemed to be no legal impediment to the nomination by the Council of a number of candidates larger than that indicated in the draft resolution.

28. Mr. CZARKOWSKI (Poland) said that the Council should transmit the names of all candidates to the General Assembly. To do otherwise would mean that the Council was encroaching upon the elective function of the General Assembly. He supported the Algerian proposal as the simplest way of dealing with the problem.

29. Mr. ALARCON DE QUESADA (Observer for Cuba), speaking at the invitation of the Chairman, said that he would not presume to comment on the procedural problem facing the Council, but wished to point out that his country was recognized as a member of the Latin American regional group in FAO. Cuba had participated in the World Food Conference as a member of the Latin American group, and his country had also been a member of the contact group in Rome.

30. Mr. GONZALEZ DE COSSIO (Mexico), replying to the representatives of Brazil and Chile, said that in reading out the list of Latin American candidates earlier, he had stated that the Latin American group had nominated seven of its members as candidates for membership of the proposed World Food Council. Cuba, although not formally a member of the group of Latin American States in New York, was considered a member of that group in Rome and Geneva, and had participated actively in discussions on the world food problem. Cuba was therefore entitled to submit its candidature to the Economic and Social Council, and it was open to the Council to nominate eight candidates from the Latin American region, out of which the General Assembly would elect seven as members of the World Food Council.

31. Mr. DE MOURA (Brazil) said that, if the representative of Mexico had been speaking on behalf of the group of Latin American States, he felt obliged to correct him. The group of Latin American States had submitted seven candidatures for the seven available seats.

32. Mr. HASHMI (India) said that his delegation supported the Algerian proposal. It was only logical to forward to the Assembly the names of all States which had shown an interest in becoming members of the Council. His delegation had no objection to transmitting the candidature of Cuba to the General Assembly.

33. Mr. AKSOY (Turkey) supported the Algerian proposal, but expressed concern that further legal difficulties might arise in connexion with the implementation of certain other provisions of draft resolution A/C.2/L.1421.

34. Mr. DIETZE (German Democratic Republic) said that, in view of the information given by the Secretary of the Council, his delegation supported the Algerian proposal.

35. The PRESIDENT said that a consensus seemed to be emerging, and suggested that the Council should adopt the following draft decision: "The Economic and Social Council decides, subject to adoption by the General Assembly of draft resolution A/C.2/L.1421, to nominate for election to the proposed World Food Council the following States: \_\_\_\_\_."

*It was so decided.*

36. In reply to a question asked by Mr. CAVAGLIERI (Italy), the PRESIDENT said that the list to be inserted in the blank space would be drawn up in accordance with the pattern given in the foot-note to paragraph 8 of draft resolution A/C.2/L.1421. It would include the countries whose candidatures had been submitted and approved by the Council.

37. Mr. ROUGÉ (France) said that if the draft decision read out by the Chairman had been put to the vote, his delegation would have abstained.

*The meeting rose at 12.20 p.m.*

## 1934th meeting

Monday, 16 December 1974, at 5.30 p.m.

President: Mr. Aarno KARHILO (Finland).

E/SR.1934

### AGENDA ITEM 13

***Ad hoc* authorization to the Executive Director of the World Food Programme to give food assistance to peoples in colonial Territories in Africa and their national liberation movements (E/L.1617, annex)**

1. The PRESIDENT recalled that at its preceding meeting the Council had decided to include the item in its agenda and to consider it at the following meeting. He drew attention to paragraph 10 of the note by the Secretary-General (E/L.1617) which contained the text of the proposed authorization to the Executive Director. If there was no objection, he would take it that the Council decided to approve the authorization.

*The decision was adopted [decision 62 (LVII)].*

2. Mr. ROUGET (Federal Republic of Germany) said that his delegation had joined in the consensus reached at the previous meeting because of the humanitarian purpose of the proposal. If a vote had been taken on it, his delegation would have abstained for legal reasons.

3. Mr. ROUGÉ (France) said that his delegation's position was the same as that of the Federal Republic of Germany.

4. Mr. KITCHEN (United States of America) said that his delegation maintained the reservations it had made at the sixty-fourth session of the Council of the Food and Agriculture Organization of the United Nations (FAO).

5. Mr. MACKENZIE (United Kingdom) said that his delegation had joined in the consensus, but it reaffirmed the reservations it had made at the sixty-fourth session of the FAO Council.

6. Mr. CAVAGLIERI (Italy) said that his delegation's doubts expressed at the sixty-fourth session of the FAO Council remained unchanged. It had joined in the consensus on the understanding that the World Food Programme would be used only for humanitarian purposes.

### AGENDA ITEM 6

**World Food Conference (*concluded*)**

- (a) Report of the World Food Conference (E/5586, E/5587 and Add.1-4);
- (b) Emergency measures in regard to the supply of fertilizers and pesticides (E/5596)

**NOMINATION OF MEMBERS OF THE WORLD FOOD COUNCIL (*concluded*)**

7. Mr. AKE (Ivory Coast), speaking on behalf of the group of African States, said that the following nine countries had been nominated for the nine seats on the World Food Council allocated to that group: Chad, Egypt, Gabon, Guinea, Kenya, Libyan Arab Republic, Mali, Togo and Zambia.

8. Mr. HASHMI (India), speaking on behalf of the group of Asian States, said that the following 11 coun-

tries had been nominated for the nine seats on the World Food Council allocated to the Asian group: Bangladesh, India, Indonesia, Iran, Iraq, Japan, Malaysia, Pakistan, Sri Lanka, Syrian Arab Republic and Thailand.

9. Mr. CORDOVEZ (Secretary of the Council) read out the list of all the countries nominated, including those nominated at the preceding meeting.

10. The PRESIDENT, replying to a question from the representative of Canada, said that it did not seem possible for additional nominations to be made in the General Assembly.

11. Mr. JARPA (Chile) said that the Council should distinguish between those candidates nominated by the regional groups and those which had presented themselves as candidates on their own initiative. At the preceding meeting the group of Latin American States had nominated seven countries, whereas the Secretary of the Committee had read out the names of eight countries.

12. The PRESIDENT said that if there was no objection, he would take it that the Council decided to nominate the following countries for election by the General Assembly to membership to the World Food Council:

African States: Chad, Egypt, Gabon, Guinea, Kenya, Libyan Arab Republic, Mali, Togo and Zambia; Asian States: Bangladesh, India, Indonesia, Iran, Iraq, Japan, Malaysia, Pakistan, Sri Lanka, Syrian Arab Republic and Thailand; Latin American States: Argentina, Chile, Colombia, Cuba, Guatemala, Mexico, Trinidad and Tobago, and Venezuela; Socialist States of Eastern Europe: Hungary, Romania, Union of Soviet Socialist Republics, and Yugoslavia; Western European and other States: Australia, Canada, France, Germany (Federal Republic of), Italy, Sweden, United Kingdom of Great Britain and Northern Ireland, and United States of America.

*The decision was adopted [decision 63 (LVII)].*

### ***Tribute to the Under-Secretary-General for Economic and Social Affairs***

13. The PRESIDENT paid a tribute to the Under-Secretary-General for Economic and Social Affairs who was about to retire after a remarkable career of some 20 years in the service of the economic and social activities of the United Nations. The Under-Secretary-General had had the rare opportunity of following the ebbs and flows of mankind's devotion to the cause of international co-operation for development during the past two decades. The political independence which those decades had brought to the third world was gradually being complemented by economic independence. The Under-Secretary-General's career could hardly have been crowned by a more impressive development than the emergence in 1974 of a global awareness of the need for equity and justice in the economic relations between nations. That awareness had been brought about by many factors, including the



influence of the minds of the devoted men who had made it their cause to help create a better world for all mankind. The Under-Secretary-General was such a man; his intellect and humanism had had a major influence on the input of the United Nations in economic and social development, and he had been a most dedicated advocate of the new world order. He thanked the Under-Secretary-General for all his years of service in the common cause and wished him every happiness, in the knowledge that in the work upon which the United Nations system was now embarking there was a constructive continuity that bore the mark of the Under-Secretary-General.

14. Mr. AKE (Ivory Coast), Mr. DIETZE (German Democratic Republic), Mr. GONZALEZ DE COSSIO (Mexico), Mr. HASHMI (India) and Mr. CAVAGLIARI (Italy) paid tributes to the Under-Secretary-General on behalf of the regional groups.

15. Mr. AZIZ (International Labour Organisation) paid a tribute to the Under-Secretary-General on behalf of the specialized agencies and the other United Nations bodies.

16. Mr. DE SEYNES (Under-Secretary-General for Economic and Social Affairs) said that it was a particularly solemn moment for him, because he had been with the United Nations long enough to have followed the history of the Economic and Social Council almost from its beginnings and to have been able to observe and analyse the vicissitudes which had marked its course. He remembered the earliest times, imbued with the mandate of the Charter of the United Nations, the major reports on full employment and development and the first programmes of co-operation, modest as they might have been, which had reflected the intention of the United Nations to assert its presence in the field, in all countries of the world. After that, everything had seemed to bog down, first in the cold war, and later in a certain resistance to change which had appeared with the emergence of a new majority towards the end of the 1950s.

17. He could not adequately express what a privilege it had been for him to serve the United Nations for so long and to be still at his post to witness developments in 1974. He believed that that was a decisive date, a new departure; he believed that it had revealed to a too often sceptical world the vitality of the United Nations system and had confirmed the prospects for genuine international co-operation, based on greater equality and capable of initiating genuine negotiation where, in the past, there had been too frequent recourse to exhortations and moral imperatives.

18. He was therefore leaving the United Nations with a good measure of confidence, but at the same time he could not ignore the fact that some doubts persisted regarding the Economic and Social Council, the organ which the Charter had placed at the centre of the economic institutions of the international community. The very aspect of the Council chamber attested to the fact that the Economic and Social Council was an imposing concept of the founders of the United Nations: Governments, in such numbers and selected in such a way as at last adequately to express the realities of the contemporary world; the representatives of specialized agencies, attesting to the worth of a system of co-operation without precedent in history; the ranks of non-governmental organizations, symbolic of one of the most interesting innovations of the Charter, the effective implementation of which could be a source of

additional strength. Because the validity of that concept was unquestionable, it was necessary constantly to seek the reasons why it was still not recognized as it should be, in all its fullness.

19. It had been customary for some years—indeed, it had become almost a stereotype—to regard the Economic and Social Council as having a triple role: to formulate national and international policies for economic and social progress; to act as a governing council for research or action programmes undertaken within the framework of the United Nations itself; and to co-ordinate the work of the specialized agencies and autonomous programmes which formed the “United Nations system”.

20. He was convinced that failures, hesitations and loss of prestige were due to the fact that the Council had not always been able, or willing, or bold enough, to play the political role conferred on it by the Charter. That had had an effect also on the Council's efficiency in performing the other two tasks for which it was responsible. During the last three or four years, the Council had begun to rise again and to regain some of the ground assigned to it by the Charter; however, much remained to be done before the Council—a constitutional instrument which now more than ever was felt to be irreplaceable—could be made to yield its full benefits in circumstances that in some respects were more propitious than they had been for international co-operation.

21. The United Nations had become an essential channel for dealing with major world problems. That applied particularly to the economic and social field, in connexion with which the United Nations had so often been regarded, at least by the mighty, as a marginal organization which could conveniently and with impunity be bypassed or confined to a minor role. That attitude was now outdated, and it became all the more urgent to define very precisely how the United Nations, constituted as it was and subjected to all kinds of constraints, but also rich in quite exceptional promise, could, in an age when nearly all problems were of world-wide dimensions, mobilize and become the living centre from which the major orientations of world policy emanated. That meant, among other things, that the Economic and Social Council must be given the singular place which belonged to it.

22. Thanks to its current President and his predecessors, the Council had begun to regain the respect that was due to it, but its authority must be more strongly asserted and consciously maintained. If the Council were to lack courage or initiative in its political role, in tackling critical world problems; if the Governments of its member States were to take refuge in considerations of financial economy or administrative difficulty so as to prevent it from operating to its full capacity; then the confidence of Governments would inevitably shift to other organs. That was what had been happening for 10 years, and was still happening. For example, a satisfactory balance had not been established between the Economic and Social Council and the General Assembly. At the moment, in fact, there was to all intents and purposes a bicameral system. That was not a bad thing in itself, but there had to be a balance between the two chambers, and the balance at present was such that it did not facilitate a rational division of labour. The respective roles of the two organs should not be unduly difficult to define. The General Assembly, by reason of its very composition and its methods of

work, operated at the level of broad principles, broad orientations and broad trends. It needed an organ with a composition like that of the Economic and Social Council, more functional, more oriented towards analysis of the most complex problems and formulation of concrete measures, more concerned with recognizing in good time the often imperceptible indicators of necessary change. Its smaller membership, the participation of the specialized agencies and the fact that it could consult non-governmental organizations, which were more and more influential in economic and social affairs, should give the Council a much sharper and more recognizable profile than it now had.

23. If the Council really had the courage to tackle those major problems, to take the necessary initiatives, as it had done for example in 1974 in connexion with transnational corporations, then its other two functions—directing the programmes of part of the system and co-ordinating those of the system as a whole—would fall into place much more easily and the ways in which they were to be planned and executed would be easier to determine. In a system like that of the United Nations, such tasks could not be carried out in an authoritarian way; their success depended on the prestige of the organ responsible for them, and that prestige could be acquired only through the exercise of the Council's political function.

24. It had been an honour and a very great privilege for him to head an economic and social department of highly talented men and women, possessing total professional integrity, dedicated to the cause of international co-operation and proving their dedication every day by strenuous work. He felt obliged to inform the Council that that infrastructure—the Secretariat—was much too small and ill-equipped for the tasks which lay before it in connexion with the creation of a new economic order. It could not contribute as it should and as it would like to do, through its studies and reports, to enlightening the Economic and Social Council or the General Assembly on changes in the economic situation and on the difficulty and growing complexity of the problems confronting the world. Sooner or later, and the sooner the better, courageous action would have to be taken in the Council or elsewhere to tackle head-on the problem of how extensive

an infrastructure an organization like the United Nations needed if it was to contribute fully to the creation of a new economic order. Some recent successes, at Stockholm, Bucharest and Rome, showed how much work and how many inputs were necessary to produce a certain result—to arouse awareness, to devise concerted actions and to create outlines for some planning on a world-wide scale. Intensive activity of that kind must become so to speak the “cruising speed” of the United Nations system. The United Nations really functioned only when it departed from routine. One must in that context think of what was required from the Secretariat, or the services which it could perform for Governments and which it would like to develop to a level comparable with the aspirations of Governments.

25. He thanked the Council for the kindness with which it had received his statements over a period of 20 years. The message he would like to leave with it was the following: whatever vitality might now be visible in the United Nations, and however great the problems which it knew confronted it, an organization of that kind, even with a dynamic majority that questioned the established order, was always beset by certain dangers—a liking for stereotypes, an amateurishness in studies and debates, an undue concentration on trivial questions and a certain inertia in perceptions—all of which posed a constant threat of ossification or sclerosis. The Economic and Social Council could not perform its task unless it unceasingly renewed its thirst for discovery and knowledge and developed its search for innovation, unless it remained imbued with the sense of human suffering and nourished by the ideal of social justice and respect for human rights; those things alone could enable it to express itself in the fullness of its vocation.

*On the proposal of the representative of Argentina, the Council decided that the statement by the Under-Secretary-General should be included verbatim in the summary record of the meeting.*

#### *Closure of the session*

26. The PRESIDENT declared the fifty-seventh session of the Council closed.

*The meeting rose at 6.25 p.m.*

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