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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Belgium, Bulgaria, Hungary, Italy, Romania, Sweden, Venezuela.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Health Organization, International Telecommunication Union, World Meteorological Organization, Interim Commission for the International Trade Organization.

**Tribute to the memory of the late Mr. van Heuven Goedhart,
United Nations High Commissioner for Refugees**

1. The PRESIDENT stated that it was with the deepest regret that he had to announce the sudden death of Mr. van Heuven Goedhart the previous evening, as the result of a heart attack. As United Nations High Commissioner for Refugees, Mr. van Heuven Goedhart was well known to all members of the Council for the vigour, honesty and singleness of purpose with which he had served the cause of the refugees.

2. Before his appointment as High Commissioner, Mr. van Heuven Goedhart had been the leader of the Netherlands delegation to the General Assembly and on several United Nations committees. In the Netherlands itself he would be particularly remembered for the courageous part he had played in the Resistance Movement during the last war, when he had founded the newspaper *Het Parool*, of which he had later become editor-in-chief. He had had an outstanding career as a

journalist in the Netherlands, having become editor of *De Telegraaf* in 1926, from which paper he had been dismissed in 1933 for his opposition to the pro-Nazi policy which was being followed. At that time he had already shown himself to be a vigorous opponent of any kind of tyranny and had never failed to express his views when he thought that any injustice was being committed.

3. Those courageous characteristics he had shown throughout his career; as Minister of Justice of the Netherlands Government in exile, as senator, as Netherlands representative to the United Nations and, more recently, as United Nations High Commissioner for Refugees.

4. His death was a great loss to the United Nations, of which he was one of the most able and devoted servants.

5. The thoughts of all would go to his wife and children in their loss, as also to the thousands of refugees who had lost in him a good friend. It was now the duty of the Council to see that his work for them was carried on with even greater vigour than before.

6. He would ask the Council to stand and observe one minute of silence in memory of Mr. van Heuven Goedhart.

The Council observed one minute of silence in memory of Mr. van Heuven Goedhart.

7. Mr. STIKKER (Netherlands) said that at a time of such great sorrow it was only fitting that his words should be few. Sudden death had overtaken a great Dutchman, whose every action had been inspired by none but the highest of principles and ideals. His death was a tragic loss not only to his family, to the United Nations and to the Netherlands, but also to the hundreds of thousands of refugees all over the world.

8. On behalf of the Netherlands Government, he thanked the President for the tribute he had paid to his fellow-countryman.

The meeting was suspended at 11.30 a.m. and was resumed at 11.40 a.m.

Opening of the session

9. The PRESIDENT declared open the twenty-second session of the Council.

10. The fact that 1956 was the Council's tenth anniversary would undoubtedly be reflected in the work of its present session. It had, in fact, for that occasion requested the Secretary-General to devote special attention in some of the important documents relating to the world economic situation to developments during the past ten years, and he was most anxious to allow ample

time for a comprehensive and thorough discussion in plenary meeting of the material prepared in response to that request. Although item 2 of the agenda contained a number of sub-items, he thought it inadvisable to deal with them separately, and hoped that the general debate would range over the whole field and that representatives would take advantage of the item's broad scope to exchange views and information in addition to making statements of a more formal character. Such an interchange amongst members from all over the world, representing countries with widely differing economic structures and characteristics, would be generally beneficial, and the Secretary-General, who would be introducing the item, would undoubtedly help considerably in giving the debate a constructive turn.

11. Though problems of economic development would, as usual, bulk large in the Council's summer session, its tenth anniversary would also be the occasion of a "general review of the development and co-ordination of the economic, social and human rights programmes and activities of the United Nations and the specialized agencies as a whole".

12. Among non-economic items, he wished to single out for special mention the annual report of the United Nations High Commissioner for Refugees, to which he was sure the Council would devote particular attention. It was his earnest wish that it would contribute towards real and substantial progress in carrying out the programme which the High Commissioner had drawn up in order to solve a tragic human problem. It should be possible to solve the problem within the foreseeable future, because the number of people concerned and the funds needed were limited.

13. The Council was engaged in a continuing work which seldom lent itself to brilliant strokes of statesmanship, but it had proved its usefulness as an instrument of international co-operation in the economic and social field—a reputation which he hoped it would justify at the present session.

Point of order by the Soviet Union representative concerning the representation of China on the Council

14. Mr. ZAKHAROV (Union of Soviet Socialist Republics), speaking on a point of order, said that his delegation found it necessary to state that the present situation, whereby the Central Government of the People's Republic of China, which represented 600 million people, was not yet seated in the Economic and Social Council, was not normal and was not compatible with fruitful work by the Council. Only the representative of the Central Government of the People's Republic of China had the right to represent China in the Council and other United Nations bodies. Many different governments, with widely differing social structures, were opposed to that state of affairs and were demanding that the People's Republic of China should be given its rightful place in the United Nations. The fact that China was not represented in the Economic and Social Council and other United Nations bodies could not fail to be prejudicial to the work of the United Nations, for economic and political questions could not be properly

solved without the participation of the People's Republic of China, which was playing an important part in promoting and strengthening peace and co-operation among peoples. It was still more inconceivable that the People's Republic of China, with which more than twenty Members of the United Nations had established normal diplomatic relations, was still not admitted to the United Nations. The Soviet Union would continue its efforts to have that situation rectified.

15. Mr. CHENG PAONAN (China) said that the remarks of the representative of the Communist Party of the Union of Soviet Socialist Republics were out of order. As to his claim that only the Chinese Communists who were temporarily occupying the Chinese mainland should represent the Chinese people, there was ample evidence to show that the people of the mainland were looking to the Government of the Chinese Republic to deliver them from Communist tyranny. It was only through mass murder, strict surveillance of movement and the suppression of freedom of speech and assembly that the Chinese Communists were able to maintain their uncertain stranglehold, which was challenged by open rebellion, similar to, though on a larger scale than, the revolts in East Berlin, the Province of Georgia, and Poland.

16. Mr. NOSEK (Czechoslovakia) stressed that China, one of the five great Powers, was not represented in the Council by its legitimate Government, the Central Government of the People's Republic of China, whose seat was illegally held by a private individual who had no right to act as spokesman for the 600 million Chinese people. The situation was becoming increasingly indefensible; it was plainly not conducive to the good work of the Council that China, whose political influence in the development of world events, especially in Asia and the Far East, was constantly growing, should be debarred from taking part in discussions and decisions on important international economic and social problems. The People's Republic of China was an important economic factor in the world and it was essential that it should be given its legitimate rights in all United Nations organs, including the Economic and Social Council. Such a decision would enhance the prestige of the United Nations and would make its work more effective.

17. Mr. STANOVNIK (Yugoslavia) said that, since the question had been raised, his delegation felt it necessary to state its Government's position. The Yugoslav Government had long since recognized the Central Government of the People's Republic of China and had more recently established normal diplomatic relations with it. It considered that that Government possessed all the necessary qualifications for full membership of the United Nations and accordingly for a seat in the Economic and Social Council. With the recent accession of sixteen new Members, the United Nations was approaching real universality, the attainment of which was, however, still impeded by the fact that one-quarter of the human race was not properly represented.

18. The President had spoken of the great variety of views, ideas, systems and countries represented round the Council's table; it could only be of advantage to the Council's work if the true views of great peoples and

national movements could be given by their legitimate representatives. It was obvious that those who were seated round the table did not represent Communists or capitalists, but only their own Governments.

19. Mr. ASMAUN (Indonesia) said that it was the considered opinion of his Government that the United Nations and its organs could not effectively serve the interests of the world so long as China, a country which would undoubtedly have an important influence on the economic and social progress of the world, was not represented. China could make a valuable contribution to the work of the United Nations and it should be allowed to do so. Its participation in the work of the Council would be of great service to the economic stability and social progress of the Asian regions.

20. The Indonesian delegation would therefore support any action that would lead to the proper representation of China in the United Nations.

21. Mr. BAKER (United States of America) said that his Government strongly supported the continued seating of the representative of the Government of the Republic of China on all the organs of the United Nations and the specialized agencies and vigorously opposed the seating of a representative of the Chinese Communist regime, which departed so drastically from the normally accepted standards of international conduct and stood convicted of aggression, promoting the use of force and violating the principles of the United Nations Charter. The United States Government considered that it would be contrary to the interests of the United Nations for any of its organs even to consider the seating of such representatives at the present stage.

AGENDA ITEM 1

Adoption of the agenda

(E/2875 and Add.1, E/2902 and Add.1, E/L.724)

22. The PRESIDENT invited the Council to consider its provisional agenda (E/2875) and the Secretary-General's note (E/2875/Add.1) submitting the proposal by the United Nations Educational, Scientific and Cultural Organization (UNESCO) for the inclusion of a supplementary item reading: "Application from Morocco for membership in the United Nations Educational, Scientific and Cultural Organization". The supporting statement, presented in accordance with rule 13 of the rules of procedure, was contained in document E/2902/Add.1.

23. Mr. EPINAT (France) said that the French delegation welcomed UNESCO's proposal. The Director-General of UNESCO had written to inform the Secretary-General of the United Nations of Morocco's application, transmitting a letter from the President of the Council of Ministers of the Moroccan Government, in which that Government stated its readiness to assume the obligations deriving from UNESCO's Constitution and to pay its contribution to the Organization's expenses.

24. In accordance with the agreements between the Moroccan and French Governments, and in particular

the Convention of 28 May 1956, Mr. Christian Pineau, French Minister for Foreign Affairs, had informed the Director-General of UNESCO that he supported the Moroccan Government's application.

25. The French delegation hoped that the application would be regarded by the Council in the same light as it was regarded by the Director-General of UNESCO—namely, as an urgent matter. Since the Moroccan Minister of Public Education was in Geneva at the moment, the French delegation would appreciate it if the Council could take a decision during his stay. It further hoped that the Council would unanimously adopt the draft resolution (E/L.727) which it was submitting on the subject.

26. Mr. ISMAIL (Egypt) supported the inclusion of the supplementary item because Morocco, by virtue of its cultural heritage, was destined to play an important part in the intellectual life of the world and was, therefore, eminently qualified to be a member of UNESCO.

27. Mr. EUSTATHIADES (Greece) said that his delegation also supported UNESCO's proposal. Morocco had a claim to become a member of UNESCO because of its Islamic culture and because it contributed its acquired share of the cultural heritage of France. In sponsoring Morocco's candidature, France was putting into practice the principle of the right of peoples to self-determination which was embodied in the Charter, and was part and parcel of France's best traditions.

28. Mr. CHENG PAONAN (China) said that his Government, which on 19 April 1956 had recognized the Governments of Tunisia and Morocco, supported the inclusion of the supplementary item and hoped that the Council, which at its twenty-first session had recommended Tunisia for membership of UNESCO, would now do the same for Morocco.

29. Mr. SAID HASAN (Pakistan) said that his Government had been pleased to see Morocco's efforts to achieve independence crowned with success. He was certain that Morocco could make an appreciable contribution to UNESCO's work. Moreover, Morocco was a predominantly Moslem country with which Pakistan had close religious and cultural ties; so he welcomed Morocco's participation in the cultural activities of the United Nations. He accordingly supported the inclusion of the supplementary item.

30. Mr. ASMAUN (Indonesia) and Mr. STANOVNIK (Yugoslavia) also spoke in favour of including the proposed supplementary item.

The supplementary item entitled "Application from Morocco for membership in the United Nations Educational, Scientific and Cultural Organization" was accepted for inclusion in the provisional agenda.

The provisional agenda was adopted as amended.

31. The PRESIDENT, drawing the Council's attention to the Secretary-General's note (E/L.724), suggested that it serve as a guide for the arrangement of business, subject to periodic review during the session, so as to

ensure the necessary flexibility. The date for the consideration of the supplementary item would be announced later.

The President's suggestion was adopted.

32. Mr. BAKER (United State of America) proposed that in accordance with the procedure adopted at its

twentieth session, the Council refer item 17: "Financial implications of actions of the Council" to the Co-ordination Committee, together with the recent Statement of the Secretary-General contained in document E/2903.

The United States representative's proposal was adopted.

The meeting rose at 12.15 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Belgium, Bulgaria, Chile, Colombia, Hungary, Israel, Italy, Mexico, Romania, Sweden.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Health Organization.

AGENDA ITEM 10

Programme of concerted practical action in the social field of the United Nations and the specialized agencies (E/2890)

1. The PRESIDENT, inviting the Council to consider item 10 of the agenda, called upon the Under-Secretary for Economic and Social Affairs to open the discussion.
2. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) submitted the Secretary-General's report on the programme of concerted practical action in the social field of the United Nations and the specialized agencies (E/2890), drawn up in pursuance of Council resolution 585 H (XX). The Secretariat had considered that there was no need to include in that report a long analysis of the various international programmes of social development which, in accordance with another paragraph of that resolution, would be studied in the forthcoming international survey of programmes of social development. As to the social programmes of the United Nations Secretariat, they had been regularly described in various papers, in the Secretary-General's annual report to the General Assembly, in the *United Nations Yearbook*, and elsewhere.
3. The Secretary-General's report included a general introduction followed by separate statements prepared by

the United Nations and the different specialized agencies. It did not claim to provide a full analysis or an exact evaluation of international action in the social field in accordance with the priorities laid down by the Council, but it did contain a number of suggestions and considerations for study by the Council.

4. Paragraph 6 stressed the absence of a long-range basis for international action in the important field of community development. The drawing up of a systematic long-term programme would greatly facilitate co-operation with governments, with the regional economic commissions and with the specialized agencies. The measures recommended in Council resolution 496 (XVI), particularly in paragraph 10 thereof, had already been taken, and the Secretariat would like to receive fresh directives, perhaps of wider scope. Such a proposal would not entail any request for additional appropriations in the regular United Nations budget—at any rate in the foreseeable future—although it might affect expenditure under the technical assistance programme. The recommendations put forward might be included in the special paper on community development to be drawn up in implementation of paragraph 12 of resolution 496 (XVI).

5. In paragraph 8 of the Secretary-General's report it was suggested that more attention should be given to general problems of the organization of social services and to the training of supervisory administrators. That question was both important and complex, since such services had to be adapted to the needs and resources of the different countries. A keen sense of realities must be in evidence at the administrative level, particularly in order to check the tendency to apply to non-industrialized regions the methods usual in industrialized countries.

6. Paragraph 11 drew attention to the inadequacy of the available information on social conditions and their development in the economically under-developed countries. That lack of information often jeopardized the work of the United Nations, for even if there was an awareness of needs in the social field, their extent and urgency were often unknown. Since the question was to be treated in the second report on the world social situation, it was not essential that the Council should take a decision on the matter at the present session.

7. Paragraph 13 dealt with urbanization. It was known that in accordance with Council resolution 585 H (XX) the report on the world social situation was to give particular attention to that process in a number of under-developed regions, and would also include a general analysis of the problem. Furthermore, the United Nations was to co-operate with the United Nations Educational, Scientific and Cultural Organization in

arranging a seminar on the subject, to be held from 8 to 18 August 1956 in the region of the Economic Commission for Asia and the Far East. Another seminar would be held in 1958 in Latin America, and a similar meeting was proposed for the Middle East. One year previously, the United Nations and the competent specialized agencies had recognized the need to draw up a co-ordinated programme of urbanization. It was to be hoped that the Council would approve the formulation of such a programme, which would probably entail no additional expenditure under the United Nations budget. The work would have to be done in stages, with a certain initial emphasis on factual knowledge and the classification of problems.

8. Paragraph 14 of the Secretary-General's report dealt with one of the most complex aspects of economic and social progress. The interdependence of economic and social factors and the necessity to achieve a suitable balance between them in any national development policy had been stressed by the General Assembly and by the Council, as was proved by the list of priorities given in Council resolution 496 (XVI). But such a list was not enough to solve the practical problems with which governments were faced—for example, the need to ensure a balanced distribution of financial resources among the various projects, to establish an order of priority for the latter, to determine to what extent the raising of productivity in the under-developed countries called for immediate steps to improve welfare and so on. Those were questions on which opinions differed widely. Moreover, every country was undoubtedly a special case, and every decision had its political repercussions.

9. It could in fact be argued that the situation of each country was so special that it could derive no benefit whatsoever from information concerning the experience of others. But before reaching such a negative conclusion it would probably be as well to go into the question further. The under-developed countries were known to be seeking at the moment information on all those questions. It was suggested in paragraph 14 of the report that the Council might wish to recommend the preparation of monographs designed to analyse various experiences in the matter. Such studies would have certain financial implications. The Council might accordingly prefer to consider a preliminary assessment of the feasibility of subsequent detailed studies.

10. Mr. STIKKER (Netherlands) said that his delegation greatly appreciated the attention paid by the secretariats of the United Nations and the specialized agencies during recent years to the problem of concerted practical action in the social field, as clearly and extensively summarized in the Secretary-General's report.

11. The experience of the Netherlands, where the continual laying bare of new tracts of arable land won from the sea raised the most diverse problems involving the building of new towns and farms, the establishment of new schools and the organization of public administration along completely new lines, thus entailing the maintenance of a proper balance between the virgin townships and the farm land, showed that in the under-developed countries, even more than in the Netherlands, any social planning project directed to one specific

requirement unrelated to other activities could never yield the desired results.

12. In his delegation's view, the proposed action, which must be directed to the development of a whole community or a whole region, was something completely different from incidental aid in cases of emergency. However, steps to cope with an emergency situation should be considered as part of the whole development programme, and even when planning them the entire project should be continuously kept in mind. A community development programme had no clear objective, as had an emergency project, since the complete result could not be seen at the planning stage. The planners should, however, always try to bear in mind what the final result was likely to be, and should always be realistic. The nature and scope of the social needs and the ways and means of meeting them must always be viewed in close relationship to the characteristics of the community on which the planners were working. All the problems affected human beings, and uniform concepts should therefore be avoided. Since development plans were always of a long-term nature, it was hardly ever possible to know beforehand exactly where the work would lead. Even if fairly precise plans were drawn up, a great deal of flexibility would be required in executing them.

13. It was important that the execution of a social development programme should be preceded by an inquiry into the whole social condition of the community or area in question. The planners would be assuming great responsibilities towards the people living in the area, and no such project should be initiated without sound preparatory work designed to provide the planning authority with the greatest possible factual knowledge of what was really needed to ensure that the area developed in a properly balanced manner.

14. The priorities of a programme should be fixed in accordance with the possibilities of the area or the community concerned and the assistance available. It was quite possible that when the requirements of a specific region were fully analysed, other needs, which had not been provided for by the United Nations or the specialized agencies and which would have to be met to ensure balanced development, would come to light. He had particularly in mind the so-called non-material factors, such as religious traditions, established customs and the degree of freedom innate in a particular community.

15. Social and economic development should be regarded as inseparable, and treated as two aspects of the same problem. It was gratifying to find that the United Nations and the specialized agencies had paid considerable attention to that interrelation.

16. "Concerted practical action" did not, however, mean that all problems should be tackled simultaneously. Experience had shown that one specific activity could, as it were, be made the spear-head for development in other fields. Improved farming methods, for example, would leave farmers freer to devote time and attention to other types of activity, such as education, public health, labour relations and social work. Work in the sphere of community development should not be limited to the establishment of demonstration projects, but

should be pursued so far as possible on a practical scale. A plan which took as its point of departure a whole community must necessarily take into account all the social needs of that community and their bearing on one another, and its execution must entail a good deal of experimentation.

17. Practical action in the social field could be successful only if all the agencies and organizations likely to be required to contribute to the plan were consulted from the outset. That should lead to full integration of the various activities and to co-ordination of policies. Concerted practical action might well mean a complete readjustment of the share which the various executives on the spot had to contribute to the execution of the programme. It might happen that the plans prepared by one executive were never put into practice, or it might even be found that one of his colleagues might be able to do the job better. Such were the hard facts of life; it might be disagreeable for the person who had been throwing himself into the project, but it was a very useful schooling for persons and organizations who, like everyone from time to time, were suffering from too exalted an idea of their own importance.

18. It was disappointing to learn from the Secretary-General's report that the promotion of community development was still not being carried out at the international level on a long-range basis. The Secretary-General was right in stating that the execution of such a long-term programme would permit a more effective use of international resources and a more effective co-ordination of activities among the United Nations and the specialized agencies. The situation was disappointing because the degree to which concerted action could be taken depended very considerably on the progress made in community development. The Netherlands delegation expected a great deal from the paper on that subject to be submitted to the Council at its twenty-fourth session.

19. The Secretary-General also stated that the third general method recommended in paragraph 9 of Council resolution 496 (XVI) had so far failed to attract as much attention as it deserved. It should be borne in mind that the strengthening of national and local organizations, particularly private organizations, was vital to community development. Such organizations were the most appropriate vehicles for imbuing the population with a sense of initiative and responsibility in respect of their social interests. That was particularly true where social welfare services in growing communities tended to take over some of the functions of the traditional mutual aid rendered by family and community, which became inadequate as soon as the community began to develop. The Netherlands delegation hoped that the Secretary-General would be able to give the Council more positive guidance on that point in his next report.

20. He agreed with the Secretary-General's suggestion that the problem of the improvement of information should be taken into account in connexion with the examination of the next report on the world social situation. The time for studies of social conditions over very extensive areas was not yet ripe. The studies should be restricted to a limited number of carefully chosen projects.

Sights should not be set too high, and the studies should be confined to what was really required for the most urgent tasks.

21. The Netherlands delegation agreed with the suggestion of the Secretary-General that a long-range concerted programme in the field of urbanization might be drawn up. It should be emphasized that the social and economic aspects should receive equal attention, and should, so far as possible, be treated as a single entity. He was particularly glad to note that all the specialized agencies interested in urbanization were to participate in a co-operative endeavour in that field. In dealing with urbanization, attention should not only be paid to the concentration of population in industrial centres, but should also extend to the conditions in the rural areas from which the population was moving to the industrial centres, and even, perhaps, to the problem of those rural areas themselves. The de-population of rural areas caused by the attractions of industry was increasingly becoming a problem to which the United Nations and the specialized agencies could not remain indifferent. The problem of agrarian de-population should be studied by the inter-agency working group dealing with problems of migration.

22. The study relating to the experience of various countries in drawing up integrated plans for social and economic development was an interesting project, and the Netherlands delegation would readily support a recommendation by the Council that further such studies should be made; they could help considerably in establishing the "conceptual framework" so badly needed for the integration of social and economic development. They should stress the importance of a sound knowledge of the mentality of the population. The lack of a conceptual framework was regrettable, but it could not rest on theory. It must, to a great extent, be determined by religious and ethical considerations. The diversity of such considerations showed clearly that no conceptual development framework of universal applicability could ever be found. It might even be unwise to lay too much stress on formulating such concepts.

23. The establishment of the *Ad Hoc* Inter-Agency Meeting on International Social Programmes to discuss the plans of the separate organizations every year at Geneva was a welcome innovation. The agencies should give their representatives at those meetings sufficient powers and instructions to enable them to achieve practical results. Although in some cases concerted practical action was being carried out successfully, the amount of long-range community development at the international level was still inadequate. The Inter-Agency Meeting showed, however, that the United Nations and the specialized agencies were doing their best to carry out the recommendations of Council resolution 496 (XVI). The most important contribution to concerted practical action had indeed been the adoption by that Meeting of the principle that a truly concerted approach of the international organizations in the social field could best be developed by selecting a limited number of major problems and actually carrying out joint planning of programmes and projects designed to deal with those problems.

24. He hoped that his remarks would have convinced the Council of his Government's deep interest in the activities under review, the complete achievement of which would, it believed, be a major contribution to the well-being of mankind.

25. MR. CHENG PAONAN (China) said that his delegation's interest in the subject under discussion was shown by the fact that it had been one of those responsible for submitting, at the ninth session of the Social Commission, the draft resolution which had ultimately been embodied in Council resolution 496 (XVI).

26. In his report on the programme of concerted practical action in the social field of the United Nations and the specialized agencies, the Secretary-General analysed the experience so far acquired, and made certain suggestions for the future. The Chinese delegation endorsed his conclusion that the United Nations and the specialized agencies had developed their social programmes along the lines recommended, and that each of the nine priority fields mentioned in Council resolution 496 (XVI) had received due attention. But there were two points he (Mr. Cheng Paonan) wished to make.

27. In the first place, the Council ought to adopt an understanding attitude to the particular desires and requests of governments for technical assistance. Since the needs of different countries were not identical, and the country concerned was the best judge of its own requirements, the United Nations and the specialized agencies could only properly act in the capacity of advisers or consultants in the planning of policies and programmes for the under-developed countries. Secondly, although each specialized agency had its own constitutional responsibility, which in some cases might take it farther than the Council's recommendations, the membership of the agencies and the United Nations was at present very similar, so that, given proper co-ordination at government and delegation level, the list of priorities in the various bodies' working programmes ought not to be unduly discrepant.

28. It was interesting to learn that, although community development projects had been promoted on a wide scale, demonstration projects had not invariably proved to be a satisfactory operational procedure. In the view of his delegation, community development projects were primarily the responsibility of the governments concerned, and international assistance ought at the present stage to be concentrated upon demonstration projects. Governments ought to take full advantage of the experience derived from such projects, and certain governments might see fit to provide for their expansion into an overall programme of social development; a gradual and steady advance along those lines would ultimately lead to the desired end.

29. The Secretary-General's statement that community development was still not being carried out at the international level on a long-range basis that would permit of more effective use of international resources and more effective inter-agency co-ordination deserved the Council's special attention. He understood that the Secretary-General, in conjunction with the specialized agencies, was to submit a special report to the Council in 1957 recommending further practical measures for further

improving the methods and techniques specified in Council resolution 496 (XVI). His delegation would raise no objection if possible action concerning community development on a long-range basis were included among those recommendations.

30. His delegation supported the Secretary-General's suggestion that the question of improving information on social conditions in the under-developed countries should be considered in connexion with the forthcoming report on the world social situation. Desirable as such studies were, however, they should not be allowed to hold up the satisfaction of the under-developed countries' most urgent requirements.

31. As to the Secretary-General's suggestion that a study be made of the experience of different countries in integrating economic and social projects into a coherent development plan, with a view to achieving a proper balance and phasing of projects, he pointed out that it would be very difficult to reach agreement as to what constituted balanced development and a balanced allocation of funds. What was a balanced programme for one country might not be for another. Standards of living and *per capita* income varied from region to region, and even within individual regions. Climate, culture, temperament and occupation could appreciably affect standards of nutrition, housing and even education. It would be difficult, if not impossible, therefore, to make any hard and fast recommendations. The study could, however, serve a useful purpose if its object was simply the exchange of experience or the working out of certain general principles of universal application.

32. His delegation welcomed the establishment of the *Ad Hoc* Inter-Agency Meeting on International Social Programmes, which should be of great value in promoting inter-agency co-ordination, and noted with interest that, at its 1955 session, the Inter-Agency Meeting had adopted the principle—not an entirely new one—that the best way of encouraging a concerted approach by international organizations was to plan programmes and projects jointly, in relation only to certain selected major problems. The Secretary-General might, however, have dealt with that point more fully in his report, and indicated what the major problems in question were, in what countries or regions such jointly planned and integrated plans were to be carried out, and what appropriate action, if any, the Inter-Agency Meeting had taken since it had adopted the principle. His delegation would welcome any further information on the subject which the Secretary-General might wish to give.

33. The Inter-Agency Meeting had so far met at Geneva, either during or shortly before the summer sessions of the Council. Such an arrangement had two disadvantages: it might make it impossible for the Council to consider the Inter-Agency Meeting's views until the following year, or it might prevent the Meeting itself from taking into account the proceedings of the Council session with which it coincided, or nearly coincided. The agencies concerned might, perhaps, consider that point.

34. MR. NUR (Indonesia) said that his delegation noted with satisfaction the progress described in the Secretary-General's report, and in particular the fact that the limited

resources available were being concentrated on projects and programmes likely to yield practical results in a reasonably short time. Despite the limitations by which they were hedged about, the United Nations and the specialized agencies had been successfully following the recommendations in Council resolution 496 (XVI), and had made some advance towards co-ordinated programmes of international action.

35. His Government fully recognized the interrelated character of economic and social development. However, what constituted balanced development and a balanced allocation of funds in those fields depended upon the problems and needs of the individual countries, and it was up to them to draw up their own integrated plans. The limited resources of the under-developed countries obliged them to allocate more money to economic than to social development, urgent as the needs of the latter were. For example, in his country's projected Five-Year Plan—its first—the social sector accounted for 12 per cent of total expenditure, and the economic sector for 88 per cent, the aim being to raise the general standard of living through increased output and productivity.

36. In that connexion, he endorsed the suggestion that the Council should recommend that a study should be made of experience acquired by the under-developed countries in integrating economic and social programmes into a coherent development plan. The study would be useful from the point of view of exchange of information.

37. His Government had carefully considered the idea of community development projects, and believed that they would prove a valuable instrument for giving effect to its policy of creating a welfare State based on the principles of economic and social justice. They would promote economic progress in the rural areas, with the active participation of the inhabitants and full reliance on the community's own initiative.

38. The greater part of the population of Indonesia lived in widely separated agricultural communities, each of which enjoyed a high degree of autonomy. The basic principles of the country's social life were mutual assistance, communal ownership of land, democratic political organization and the spirit of conciliation. In the villages, everyone co-operated in the community's various agricultural activities; decisions were taken by majority vote of all the villagers, their elected leader being *primus inter pares*. Consequently, there already existed in Indonesia a sound basis for the process of rural development.

39. A co-operative movement had been launched in his country for the benefit of the poorer people; it had made rapid strides, and had been of great value in giving the people self-confidence. It could also be used to foster the sense of responsibility upon which the successful working of democratic institutions depended. Accordingly, his delegation welcomed the fact that the United Nations and the specialized agencies had continued to collaborate in implementing the Council resolution on co-operatives.

40. The basic principles of community development were already, albeit in an unco-ordinated manner, being

applied in Indonesia by means of a mass-education programme, the agricultural extension service, a model village scheme and the co-operative movement. Results were encouraging. A more general, planned and co-ordinated programme of rural development was about to be launched and an important part in promoting general rural development had been assigned to community development projects in the first Five-Year Plan. Certain pilot projects were shortly to be initiated on the occasion of the eleventh anniversary of the foundation of the Republic of Indonesia.

41. Community development was still in its infancy, and it was important to realize that its success depended upon the existence of a sound, central, national economic and social plan. In Indonesia, for example, it would be affected by national policy regarding over-population and disguised unemployment by credit facilities, by the improvement of transport facilities, by investment and the like.

42. A bold experimental approach to the problem and a revision of established ideas in the light of experience were called for. His delegation was accordingly in favour of the drawing up of a long-term community development programme.

43. His delegation also endorsed the principle laid down by the *Ad Hoc* Inter-Agency Meeting to the effect that a concerted approach could best be developed by jointly planning programmes and projects in connexion only with certain selected major problems, provided that such a procedure was envisaged as a first experimental step. It was gratifying to note that the problem of urbanization had been selected for attention during the current year. In some under-developed countries the rapid growth of urban centres, by disrupting the old rural pattern of life and all that went with it, was creating a social vacuum which might have most serious consequences. A long-range concerted programme in the field of urbanization would consequently be welcome.

44. Mr. PLEIĆ (Yugoslavia) pointed out that as a result of the vast growth of international activities in the social field the United Nations, several years previously, had proposed measures for an appropriate programme of concerted practical action with the specialized agencies.

45. Among those measures, Council resolution 496 (XVI) occupied a special place, since it embodied the Council's conclusions based on the experience of past years during which certain activities had proved to be of secondary importance and others had been overtaken by events, and thus rendered useless, while studies carried out in conjunction with systematic scientific research had given a clearer picture of social conditions in the world. In its resolution, the Council had laid down the principle that the work should be constantly improved, had reaffirmed that the first aim of the social activities of the United Nations and the specialized agencies should be to satisfy the needs of the under-developed countries, had defined the most important social problems and had recommended the use of those methods of assisting governments which had proved most effective given the available resources.

46. The Council now had before it the first report of the Secretary-General (E/2890) on the implementation of the measures recommended. Its authors had done well to submit to the Council a brief account of the progress achieved. The implementation of a programme of concerted practical action in the social field was naturally a long-term task, since it meant combining multiplex activities and projects, initiated at different times and in different circumstances, to form one harmonious and rational programme.

47. A survey of the various schemes undertaken since 1953 showed that the United Nations and the specialized agencies had been making increasing efforts to relate their work to the major social problems listed by the Council. That, though highly important, was not enough. The problems for which the Council had established priorities were so complicated that they might comprise the most varied activities, perhaps only theoretically related to the actual problems themselves. The safeguard against that danger lay in the general agreement that the essential aim of the social programmes of the United Nations and the specialized agencies was to raise the standard of living in the under-developed countries; hence a project was justified in so far as it contributed to that end.

48. With regard to forms of assistance to governments, the Council had laid it down in resolution 496 (XVI) that the most effective were: the promotion and implementation of community development projects; the rapid development of programmes and facilities for training both professional and technical personnel and auxiliary and social and community workers; and the development and strengthening of the national and local organizations necessary for administering social programmes. The agreement reached on that point was not simply theoretical. The United Nations and specialized agencies had already done much work in those different fields. They had also fully understood the importance of social development through local action, and for some years had been paying increasing attention to community development projects. More progress had in fact been made than appeared from the report.

49. The Yugoslav delegation considered that the time had come to concentrate all attention on actual working

methods. The most important social problems of modern society were now known, and the demand for their solution was constantly growing. At the same time, the less fortunate regions looked towards the United Nations, any activity of which could greatly assist the mobilization of national resources if it helped to raise the standard of living of the under-developed countries, but could be equally damaging if it was ill-advised.

50. In spite of the paucity of the available information, experience appeared already to confirm the effectiveness of the methods and techniques recommended by the Council. However, many improvements based on the experience so far acquired had still to be made to the work.

51. The community-development study tour had from that point of view been of the greatest value. It had enabled representatives from Greece, Iran, Israel, Turkey and Yugoslavia to study community development problems in the light of national reports and in that of their own observations in the countries visited. At the end of its tour, the study group had stressed the need to set up a standing international committee to organize exchanges of experience and the training of community development personnel.

52. The Yugoslav delegation thought that, to judge from the Secretary-General's report, resolution 496 (XVI) required clearer interpretation. The essential purpose of the programme of concerted practical action was to enable the United Nations and the specialized agencies to contribute in the most effective manner, within the limits of the available resources, to the solution of the most pressing social problems of the day. The scope of such action was now so wide as to call for continual evaluation of the techniques in use, and ruthless elimination of out-of-date or inefficient methods.

53. Political factors must never be lost sight of. The favourable turn in the international situation encouraged hopes of a great expansion of international co-operation and the planning of social activity, which only a few years ago would have seemed utterly out of the question.

The meeting rose at 4.15 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Belgium, Bulgaria, Colombia, Italy, Romania, Sweden, Venezuela.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Health Organization.

Message from Mr. Amjad Ali, former President of the Council

1. The PRESIDENT said that on the occasion of the Council's tenth anniversary he had received a message of goodwill from Mr. Amjad Ali, Minister of Finance and Economic Affairs of the Government of Pakistan, who had been President of the Council in 1952. On behalf of the Council, he had made a suitable reply.

AGENDA ITEM 15

Non-governmental organizations

REPORT OF THE COUNCIL COMMITTEE ON NON-GOVERNMENTAL ORGANIZATIONS ON APPLICATIONS FOR HEARINGS (E/2905)

2. Mr. EPINAT (France), Chairman of the Council Committee on Non-Governmental Organizations, submitted the Committee's report on applications for hearings (E/2905) and requested that paragraph (b) be

amended by the addition of "Item 4: Economic development of under-developed countries (15 minutes)" and "Item 5: Financing of economic development (10 minutes)", as the International Confederation of Free Trade Unions had applied also for permission to make statements on those two items. He hoped the Council would approve the Committee's recommendations.

The report, as amended, was approved.

AGENDA ITEM 10

Programme of concerted practical action in the social field of the United Nations and the specialized agencies (E/2890) (continued)

3. Mr. OLIVIERI (Argentina) had given very close attention to the Secretary-General's report (E/2890), on which he congratulated both the Secretary-General and the specialized agencies concerned, namely the International Labour Office (ILO), the Food and Agriculture Organization (FAO), the World Health Organization (WHO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO). The report was a valuable one which would serve as a basis for the Council's decisions on item 10 of its agenda. The Council was indeed the ideal body for co-ordinating the activities of the various United Nations organs, and that had been the reason for its adoption of resolution 496 (XVI).

4. The most important points in that resolution were as follows: first, it recognized the interrelated character of economic and social factors and the benefits to social progress resulting from a balanced expansion of world economy; secondly, it stressed the need for close co-operation between governments and for the co-ordination of national and international programmes; thirdly, it laid down an order of priorities for projects in the social field; and finally, it recommended the use of certain clearly defined practical methods and techniques for assisting governments in carrying out the projects in question.

5. The interrelated character of economic and social factors was so obvious that he would not discuss it at length, but would merely refer members to paragraph 10 of the Secretary-General's report. Economic progress was undoubtedly the foundation of social progress. Since the former was necessarily slow, it was essential that the United Nations should devote very particular attention to the economic development of the under-developed countries, and especially to the improvement of family living standards. Moreover, the Argentine delegation was of the opinion that the studies mentioned in paragraph 14 of the report might be of use in preparing

programmes based on available resources and giving adequate priority to the most urgent questions.

6. The second point he had mentioned raised an extremely important question, concerning which paragraph 11 of the report indicated one of the main problems to be solved namely, the inadequacy of information on social conditions in the economically under-developed countries. In that field, the efforts of the various countries must be supplemented, not replaced, by international co-operation, as was recognized by the Council in resolution 585 C (XX). For that reason it would be expedient to prepare a report on the world social situation, containing detailed information on the progress already made in the social field as well as on permanent requirements and special needs. The report should not be confined to the question of technical assistance, which was only one of the elements in concerted international action, albeit an important one.

7. In that connexion, he recalled the help received by Argentina from WHO, through the Pan-American Sanitary Bureau, during a recent poliomyelitis epidemic. The organizations dealing with technical assistance could help Argentina on similar lines to find solutions for housing problems due to movements of population.

8. As to the third and fourth main points in resolution 496 (XVI), the United Nations and specialized agencies had been obliged to change the order of priorities therein laid down on more than one occasion. The Argentine delegation was nevertheless pleased with the way in which the resolution had been implemented, and felt that marked progress had been made in the social field since its adoption.

9. Mr. BAKER (United States of America) said that it was fitting that the first substantive item to be considered should deal with practical action in the social field, for it was a subject that was concerned with people, in which planning was essential if progress were to be made in raising world levels of living.

10. The report of the Secretary-General was undertaken to provide a basis for evaluating the existing priority programmes. At the Council's twentieth session it had been made clear in resolution 585 H (XX) that what was required was not one more collection of reports from agencies, but rather an analysis by the Secretary-General of the emphasis given to each priority programme. Yet the report was divided into separate statements by agencies, and there was no summary under the individual priority programmes, so that the burden of rearranging the data for the purpose of planning was laid on governments. His delegation, however, welcomed the fact that account had been taken of the priority programmes outlined by the Council at its sixteenth session, and he would reaffirm his Government's strong support for intensified international efforts to strengthen social programmes for taking into account the social aspects of economic development.

11. In his view, the time seemed ripe for seeking the advice of the Council's subsidiary bodies and of the specialized agencies with a view to stressing the most urgent problem in each field covered by the priority programmes. As an illustration he would quote the spe-

cific problem of malaria. In 1952, the *Preliminary Report on the World Social Situation* (E/CN. 5/267/Rev.1), had shown that 300 million people suffered from malaria and that three million died of that disease each year. As a result of the operation of international control programmes, the magnitude of the problem had been reduced by one-third, which was a remarkable indication of the progress achieved. What had been done for some of those suffering from malaria should, however, be done for them all, for the effects of that disease impinged on every part of a nation's life and were largely responsible for grave social welfare problems and the low rate of economic development in the countries affected. In the world as a whole, malaria was an expensive item. For instance, 60 per cent of the goods imported into his country came from malarious areas and malaria control absorbed at least 5 per cent of the annual production budget of those countries. That hidden tax, projected on a world basis, became a cost of staggering proportions. The internationally approved decision to pass from control measures to the actual eradication of malaria undoubtedly represented a landmark in the history of man's attack on one of his oldest and most vicious enemies. On the basis of that recent experience with malaria, it would surely be desirable for the Council to consider on what problem major emphasis should be placed within each of the other fields covered by the priority programmes.

12. Turning to the five specific points raised in the report, although paragraph 4 stated that countries were not necessarily requesting the types of technical assistance outlined in the priority programmes, no information was given to show the extent to which the requests departed from the priority programmes. There was therefore no basis for deciding whether the programmes called for reassessment. Although there could obviously be no uniform method of implementing those programmes, generally speaking, the extent to which they fitted the needs of countries was an indication of their realism. A discussion of the subject based on the needs of the receiving countries and the experience of the organizations providing technical assistance would be of value in future planning, and he would hope that the representatives concerned would all make a contribution.

13. With regard to the question of community development, referred to in paragraph 6, his delegation agreed that the Secretary-General should include in his forthcoming report recommendations for long-range action. He assumed that the Secretariat would bear in mind the definition of community development approved by the Council at its twentieth session. His Government was a firm believer in community development as a process for raising the level of living, and it was particularly effective in developing and strengthening local and national organizations for the purpose of administering social programmes. In the United States, for example, the educational problems created by the rapidly increasing population were being actively tackled through the community development process. A committee had been set up by the President to make an over-all study of the nation's elementary and secondary school requirements. Some 4,000 local, regional and State conferences in 1955 involved the co-operation of more than half a

million citizens. With funds supplied by Congress to help defray the cost, each State and Territory had worked out its own programme, with the result that the study undertaken in 1955 was the most widespread and intensive that the American people had ever made of their schools. The first result was a marked increase in the number of people taking part in educational activities. Further, with wide public support, legislation had been enacted so that greater efforts and more money were being devoted to education than ever before. That was an outstanding example of the effectiveness of the community development process, for it was the need of the local communities that had determined the action undertaken.

14. Paragraph 11 of the Secretary-General's report referred to the need for studies of actual conditions in under-developed countries, and he would endorse the proposal that the problem of improving information should be taken into account in connexion with the examination of the next report on the world social situation. Since the setting up of the Council, a great deal of basic information on geographic, social, economic and demographic conditions had been collected. Much more factual knowledge, however, was required for the preparation of specific programmes for the promotion of human welfare.

15. Although his delegation had supported the Council's decision that special attention should be paid to urbanization in the second report on the world social situation (resolution 585 H (XX)), he felt serious doubts about the separate long-range programme of urbanization proposed in paragraph 13 of the report at present under review. What was needed was not a new programme, but rather consideration of the problems involved in urbanization in each of the fields covered by the existing priority programmes. Urbanization was a process involving a whole series of complex problems relating to social and economic development; it might even be styled a new way of life. The subject, in fact, included all the problems listed in the priority programmes recommended by the Council in resolution 496 (XVI). Long-range plans should be related to the existing priorities and programmes. There would be general agreement that urbanization could be undertaken most smoothly when all the social and economic programmes were combined into a single programme of practical action.

16. Finally, paragraph 14 referred to "methods of integrating economic and social projects into a coherent development plan and achieving thereby a proper balance and phasing of projects". Although agreement could not be reached on the percentage of public expenditure that should be devoted to particular programmes, nor on any single pattern of relationships between social and economic programmes, there was already considerable agreement on the elements which should go to make up a programme of social and economic development and it should be possible to develop a broad area of understanding in respect of some of the necessary interrelationships between industrialization on the one hand and improvements in social services on the other. In that way, it would be possible to analyse the different methods used and the problems encountered in integrating social and economic action in the various countries and his

delegation considered that the Secretary-General should be requested to undertake such a study, which might well be prepared for the twelfth session of the Social Commission.

17. His delegation would be glad to co-operate in the framing of a suitable draft resolution to that end. The reports of social progress made by the United Nations and the specialized agencies (E/2890, Annexes I to V) were encouraging, and it was clear that effective planning was being undertaken to solve the problems of the future. The Council should so direct its labours that its progress in ten years' time would surpass the brightest hopes that it had entertained in 1956.

18. Mr. HOARE (United Kingdom) said that resolution 496 (XVI) set out, *inter alia*, a list of categories of social work that it would be advisable not to describe as priorities, for they did not provide for any order of implementation nor did they purport to be a comprehensive group of projects for the betterment of the human lot. They were, in fact, no more than the main heads, or most important types, of activity in the social field. Paragraph 5 of the Secretary-General's report, which amounted to a factual interim report, contained an accurate and commendably modest statement that none of those heads or activities had been neglected. That indeed is what one would have expected.

19. Turning to the specific proposals made by the Secretary-General, he pointed out, with regard to the third sentence in paragraph 6, that community development could not be carried on at all at the international level. It was a means by which coherent units for social work could be organized inside a given country and was essentially a local and national process. At the international level, there could be only assistance for the promotion and encouragement of national and local community development projects. Community development had very considerable potentialities for economic and social progress in under-developed countries and as he had indicated at the twentieth session (866th meeting), his delegation would favour any effort to improve international assistance in that field, and particularly to concert and co-ordinate the activities of the different agencies. It was not altogether clear to him, however, why that should necessitate a long-range programme. The list of activities in the Annexes, though interesting in itself, did not suggest any basis for such a programme. That was perhaps natural, for it was a field in which experience was being gained, mainly by trial and error, and he would instance the discovery that the establishment of demonstration centres was by no means the best method for achieving the desired results. It was right that there should be a review at that stage of the whole field with a view to considering means of greater concentration of effort and if possible of giving greater direction to that effort, and he had no quarrel with the praiseworthy intention to provide that. He would, however, be chary of using, in that context, such phrases as "on a long-range basis", which was found in the last sentence of paragraph 6. It might well be found that a short-range basis—e.g., for two or three years—might be more appropriate.

20. Paragraph 8 referred to the training of social welfare administrators, a question that was also referred to in paragraph 40 of Annex V. Experience certainly suggested that the approach advocated therein was wise. He hoped that one result might be the increased use, especially in countries where new services had to be built from the ground up, of untrained social workers, or those who could be trained on the job; such persons could make a valuable contribution, especially during the early stages of the creation of such services.

21. He agreed with the recommendation in paragraph 11 with regard to the difficulties of providing adequate information, the lack of which constituted a serious and constant handicap. In that respect, his delegation would endorse the comments, in particular, of the Netherlands (927th meeting) and Argentine representatives as to the undesirability of international investigation on a large scale, and the responsibility in that field of national authorities. He understood, however, there was no question of embarking on any ambitious programme and he would support the proposal that the Council should approve further consideration of what was an important problem.

22. The question of urbanization, referred to in paragraph 13, had already been the subject of comment by the United States representative. The problem was one of real importance and would doubtless be discussed in detail in the Social Committee. Reference in the last sentence in the paragraph to "the formulation of a long-range concerted programme" called for the same criticism that he had made of that phrase under paragraph 6.

23. The point dealt with in paragraph 14 raised serious difficulties, for the question of achieving a proper balance in an undeveloped country between expenditure on social welfare and on economic projects was one of considerable complexity. At the 927th meeting, the Under-Secretary for Economic and Social Affairs had raised the very objections that he (Mr. Hoare) would have made, only to continue, however, by saying that such criticisms could be stigmatized as unduly negative. He would not wish to take a merely negative approach, and he would not go so far as to suggest that it was never possible usefully to compare the experience of different countries. He would simply say that there were limits to the usefulness of such comparisons, and that in that particular matter the limit seemed to him to be in sight. Indeed, the *International Survey of Programmes on Social Development* (E/C.N.5/301), quoted in the paragraph, struck a note of decided scepticism. Moreover, he had understood Mr. de Seynes to suggest that certain of the studies proposed would have budgetary implications.

24. He had been greatly interested by the Indonesian representative's statement (927th meeting) of the policy which his Government had decided to adopt as to the proportion of expenditure on economic and on social advancement. He could not help wondering whether, in fixing the amounts of the budgetary allocations for social welfare and economic projects respectively, governments would really be influenced by the example of other countries, and whether there was really any value in such national comparisons.

25. There was one possible measure which might be of use. Enough experience had been accumulated by governments, by the specialized agencies and by the United Nations technical assistance organs to make possible the compilation of a cautionary list of mistakes that ought not to be made. But he felt that the agencies themselves would be able to advise governments on such points in the ordinary course of relations with them.

26. Finally, he was in full agreement with the conclusions of paragraph 15, which reflected an admirable development.

27. Mr. TRUJILLO (Ecuador) said that he was sure that the Secretary-General's report would be studied in detail by the Social Committee, but he would like to make a few general observations. He felt it was a pity that so much time had elapsed before the work done on the social problems summarized in Council resolution 496 (XVI) was reviewed. The Secretary-General's report showed that co-operation had been given on all sides and that among the specialized agencies the work of ILO should be singled out. Much of what ILO was trying to do went beyond its strict terms of reference, to provide better wages and health for workers: it had investigated other problems such as the education of workers and the standard of living in many countries including dependent territories. The qualifications of the experts it had sent to Ecuador were in general higher than those supplied by other international organizations participating in the Technical Assistance Programme.

28. He hoped that FAO, which had also done most valuable work, would continue its assistance in Latin America with the problems of nutrition, agriculture and forestry which his country and others did not have the means to solve without international assistance. Ninety-five out of a hundred people in his country knew nothing of dietary laws, and in any case they did not have enough food to plan home economics. It was of course a matter of education, not only of teaching people to read and write but also how they could best make use of the food they had. Insufficient attention had been given to rural economy, and he believed that in Asia as well as in Latin America there was not enough knowledge of forestry, and that FAO could help.

29. He agreed with the United States representative that many problems were involved in public health and the battle against disease. In Ecuador, yellow fever had been eliminated, as in nearly all the Atlantic regions of Latin America, but his country lacked the means to eradicate malaria, especially as the mosquitoes went from place to place, no matter what systematic campaign was set on foot, and were moreover developing resistance to the insecticides supplied on a generous scale by the United Nations Children's Fund (UNICEF) and WHO. He hoped that the help of those organizations could be increased and Ecuador was grateful not only for the help they had already given but also for the help received from the United States under the Point Four Programme.

30. He also wished to emphasize the importance of UNESCO's help in elementary education. His country, like some others in Latin America, had a large indigenous

population in addition to people of mixed race and the white population. His Government was making a very considerable effort, as other governments in Latin America were doing, to educate the Indians and make them citizens, and he hoped that the help received in that direction from UNICEF, WHO and UNESCO could be increased. There was a great lack of university teachers, especially in mathematics, and while his country was doing its best in the social sciences not all could be done that should be done. In conclusion, as representative of Ecuador, he wished to congratulate the Secretary-General upon his report.

31. Mr. DE FREITAS-VALLE (Brazil) said that his delegation had constantly taken a special interest in the problem of co-ordinating the activities of the United Nations and its specialized agencies. No doubt that matter would be discussed in greater detail under item 3 of the agenda. In the social field the importance of such co-ordination could hardly be over-emphasized.

32. With regard to paragraph 7 of the Secretary-General's report, which drew attention to the importance of community development projects, his delegation was ready to support a directive from the Council asking the Secretary-General to include a recommendation for action on a long-term basis in the report which he had been asked to make in resolution 496 (XVI).

33. He recalled the statement made by the representative of Brazil at the tenth session of the Social Commission, in which he had stressed the extreme individuality of Latin Americans, which contrasted with the strong community feeling of settlers in North America, an historical fact best explained in terms of the parallel development of two different civilizations. That was why the countries of Latin America needed help to

develop a community spirit to promote their economic and social progress.

34. He also endorsed paragraph 13 of the Secretary-General's report. The formulation of "a long-range concerted programme in the field of urbanization" had an important bearing on the social consequences of the industrialization of under-developed countries. It was a complex problem, but one which could not be escaped since industrialization ultimately led to better living standards, despite the difficulties involved in absorbing new working masses in urban centres. One such co-operative programme was being carried out in Brazil, aiming not only at an increase of the urban population but at an improvement in the conditions of rural life and of the productivity of the countryside. Mr. João Goulart, Vice-President of Brazil, in an address which he had recently given to the Thirty-ninth International Labour Conference, had emphasized the need to improve conditions in rural areas as well as the contribution such a step could make to the general development of a country by redressing the balance between industry and a new agricultural economy.

35. With regard to paragraph 14 of the Secretary-General's report he felt that it might be as dangerous to lay down an exact framework as it would be to confine the discussion to vague generalities. On the other hand, the gathering of factual information from the different under-developed countries was of great importance if their specific geographic, demographic, economic and social conditions were to be taken into account, and he was convinced that the Council would do well to promote work of that kind although executive decisions must be the responsibility of the government concerned.

The meeting rose at 12.35 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Belgium, Bulgaria, Chile, Israel, Italy, Poland, Romania.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Health Organization.

AGENDA ITEM 10

Programme of concerted practical action in the social field of the United Nations and the specialized agencies (E/2890, E/L.728) (continued)

1. Mr. ABDEL-GHANI (Egypt) reminded the Council of the origins of the report of the Secretary-General (E/2890) on the programme of concerted practical action. When, at its fourteenth session, the Council had considered a preliminary report on the world social situation, which had dealt exclusively with problems and shortcomings in the social field, certain delegations, including his own, had felt that the Council ought also to be informed of the endeavours being made by governments to improve social conditions in their countries. A resolution (434 A(XIV)) had accordingly been adopted requesting the Secretary-General to prepare a second report dealing with that side of the question, which report had subsequently been submitted to the Council at the twentieth session, under the title *International Survey of Programmes of Social Development* (E/CN.5/301/Rev.1). A number of delegations, again including his own, had thereupon proposed that, in order to avoid duplication, the Secretary-General should submit annually a single report on social affairs, dealing with three aspects thereof: the main social problems; the main national efforts to tackle them; and the main international efforts to assist that

process. The proposal had not been adopted in its original form, the Council having instead requested the Secretary-General to prepare a separate report on the third aspect. That report was the one at present before the Council.

2. Given that historical background, it could reasonably have been assumed that the report would have filled in the picture provided by the other two. What the Egyptian delegation had expected was that it would show how the services provided by the various international organizations were co-ordinated with one another, and with national and local services, to achieve concerted action in the social field, and that it would give by way of illustration specific practical examples of how the international organizations were co-operating to that end.

3. One suitable example would have been that of the fundamental education centres set up by the United Nations Educational, Social and Cultural Organization (UNESCO) in Egypt and Mexico. In that case, the main work had been done by UNESCO in co-operation with local authorities, while the United Nations, the International Labour Organisation and the World Health Organization (WHO) had also participated by providing expert advice and granting fellowships. Other suitable examples would have been a demonstration project for community development, and the social seminars organized under United Nations auspices. In each case the report could have assessed the effectiveness of the co-ordination achieved by the various bodies, and recorded their success and failures.

4. He realized that it was difficult to gauge the extent of co-ordination between different bodies, and that there was a danger of encroaching on the field of technical assistance. Nevertheless, a study of the kind of international co-ordination he had outlined would have been of great value to governments wishing to seek international assistance.

5. In point of fact, the report simply consisted of separate accounts of the work of the several organizations concerned. Nevertheless, those accounts constituted valuable brief summaries of the activities of the United Nations and the specialized agencies in the social field during the past three years. Moreover, it was gratifying to note that the organizations had been trying to plan their social programmes in accordance with the recommendations of Council resolution 496 (XVI). The under-developed and less developed countries, including Egypt, were grateful for the assistance they had received.

6. He reserved the right to give the views of his delegation on the achievements of the individual agencies during the discussion on item 3 of the agenda, and to

speak on the subject of the suggestions made by the Secretariat at an appropriate juncture in the Social Committee.

7. Mr. ALEEM (Pakistan) reiterated the view, repeatedly stressed by his delegation, that the main problem of any under-developed country was that of economic development, and that ambitious programmes of social development ought not to be embarked upon until such a country's economic position was strong enough to sustain it.

8. In the view of his delegation, the community development programme should essentially be one of economic development. In Pakistan itself, the village agricultural and industrial development programme was primarily of that nature. Although it covered adult education and the improvement of domestic sciences, first priority was given to increasing output by assisting agriculture, cottage industries and the like, and second priority to the improvement of sanitary conditions and health. Even the control of malaria and the eradication of illiteracy could, in their turn, be regarded as economic measures.

9. It was gratifying to learn, from the Secretary-General's report, about the growth of community development in the past three years, and to know that it had extended to such fields as rural health development, co-operatives and small-scale industries. He hoped, however, that the Council would give overriding priority to its economic aspects.

10. Although a considerable amount of work had been done on the training of personnel and the development of national and local administrative machinery, much more ought to have been accomplished. No doubt lack of funds was responsible. Attention ought to be turned to training more local staff to take charge of established projects, and to the development of techniques suited to local conditions and national characteristics. Experts and advisers sent out for short periods did not have sufficient time to adjust themselves to the conditions obtaining on the spot.

11. He agreed with what the Secretary-General said in the report about the inadequacy of information on social conditions. Fuller information would not only help planning, but, by intensifying international awareness of the problem, would also touch the social conscience of the world.

12. Mr. CARDIN (Canada) observed that it appeared from the Secretary-General's report that the United Nations and the specialized agencies were, in general, making progress towards concerted practical action in the social field. The situation gave grounds for modest satisfaction.

13. The Canadian Government's attitude to world social problems had been consistently based on three principles. In the first place, it considered that the United Nations and the specialized agencies ought to work in the closest harmony in developing their programmes. It was good to see the advance made in that direction. Secondly, attention ought, where possible, to be concentrated on programmes likely to promote and sustain action on a nation-wide basis. That rule should not,

however, be too strictly interpreted; in some countries certain types of community development and training of a more local kind might be more important at the present juncture. Thirdly, programmes should be designed to achieve indisputably beneficial results within a reasonable time. To pursue programmes of doubtful merit would not only squander scarce funds, but would also endanger the prestige of the United Nations.

14. His delegation noted with interest the account in paragraph 4 of the report of the factors which tended to limit the effectiveness of the Council's recommendations. Countries could not be expected to bring their own list of priorities entirely into line with those laid down in Council resolution 496 (XVI). Nevertheless, they ought to realize when making their requests that, conversely, established United Nations priorities could not be altogether subordinated to those of the requesting countries. Similarly, within the limitations imposed by their constitutions, the United Nations and the specialized agencies ought to take established and agreed priorities into account when considering projects submitted to them for approval. Those priorities might, of course, call for re-assessment from time to time, in which event the views of recipient countries and the agencies would be received with interest. But, in the meantime, all parties ought to try to fit the various programmes of social assistance into the framework agreed upon.

15. With regard to the points made in paragraph 6 of the report, his delegation would go further and say that a demonstration project launched purely for its own sake was useless. The sole purpose of a demonstration project should be to demonstrate the feasibility of starting similar projects throughout the country. No project for a demonstration centre destined to be the only one of its kind should ever be approved.

16. His delegation agreed with the Secretary-General's remarks about the importance of training personnel. Unless national and local administrations had properly trained staff, programmes of work in the social field would be likely to prove ineffective. Short-term courses for auxiliary workers were of particular value.

17. Canada was always glad to provide training facilities for foreign students under the various technical assistance programmes, and had already received considerable numbers through the United Nations and the specialized agencies, and also under the Colombo plan, to study social welfare, public administration and related subjects. It was to be hoped that the experience they had thus acquired would be of benefit to their governments. For their part, the Canadians with whom they had associated had been left with a better understanding of the problems of the students' countries. Such an interchange of ideas and experience could not but be beneficial to all.

18. In the view of the Canadian delegation, the cause of the inadequacy of information on social conditions referred to in paragraph 11 of the report lay in the governmental structure of the economically less-developed countries. The situation could consequently be expected to improve but slowly, and subsequent reports by the Secretary-General would inevitably suffer from a similar lack of background material. Too much attention ought not, however, to be devoted to the problem of improving

information: first of all, facilities for training competent public administrators would have to be improved. Once better-qualified administrators were in control and the administrative machinery had been improved, more satisfactory information would automatically be forthcoming.

19. It might be preferable to defer consideration of a long-range concerted programme in the field of urbanization until the forthcoming report on the world social situation, in which particular attention was to be given to the subject, had been examined. Delegations would then be in a better position to judge whether such a programme was desirable, and to draw it up if necessary.

20. It was true that there was as yet no clear conceptual framework for integrating economic and social projects into a coherent development plan, and perhaps the different conditions obtaining in various countries made such a framework impossible. The only way of achieving it, if indeed that was feasible, was by analysing the actual experience of particular countries. Accordingly, his delegation supported the Secretary-General's suggestion that a modest study should be made along those lines.

21. Miss AASLAND (Norway) observed that, while it was generally agreed that social progress had to go hand in hand with economic development, it was difficult, and perhaps not desirable—as was pointed out in the report—to apply common criteria for allocating funds between the two fields, or between the various projects within each of them. Countries still differed too greatly from one another, and each ought to fix its own lines of development. That principle had been duly respected by the Council in the country programming of technical assistance through the United Nations and the specialized agencies. At the same time, the programme of concerted practical action in the social field represented an important achievement, and the suggested methods and techniques to be used in its implementation had been, and would continue to be, of great value to governments desiring to avail themselves of it. The fact that the Council's schedule of priorities did not tally at all points with the desires and requests of individual countries for assistance need cause no embarrassment, since there was no suggestion that the Council wished to impose its own views. Its list simply represented an approximation to a common denominator, and was intended to serve as a guide, not as a strait-jacket.

22. The Norwegian delegation agreed with the Secretary-General's suggestions for improving and enlarging the scope of the programme of concerted practical action, and would support their incorporation in an appropriate resolution. Her delegation also supported the suggestion made by the Netherlands representative at the 927th meeting that any study of the problem of urbanization should include consideration of the problems arising in areas which were becoming depopulated as the result of the flight of labour to the towns. Lastly, she endorsed the remarks of the Indonesian representative, also at the 927th meeting, about the value of the co-operative movement as a means of promoting community development likely to be particularly useful to the poorer sections of the population.

23. Her delegation was appreciative of the endeavours made by the United Nations and specialized agencies to

put the recommendations of resolution 496 (XVI) into practice, and was confident that they would continue to work, perhaps even more actively than hitherto, along the lines recommended by the Secretary-General.

24. Mr. DE MARCHENA (Dominican Republic) said that, despite the considerable success achieved, much remained to be done in the social field to eradicate discriminatory practices and personal differences that might lead to the perversion of the noblest ideas and even, in many cases, of correct policy.

25. The Dominican Republic was a small country, but its development had been remarkably rapid, as a result of its social conditions, geographical situation, climate, efficient civil administration and stable currency. His country's foreign debt had been wiped out in 1945, since when it had owed nothing to anyone. It could now join in international co-operation and was prepared to receive whatever technical assistance was offered, provided that the offer was made in good faith.

26. The Dominican Republic, therefore, regarded technical assistance from a viewpoint that was rather different from the usual one. In its view, the time had come for the Council to think about re-classifying developed and under-developed countries. Countries should be re-grouped in accordance with their economic, cultural and social standards as reported by their own governments. A class should be created for countries which, although not yet fully developed, were neither under-developed nor insufficiently developed. Many countries of Latin America would reject out of hand any comparison between their political, social and cultural conditions and those obtaining in the Non-Self-Governing Territories, which were under-developed in the strict sense of the term. Their pride was wounded when they were classified as under-developed countries; some more acceptable and more appropriate term should be found. The Dominican Republic, for example, regarded itself as a developed country; true, the process was not yet complete, but its stage of development could certainly not be assimilated to that of an under-developed country. Hence the need for reconsidering the basis on which technical assistance should be provided in the future.

27. That new view of technical assistance also meant that governments should consider in which fields they should receive it and in which they should not. The latter would apply to problems which could be solved out of domestic resources and by means of domestic legislation.

28. The Secretary-General's report, admirable though it was, required realistic reappraisal. It was undoubtedly necessary to train social workers, but the nature of such training must depend largely on the areas where the training was to be applied. In the Dominican Republic, a problem had been created by the increase in the school-age population, and the consequent need for new school buildings. In no more than two years, 81 new schools had been built at a cost of US\$12 million, without foreign help. That new building would have a substantial effect on agriculture, since it would bring a great increase in literacy; it was hoped that by the end of the next five years not more than 15 per cent of the population of the Dominican Republic would still be illiterate.

It could not be too often repeated that the social problem of ignorance, together with that of public health, should be given the highest priority, since only educated and healthy people would be capable of appreciating the value of the social services of the United Nations and specialized agencies in raising the living standards of the family and of society as a whole.

29. The inhabitants or citizens of a country must also enjoy unrestricted rights to participate fully in its life. In the Dominican Republic there was no discrimination on grounds of sex, religion or political beliefs, and all its citizens were collaborating with the Government to better the country's social conditions.

30. The international community was faced with a tremendous task in the social field. The Secretary-General had described the problems arising out of the implementation of resolution 496 (XVI), but his report raised a number of questions. It was not clear how a balance was to be maintained between the developed and the under-developed areas. He agreed with other speakers that efforts should not be concentrated on certain specific problems, since priorities varied from one country to another. The most that could be done was to give the individual an idea of how he might live the full life to which he was entitled. For that, housing was a vital factor, but its heavy cost might well prove incommensurate with the economic capacity of a State. The Dominican Republic, for its part, had not hesitated to ask the Organization of American States for technical assistance to help it to build working-class dwellings. Such housing became an integral part of the very structure of the country, and the assistance that made it possible could be accepted with pride.

31. Some revision of the system of selecting the staff responsible for carrying out technical assistance projects was, perhaps, needed, as the delegation of Ecuador had pointed out at the 928th meeting. The Dominican delegation endorsed all that that delegation had said. International civil servants appointed to carry out such projects should first make themselves acquainted with the history, traditions and way of life of the country to which they were being sent, and thus make sure that they did not become a nuisance to its government and to the international organization, the international community and the agency which had chosen them. More than one programme had failed because of the personal character of the experts or members of the mission appointed to implement it. The Council and the organizations concerned should devote particular attention to averting such disasters. Action to that end would be valuable and timely; in certain cases, indeed, it was urgently required.

32. The Dominican Republic was extremely appreciative of the assistance it had received from UNESCO, from WHO and from the International Civil Aviation Organization. It had welcomed international meetings and conferences, particularly in 1956, which had taken place in an atmosphere universally recognized to be excellent. The Dominican Republic was prepared to lend its full support to international social action, and was anxious to take advantage of the experience of other areas similar to the Caribbean. The Council could be assured of its co-operation, which had already found tangible expression

in its policy towards refugees and displaced persons, in its substantial contributions to the United Nations International Children's Fund and in its agreements with the Technical Assistance Administration, which had been concluded with no demand for matching. Finally, the constant social progress within the Dominican Republic was in itself a contribution to social work at the international level.

33. Mr. EPINAT (France) regretted that the Secretary-General's report had reached the French Government too late for thorough study. The ministries concerned needed time to formulate their comments; moreover, their comments had to be studied by a co-ordinating body, in the case in point by the Commission consultative nationale des questions sociales, which had been unable to consider the report.

34. In those circumstances, the French delegation, which hoped that steps would be taken to avoid such delays in future, would confine itself to a few provisional comments, reserving the right to revert to the matter in the Social Committee.

35. His delegation was gratified by the progress already made in carrying out the programme laid down in 1953. Doubtless there were still difficulties—understandably so, since, as the Secretary-General's report showed, problems in all fields had had to be faced at the same time. The report referred to difficulties with which the Council was familiar, particularly in the training of social service personnel, the inadequacy of statistical information, the problem of keeping a balance between economic and social development, the resistance due to local customs, and so on. However, the picture as a whole was favourable, and one could hope that it would thenceforward be possible to apply methods which had already proved their worth.

36. The French delegation noted with satisfaction the desire of the participating organizations, as shown in the report before the Council and the report of the Administrative Committee on Co-ordination, to consider jointly reasonably long-term concerted programmes, particularly in the field of urbanization. It would make known its attitude on that last issue in the Social Committee.

37. The French delegation attached the highest importance to the problem of nutrition. Valuable progress had certainly been made in that field, but the moment seemed to have come to co-ordinate the work done. The Council must be provided as soon as possible with data which would enable it to draw up a co-ordinated programme in respect of nutrition.

38. As to community development, French Government departments had read with interest the booklet entitled *Social progress through community development* (E/CN.5/303/Rev.1). As the French delegation understood it, that concept included everything being done to equip and instruct communities for their well-being, and with their participation. The idea was no new one, and any hesitation on the part of French representatives when it had first been put forward by the United Nations had perhaps been due to the fact that they had been looking for an element of novelty in it which had not been there. The report of the United Nations mission instructed to

make a study of this subject in Africa in 1956 would perhaps dispel some misunderstandings. The French delegation and French Government departments would study that report—which would, *inter alia*, have a special bearing on community development and organization in the Ivory Coast—with the greatest care. The ultimate conclusion might well be that the fundamental purposes were the same, and only the methods differed. The French delegation was also much interested in the training of community leaders by the United Nations.

39. The very concept of community development was now taking definite shape. Nevertheless, the remark in the Secretary-General's report that the problem was now becoming an international one might give rise to some confusion. Perhaps what was meant was that many governments attached considerable importance to the process, or, again, that the United Nations intended to make a special effort to help those governments; but it was clear that the United Nations could not regard community development in every country concerned as anything but a national matter.

40. The French delegation thought that, though the practical side of the United Nations' work on community development was important, major problems, such as that of the training of social service personnel, which had to work not only at the base and at the summit, but also at the intermediate levels, should not be lost sight of.

41. The French delegation was sorry that the Secretary-General's report did not state more clearly the extent to which the requests for assistance submitted by governments departed from the order of priorities established by the United Nations. That order would have to be reviewed one day, and it would be as well if, when the day came, the Council had all the information it needed for drawing up fresh directives.

42. The French delegation also wished the Secretary-General to give a clearer account of the difficulties met with.

43. It regretted that some of the social service seminars organized under the auspices of the United Nations were not entirely non-political. Such seminars ought to conform to the Council's instructions, and everything not strictly technical should be barred from their work.

44. Mrs. TSUKANOVA (Union of Soviet Socialist Republics) stated that the Soviet delegation considered that the Secretary-General's report was of great importance and contained some positive theses which characterized the activity of the specialized agencies in the social field. Taking this into account, the Soviet delegation wished to limit itself to certain comments.

45. There was no doubt whatever that, as several speakers had pointed out, social progress was intimately bound up with economic progress and must be based on extensive economic measures taken by the governments concerned. In many countries one of the most far-reaching problems was the persistence of illiteracy. The Soviet delegation noted that the representative of Ecuador—at the 928th meeting—as well as those of other States, had referred to the large number of illiterates in certain countries. Almost one-half of the world's popu-

lation could neither read nor write. The main problem, therefore, was to eradicate that evil by promoting the universal introduction of primary education, which, all would agree, was the pre-requisite for any solution of social and economic problems.

46. The Soviet Union delegation would welcome every step taken by UNESCO and other interested agencies to promote primary education by co-ordinating their educational policies. Obviously, however, action could not be limited to the steps taken by international organizations; each government must make a special effort adapted to the particular circumstances of the local situation. The specialized agencies should try to work out recommendations that would bring home forcefully to governments the vital importance of general primary education, based not only on the situation as it was at present, but on future prospects.

47. The Soviet Union had long since introduced compulsory seven-year primary education, and had recently completed the introduction of the ten-year secondary course. In the school year 1955/56, thirty million children had attended school. The greatest importance was attached to training specialists in all fields through secondary and higher education. During the same period, nearly two million students had attended the universities and another two million had studied at specialized secondary schools. Fifty million—i.e., no less than one-quarter of the population of the Soviet Union—had been engaged in some form of study. A vast programme of social development of all kinds had been carried through by the Government, which had already spent 154,000 million roubles on meeting social and cultural needs, and would in all spend annually 210,000 million roubles for that purpose during the sixth Five-year Plan.

48. Some delegations had mentioned malaria control. Malaria had been prevalent in Russia under the Czars and at the beginning of the Soviet regime, but had long since been eradicated, together with similar scourges, as a result of her Government's unremitting efforts to improve the health and well-being of the Soviet people, to which purposes it devoted immense sums. The success achieved was strikingly illustrated by the fact that the 1955 mortality rate had been 3.6 less than the 1913 figure, and considerably less than that in France, the United Kingdom or the United States of America.

49. The seminar to be held in the autumn of 1956 was to discuss modern methods in the social field, such as social security and mother-and-child welfare. Undoubtedly those were very important, but other factors affecting the general condition and well-being of the family should also be considered, such as housing, education and improvement of working conditions. The Soviet Union Government was ready to do all it could to help the United Nations and specialized agencies to solve the world's social problems, especially those of the under-developed countries.

50. Mr. EUSTATHIADES (Greece) said that the Greek delegation agreed with the observations made by several representatives, including those of France and the United States of America at the current meeting and the 928th meeting respectively. It approved in particular the Ne-

therlands representative's comments on priorities at the 927th meeting, since it must not be forgotten that emergencies were usually unforeseeable, and that there were many problems affecting various parts of the world which demanded attention regardless of the priorities established by the Council. While it was true that the provisions of the constitutions of the specialized agencies seemed to be another restrictive factor, they were at least constant, whereas emergencies were by their very nature unpredictable. The Greek delegation therefore attached great importance to the French representative's remark concerning the possible review of the priorities established in 1953.

51. His delegation entirely agreed with those representatives who had stressed the importance of education. Greece—where education had for long been compulsory—had made a considerable effort in that field, although during the previous ten years her resources had been eaten up by wars and natural catastrophes, such as earthquakes. For instance, in the academic year 1953/54, more than 600 teachers had been appointed and 700 new educational establishments had been built or old ones repaired; in 1954/55, 836 schools had been built and 966 repaired. That being so, the Greek delegation could not refrain from exposing the entirely different situation obtaining in Cyprus, an island which had been inhabited by Greeks for thousands of years and in which the schools had recently been closed and the teachers thrown out. The problem might be considered a political one, but the Council ought not to ignore its social repercussions, the more so since the Secretary-General's report showed that the benefits of the social programmes of the United Nations and the specialized agencies had been extended to vast areas of the world, and in particular to Non-Self-Governing Territories.

52. The Greek delegation had certain objections to raise in regard to the terminology used in the Secretary-General's report. For example, it considered the terms "community development" and "under-developed countries" unduly vague. But it was nevertheless highly gratified with the document, which, despite certain gaps, gave a glimpse of the difficulties and thereby served as an exhortation to further efforts.

53. Those efforts must be directed along the lines indicated by the Charter of the United Nations, even if the aims therein defined could never be fully attained. If they were to be constructive, the efforts must be not only co-ordinated but also completely apolitical.

54. Mr. NOSEK (Czechoslovakia) said that the uneven development as between one area and another that characterized contemporary social conditions was an urgent reason why the Council should survey and assess the activities being carried on internationally in the social field and lay down the principle by which the work of the United Nations should be governed in the future. The Czechoslovak delegation had already described, in the General Assembly, its country's social institutions and social development programmes, which had substantially bettered the social position of the Czechoslovak working class, especially in recent years.

55. The statement in the Secretary-General's report that since 1953 the United Nations and the specialized agencies

had developed their social programmes along the lines laid down in resolution 496 (XVI) was substantially correct. Such widespread activities could not be disregarded, but the resolution itself omitted essential specific measures, such as the improvement and extension of social welfare services and social security, free medical care and the access of all to free education without discrimination. That shortcoming had naturally been reflected in the social work of the United Nations and the specialized agencies.

56. It was generally recognized today, and had repeatedly been stated in the discussion, that social and economic questions were closely linked. The Indonesian representative, for instance, at the 927th meeting, had stressed that his country had set as the main goal of its first Five-year Plan the raising of the living standards of broad sections of the population. That showed that the improvement of economic conditions was a prerequisite of the improvement of social conditions. Hence, the guarantee of lasting social progress lay in economic development, especially industrialization—a principle which ought to be universally recognized.

57. The beneficial influence of economic conditions on social conditions raised organizational questions. The United Nations and its specialized agencies laid great stress on mutual help, the development of local action, the inception of demonstration centres and the like. It could not be denied that such action was useful, but it must be realized that mutual help and demonstration centres could never lead to anything but temporary and partial improvement unless broad-scale systematic action was taken simultaneously to promote both economic and social progress generally. Local action could be successful and lasting only when integrated into the national effort to achieve economic and social progress. But that certainly did not debar the Council from dealing with specific social problems, in addition to the more general programmes for improving the situation of the broad mass of the population in the economically under-developed countries and in Non-Self-Governing and Trust Territories.

58. Emphasis should be placed on the real urgency of the problem of social security at the same time as on the basic problem of raising the workers' living standards. Czechoslovakia had long experience in the matter, and was ready to help the under-developed countries in establishing their own social security systems, either by sending experts, or by arranging seminars or exchanging expert delegations.

59. In his report, the Secretary-General rightly pointed out that the inadequacy of information on social conditions in economically under-developed countries remained a major problem for the international organizations. In the report on the world social situation now in preparation, the greatest possible attention should undoubtedly be paid to social conditions in all parts of the world, and especially to those obtaining in the under-developed countries. Hundreds of millions of people were still living in poverty and distress, suffering from unemployment, famine and under-nourishment, exposed to the devastating effects of epidemics and lacking any prospect of becoming literate and any security against illness or old age.

60. As to the proposal for drawing up a model programme of social development, he agreed with those delegations which thought that to theorize on social problems was dangerous. The correct course would be to exchange experience and to work out basic principles which could effectively be put into practice in accordance with local conditions.
61. The Council should focus its attention on a logical and positive study of the main social problems, and on devising effective steps to fill gaps and remedy defects.
62. The social work which the Council was called upon to supervise and co-ordinate must necessarily be very complex and difficult, if the social aims set forth in the Charter were to be achieved. The United Nations programmes in the social field ought accordingly to be reconsidered and a more practical course of action drawn up.
63. Mr. EGGERMANN (International Federation of Christian Trade Unions), speaking at the invitation of the PRESIDENT, pointed out that, so far as the steps taken by the United Nations to promote economic development in the under-developed countries were concerned, the International Federation of Christian Trade Unions (IFCTU) had always stressed the point that such development must go hand-in-hand with social progress, to ensure that the countries affected did not find themselves in the shocking situation of nineteenth-century Europe. Although it was not imminent, the seeds of that danger were to be found in the technical assistance activities of the United Nations, which were all directed towards economic development. Moreover, the *Preliminary Report on the World Social Situation* (E/CN.5/267/Rev.1) had not proved reassuring, and fully justified the launching of a programme of concerted practical action in the social field.
64. It was of course too early to judge the programme as a whole, and the report before the Council (E/2890) did not attempt to evaluate its various aspects; but it gave a very useful general picture.
65. IFCTU considered that the nine fields of activity listed in resolution 496 (XVI) had lost none of their topicality, and hence that there was no need to modify the basic objectives of the programme in their broad lines.
66. With regard to actual methods, the most effective would appear to be the promotion and implementation of community development projects; but the Secretary-General seemed to have certain misgivings about the role of demonstration centres in that field. In IFCTU's view, it would be better to begin by encouraging the establishment of organizations to facilitate the integration of peoples in their new economic and social environments. Such organizations would group the population at the base and provide the necessary link between the masses and the authorities responsible for community development. Demonstration centres would be much more effective once the population had been organized at the base.
67. Similarly, in the development of training programmes for technical personnel, it should be the leaders of such organizations who received more advanced training.
68. IFCTU was convinced that the success of the programme of concerted practical action would be governed by the extent to which the peoples themselves could be interested in the project. The best way to achieve that end would probably be to encourage the creation of basic organizations of a private nature, such as consumer and credit co-operatives and the like.
69. IFCTU and other organizations were already very active in that field, and it would be desirable, in the interest of the peoples of the Non-Self-Governing Territories, for the United Nations and the specialized agencies to join forces there with the non-governmental organizations.
70. Certain specialized agencies, in particular UNESCO, had, indeed, already called upon the services of the non-governmental organizations. IFCTU, which had co-operated with UNESCO in the preparation and implementation of certain projects, had observed that those taking part in the programmes had enthusiastically accepted international assistance offered to them through an organization which was familiar to them, and also that the programmes themselves were well adapted to the characteristics of those taking part, because of the close links which already existed between them and IFCTU.
71. His organization considered it regrettable that the United Nations had not yet been able to give closer attention to the third method recommended, which consisted in setting up and strengthening the national and local organizations necessary for the administration of social programmes. It was evident that the creation of such organizations was a pre-requisite of the lasting solution of social problems, but the importance of their co-operation with the international and inter-regional organizations established by the United Nations and the specialized agencies on the one hand, and the basic non-governmental organizations he had mentioned earlier on the other, ought also to be emphasized.
72. If the great social problems were to be solved, they must be thoroughly studied. Efforts had already been made in that direction; for example, UNESCO had set up at Calcutta a research centre on the social consequences of industrialization. But there were still many gaps to be filled; for instance, in the field of research into the social consequences of the peaceful application of atomic energy.
73. IFCTU realized that, as a rule, it was difficult to obtain adequate information on the social situation in the under-developed countries. In its view, it would be well for the Council to ask the Secretary-General to study the difficulties involved, in submitting his next report on the world social situation.
74. Mr. DE SEYNES (Under-Secretary for Economic and Social Affairs) thanked the members of the Council for their favourable reception of the Secretary-General's report (E/2890). The preparation of such a report obviously raised difficulties both of form and of substance. Some of the points mentioned by the representative of Egypt were dealt with in the annexes.
75. He had noticed that the expression "long-term programme" had aroused some misgivings in the Council.

It certainly was not happily chosen, since the idea was simply to provide directives for future work. The reason why long-term planning had been so strongly stressed by the Secretary-General was that it answered to the organizational needs of the Secretariat and to those of co-ordination with the specialized agencies.

76. He had noted no contradiction between the various remarks made in the Council and the ideas put forward by the Secretariat regarding the application of the concept of long-term planning to community development. As many representatives had pointed out, the Secretariat recognized that any action taken towards community development would call for strenuous efforts at the national level. There was, however, a wide scope for international action, not so much in finding solutions but in comparing experience. He had noticed in India and Pakistan a definite desire that the United Nations should assist governments towards this end. The Secretariat thought that it might be possible to initiate a programme covering six years—for example, with regard to the training of personnel, the adaptation of techniques to the different projects and the evaluation of different techniques in one or more countries. As regards the terms used, the inadequacy of which had been emphasized by the representative of Greece, he thought the French expression “développement communautaire” might be more satisfactory, although not absolutely correct.

77. With regard to urbanization, the Secretariat's suggestion that a long-range programme should be drawn up had been criticized by the representative of the United States of America at the 928th meeting, but basically there was nothing in his statement that was inconsistent with the ideas of the Secretariat and the specialized agencies. The latter recognized the complexity of the problem, but thought that discussion on the actual concept of urbanization might be useful. It would merely be a matter of concentrating attention on the problem. Moreover, at the present stage, the Secretariat was confining itself mainly to collecting facts and defining the problems. However, there had perhaps been a misunderstanding: the Secretariat was not, of course, opposed to urbanization; it was merely anxious to eliminate the social dangers which might accompany that phenomenon.

78. It seemed that the Secretary-General's report and his own comments on the integration of economic and social development plans has caused some anxiety, which he would like to dispel. The Secretariat realized the dangers of such a study better than anyone, but the idea had been put forward because very often countries showed a keen desire to be informed of what was being done elsewhere and to be given guidance. What was considered at the present stage was only a preliminary study with regard to defining problems and methods, and the Secretariat had no wish to go further than suggested in the draft resolution on the subject (E/L.728) submitted jointly by the delegations of Ecuador, Egypt, the Netherlands, Norway, Pakistan and the United States of America.

79. In reply to the representative of China (927th meeting) he explained that the reason why the *Ad Hoc* Inter-Agency Meeting on International Social Programmes met in Geneva immediately before the opening of the Council's summer session was that in that way it was able to discuss the problems raised in the Secretary-General's annual report on the subject and other questions and establish practical methods of co-ordination. There was no question of specific technical assistance projects being discussed at those meetings.

80. In answer to the comments of the Netherlands representative (927th meeting), he said that no project of common interest was undertaken without prior consultation between all the organizations concerned.

81. The problem of the de-population accompanying urbanization was being studied by the Population Commission in connexion with internal migrations. The other problems raised would be dealt with more effectively in connexion with the community development programmes.

82. The PRESIDENT declared that the Council had completed its general debate on item 10 of the agenda.

83. That item, together with the draft resolution thereon (E/L.728), would be referred to the Social Committee.

The meeting rose at 5.15 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Belgium, Bulgaria, Chile, Colombia, Finland, Hungary, Israel, Italy, Mexico, Poland, Romania, Venezuela.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization.

AGENDA ITEM 22

Application from Morocco for membership in the United Nations Educational, Scientific and Cultural Organization (E/2902 and Add.1, E/L.727)

1. The PRESIDENT invited the Council to consider the application from Morocco for membership in the United Nations Educational, Scientific and Cultural Organization (UNESCO) (E/2902 and Add.1) and the draft resolution relating thereto (E/L.727) submitted by the French delegation.
2. Mr. GOZARD (France) thanked the members of the Council for placing on the agenda and discussing without delay Morocco's application for membership in UNESCO.
3. The French Government had supported Morocco's candidature in a letter of 7 June 1956 addressed to the Director-General of UNESCO by the Minister for Foreign Affairs. It was a very great honour for the French delegation to submit that candidature for the Council's approval.
4. As an independent sovereign State, Morocco possessed the necessary qualifications for membership of

UNESCO, and was well able to undertake all the obligations of a member of that agency.

5. He did not think there was any need for him to enumerate Morocco's claims. A country with an ancient and rich civilization, its historical development had placed it at the confluence of two great streams of thought, that of Islam and that of France.

6. The French delegation was convinced that the Council would agree that Morocco's admission to UNESCO would bring to the latter a fertile source of the wisdom of the ages and faith in the future, and that it would accordingly adopt unanimously the French draft resolution.

7. Mr. ISMAIL (Egypt) wholeheartedly supported Morocco's candidature. Down the ages, common traditions and identical aspirations had forged between Egypt and Morocco the firmest bonds of friendship, which had been cemented by similarity of culture and language. Moroccan scholars had contributed greatly to the culture of all Arabic-speaking countries. The Egyptian delegation was confident that Morocco would be a most effective member of UNESCO, and earnestly hoped that as a sovereign independent State it would soon be admitted to full membership of the United Nations. The Egyptian delegation would therefore vote for the French draft resolution.

8. Mr. CARDIN (Canada) said that his delegation associated itself with the statements made on the admission of Morocco to UNESCO. The President of the Council of Ministers of the Moroccan Government, in his letter of 16 May 1956 to the Director-General of UNESCO, had declared that his Government pledged itself to accept all the obligations of UNESCO's Constitution and to contribute to the Organization's expenses. At the Council's twenty-first session (914th meeting) the Canadian delegation had supported the draft resolution concerning the admission of Tunisia to membership of UNESCO; in the same way it would vote for the draft resolution relating to Morocco. He thought it would be highly desirable if Morocco were able to take part in the work of the next General Conference of UNESCO. Canada, which had recognized Morocco's independence, would be happy to see that important country of North Africa empowered to take part in UNESCO's work.

9. Mr. OLIVIERI (Argentina) expressed his delegation's appreciation of the French Government's generous gesture. The fact that a country which combined the culture of Islam and France was to be admitted to UNESCO was particularly gratifying to Argentina, which itself owed much to French culture.

10. Mr. ZAKHAROV (Union of Soviet Socialist Republics) said that the Soviet Union had a deep feeling for countries which had thrown off colonial rule. His Government, guided by respect for the principle of self-determination, had already announced that it recognized Morocco as an independent State and was prepared to grant it diplomatic recognition. The Soviet Government was firmly convinced that declaration of Morocco's independence would further international co-operation. The Soviet Union accordingly supported Morocco's request for admission to UNESCO, of which it would undoubtedly be a useful member.

11. Mr. ASMAUN (Indonesia) observed that the aims of all United Nations organs would best be served by universality of membership. Indonesia therefore welcomed Morocco's application for membership in UNESCO. The Moroccan and Indonesian peoples had long been linked by a common religion and by their parallel struggles for independence.

12. Mr. NOSEK (Czechoslovakia) said that it would give him great pleasure to vote for the French draft resolution. The people of Morocco had made a remarkable contribution to culture and science, and were undoubtedly capable of taking a full part in the life of the international community, in particular in the work of UNESCO.

13. Sir Alec RANDALL (United Kingdom) supported the French draft resolution. The United Kingdom Government had welcomed the agreement of March 1956, conferring independent status on Morocco, which was fully qualified to become a member of UNESCO, to whose work it would be able to make a valuable contribution, as it could draw both on Arabic and on French culture.

14. Mr. SAID HASAN (Pakistan) welcomed the French draft resolution. He was confident that Morocco would be a valuable member of UNESCO. Pakistan shared Morocco's culture and traditions and was linked to it by the bonds of Islam.

15. Mr. STANOVNIK (Yugoslavia) was particularly glad to support Morocco's application for full membership in UNESCO, inasmuch as it was the youngest independent sovereign State. He wished also to congratulate the French Government on its active support of that application.

16. Mr. BAKER (United States of America) warmly supported Morocco's application. That country would have a real contribution to make to UNESCO, because of its great cultural tradition. The French Government was to be congratulated on taking the initiative in the sponsoring of the draft resolution and the United States would be pleased to cast its vote in favour of it.

17. Mr. DONS (Norway) expressed his great satisfaction with the developments which had led up to the applications first of Tunis and then of Morocco for membership in UNESCO. He would support the draft resolution so appropriately submitted by the French delegation.

18. Mr. DE MARCHENA (Dominican Republic) supported the French draft resolution, and was confident that Morocco's admission to UNESCO would prove a precedent for its admission to other organs of the United Nations. The French Government was to be congratulated on supporting Morocco's application, the granting of which the Latin-American countries would welcome as a renewed sign of the growing universality of the United Nations and its specialized agencies.

19. Mr. STIKKER (Netherlands) said that he too would have great pleasure in voting for the French draft resolution.

20. Mr. EUSTATHIADES (Greece) recalled the fact that the Greek delegation had, from the outset, supported the placing on the Council's agenda of Morocco's application for membership in UNESCO. Greece took the unanimity displayed on that subject in the Council as a symbolic gesture, a manifestation of the principle of the right of peoples to self-determination. Similarly, Greece had regarded the agreements concluded in March 1956 between France and Morocco not only as a regularization of relations between the two countries, but as a most important event—the application to the particular case of Morocco of the principle concerning the right of self-determination stated in the Charter of the United Nations.

21. With its ancient Islamic civilization, Morocco would be able to make a valuable contribution to UNESCO, in whose work all cultures were of equal value.

22. The Greek delegation noted the support of Morocco's candidature by France, which, after conferring the benefit of her own civilization on Morocco, had shown her awareness of her obligations under the Charter with regard to respect for the right of peoples to self-determination.

23. Mr. DE FREITAS-VALLE (Brazil) associated himself with what had been said regarding Morocco's application for admission to UNESCO and France's attitude thereto. The Brazilian delegation was convinced that, with its culture and traditions, Morocco would be an excellent acquisition for UNESCO.

24. The PRESIDENT put to the vote the French draft resolution (E/L.727).

The draft resolution was adopted unanimously.

AGENDA ITEM 7

Establishment of a world food reserve (E/2855)

25. The PRESIDENT invited the Council to take up item 7 of the agenda.

26. Mr. CHENG PAONAN (China) said that of the four objectives of a world food reserve enumerated in the report (E/2855) prepared by the Food and Agriculture Organization (FAO) under General Assembly resolution 827 (IX)—fighting chronic malnutrition, relieving famine and other emergency situations, counteracting excessive price fluctuations and promoting the rational disposal of intermittent surpluses—the subject of malnutrition was not immediately pertinent, and the question

of a world food capital fund might therefore be more appropriately discussed in connexion with the Special United Nations Fund for Economic Development (SUNFED). The functions of a world food reserve might best be confined, in the main, to emergency relief and price stabilization.

27. China had always been interested in food reserves, the idea of which could be traced back to 2,000 B.C. Chinese food reserves for price stabilization purposes had first been created about 50 B.C., and had been in almost continuous use ever since. Floods and droughts had first called for their establishment, a disastrous fall in food prices brought on by a series of bumper crops having produced in China a situation much the same as that which had moved the Costa Rican delegation to introduce its proposal (A/2710) at the ninth session of the General Assembly twenty centuries later. The purpose of the Chinese reserves had been to prevent food prices from falling too low when harvests were good, and to keep them down in times of scarcity. In ancient China, relief reserves and stabilization reserves had been maintained separately, and a similar separation was implicit in FAO's recommendations.

28. FAO had reached the conclusion that plans for the establishment of emergency famine reserves were technically feasible, but that any further steps must depend on the attitude of governments towards the need for action and on their intention to contribute to an international emergency pool. In 1946, the main contributors to the United Nations Relief and Rehabilitation Administration (UNRRA) had favoured its replacement by bilateral arrangements. It was now proposed to revert to multilateral action, or to supplement bilateral arrangements by means of such action. The Chinese delegation still held the view, first expressed by it at the Second Committee (337th meeting) during the ninth session of the General Assembly, that a searching evaluation of UNRRA's experience might help the United Nations to make up its mind whether such a change was both desirable and necessary.

29. His delegation still could not agree with the Secretary-General's interpretation of General Assembly resolution 525 (VI)—namely, that famines arising from the aftermath of war and civil disturbances would be outside the scope of a world emergency food reserve, and that relief should be confined to famines due to natural causes. The reserve should be available to relieve famines arising from both natural and political causes, since both entailed human suffering in equal measure. Political causes had in fact been responsible for more famines in recent years than had natural causes. True, the natural calamities listed in the *World Economic Survey 1955* (E/2864) had led to severe food shortages in certain places, but the number of human beings affected had been small by comparison with the number affected by the famines which had occurred in Korea and Indo-China as a result of communist aggression there. Any world food reserve which disregarded such man-made calamities would lose much of its meaning and usefulness.

30. In the case of a food reserve maintained for price stabilization purposes, foodstuffs would be sold in time

of scarcity and bought when crops were abundant. The free world had enjoyed bountiful harvests in the past few years, and abundance might be expected to continue. As a result, many producing countries were plagued with the problem of surpluses. Any food reserve that might be established would therefore be constantly called upon to buy, but would have little occasion to sell. FAO had estimated that the creation of a stabilization reserve would call for a capital of several thousand million dollars. That estimate was certainly not exaggerated and there was little hope of raising anything like that sum.

31. There was only one way in which to establish a stabilization reserve. It could not consist of all, or even most of the staple foodstuffs, for that would be far too expensive. It would have to be limited to a few, or perhaps even only one or two foodstuffs. The first task, therefore, was not to make a general study of stabilization reserves, but to single out the particular foodstuffs whose prices could not be stabilized by any means other than by stockpiling. Once those foodstuffs had been identified, an attempt might be made to see how reserves could be built up.

32. Mr. OLIVIERI (Argentina) said that the immediate aims of a world food reserve should be two in number: to provide means of coping with any acute food crisis arising from unforeseen circumstances; and to mitigate, at least, difficulties caused by accumulated surpluses and enable such surpluses to be disposed of in accordance with the basic rules on the subject worked out by FAO and subscribed to by many of its member States.

33. Although there was some tendency to abandon the idea of an emergency food reserve on the ground of impracticability, and to replace it by that of an international fund, the possibility of accepting contributions in kind should certainly not be ignored; neither should the entry of *ad hoc* participants, with which the so-called Plan of the Three Circles (E/2855, paragraph 293) dealt, be forbidden.

34. With regard to surplus disposal, the Argentine delegation wholeheartedly agreed that the situation was rather one of low levels of consumption, due to the weak purchasing power of the populations of countries in the course of economic development, than one of over-production. The idea that the economic development of under-developed countries might be promoted through the accumulated surpluses was, in principle, attractive, but it should steadfastly be borne in mind that any plan drawn up on those lines would have to include adequate safeguards to ensure that the surpluses were used only to engender additional consumption, and that all the other rules on the subject laid down by FAO were complied with.

35. The report suggested the establishment of a world food capital fund, to make use of surpluses to assist economic development plans. Such a course would entail the need for working out well-defined and properly supervised plans in agreement with the beneficiary countries, taking account of the advisability of using existing technical assistance programmes to the greatest possible extent.

36. The report drew attention to the similarity of purpose of the proposed food capital fund and SUNFED, and suggested that the former should be used to provide basic assistance for economic development, SUNFED being reserved for additional financing which could not be derived from the surpluses. The Argentine delegation had, for the time being, no preference for one or the other system, or even for a combination of the two, and believed that there would be some advantage in combining item 5 of the agenda (financing of economic development) with item 7 (establishment of a world food reserve), both to be considered together by the Economic Committee.

37. Whichever system was preferred, the establishment of any new international administration should be avoided as far as possible. The feasibility of making the greatest possible use, consistent with the efficient execution of any plan adopted, of existing international organizations should be thoroughly studied, particular attention being given to the special services which FAO could render.

38. The Argentine delegation was well aware that the establishment of a world food reserve would be an extremely complicated process, and that that was why, despite all the good intentions and the volume of studies and surveys completed, none of the proposed plans had so far been put into practice. But that did not mean that a plan suited to the general interest of the international community might not be recommended to the General Assembly.

39. The Argentine delegation fully appreciated the motives which had prompted the proposal to establish a reserve of food to meet unforeseen emergencies and also to assist the progress of countries in the course of development, but must firmly state its opinion that any solution adopted would have to provide the essential safeguards against possible prejudice to the legitimate economic interests of others.

40. Mr. STIKKER (Netherlands) said that although the report prepared by FAO on the establishment and functions of a world food reserve was very comprehensive, it suggested no easy conclusions for further action. The complex problems involved in the realization of the four main objectives of a world food reserve set out in General Assembly resolution 827 (IX) could not be solved by the establishment of a single administrative body. Although the four objectives were dealt with as a whole in the resolution, it was clear from the report that each presented its own problem.

41. Malnutrition was mainly the result of poverty, the best remedy for which was economic development—a slow process. Emergency relief called for *ad hoc* measures at short notice, possibly with the help of an international relief fund for financing *ad hoc* purchases, rather than a permanent food reserve. Excessive price fluctuations might be mitigated by the creation of buffer stocks, which, by their very nature, would differ completely from a world food reserve.

42. It was extremely useful to have in a single and comparatively short document an account of the many—unfortunately, largely unsuccessful—international efforts to achieve the objectives set forth in General Assembly resolution 827 (IX).

43. One of the most interesting sections of the report was that dealing with the possible use of food surpluses to assist economic development. The authors did not present plans for any substantial new departure in international commodity affairs, but confined themselves to drawing together the results of current thinking on the subject. The basic idea of using surplus foodstuffs within the wider context of international economic assistance, both to relieve malnutrition and to promote economic development, deserved full consideration. The idea of combining an increase in the food available for consumption with the provision of funds not otherwise available in the recipient country, and the stimulation of possibilities of highly labour-intensive employment, were attractive. The FAO pilot study in India on the possible use of agricultural surpluses to finance economic development had shown that, in certain specific circumstances, such surpluses might indeed be used in a manner acceptable both to the producing and to the consuming country. But that could be a practical proposition only if the agricultural products in question were clearly supplementary to the receiving country's existing production and consumption of those or similar products. The development projects to be financed by the surpluses must be such that the additional income they produced was in great part used for buying precisely those foodstuffs. That meant, in practice, that the projects would have to be wage-intensive.

44. Capital and commodities, besides additional foodstuffs, were essential to all new projects. A balanced approach was therefore necessary when additional foodstuffs were used as one of the sources of finance. That meant that precautions must be taken to check inflationary pressures.

45. The importance of safeguarding the interests of the receiving country's regular suppliers of commercial imports of the same or related commodities was correctly stressed in the report. Those imports often originated in other under-developed countries, and it would obviously be undesirable to promote economic development in one country at the expense of another, or others, at a similar stage of development, which might as a result suffer a deterioration in their terms of trade or run up against serious marketing difficulties.

46. Ever since the end of the Second World War, the Netherlands Government had been in favour of international action to damp fluctuations in the international business cycle, and it regarded multilateral commodity arrangements as one of the means of so doing. Despite the many limitations of such arrangements, especially those of the buffer stock type, when used to mitigate excessive short-term price fluctuations, their advantages should still be borne in mind.

47. The effort to find a solution to the problems stated in General Assembly resolution 827 (IX) must be continued if the United Nations was not to be guilty of neglecting its duty. The simultaneous existence of starvation in some parts of the world and apparent food surpluses in others was still a matter of grave concern. Practical international action was in the last resort the responsibility of governments, but FAO and other international organizations should continue to seek methods of international action on the issues raised in the report.

48. Mr. NUR (Indonesia) said that the Indonesian delegation believed that the alleviation of the hunger that existed in the midst of plenty in the world of today was one of the most important tasks of the United Nations. It had accordingly been one of those responsible for introducing in the General Assembly the resolution in pursuance of which the report before the Council had been prepared.

49. He congratulated the Director-General of FAO on the report, which effectively clarified the issues involved and showed that food consumption in the underdeveloped countries had declined from its pre-war level, despite those countries' rapidly growing population, and that the gap between countries with much food and those with little was steadily widening. Such a situation called for urgent attention. While poverty in the midst of plenty persisted, efforts to promote economic development in the less developed areas would be vain, for people who lacked the basic necessities of food and clothing were in no position to tackle the problem of bettering their economic state.

50. Ultimately, the problem of food shortages could be solved only by increasing food production in the countries where they existed. Every effort must therefore be made to promote the economic development of the low-consumption areas. That would mean, among other things, stabilizing commodity trade, which was particularly important to countries that were dependent upon the export of a few primary products. The difficulty lay not so much in an actual shortage of food, as in the way in which it was distributed. As the report pointed out, the difficulties in the way of world-wide co-ordinated endeavour to counteract excessive price fluctuations might be very great, but they need not be insurmountable if clearly understood and faced with resolution.

51. The establishment of a world food reserve would be a valuable contribution to the improvement of living conditions, particularly in the less developed regions. A task of such complexity called for a joint meeting of experts from the specialized agencies and other international organizations working in that field to carry forward the work which FAO had initiated.

52. The time had come to draft concrete proposals for setting up adequate machinery for attaining the objectives laid down in General Assembly resolution 827 (IX). He was sure that, if all countries realized the issues at stake, the Council's discussions would pave the way for such a development. The Council's prestige might in no small measure depend on its success in achieving that aim.

53. Miss BLAU (Food and Agriculture Organization) expressed her Organization's gratitude to the General Assembly for having asked it to prepare the report on the establishment of a world food reserve (E/2855).

54. The Director-General of FAO had submitted the report on his own authority, without prior consideration of it with FAO's organs, in order to enable the Council to consider it at its present session. Only the FAO Committee on Commodity Problems had as yet considered the document and, in view of the imminence of

the present debate, even that Committee had merely given it a preliminary examination. The Committee had, however, made some general observations which it had wished should be transmitted to the Council. They would be fully circulated as soon as possible.

55. The report was, as the General Assembly had required, a factual and comprehensive one concerning what had been and was being done. The historical notes covered the years 1943 to 1955. The former had been taken as the starting point as being the year of the creation of UNRRA and of the Hot Springs Conference, which had led to the establishment of FAO. Little reference was made to earlier periods because, old as some of the problems were, world-wide poverty in the midst of plenty was essentially a phenomenon of the twentieth century, and only towards the end of the Second World War had the possibility of large-scale international intervention in commodity matters and of improving the distribution of the world's food come to be seriously entertained. Two things had been responsible for that development: the great depression between the wars, and the experience of large-scale commodity management gained during the last war. Dread of the former, and the optimism inspired by the latter, had combined to create a desire to stabilize world food supplies.

56. In the light of present experience, the endeavours made in the early years appeared, perhaps, more remarkable for good intention than for hard thinking. Cyclical problems had at first claimed more attention than structural problems. But as confidence in the effectiveness of methods of combating cyclical problems had increased, and also social awareness of structural development problems, it had been realized that the two types of problem must be tackled together. The fundamental relation between cycle and trend, together with the distinction between stocks and flows, constituted the main theme of Part One of the report before the Council. That approach was part and parcel of the current trend towards patient analysis of economic problems, which might be expected eventually to yield really effective results. Although achievements had not yet proved remarkable, very valuable lessons had been learned.

57. The main chapter headings of Part One of the report corresponded with the four main objectives laid down in General Assembly resolution 827 (IX). The first objective, dealt with in Chapter II, was to raise low levels of food production and consumption and to fight chronic malnutrition.

58. The main cause of low consumption was chronic poverty, and for that economic development was the best cure. Lack of purchasing power could not be remedied by the operation of a world food reserve functioning on a self-financing basis.

59. As pointed out in the report, it must not be expected that an international pool of foodstuffs could serve different functions at the same time. To take the analogy of international finance, it would hardly be possible, for example, to combine the operations of the International Monetary Fund (Fund), the chief function of which was to redress temporary lack of balance, with those of the International Bank for Reconstruction and Development (Bank), whose responsibility it was to issue loans

for long-term development purposes, and still less to combine either of them with the work of SUNFED, which was to specialize in long-term loan operations even less self-liquidating than those undertaken by the Bank. In the same way, the world food reserve could hardly simultaneously check chronic malnutrition, promote international price stabilization and provide emergency relief.

60. The FAO Committee on Commodity Problems had noted with interest the distinction made in the report between food reserves for stabilization purposes and food reserves to provide economic assistance. Another way of grasping that distinction was to reflect that whereas a commodity buffer stock, which was a pool of resources held partly in money and partly in kind, could not be kept in being unless what was put into it corresponded closely to what was taken out of it, long-term loans and international assistance entailed outgoings which were not automatically balanced by incomings, at any rate over short periods.

61. Stress was laid in the report on the importance of building up larger national reserves, particularly in countries near the margin of subsistence: the FAO Consultative Sub-Committee on Surplus Disposals had set up a working party in Washington to deal with the subject.

62. In the case of the second objective fixed in the resolution—namely, emergency relief—the report pointed to the great importance of bilateral aid and to the fact that famine relief had come to be generally regarded as a responsibility transcending national borders. FAO studies on the subject had led to three main conclusions: first, difficulties in providing emergency relief were likely to be technical and financial rather than due to a world shortage of supplies; secondly, the main thing, therefore, was not to store food in advance, but to finance, organize and guarantee in advance, on agreed terms, speedy delivery to stricken areas of the small portion of total available stocks required; thirdly, the way to do that would be to establish a flexible international famine relief fund, in cash or credit, rather than a food reserve. A world food reserve might be of considerable help in relieving famine, but famine in itself could not be regarded as the main reason for creating such a reserve.

63. On the subject of counteracting fluctuations in agricultural prices—the fourth objective mentioned in the resolution—the conclusion was reached in the report that buffer stocks had certain advantages over commodity-by-commodity stabilization techniques. The only international buffer stock yet in existence was that of tin. That there were not more was due partly to the problems inherent in the idea of a buffer stock, and partly to human factors. In the first place, there were the problems of technical commodity and market characteristics, such as standardization, definitions, comparability and knowledge of market conditions. Commodity study groups could perform a very useful purpose in mitigating those difficulties, even when their labours did not lead to formal agreement, and their organization was being actively pursued by FAO. Again, there were problems of finance, management, bargaining and, above all, the possibility of conflict between the smooth operation of international buffer stocks and national stockpiling

policies, which could impede the working of a buffer stock in three ways: governments holding large stocks might be unwilling to internationalize them; a self-financing buffer stock could not absorb a constant flow of surplus stock, even if the delivering country were reasonable about the price; and powerful national reserves could vitiate the effect of the operation of the buffer stock.

64. Finally, the structural character of agricultural surpluses might give rise to difficulties. Many surplus problems were due to underlying national policies, and the disposal of surpluses so caused created a one-way flow which could not easily be absorbed by a buffer stock, which ought to act as a stabilizer in both directions.

65. The report considered the relative merits of the commodity-by-commodity, as against the multi-commodity, approach to a composite commodity reserve. Such a reserve, if planned for general stabilizing purposes, would have to include certain primary products other than foodstuffs. The conclusion reached was that, by and large, the commodity-by-commodity approach for a few staple foodstuffs, however limited their number might be, offered the most helpful prospect. Though negotiations for such buffer stocks would be conducted commodity by commodity, there would be greater chance of success if the general climate of negotiations could be improved. That, in turn, would be more easily achieved if the techniques involved were better understood. Too much should not be expected of them; in particular, they would not solve structural problems. A large-scale campaign to enlighten the public on the matter might be very helpful, as the FAO Committee on Commodity Problems had stressed.

66. In the last chapter of Part One, on food surpluses and their possible uses, the report considered a type of reserve to which it had given the name of "world food capital fund". Such a fund would be a reserve to promote economic development, operating largely within the framework of international economic assistance, through grants or long-term loans, and not through self-financing revolving funds. From its studies on surplus disposal and its pilot study in India, FAO had concluded that the use of surpluses to aid economic development, whether undertaken bilaterally or multilaterally, had great advantages. If there was to be a multilateral or international arrangement, and if a reserve was to be set up to absorb surpluses and redistribute them to promote economic development, then a world food capital fund seemed the only feasible solution. The authors of the report did not, however, take it upon themselves to go into the respective merits of bilateral and multilateral arrangements.

67. The world food capital fund would, in some ways, resemble SUNFED, and if both came into being they ought obviously to be operated in conjunction. The report, however, made it clear that the world food capital fund would be complementary to SUNFED, not a substitute for it, else it would defeat its own ends. Special attention would need to be given to the complementary characteristics of, and similarities between, the types of development projects served by the two funds. They would be the kind of project known as "infra-structure" investment. A world food capital fund would have the

particular advantage of tending to make for continuity of programmes.

68. The question of preventing surpluses from accumulating, as distinct from that of surplus disposal, raised much deeper problems: fundamental realignments and balanced expansion in production, consumption and trade throughout the world. Those were considered earlier in the report.

69. The object of the report was to promote clear thinking rather than to suggest appropriate action. It might, however, be appropriate to point out the ways in which FAO was able to help to achieve the four main objectives laid down by the General Assembly. In the first place, economic development was one of the main functions of FAO under both its regular programme and its technical assistance programme. In the field of emergency relief, FAO had already undertaken studies, and though no more were contemplated for the time being, the importance of the problem would always be borne in mind. The question of commodity stabilization techniques was one with which FAO was actively concerned in many aspects of its general work on commodities, even though it frequently found it more practical to start at the study-group level. A large-scale educational campaign in regard to the problems involved might be particularly valuable. Lastly, in the matter of surplus disposal, FAO had been active in formulating principles and development methods—such as the use of surpluses to aid economic development—and in setting up consultative machinery with governments.

70. Mr. STANOVNIK (Yugoslavia) said that the problem facing the Council was that of the co-existence of extreme wealth and extreme poverty. Sixty-two per cent of the world's food was being produced by the industrial countries. In the case of many commodities the production of those countries exceeded their requirements, but the poorer countries lacked the funds to buy the surpluses. According to the report entitled *The State of Food and Agriculture 1955* (E/2878/Add.2), in that year the United States of America had held stocks of wheat three times as large as its average annual gross exports of wheat in the three preceding years, while its stocks of rice were somewhat larger than the gross exports over the same period, and stocks of cheese twenty-five times larger. At the same time, as FAO's report showed, the average consumption of the most under-nourished quarter of the world's population had declined from 21 per cent of total consumption before the war to a mere 19 per cent.

71. The problem of the co-existence of surpluses and widespread under-nourishment was aggravated by huge fluctuations in the prices of agricultural products and a steady decrease in farmers' incomes, by the great dependence of primitive agriculture on the weather, by the resulting problem of international relief in emergencies, and by general difficulties arising out of the lack of balance between production and consumption. The problem was therefore extremely complex. A solution to one aspect of it would not necessarily be a solution to the whole. At the same time, the interdependence of the various aspects made it necessary to proceed with great circumspection.

72. The problem had its roots in the 1930s. Up to that time, the under-developed countries had produced food for export to the industrial countries, taking industrial consumer goods from them in exchange. During the great depression, the volume of world trade had been cut by one-half, and the difficulty of paying for agricultural imports, together with the imminence of war, had led the industrial countries to start producing their own food. Subsequently, their food production had leapt ahead at the expense of their imports from agrarian countries.

73. The obvious way for the under-developed countries to adapt themselves to the new situation was to become industrialized. But that very process of industrialization swelled the urban population and increased the demand for food at home, so that many of the former food exporters had actually become importers of food. The industrial countries were not to be blamed for adopting a policy of agrarian protection; but while that policy had on the one hand led to difficulties for the under-developed countries, on the other it had often led to the accumulation of large food surpluses in the industrial countries. It therefore appeared only reasonable, indeed only just, that those surpluses should be used to help the under-developed countries to adapt themselves, through industrialization, to the new situation. The question was how that end could be achieved.

74. After reading FAO's report, he had concluded that the establishment of world food reserves would not solve all the problems involved and that other measures would probably also be called for. One of the greatest difficulties to be contended with was the instability of commodity markets. Buffer stocks would appear to be the most effective method of dealing with that, and the practical difficulties involved should not be allowed to discourage efforts to apply that method. He agreed, however, that the problem of surpluses and chronic hunger would not automatically be solved by the creation of buffer stocks to damp down fluctuations.

75. He paid a tribute to FAO for its work on the problem of surplus disposal, and to the United States of America which, in pursuance of FAO's recommendations, had given assistance to Yugoslavia in recent years.

76. The building up of world food reserves from agricultural surpluses with the object of assisting under-developed countries in their economic development would be beneficial to the developed and the under-developed countries alike. It would, in the end, increase production and purchasing power throughout the world and so finally dispose of the problem of agricultural surpluses, at the same time producing relative stability.

77. To solve the problem of chronic hunger, world food reserves of a rather different type would be needed. And yet other methods would have to be used for the provision of emergency aid.

78. His delegation hoped that FAO would continue its praiseworthy work on the functions of a world food reserve. Since, however, the problem was a general one affecting the entire world economy, particularly the stabilizing of a certain sector of the primary commodity market, his delegation believed that the Council would be well advised to request the Commission for International

Commodity Trade to pay particular attention to the whole problem from the point of view of world economic stability. Thanks to the excellent initial work done by FAO, matters had reached a stage at which such a suggestion could be made.

79. Mr. CARDIN (Canada) commended the Director-General of FAO and his staff on the report before the Council. The four main objectives referred to at the beginning of the document were of the greatest importance. Various types of national and international action had already, however, gone some way towards the achievement of those objectives. The remark at the end of paragraph 8 of the report, to the effect that well-meant but wrongly directed efforts would be likely to delay progress, therefore had some weight.

80. The report showed a clear realization of the limitations of a world food reserve. It pointed out the difficulty of conceiving it at one and the same time as a means of preventing famine and as a self-liquidating reserve to check price fluctuations. It rightly stated that the only ultimate remedy for recurring famine and chronic malnutrition was the balanced economic development of the regions concerned. The establishment of a world food reserve in itself would not necessarily provide an effective solution.

81. Regarding the second objective, the Canadian authorities had been arguing for several years that neither a world food reserve nor the establishment of an internationally controlled fund would represent the best way of dealing with famine emergencies. If governments committed themselves before the emergency arose, they would be unable to give the kind of assistance which might prove most desirable or suitable in the event. An international group of experts, reporting to the Seventh Conference of FAO in November 1953, had concluded that physical world shortages and the geographical location of foodstuffs were unlikely to be obstacles to the relief of famine in an emergency. In the recent past, relief supplies had promptly been made available to stricken areas, and there was nothing to suggest that it would be impossible to do so again in the future. Since the end of the Second World War, Canada had given emergency assistance to Greece, Korea, Pakistan, India, Nepal, Haiti, Japan, Yugoslavia and the British West Indies. Many other countries had made similar efforts to aid individual nations in emergencies.

82. As to the third objective, Canada took the view that a commodity-by-commodity approach was the only one likely to prove effective in counteracting excessive price fluctuations. Schemes of wider scope were unrealistic, because they failed to take into account the different problems affecting particular commodities. Specific proposals relating to individual commodities, on the other hand, could profitably be discussed on their individual merits by the major producing and consuming countries concerned. Where such discussions had led to inter-governmental agreements, as in the case of the International Wheat Agreement, the International Sugar Agreement and the International Tin Agreement, Canada had been a participant.

83. His delegation considered that the financial and administrative problems involved in stabilizing the inter-

national prices of agricultural products by buffer-stock action would be immense. Moreover, to keep prices stable by artificial means would ultimately distort the markets concerned and thus harm both the economically advanced and the less developed countries. Furthermore, existing international agencies, such as FAO, the Contracting Parties to the General Agreement on Tariffs and Trade and the Interim Co-ordinating Committee for International Commodity Arrangements were already coping adequately with general food marketing problems. Consequently, the Canadian Government favoured a gradual approach towards flexible co-ordination of individual arrangements, such as that advocated in paragraph 131 *et seq* of the report.

84. Regarding the fourth objective, he thought the report over-sanguine about the possible benefits of a world food reserve. In particular, the suggestion that surplus disposal might be linked with economic development through an organization such as SUNFED, which would accept contributions partly in surplus foodstuffs, was difficult to accept. Contributions in that form would not necessarily bear any relationship to the developmental needs of the under-developed countries concerned; there was an obvious danger that the nature of the contributions would be dictated more by the needs of the donor than by those of the recipient. Consequently, it would be almost impossible to plan economic development effectively.

85. Moreover, the administrators of the fund would be constantly urged, or obliged by insuperable programme difficulties, to use the commodities at its disposal for relief purposes. Such a course would do little towards a permanent solution of the problem of poverty in the midst of plenty; and it would tend to lead to states of chronic surplus, by providing an easy way out for countries pursuing policies tending in that direction.

86. In particular cases, however, surpluses might be used effectively to promote economic development. His Government took the view that where a surplus could be used in such a way as to increase consumption of the product concerned, its supply on a bilateral basis could, on occasion, positively stimulate economic development. The main thing was to make sure that the real purpose of the bilateral arrangement was to foster economic development rather than to dispose of the surplus; at the same time, attention must be paid to the interests of third parties, and care taken to avoid interference with normal world trade. Canada's experience in that field under the Colombo Plan seemed to show that his Government's view was correct.

87. His delegation considered that the role of foodstuffs, whether surplus or other, in economic development programmes was far from being sufficiently understood. In view of that fact, and of the additional fact that the FAO report had failed to demonstrate that an internationally controlled food reserve was a satisfactory means of achieving the four objectives it had set out to examine, the time seemed to have come for the Council to consider whether there was any point in continuing to study the question of such a reserve. Nevertheless, the search for ways of achieving the four objectives ought to continue, while the benefits obtainable from existing institutions and arrangements ought to be exploited still further.

88. Mr. EGGERMANN (International Federation of Christian Trade Unions), speaking at the invitation of the PRESIDENT, said that the important question before the Council had for long engaged the attention of the International Federation of Christian Trade Unions (IFCTU), and in particular that of its affiliated organizations active in the under-developed territories. On behalf of IFCTU, he congratulated the Director-General of FAO and his collaborators on their conscientious implementation of General Assembly resolution 827 (IX).

89. The basic facts noted were clear: first, the quantity and nutritional value of the food available to the peoples of the under-developed territories fell far short of requirements; secondly, the population of the world was rapidly increasing, particularly in those territories. At first sight, there were two possible solutions to the problem: international co-operation to meet the needs of the under-nourished peoples, or regulation of births to keep pace with production. For its part, IFCTU, holding that man should not be at the service of the economy but the economy at the disposal of man, had always rejected the second of those solutions as inspired by cynical egotism. Hence, the solution which it advocated was the exploitation of the resources of the under-developed countries and the channelling of world surpluses to regions where want still prevailed. To achieve that purpose, it was essential to arouse public enthusiasm for world co-operation, for, without such impetus, all practical measures would be doomed to failure. Furthermore, the developed countries should display readiness to assist the under-developed regions, while the latter should promote international co-operation by stabilizing their economic and financial situation.

90. As to the practical means of solving the problems mentioned in General Assembly resolution 827 (IX), he would like to draw some conclusions from the spade-work done by FAO in the report under discussion. In the first place, the malnutrition existing in the under-developed countries was merely a symptom of their economic weakness, and the international remedies lay in the instruments created to ensure the financing of economic developments such as the Fund, the Bank and so on. The idea of a "world food capital fund", to absorb surplus food products and channel them as capital investments to the under-developed countries, should be adopted. The urgency of the problem justified the creation of such a fund.

91. However, those international instruments were not necessarily the most effective means of meeting disasters which might occur suddenly. While the usefulness of national reserves of foodstuffs was undeniable, they would not always be adequate in such emergencies. It was, therefore, the urgent duty of the United Nations to set up an international relief fund, on a very broad basis, where all contributions, whether fixed or not, and whether in cash or in kind, could be accepted.

92. IFCTU also considered that, in order to check excessive fluctuations in the prices of foodstuffs, a world market stabilization fund should be created. Such a fund, able to cope with the normal consequences of a lack of elasticity in the supply of and demand for foodstuffs, would be a satisfactory instrument, provided it was large enough to ensure that no other force acting in

the opposite direction could neutralize its effects, and provided it commanded the participation of both producers and consumers. The difficulties standing in the way of the establishment of such a reserve arose mainly from the economic and financial policies of the developed countries. While the idea of a composite food reserve was very attractive at first sight, experience dictated a more modest scheme for the time being. Expert research—which should be continued at all costs—and the experience gained through the operation of the stabilization fund would show what stages were necessary in the formation of a composite food reserve.

93. As to the problem of the rational disposal of the agricultural surpluses which accumulated from time to time, IFCTU thought they could best be incorporated in the world market stabilization fund or the international relief fund. Alternatively, they might be used for the benefit of the under-developed territories through the world food capital fund. It also seemed that surpluses of structural origin could also be used through one or other of the three funds until the countries in which they occurred had restored their economic balance by appropriate action.

94. Thus, IFCTU believed that it would not be enough to build up a world food reserve to solve the problems mentioned in the General Assembly resolution in question. Three separate funds should be set up, and their operation co-ordinated by a sort of world food bank which, while leaving a substantial measure of initiative to each, would keep the development of the general situation under very close review and take any necessary measures.

95. IFCTU hoped that the Council would request the General Assembly to take the requisite steps to strengthen international co-operation and to combat the greatest scourge afflicting a very large part of the world's population.

96. Mr. NEDZYNSKI (International Confederation of Free Trade Unions), speaking at the invitation of the PRESIDENT, observed that the FAO report on a world food reserve placed many matters in their correct perspective, dispelled a number of misconceptions, revealed definite possibilities of action and indicated the pitfalls to be avoided. Perhaps its most important contribution was the evidence it provided that the several purposes for which a world food reserve might be established should be considered individually. If that suggestion were accepted, some of the difficulties which the proposal to establish such a reserve had run up against in the past might be removed.

97. The International Confederation of Free Trade Unions (ICFTU) was convinced that in present conditions the proposal might well be carried through. The impressive rise in agricultural productivity in a number of democratic countries, coupled with price incentives to agricultural output, had greatly increased the yield of certain commodities and had made some of those countries fully capable of contributing to a world food reserve. On the other hand, agricultural production in the under-developed countries had not increased proportionately, and a similar disparity was to be found between conditions in the democratic countries and conditions in

those described in United Nations documents as "countries with centrally-planned economies". Certain countries, in particular the United States of America and Canada, had made several generous grants of food on a bilateral basis, or had offered assistance to famine-stricken countries. Without in any way underrating such action, ICFTU maintained that such assistance should be organized on a world basis, through the United Nations.

98. Hunger and chronic malnutrition were obviously one of the most serious problems to be tackled. Under-nourishment was merely one aspect of poverty, which itself was simply a manifestation of economic under-development. Such under-development might best be remedied by establishing SUNFED without delay. There was convincing evidence that food surpluses could be successfully used for promoting the development of under-developed countries. ICFTU fully endorsed the conclusion reached in the FAO report, that a world food capital fund might usefully be established as a way of providing assistance in kind, in addition to the financial aid to be provided by SUNFED. It also supported the suggestion that the two funds should be closely linked, and accordingly suggested that the Council should consider the possibility of instructing FAO to submit, in conjunction with the other United Nations agencies concerned, definite proposals for the establishment of a food capital fund, together with operational rules for administering it. It also suggested that the Council should issue an urgent appeal to the governments of countries able to contribute to that fund to declare their willingness to do so and their readiness to co-operate with FAO in drawing up the definite proposals. The food capital fund should be supplementary, not an alternative to SUNFED. Action to establish both funds should be parallel, but the preparatory steps for establishing one should not wait upon the actual creation of the other.

99. The tragedy of recurrent famine was such that it was imperative that a system be devised which would make it impossible for any part of mankind ever again to be overwhelmed by such a calamity. Preventive or remedial action had already reduced the danger of famine, but its threat still hung over millions of people. Deeply concerned as it had been with that problem, ICFTU had advocated the establishment of national food reserves to be used for famine relief, and was glad to see that FAO attached great importance to such reserves, which could also play a considerable part in stabilizing the internal prices of agricultural products and in helping economic development. It therefore suggested that the Council should encourage the establishment of such reserves and issue an appeal to countries with surpluses of food to contribute to the national reserves of the under-developed countries.

100. FAO's report left no doubt that all aspects of the proposed world emergency food reserve to provide famine relief had been studied, that no useful purpose could be served by any further study, and that a decision was urgently required. The United Nations could no longer disguise any unwillingness to come to grips with the problem by recommending further studies. ICFTU, therefore, appealed to the Council to take a decision in

principle in favour of the establishment of a world emergency food reserve and to urge States Members of the United Nations to give that decision practical support.

101. Of the alternative ways of organizing a world system for famine relief, the so-called Plan of the Three Circles (E/2855, paragraph 293) was certainly the most attractive at first sight, but perhaps not the most practical, as it was a counsel of perfection. ICFTU accordingly suggested that FAO should once again explore the practical political possibilities of organizing international famine relief on the lines of what was described in the report as the "Organized *Ad Hoc* Approach". Once a start had been made, the good will and enthusiasm thus generated would pave the way for the development of a more effective system in the future.

102. With regard to fluctuations in the prices of primary commodities and their serious effect on under-developed countries, ICFTU was in favour of flexible international commodity agreements, strengthened, wherever practicable, by the operation of buffer stocks. The idea of a world food reserve operating as a multi-commodity buffer stock seemed at first sight very attractive; but one of the merits of the FAO report was that it brought out the practical difficulties inherent in the idea. It would therefore be unwise to press for any immediate decision on that issue, but the idea should not be abandoned. The best course for the time being would seem to be to continue the studies already made, taking each commodity separately. In any event, the establishment of buffer stocks could not and should not be divorced from the broader issue of the international regulation of primary product markets.

103. There would seem to be two ways of bringing food surpluses to the hungry: to ensure their use for famine relief through contributions to the national food reserves of under-developed countries and to a world emergency food reserve, and to make them over to a world food capital fund for promoting economic development.

104. Mr. SAVARY (International Federation of Agricultural Producers), speaking at the invitation of the PRESIDENT, wished first to make a few general remarks, to restore the establishment of a world food reserve to its historical context, and thus to dispel certain misunderstandings. After the very serious agricultural crisis of 1930, which had made itself felt until the eve of the Second World War and which, it had seemed, could be cured only by restricting production, there had been a period of extreme shortage during which entire regions had escaped famine only by means of international co-operation. In the aftermath of that supply crisis, which, following on a demand crisis, had shaken the agricultural economy to its foundations, many people had begun to seek means of preventing such catastrophes. It had been thought that powerful international organizations, whose activities would have been supported by a generous spirit of international solidarity, might stabilize or expand annual availabilities, by setting up reserves to cover unforeseen shortages and by channelling any surpluses into international food relief schemes. The report prepared by FAO described the efforts made to that end, and their failure.

105. The Council should note two important facts in that respect. First, while a world reserve of agricultural products could doubtless co-exist with one or several world markets, it was impossible that the one should not react on the other. The operation of such a reserve therefore presupposed that basic prices would be negotiated at the international level and that certain rules would be observed by the importing and exporting countries. Secondly, a reserve, even if built up with surpluses, would still have to rely on contributions for which, in most cases, it would be pointless to expect payment. Governments had always been aware of those two facts, and it was precisely for that dual reason that they had never seriously contemplated the establishment of an international system of food surplus distribution and had turned down all the successive projects mentioned in the report despite the fact that they enjoyed the support of public opinion, and in particular of the producers, the trade unions and similar circles. That being so, the International Federation of Agricultural Producers (IFAP) had come to the conclusion that it would be vain to hope for the success of any project calling for the establishment of a world food reserve so long as the governments of the countries which, by the very nature of things, would have to be the principal instruments of its implementation maintained their opposition to it.

106. Those considerations had prompted IFAP to seek over a number of years forms of action more immediately acceptable to governments. It was in that spirit that it would like to submit to the Council certain observations on the report under discussion and to make various recommendations.

107. Paragraph 338 of the report stated that it was not possible to cure the world's chronic malnutrition through the establishment of a world food reserve which operated on a self-financing basis and at the same time acted as a world buffer pool. That important statement was far from exhausting the subject; it merely showed that stabilization stocks and relief stocks should be administered separately and that, since stabilization and relief problems were to a certain extent independent, the United Nations might perhaps consider tackling the latter before a solution had been found to the former. In any case, the fact that different techniques were required for dealing with the two sets of problems was no justification for attempting nothing. IFAP had always realized

that food relief measures would not be a sufficient remedy for chronic malnutrition, but that must not lead to complete inaction.

108. The partial solutions proposed in the report consisted mainly in the conclusion of international agreements for co-operation in administering national buffer stocks, in helping countries in the process of economic development to build up national food reserves and, finally, in using food surpluses to promote economic development. All three solutions were entirely consistent with IFAP's policy and would therefore enjoy from the outset the support of agricultural producers in the main countries concerned.

109. The only problem raised by international commodity agreements was that of price levels. If the negotiators were all convinced that a bad agreement was always better than cut-throat competition on the market, many setbacks would doubtless be avoided; but unfortunately that was not always so. In that connexion IFAP approved of the comments made in paragraphs 78, 133, 134, 135 and 145 of the report.

110. In IFAP's opinion the national reserves of underdeveloped countries were an important factor in a bold economic and social policy, but an international education and information campaign on the subject would be necessary.

111. The observations on famine relief made in the report were in full accord with the opinions of IFAP as expressed by its Council in May 1954 and September 1955, and the United Nations and FAO could therefore count on the support of the agricultural organizations in anything they decided to undertake in that sphere.

112. Finally, the Federation suggested that the Economic and Social Council should: first, urge governments to make full use of the consultation machinery set up by FAO, especially the international commodity study groups with a view to price stabilization; secondly, facilitate the formation of national reserves in the underdeveloped countries, while taking care that they did not have an abnormal effect on the commercial markets; and lastly, emphasize the need for a determined effort to link the use of surpluses to a speed-up of economic development programmes.

The meeting rose at 5.45 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Belgium, Bulgaria, Chile, Colombia, Costa Rica, Finland, Hungary, Israel, Italy, Poland, Romania, Venezuela.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations.

AGENDA ITEM 7

Establishment of a world food reserve (E/2855)
(*continued*)

1. Mr. BAKER (United States of America) said that without freedom from hunger there could be no real economic development or social progress, and it had been in recognition of that fact that the Food and Agriculture Organization (FAO) had been set up. FAO had done outstanding work and together with the United Nations had for ten years devoted close attention to the problem of assuring for the peoples of the world an adequate supply of food. The report (E/2855) now before the Council was the most recent evidence of the General Assembly's concern to ensure that all practical steps were being taken to deal with that complex question.

2. Before discussing the substance of the problem of whether an international food reserve would really offer a constructive solution, he wished to join other delegations in thanking FAO for its report and Miss Blau, the FAO representative, for her statement at the previous meeting. The report contained not only a useful analysis, but also a comprehensive survey of developments, which would prove extremely useful in showing how thoroughly the possibilities for international action had already been explored. They included plans for a reserve to meet famines, for buffer stocks to stabilize the prices of agricultural products and for measures to encourage production and consumption of such products. Either the United Nations or FAO had, during the past decade,

closely examined a plan for a world food board to hold and manage stocks of foodstuffs, a plan for an international commodity clearing house to facilitate the international movement of food and other agricultural products by means of various currency arrangements, and suggestions for different types of national or international reserves to meet famines and other emergencies.

3. While differing in scope, objectives and details of financing and management, all those schemes had certain elements in common involving to some degree the international management of food and other commodity stocks. In some measure all would entail the substitution of international administrative controls for national programmes and the normal interplay of market forces. None was designed to attack the fundamental causes of hunger and malnutrition, which were poverty and a low level of economic development. The report described how, in various international bodies, governments had examined and found impracticable, certainly for the time being, international action on those lines, and gave no indication that any different conclusions concerning such proposals would now be warranted. On the contrary, it brought out the great difficulties involved in attempting to attain the objectives laid down in General Assembly resolution 827 (IX) by means of an international food reserve or buffer stocks.

4. His delegation wholeheartedly agreed with the ultimate aims of such proposals. It was aware of the serious problems of under-nourishment in many areas and the importance of maintaining an adequate supply of food at reasonable prices for economic and social development, and particularly for industrialization programmes. It also understood the feeling of some countries that more stable commodity prices would relieve them of certain problems. For those reasons, his delegation had been ready to consider any action which promised to be effective and did not entail the risk of creating even greater difficulties than those it was designed to overcome. It was co-operating in the consideration of common problems, in international consultations on specific issues relating to food and agricultural commodities and in programmes of assistance to Member countries of the United Nations and its specialized agencies. All those efforts were aimed not only at bringing about an expansion of world trade and a better distribution of food supplies, but also at improving world food production, increasing consumption and promoting economic development which, in the long run, was the only solution to the world's food problems.

5. The willingness of the American people to help the less fortunate was well known, and in recent years the great productivity of United States farms had enabled his country to embark upon more comprehensive pro-

grammes of relief with agricultural surpluses and to assist in the economic development of under-developed countries. His Government believed that such bilateral arrangements were a more practical way of meeting world food problems and had adhered to the principles governing the disposal of surplus commodities developed in FAO. Its programmes were being operated in accordance with those principles. The fact that it did not believe that special international arrangements were necessary did not imply disagreement with the purposes of an international food reserve or food capital fund but only that it found that particular approach impracticable at the present time. Its conviction was reinforced by the belief that those doubts were shared by other governments.

6. Member countries should continue to co-operate in international commodity councils and study groups—in FAO's Consultative Sub-Committee on Surplus Disposal and its Working Party on an Emergency Famine Reserve, in the work of the International Bank for Reconstruction and Development (Bank) and in the United Nations Technical Assistance Programme—all of which offered opportunities for discussing world food problems and deciding on the most effective action. In other words, he believed that the Council should inform the General Assembly that there already existed in the United Nations and the specialized agencies such arrangements for international action and for the co-ordination of national programmes as appeared feasible at the present time.

7. Mr. ANIS (Egypt) said that the first objective of national and international action set forth in General Assembly resolution 827 (IX) was to raise levels of food production and consumption in areas where chronic malnutrition was a problem. He did not believe, however, that a world food reserve was the cure for chronic malnutrition, the main cause of which was poverty and low purchasing power, which could be overcome only by improving standards of living and achieving a rapid rate of economic development. In the absence of price and currency concessions, a world food reserve would be of limited help to low-income countries. Furthermore, it would need to be constantly replenished; and if it were used to accelerate the economic development of such countries, it might actually hamper them, because they were for the most part agricultural countries.

8. As was clearly explained in chapter IV, in part I of the report, the functions which a world food reserve would have to perform for raising levels of food production and consumption and combating malnutrition would be incompatible with the aim of counteracting excessive price fluctuations.

9. A world food reserve for meeting emergencies seemed hardly justified, and would raise numerous problems. If an emergency resulted from sudden crop failure or other natural calamity, it could be dealt with by rapid assistance to the stricken areas, as in the past. Egypt, for example, had recently welcomed the opportunity of rendering such assistance to the Lebanon. Such a reserve would also present difficulties with regard to storage, the selection of the proper commodities, and financing and organization. The experts of FAO were

fully aware of the complexity of the problems, and he agreed with them that the desirable speed and flexibility could best be achieved by means of an international relief fund, with sufficient financial resources to purchase supplies as and when needed rather than through a world food reserve created in advance. Even in the case of the machinery contemplated by FAO, however, great difficulties in management and operation were likely to be encountered. His delegation therefore believed that the various proposals put forward needed careful study before any final decision could be taken.

10. With regard to one of the other objectives mentioned in General Assembly resolution 827 (IX), that of counteracting excessive price fluctuations, his delegation had on several occasions pointed out the harmful effects of such fluctuations on the economic development of under-developed countries. FAO had dealt with the question at length in its report, showing that excessive short-term price fluctuations should be eliminated, not only in the interests of producers and consumers, but also in the wider interests of world economic stability in general. His delegation attached great importance to stabilization techniques and wished to draw attention to the following points. First, world markets in foodstuffs, as well as many other raw materials, were very much affected by trade restrictions, import quotas and price-support policies. Secondly, an equitable relation between the prices of manufactured goods and foodstuffs must be achieved before embarking upon price stabilization policies. Thirdly, prices of foodstuffs were very much influenced by the action of world cartels and monopolies, as well as by other forms of restrictive business practices, which might tend to frustrate the aims of buffer stocks. Those factors would render the task of establishing a viable price for each commodity very difficult. Among other difficulties, the most important mentioned in the report were that of choosing commodities that could be regarded as suitable for international buffer stock operations and which were not likely to give rise to technical problems; the large initial capital sum required, which had been estimated at several thousand million dollars; and the reluctance of governments holding large stocks and thus wielding a considerable influence, as well as of governments holding commodities which they could exchange for hard currencies, to relinquish their special privileges.

11. All those difficulties seemed to detract from the value of the proposals for the establishment of new international machinery, attractive though they seemed, as a further step towards alleviating poverty and distress. He hoped, nevertheless, that the United Nations and its specialized agencies would come to grips with the problem of food shortages.

12. In conclusion, he thanked the FAO representative for her comprehensive statement at the previous meeting.

13. Mr. GOZARD (France) described the chronic under-nutrition from which half the population of the world was suffering, and stressed the responsibility which it imposed on the better-nourished. The situation called for attention not only for human reasons, but also because it affected economy as a whole, including that of the most highly-developed countries. Under-nutrition

was another obstacle to economic development, because it weakened the population physically and deprived the economy of some of the strength which might be used to expand it. That alarming situation was made worse by the fact that the growth of population outstripped economic progress.

14. The report prepared by FAO on the functions of a world food reserve (E/2855) threw light on the difficult question of under-nutrition and precisely defined the methods that could be used to fulfil the purposes of General Assembly resolution 827 (IX)—namely, the methods of relieving under-nutrition and famine, stabilizing food prices, and using agricultural surpluses. The report showed that the establishment of a world food reserve, of a buffer stock and of a food fund for economic development raised totally different questions, and it would be very difficult to entrust them all to one organization.

15. As indicated in the report, the threat of famine was no longer as urgent as it had been when the idea of creating a food reserve capable of meeting extreme cases had first been put forward. Nevertheless, despite the recent improvement in methods of fighting famine, the future still remained uncertain. As long as there were under-developed countries, there would still be the problem of establishing food reserves to help them in case of need. The report showed, however, that difficulties of all kinds faced the creation both of a world stock and of national food reserves, and that such methods neither used the practical possibilities nor dealt with the problems.

16. On the other hand, the report indicated a simpler solution which, in the French Government's view, was worthy of more detailed study—namely, the organized *ad hoc* method, by which participants were requested to undertake to allocate a fixed sum or its equivalent in food supplies to be sent to countries where famine threatened. The Council ought to ask FAO to continue its studies on that particular point and to submit concrete suggestions. The method proposed, which would have the effect of consolidating existing guarantees, would doubtless lead to important progress towards abolishing the threat of famine.

17. His delegation felt that food price stabilization was only one aspect of commodity price stabilization and could be dealt with only as part of the general problem, the solution of which would otherwise be prejudiced. His delegation therefore suggested that the part of the report dealing with the counteracting of price fluctuations should be used as a basic document during the discussion of item 6 of the agenda (international commodity problems).

18. The same should be done with that part of the report which studied agricultural surpluses and their possible uses in financing economic development. It contained suggestions which his delegation considered worthy of the Council's attention. International aid in foodstuffs was particularly timely when an under-developed country proceeded to diversify its economy, as it enabled it to implement its economic development programme while avoiding inflation. It was, moreover, profitable to the donor countries, as it started new flows of imports. France itself made increasing use of that

system within the French Union, and there would be all the more point in developing it if it met a human and social need as well as being economically sound. Its implementation would provide a useful solution to the problem of under-nourishment.

19. The part of the report which dealt with the use of food surpluses for economic development should properly be considered in close conjunction with the other aspects of economic development and its financing—a matter with which the Council had concerned itself for several years and which was on the agenda of the present session.

20. The section on commodities should likewise be regarded as a basic document for the Council's future work on the subject.

21. In conclusion he thanked and congratulated FAO, and more particularly Miss Blau, for the noteworthy report which they had prepared and which would henceforth serve as a guide to the subject.

22. Mr. SAID HASAN (Pakistan) said that the establishment of a food reserve was particularly important to Asian countries whose populations lived eternally on the edge of starvation and in perpetual fear of famine. Members had only to look back on the appalling Bengal famine in 1943. There was a lurking fear amongst the people, and that created a pre-disposition to shortages. A rumour of a local shortage set in motion almost uncontrollable pressures—stocks went underground, prices rose and high prices led to panic buying. The process was a vicious circle, having calamitous effects. During the days of alien rule, lives could be lost without political repercussions; but with the achievement of independence, national governments had to take all possible steps to relieve distress, and in critical times food requirements took precedence over all other economic considerations and supplies had to be purchased from abroad, which delayed the implementation of the development programme since foreign exchange resources had to be diverted from the developmental quota to the import of food grain. Pakistan, for example, had experienced recurring food shortages and, despite generous help from other countries, had been forced to spend large sums on food imports, some of which had later proved unnecessary, because once the situation had slightly improved, the existence of local stocks had been revealed and prices had fallen. Thus, there was a real need for both national and international reserves to relieve distress and to meet emergencies in a way which would not dislocate the economy. It must be recognized, however, that international reserves could not solve the chronic problem of malnutrition, for which the only remedy was economic development.

23. Referring to the objective connected with relieving famine and other emergency situations, he presumed that purchases would be made if the reserve was to be self-equilibrating financially, and was not to be used for free grants in times of famine and shortages. He stressed the need for establishing a reserve in order to provide assurance in times of emergency that adequate stocks of goods would be forthcoming, to prevent distress as well as shortages created by scare. It was

also necessary to devise a method by which a country might procure food grains to supply a shortage in one year without upsetting its programme of economic development, which would happen if it had to use its scarce foreign-exchange earnings on the import of food. He had in mind the operational pattern of the International Monetary Fund (Fund) which advanced funds for short periods to meet temporary balance-of-payments difficulties of a given country. But instead of cash, they could operate the reserve in kind—both the advances and the repayment. On the presumption that some shortages would always exist somewhere, the advances and repayments would have to be correlated, except the cost of transportation, etc., which would be payable in cash. He did not favour a buffer stock, the purpose of which was to sustain prices, something that was difficult to achieve both at national and international levels where agricultural products were concerned. The use of buffer stocks had been debated at length at the fourteenth session of the Council, and it was felt that that was an impractical proposition.

24. The world was familiar with the part played by the United States of America in relieving distress by means of allocations from its agricultural surpluses, but it would not be just for the United Nations to allow the whole burden of assistance to fall on a single country. The Organization itself must therefore come to grips with the problem of famine threatening millions of people, and he again urged that it should be studied not from the financial, but from the supply angle, since the monetary resources of under-developed countries where there was a good deal of hidden and actual unemployment were limited. A special committee created in Pakistan some years previously had concluded that the physical approach (to economic development) he advocated could yield useful results. Though aware of the complexity of the problem, which needed examination by experts, he expressed the hope that some practical suggestions might be made both in the Council and in its Economic Committee.

25. Sir ALEC RANDALL (United Kingdom) wished first to express his personal admiration and his Government's gratitude to the FAO representative for the able manner in which the report had been prepared and presented to the Council. It gave a clear and well-balanced analysis of the problems involved and all would appreciate the underlying note of humanity which lent it a special value. It made a notable contribution to international understanding of the various schemes for famine relief and price stabilization which had been considered since the Second World War and would, as the French representative had stated, continue to be used for some time to come as a basic reference document on those complex problems.

26. He would emphasize, at the outset, that there could be no possible disagreement on the desirability of pursuing the ends outlined in General Assembly resolution 827 (IX); every government would wish to see those ends achieved at the earliest possible moment and to the greatest possible extent. The Council's discussion must therefore be concerned with whether the establishment

of a world food reserve, as envisaged in the General Assembly's resolution, could contribute to those ends. The Council was specifically requested to report back to the General Assembly its conclusions on that question; his remarks would therefore be devoted to suggesting what, in the opinion of his Government, those conclusions should be.

27. One predominant conclusion that clearly emerged was that it would be quite impracticable to establish a world food reserve with the purpose of pursuing all those ends at one and the same time. The organizational difficulties involved—not to mention the immense financial difficulties—would preclude such a possibility, just as they had precluded the establishment of an international organization to discharge at one and the same time the functions now discharged by the Bank and the Fund. His Government felt that that conclusion should be set out unequivocally in the Council's report to the General Assembly.

28. He would, then, examine briefly the possibility of establishing several food reserves to pursue, separately, the ends set out in General Assembly resolution 827 (IX). First, there was the proposal that a food reserve could be established to relieve famine and to deal with other emergency situations: the report dealt exhaustively with the various studies carried out by FAO on that possibility and indicated clearly the considerable technical, as distinct from political, objections to the schemes that had already been investigated. The Canadian representative had recalled that an international group of experts, reporting to the seventh session of the FAO Conference in November 1953, had concluded that neither physical world shortages of the main foodstuffs nor their geographic location would be likely to constitute a major obstacle to the relief of famine in an emergency. It seemed clear, therefore—and the Council might well record that conclusion—that, with the possible exception of some form of international assistance for the accumulation of national reserves, there would be little point in the United Nations pursuing that question any further for the present. The United Kingdom had always stressed the practical difficulties of storage, turnover and transport, as also the impossibility of foreseeing the right remedies to meet an individual situation in the future, and it felt that now that the report had so convincingly summarized and analysed those difficulties the idea might once and for all be abandoned. There was already adequate machinery in FAO for dealing with emergency famine conditions; it had been used in the recent past and could and would be used as and when required. There were no grounds for fearing that it might break down and not be able to function to meet any emergency that might arise.

29. The report had devoted some attention to the greater flexibility that could be achieved and the diminution of currency problems that could be expected if reserves were held in the form of national stocks. He would suggest, however, that the report did not perhaps lay sufficient emphasis on the danger that such stocks might be used in a fashion detrimental to other producers and consumers, nor did it consider in any detail how such stocks

were to be financed. There was perhaps room for further examination of the organizational and financial questions involved.

30. Secondly, there was the proposal that buffer stocks might be used to achieve stabilization of commodity prices. The report made an effective analysis of the technical difficulties involved in any multi-commodity buffer-stock scheme; while it suggested that there might be no fundamental weakness in the concept, it made it clear that man-made obstacles, such as the tendency towards over-production, competition from powerful stockholders or market operators, currency complications and the size of the initial capital required, were much too formidable to make it reasonable to look for early action in that direction. The United Kingdom, for its part, was convinced that the commodity-by-commodity approach would always be the most effective and that, although it might sometimes be desirable to establish a buffer stock in one particular commodity, the technique could not be regarded as a universal panacea. In any case, the question of the establishment of buffer stocks as an international technique could not be considered in relation to food stocks alone, and the Council might do well to note that it was a problem that was already under examination in other organizations.

31. Thirdly, there was the proposal that a world food reserve might be established, linked in some way, perhaps, to the proposed Special United Nations Fund for Economic Development (SUNFED), to assist in promoting the economic development of the under-developed countries. That proposal was by no means new to FAO. A pilot study had been carried out in co-operation with the Indian Government on techniques for disposing of surpluses without disrupting the economies of recipient countries or the markets of competing producers. The main disadvantage of the proposal, in the opinion of the United Kingdom Government, was that it raised the whole vast problem of financing economic development, opening up, in another context, the whole complicated question of SUNFED, which was under constant examination in the Council and the General Assembly and which presented the United Kingdom, in its present financial circumstances, with particular difficulties. There was no need for him to explain once again the attitude of the United Kingdom Government towards SUNFED, but the very large financial implications connected with the establishment of either SUNFED or a world food fund made it impossible for his Government to contemplate contributing to such schemes at the moment. The considerable contributions to economic development which it had been making for a long time past constituted the largest proportion of its resources that it could afford if it was to maintain economic stability and therefore its very capacity to offer any aid at all.

32. Apart from that basic difficulty, the operation of a world food fund might in some circumstances lead to the perpetuation of structural surpluses and the maintenance of unrealistic commodity prices which would in effect subsidize uneconomic producers. That would upset normal marketing and might create more problems than it solved. He had been much impressed by the remarks

the Canadian representative had made on that point earlier in the debate.

33. Finally, he drew attention to the passage in Miss Blau's speech in which she had emphasized the need for continuing international co-operation in this field at what she described as the "humdrum" level, in order to promote better understanding of the problems involved. That co-operation, pursued with such good effect in FAO, had indeed the greatest practical value and led to results which, though not perhaps spectacular, were as effective in the long run as could be hoped for from many more ambitious schemes. The passage in paragraphs 133 and 134 of the report which drew attention to what remained to be done in that field was, in his view, of the greatest importance. The Council should beware of trying to embrace universal ideas and thereby losing hold of smaller but practicable and valuable undertakings.

34. In conclusion, he expressed the hope that some of the ideas he had put forward would be reflected in the Council's report to the General Assembly.

35. Mr. VALLADAO (Brazil) joined with preceding speakers who had praised the admirable work of Miss Blau.

36. The United Kingdom representative had been right in pointing out that the difficulties in the way of establishing a world food reserve were such that it would be premature for the Council to tackle the problem at the present stage. In the opinion of the Brazilian delegation, the matter could be regarded from two angles: the humanitarian and social angle, and the technical, economic and financial angle. As far as the former was concerned, an obligation to take action derived not only from the Charter but also from the general code of international behaviour, but from the latter angle the difficulties were such that the task was by no means so simple as the sponsors of General Assembly resolution 827 (IX) had believed.

37. If the Council concluded from its study of the report that it must inform the General Assembly that there was no way of dealing with the problem of establishing a world food reserve, it would appear to be accepting the report as FAO's last word on the subject. An alternative way would be to take cognizance of the report as an interesting and valuable document and a second step in the approach of United Nations economists to the problems of commodity trade as presented in 1954. FAO could then be asked to present a further report, which would not be a provisional report from the FAO secretariat but a final report from FAO as an organ of governments, and which could present a clear field, unobstructed by other studies. The work done by FAO could be linked up with that at present being done by the Commission on International Commodity Trade, which had considered all the problems involved in the course of its recent session.

38. In conclusion, his delegation was in full sympathy with the idea that had prompted General Assembly resolution 827 (IX), but it agreed with those speakers who

had said that the time was not ripe for dealing with the problem in an objective manner.

39. The PRESIDENT declared the general discussion closed and said that the item would now be referred to the Economic Committee.

40. On behalf of the Council, he thanked Miss Blau for the valuable contribution she had made to the discussion.

The meeting rose at 12.10 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Australia, Belgium, Bulgaria, Hungary, Israel, Italy, Poland, Romania, Sweden, Venezuela.

The representative of the following specialized agency: International Labour Organisation.

AGENDA ITEM 15

Non-governmental organizations
(*resumed from the 928th meeting*)

REPORT OF THE COUNCIL COMMITTEE ON NON-GOVERNMENTAL ORGANIZATIONS ON APPLICATIONS FOR HEARINGS (E/2906)

1. Mr. EPINAT (France), Chairman of the Council Committee on Non-Governmental Organizations, submitted to the Council the Committee's recommendations—contained in its report (E/2906)—regarding the hearing by the Council or its Committees of certain representatives of non-governmental organizations.

2. On 12 July 1956, the Committee had heard statements by the representative of the World Jewish Congress on the world economic situation (item 2 of the agenda) and by the representative of the International Road Federation on the economic development of underdeveloped countries (item 4 of the agenda) and technical assistance (item 9 of the agenda).

3. The Committee hoped that the Council would approve the recommendations contained in its report.

The report was approved without comment.

AGENDA ITEM 14

Annual report of the United Nations High Commissioner for Refugees (E/2887 and Corr.1 and Add.1,¹ E/L.729)

4. The PRESIDENT invited the Deputy High Commissioner to present the report of the late United Nations High Commissioner for Refugees (E/2887 and Corr.1 and Add.1).

5. Mr. READ (Deputy High Commissioner of the United Nations for Refugees) said that he was speaking with a deep sense of personal grief at the loss of a friend; but, what was much more important, the refugees had lost through the High Commissioner's sudden death a great protagonist of their cause. Dr. van Heuven Goedhart would not have wished for eulogies, and he could do no more than record some of the obstacles which had been overcome by the High Commissioner's imagination, industry and tenacity in the five years and a half during which he had served the United Nations as its High Commissioner for Refugees.

6. When the Statute of the High Commissioner's Office had been drawn up in 1950, governments had been anxious to get back to normal conditions and had sometimes tried to bring them about by acting as if problems no longer existed. The refugee problem was certainly a case in point. In the years immediately following the Second World War, an heroic and expensive effort had been made, after which governments had clearly wished to diminish, or to eliminate entirely from their budgets, the \$150,000,000 which they had been spending on refugees each year. When Dr. van Heuven Goedhart was elected High Commissioner at the end of 1950, he was given a modest administrative budget of \$300,000. Three years later he told the General Assembly that his budget had only been a guess, which had proved an incorrect one, and that he had needed \$600,000 for the second year. By his Statute, he had been called on to "assume the function of providing international protection, under the auspices of the United Nations, to refugees who fall within the scope of the present Statute and of seeking permanent solutions for the problem of refugees". Apart from the fact that he should establish his Office in Geneva, no mention was made of staff or branch offices, and the possibility of setting up an Advisory Committee was left to the Economic and Social Council "after hearing the views of the High Commissioner on the subject". His task was to promote "through special agreements with governments the execution of any measures calculated to improve the situation of refugees and to reduce the number requiring protection". Article

¹ The report will be submitted to the General Assembly at its eleventh session as A/3123.

10 of the Statute made it clear that he had no authority to appeal to governments for funds without the approval of the General Assembly.

7. A diplomatic conference held in Geneva in the first year of the High Commissioner's mandate, and attended by 26 States, had drawn up a convention relating to the status of refugees, opened for signature on 28 July 1951. At the same time the High Commissioner had begun to establish branch offices in the main countries where the refugees were, as well as in others to which they might go. Dr. van Heuven Goedhart had taken a keen interest in the problem of legal and political protection, and had encouraged governments to ratify the Convention. Two years had, however, elapsed before the convention had come into full effect upon ratification by the sixth government.

8. The High Commissioner had had to start from scratch. Neither the extent of the problem nor the time it would take to solve it had been known. Thanks to a gift he had secured from a private foundation, the High Commissioner had arranged that a study should be made by a team of experts, headed by the French scholar, Jacques Vernant, which had later been published under the title *The Refugee in the Post-War World*.² Many people had still declined to face up to the true magnitude of the problem, and perhaps one of Dr. van Heuven Goedhart's greatest services had been to re-awaken, in that way and through his reports, the conscience of the world. In response to his appeal, the General Assembly had at its sixth regular session adopted resolution 538 B (VI), which authorized the High Commissioner to "issue an appeal for funds for the purpose of enabling emergency aid to be given to the most needy groups among refugees under his mandate". That resolution had brought into being the United Nations Refugee Emergency Fund (UNREF) which, together with residual funds from the International Refugee Organization (IRO), had enabled a bare minimum of subsistence to be given to some refugees who might otherwise have starved.

9. That fund had always been near exhaustion, and the High Commissioner had been particularly disturbed about his failure to collect enough funds to help refugees of European origin in China. His problem at that stage had been that international protection for refugees had not been enough, and his task had been to encourage governments pleading poverty to assume the responsibilities which they often put at the end of their scale of priorities. He had therefore turned to the Ford Foundation, and with the support of international voluntary agencies and the Inter-Governmental Committee for European Migration (ICEM) had secured a grant of \$3,100,000 to finance a programme to help the refugees to help themselves. Direct relief was, however, to be avoided, and the work was not to relieve governments of their normal responsibilities.

10. The six voluntary agencies concerned had put that grant, made in the autumn of 1952, to good use, and although the High Commissioner had been authorized to spend up to 2 per cent of the grant on administration, he had kept his expenses closer to 1 per cent. The

programme had included vocational training, loans for small business men and farmers, the operation of advisory services and the promotion of resettlement.

11. The emphasis had been on social and economic integration, because Dr. van Heuven Goedhart had clearly seen that the vast majority of the refugees could not move overseas, and also because there was another inter-governmental organization, ICEM, responsible for migration.

12. The Ford Foundation's grant had been exhausted by the end of 1953, when the High Commissioner's original mandate had expired. The Council, however, had proposed, and the General Assembly had approved, an extension of the mandate for five years. The Ford Foundation had not, however, found it possible to renew their assistance, except for a terminal grant of \$200,000, and had expressed the view that governments should assume responsibility for the programme. The High Commissioner had put that problem to his Advisory Committee in the spring of 1954, and to the Council a few months later, and had been able to present to the General Assembly at its ninth regular session a programme of permanent solutions which had eventually been embodied in resolution 832 (IX). The executive Committee established at that time by the Council had set a target of \$16,000,000 for the execution of the programme, and Dr. van Heuven Goedhart had devoted himself indefatigably to ensuring that it was completed in its entirety during the second five years of his mandate.

13. At that point he should mention some of the salient features of the High Commissioner's report which he was presenting to the Council. An outstanding example of the High Commissioner's achievements had been the fight he had conducted against the use of the term "hard core", which he had considered inhuman. "Difficult case" was much more appropriate. He had been instrumental in instituting the Nansen Medal, which was awarded to individuals for their pre-eminence in refugee work by a committee consisting of representatives of the Governments of Norway and Switzerland, the Secretary of the Council of Europe and the Chairman of the Standing Conference of Voluntary Agencies Working for Refugees. In 1955 the medal had been awarded to Queen Juliana and Mrs. Roosevelt. Dr. van Heuven Goedhart had called attention to the German refugee situation at the time of the greatest influx of refugees, and had also called world attention to the problem of Chinese refugees in Hong Kong, and had secured private funds to enable a study to be made of that problem by Dr. Hambro for his Executive Committee. In accordance with Council resolution 565 (XIX), the reports of the Executive Committee of UNREF had been attached to the High Commissioner's annual report to the General Assembly.

14. The Council would have noted the resolution adopted by the Executive Committee at its third session, contained in paragraph 27 of its report thereon (A/AC.79/41), by which the High Commissioner had been requested to consult the governments of the countries in which the refugees resided on the additional measures needed to bring about a systematic closing of the camps. The Austrian Government had already drawn up a list of nine camps, containing 5,000 refugees, to be closed

² United Nations, Geneva, 1951.

during 1957; the Government of Greece had said that it intended to close all camps by the end of 1957; in the Federal Republic of Germany it had been decided to close 17 camps before the end of 1957 and eight in the course of 1956; in Italy it was hoped to close one particular camp in 1956, but, owing to the continuing influx of refugees, it was not absolutely certain that any camp could be closed in 1956, or even in 1957. Even if those results could be considered satisfactory, it did not mean that the whole problem of camps was as yet near solution. No camp could be closed unless a solution could be found for its population, and the present rate of contributions to UNREF was insufficient. There were at present 89 camps in the Federal Republic of Germany, 65 official camps in Austria, 15 in Greece and seven in Italy.

15. Statistics showed that 540 new refugees had applied for refugee status in the four countries mainly concerned in December 1955. In January 1956, the figure had been 489; in February, 333; in March, 612; in April, 677; and in May, 968. The High Commissioner's Office was concerned with procedures for determining eligibility. He was glad to be able to say that the Austrian Ministry of the Interior had issued an instruction in February last providing for special screening units to determine the status of persons entering Austria. As a result of the findings of those units certificates were issued under the terms of the 1951 Convention. It had also been agreed by the Austrian Government that the High Commissioner's Branch Office in Vienna should be notified whenever a claim to be recognized as a refugee was rejected. He believed that that would provide the necessary safeguards to ensure that no genuine refugee was forcibly repatriated. A similar procedure had been established in the Netherlands. Four more States had ratified the Convention of 28 July 1951, thus bringing the total to 18. They were the Holy See, Ecuador, Iceland and the Netherlands.

16. With regard to the problem of refugee seamen, the Netherlands Government had convened a conference, attended by eight governments, in September 1955, and a second conference held at The Hague in April 1956 had concluded an agreement by which it was estimated that the position of some 4,000 such seamen would be regularized.

17. He was glad to be able to report that during the past year governments had shown increased interest in receiving refugees. In 1955, ICEM had transported 19,919 refugees, and would move even more in 1956. In fact, it had already moved 14,100 refugees in the first six months of that year and hoped to move 29,000 during the whole year. The impact of the United States Refugee Relief Act was now being felt, and a number of other countries had shown increased interest as a result of the UNREF programme. In his report to the twentieth session of the Council and to the General Assembly (A/2902 and Add.1), the High Commissioner had described the plans made in the Netherlands and Sweden, the object of which was to get refugees out of the camps. The example of the Swedish Government had been followed by the Belgian Government, which had specially arranged to take 500 refugee families into Belgium during 1956 and 1957. There were also indications

that the French Government would draw up a similar plan.

18. The year 1955 had been the first year of the UNREF programme. For that year, a target of \$4,200,000 had been fixed, but contributions had unfortunately amounted only to \$2,654,000. In addition to the funds contributed by governments in 1955, \$1,000,000 had been made available by private sources in the Netherlands. But the High Commissioner had not considered those figures satisfactory. In his opinion, governments had committed themselves to a four-year programme, which ought to have first call on the financial resources of the world. It should, however, be acknowledged that, in addition to the direct contributions made to UNREF in 1955, matching contributions had been made to UNREF's work within the countries in which the refugees resided. Those contributions had amounted to nearly \$4,000,000, and had been made in accordance with the terms of General Assembly resolution 832 (IX). They had helped projects in the UNREF programme to be carried out, and had brought the resources for 1955 up to \$6,000,000, and the value of the projects carried out for the relief of difficult cases up to \$1,500,000, or about \$7,500,000 altogether. He wanted to pay a tribute to the readiness of the countries in which the refugees resided to co-operate in the UNREF programme; two of those countries, Austria and Italy, had become Members of the United Nations during the year under review.

19. He wished to draw attention to one of the greatest difficulties in implementing the UNREF programme—namely, that it was necessary to negotiate supporting contributions at the beginning of the year, and, because of the slow rate at which contributions came in, projects were sometimes planned which could not always be implemented. Thus funds pledged were at times unusable for months, and that made it increasingly difficult to persuade those concerned to earmark funds for UNREF projects for the following years. The High Commissioner had found that particularly disheartening. According to the pledges and promises so far received, it was expected that governments' contributions to UNREF would amount to about \$2,500,000 in 1956—a shortfall of approximately \$3,000,000. In the first year, optimism might have been justified, since it took time for the machinery to get into motion; but now, twelve months later, it looked as though total contributions threatened to be as low as in the first year of the programme.

20. Dr. van Heuven Goedhart had been convinced that the refugee problem for which he was responsible could be solved within a given period of time. To him, it had seemed a scandal that ten years after the end of the war there should still be 200 refugee camps in Europe, especially as the States Members of the United Nations had agreed among themselves upon a programme, which, if carried out, would in fact solve the problem. Only money was lacking. Some countries, of course, believed that they had already played their part in solving the refugee problem; others had contributed too little to UNREF on the ground that not all States Members of the United Nations were willing to support the programme. Nevertheless, he believed and hoped that ways and means would be found of replenishing UNREF,

to ensure that a programme so carefully planned and carefully negotiated with the governments and voluntary agencies concerned was in fact fully implemented. He had faith that the task to which Dr. van Heuven Goedhart had dedicated himself would eventually be completed.

21. Mr. SCHÜRMAN (Netherlands) said that in discussing the report of the United Nations High Commissioner for Refugees an air of loneliness and unreality was given to the proceedings through the absence of the High Commissioner himself, whose voice would be heard no more. To the Council he had sounded the tones of duty and conscience, and to the refugees he had given compassion, his unbounded energy and finally his life, for there was no doubt that his untimely death had been caused by the strain of his work and his task. He therefore wished to pay a respectful tribute to Dr. van Heuven Goedhart.

22. The refugee problem was eleven years old: it was a sad story, and the manner in which the community of nations had handled it was also sad. He wanted to mention a few cold, hard facts which spoke for themselves. At the end of the war, the total number of refugees and disabled persons had been estimated at seven million. The task of providing them with food and shelter and of repatriating or re-settling them had first been entrusted to the United Nations Relief and Rehabilitation Administration and later to IRO. In 1950, IRO had succeeded in re-settling one million refugees overseas, but another million, about half of whom had not been firmly established in the countries in which they were living at the time when IRO was wound up, had been left. The problem had persisted, and the United Nations had been obliged to deal with the matter by other means. A High Commissioner had been appointed to provide international protection and seek permanent solutions, but had been denied authority to appeal direct to governments for funds. A year later he was given that authority, but only to provide emergency aid.

23. During the first three years of his mandate, the High Commissioner and his staff had been able, albeit with the greatest difficulty, to assist refugees of European origin in China and to give some emergency aid to small groups of refugees in Greece, Italy and the Middle East. However, the generous grant made by the Ford Foundation had enabled him to finance a number of projects which showed that permanent solutions to the problem of refugees could be found.

24. In 1954, a final programme had been drafted and accepted by the Council and the General Assembly. For a total expenditure of \$16,000,000, all the remaining unassimilated refugees, numbering about 350,000, were to have been made into normal citizens. Unlike the majority of United Nations undertakings, that was not a continuing one, and its size and extent were known. It had been designed to do away once and for all with the remaining problem and all its attendant miseries.

25. The High Commissioner and his helpers had had the twofold task of soliciting contributions and carrying out projects. Their success had earned them two great distinctions: in November 1955, Dr. van Heuven Goedhart had been awarded the Wateler Peace Prize by the Carnegie Foundation, and his Office had received

the Nobel Peace Prize. The proceeds of the latter had been given by the High Commissioner and his staff to promote the winding up of the refugee camp on the island of Tinos in Greece, and he could now disclose the fact that the High Commissioner had himself distributed the Wateler Peace Prize in the form of anonymous gifts to various refugee causes.

26. Although the High Commissioner's work had been recognized in that way, governments had failed to place at the disposal of the High Commissioner's Office more than \$2,653,697 of the \$4,200,000 which should have been made available during the year 1955. Despite the fact that another \$1,000,000 had been raised from non-governmental sources, it had been impossible to carry out many of the projects planned for 1955. For 1956, a target had been set of \$4,400,000, so that, if the deficit carried over was to be made up, a total of \$5,946,303 was necessary in that year. Nevertheless, the High Commissioner's forecast was that not more than \$2,769,592 could be expected. In other words, by the end of 1956, instead of \$8,600,000, only \$5,400,000 would have been collected. The solution of the refugee problem would therefore take not four years, but eight, or even longer. Quite apart from the distress which that must bring to the refugees, it placed an intolerable burden on the governments in whose countries the refugee camps were situated. The amount still needed was by no means large. Compared to some other projects, the figure was small. He hoped that the unpaid-up balance could be collected, and collected in time. He felt that to ensure that was the Council's duty to the refugees, and also a duty to the man whom they would always remember as their spokesman.

27. Mr. BAKER (United States of America), in a tribute to the memory of the late Dr. van Heuven Goedhart, said that his death was a serious blow not only to the cause of refugees, but also to the forces of good that were striving for a better world. His life had been an inspiration to all who had come under the influence of his devotion, courage, warmth of heart and singleness of purpose, and his death imposed an obligation upon all to re-dedicate themselves to the work for which he had given his life. That was the thought that had inspired the draft resolution submitted jointly by his delegation and that of Norway (E/L.729).

28. The report of the High Commissioner indicated, despite a chronic shortage of funds, substantial progress. At the beginning of 1955, it had been estimated that some 300,000 refugees within the mandate had needed assistance, of whom more than 84,000 had been in camps. That number had been reduced to 250,000 and the number in camps to about 70,000. Such an achievement called for a tribute to the work done by the High Commissioner and his staff. In the field of international protection, three further ratifications to the 1951 Convention relating to the status of refugees had transpired, bringing the total up to 18. Progress had also been made in securing for refugees the right to work, the benefits of education, and public assistance. Such concessions helped not only the unsettled refugees, but the large number of those who had established themselves in new homes throughout the free world.

29. The High Commissioner had been especially active in dealing with the problem of the unsettled refugees, and in particular those still living in camps and the difficult cases covered by the UNREF programme. There would be general agreement that that programme had in a very short time stimulated a general awareness of, and concern for, refugees and their problems. It was significant that in addition to contributions from governments and private sources—in particular that of the Netherlands national campaign—the governments of the countries of residence had been increasingly active in measures involving the expenditure of nearly \$4,000,000 in matching contributions to the 1955 programme.
30. The establishment of a programme for the integration of refugees in their countries of residence had been one of the late High Commissioner's major accomplishments, and in that connexion the resolution adopted at the third session of the UNREF Executive Committee on the systematic closure of camps marked a notable step forward. These private contributions were of importance, and the Camp Adoption Scheme, originated and co-ordinated by the High Commissioner, had resulted in the adoption by various private groups of a large number of camps. Many countries had also made a valuable contribution to the solution of the problem by receiving difficult cases. The splendid efforts made by other agencies, in particular the great voluntary agencies, on behalf of refugees should not be overlooked, and he must also mention the award of the Nobel Peace Prize for 1955 to the High Commissioner and his Office.
31. Despite the substantial progress made, there was another and alarming side to the picture. Only about one-half of the amount due under the four-year programme of \$16,000,000 in government contributions had been received, which meant that only about half of the permanent solutions projects scheduled for 1956 could be implemented during that year. That serious situation had drawn attention to the fact that the majority of governments which had supported the adoption of General Assembly resolution 832 (IX) were not among the contributors to UNREF. The United States Government believed that special voluntary programmes under the auspices of the United Nations should command and receive general international support; he must add that the lack of such support created difficulties in respect of its own participation. He was, however, pleased to report that the President of the United States had asked Congress to appropriate \$1,500,000 for the 1956 programme and, in order to enable the United States contribution to be made early in the year, \$800,000 had been requested for the first half of 1957. Final action had not yet been taken by Congress, and the actual payment of the contribution would be related to the receipt of contributions from other governments.
32. In conclusion, he would stress the point that further progress in the liquidation of the refugee problem would be seriously jeopardized unless prompt action were undertaken to implement the full UNREF programme. The amount needed, as the Netherlands representative had pointed out, was only \$11,500,000, spread over two and a half years, a comparatively small sum for such a great need, that could surely be raised without further delay. He hoped that all delegations would support the draft resolution. The cause to which the High Commissioner had dedicated his life must be carried on with increased vigour both by governments which had already contributed and by governments whose contributions were expected.
33. Miss AASLAND (Norway) said that the discussion on the annual report of the United Nations High Commissioner for Refugees had opened in an atmosphere overshadowed by the tragic loss which had coincided with the opening of the Council's present session. The fact that the late Dr. van Heuven Goedhart was no longer there to plead the cause of the refugees, whose lot he had done so much to improve, only aggravated the deep sense of personal loss. During the past year the late High Commissioner had many times expressed his disappointment that the States Members of the United Nations, which had created his Office, had failed to give him the modest means required to carry through his programme as he had planned.
34. In the opinion of her delegation, the report presented by the Deputy High Commissioner confirmed the realism of the High Commissioner's four-year plan. Given the interest evidenced by the countries of present residence, there was good reason to believe that, if the High Commissioner's Office had at its disposal the necessary funds, the aims laid down in 1954 and, in particular, the liquidation of the refugee camps in Europe, would be substantially achieved in 1958. At the time of his death, however, the late High Commissioner had not been convinced that he would be given those funds.
35. The major part of the cost of the High Commissioner's programme had been met by a relatively small number of nations, and the programme could not be completed without a further influx of contributions over and above those at present being made by that same group. For its part, the Norwegian Government was willing to join in a common intensified effort to bring the programme to a successful conclusion in 1958. As the head of her delegation, the President of the Council, had said at the opening of the session, the problem, in terms of the number of people involved and the funds required, was so limited that a final solution should be obtainable within the foreseeable future.
36. Turning to specific points in the report, she was particularly appreciative of the reduction in 1955 by almost 14,000 of the number of refugees still in camps in Europe. The High Commissioner had rightly stressed the importance of the problem of the camps. She further welcomed the thorough treatment in the report of the question of difficult cases, in which connexion she would mention that during the past year Norway had received for permanent settlement a group of 148 refugees consisting of handicapped persons and their families, for 59 of whom employment had already been found. She might add that her Government's direct expenditure on that operation exceeded its cash contribution to UNREF. She was aware that similar and larger projects of the same kind had been carried through in Sweden and elsewhere, and had noted with interest that the report showed appreciation of such contributions to the settlement of difficult cases.

37. With regard to repatriation, the Norwegian Government approved the action taken by the High Commissioner, referred to in paragraph 144 of the report, and in conclusion she would express her delegation's appreciation of the treatment in chapter III of the legal aspects of international protection, to which the Norwegian Government attached great importance.

38. Her delegation considered it a great privilege to be associated with the United States delegation in sponsoring the draft resolution, and confidently hoped that it would command unanimous support.

39. Mr. ALEEM (Pakistan), expressing his delegation's sorrow at the untimely death of Dr. van Heuven Goedhart, said that the human cause which he had served with great vigour and utter sincerity had benefited very considerably by his efforts. The Netherlands had lost an outstanding personality and the refugees an extremely valued friend.

40. He had noted the great interest aroused by the UNREF programme in the various countries of residence, and the increased effort put forth by the governments of those countries. Despite the small numbers concerned, the human aspects of such a programme of refugee settlement could not be exaggerated. He had also noted with interest the close relations maintained by the High Commissioner with the competent specialized agencies, inter-governmental organizations and voluntary agencies.

41. In Pakistan, the refugee problem had been chronic since 1947. Despite the rehabilitation of some eight million refugees, they continued to pour into the country. The Government of Pakistan, therefore, while sympathizing with the refugees within the High Commissioner's mandate in their plight, was unfortunately unable to make a contribution on account of its heavy domestic commitments for similar purposes. He would, however, wish the UNREF programme every success, and his delegation would be happy to support the draft resolution submitted jointly by the Netherlands and United States delegations.

42. Mr. CARDIN (Canada) associated himself with previous speakers in expressing his delegation's deep regret at the death of Dr. van Heuven Goedhart. The Canadian authorities had always had the highest respect for the late High Commissioner's professional capacities and he (Mr. Cardin) himself had had the greatest admiration for his outstanding personal qualities.

43. He believed that the best way of honouring the memory of Dr. van Heuven Goedhart would be to make the discussion of his report as useful and as practical as possible. The High Commissioner's Office had already set a notable example by allocating to a special project designed to liquidate a specific refugee camp the proceeds of the Nobel Peace Prize awarded to it in 1955.

44. His delegation shared the deep concern expressed in the report concerning the future development of the UNREF projects, for there was a serious danger that it would prove impossible to complete the programme approved by the United Nations. He would recall the fact that the four-year programme authorized by the General Assembly by resolution 832 (IX) had been

designed to provide a permanent solution to the refugee problem. The resolution had been supported by 44 delegations, including that of Canada, only a relatively small number of which, however, had made any financial contribution to UNREF. The financial resources made available by governments in 1955 amounted to only \$2,600,000 against a target of \$4,200,000. He would note with special appreciation the contribution made by the Netherlands Committee for Aid to Refugees in 1955, which had enabled approximately 70 per cent of that year's programme to be carried out. The other major contributors, too, deserved commendation for their support, which would, he hoped, be continued. The situation for 1956 was difficult in the extreme, since the total amount available from voluntary government contributions was still far short of the target figure and would be further aggravated by any further shortfall in 1956. In that connexion, he would support the decision of the UNREF Executive Committee (A/AC.79/41, paragraph 93) that the General Assembly should be informed at its forthcoming eleventh session of the state of the UNREF programme and of the adverse effect of the failure of government contributions on the programmes for reducing the numbers of refugees still in camps. He would also urge on other delegations the necessity for a more universal response to the needs of the refugees.

45. The High Commissioner's programme was one of the most important in which the non-governmental organizations had an opportunity of supporting the aims of the United Nations. The wholehearted support of those non-governmental organizations which had consultative status with the Council and of other private humanitarian groups could well mark the turning-point in the four-year programme for permanent solutions.

46. However, it would be a mistake not to recognize that, despite the budgetary difficulties, considerable success had been achieved by the High Commissioner's Office in carrying out the large and important programme described in the report. The late Dr. van Heuven Goedhart had been a realist in his use of the funds available, and it was clear that there had been much constructive adaptation to the enforced limitations. In that connexion, he would draw attention to paragraph 14 of the report, where the sums allocated to the various projects were stated; such a record was to be commended.

47. The main burden of determining the priorities to be followed fell on the UNREF Executive Committee, which, he was sure, had borne in mind the necessity for effectively co-ordinating the large number of projects in the many countries concerned.

48. A further encouraging feature of the development of the refugee programme was the increasing co-operation between the various United Nations agencies, the national organizations and the voluntary private agencies, all of which were working in the same field. All had the same goal, that of improving the distressing condition of the refugees created by the Second World War. The High Commissioner's Office had initiated or participated in an important series of meetings designed to improve the development of refugee programmes, and the Cana-

dian delegation would stress the necessity for the fullest co-operation between all those concerned with refugee problems.

49. It would be clear from the report, in particular from paragraphs 151 to 154 thereof, that the Canadian Government had consistently supported the important work undertaken by the High Commissioner in the re-settlement of refugees. His country had been represented by an observer at the several sessions of the High Commissioner's Advisory Committee and the UNREF Executive Committee, and had made a contribution of \$125,000 both in 1955 and 1956. He was also authorized to inform the Council that, should other members of the Council so desire it, Canada would be very willing, if a vacancy occurred, to serve on the Executive Committee.

50. It was easy, in dealing with refugee programmes, in which words such as "integration", "resettlement" and "emigration" frequently occurred, to lose sight of the human suffering concealed behind each of those words. Realization that there were still in Europe some 200 refugee camps containing 70,000 persons, in which many people had been living since the Second World War, could not fail to inspire universal sympathy for the UNREF programme which, with substantial success to its credit, could, given greater support, achieve the aims to which all the Members of the United Nations subscribed.

51. Mr. SCOTT FOX (United Kingdom) said that the sudden and untimely death of Dr. van Heuven Goedhart had robbed the Netherlands and the world of a truly great citizen, and the United Nations of a most distinguished servant. Many of those present must feel that they had lost a good friend whose selfless integrity had been clear for all to see. As the President had said at the opening meeting of the session, the refugees too had lost a friend, who had valiantly championed their cause without fear or favour. There could be no more fitting tribute to his memory than to speed to its conclusion the task to which he had dedicated himself. He would extend to the late High Commissioner's family and to his staff his delegation's condolences on their loss.

52. Bearing in mind the great difficulties that had so far beset it, the UNREF programme had begun well. At the time of drafting the report, 8,700 refugees were believed to have benefited by the programme, and it was estimated that a further 11,000 were likely to benefit in the near future. That was encouraging evidence of careful planning and execution by all concerned, and it was his Government's confident hope that the governments of the four countries of residence mainly concerned would assume increasing responsibility for the refugees in their territory. Still more encouraging was the reduction of the camp population from 84,000 to 70,000—that was, by some 16 per cent. To empty all the camps was the most important task, which should continue to receive the priority it merited. In that connexion, he would repeat the special plea made by the United Kingdom delegation in the UNREF Executive Committee for speedy action to close the camps in Greece, a task which, given favourable circumstances, should be completed before the end of 1957. His delegation would wholeheartedly support any plans to that end. He would

also pay tribute to the late High Commissioner's action in making over his well-earned Nobel Peace Prize to the provision of permanent solutions for the camp inmates on the island of Tinos.

53. There were no grounds for complacency. The financial situation of UNREF remained precarious, and unless further contributions were soon forthcoming there was little prospect of the programme being completed within the allotted span. Contributions had been forthcoming from a comparatively small number of governments. The United Kingdom Government had made grants of £80,000 (\$224,000) for each of the years 1955 and 1956, with in each case the offer of a further £20,000 should the total of government contributions amount to the equivalent of \$3,250,000. His Government deeply regretted that its heavy commitments made it impossible for the time being for it to make a still larger contribution. Many governments represented on the UNREF Executive Committee had helped with other than financial measures, and he would pay a particularly warm tribute to those countries which, at their own expense, had admitted and re-settled a large number of difficult cases. The United Kingdom was glad to have been able to accept some such refugees under the "Two Thousand Scheme".

54. With regard to the section in the report dealing with public information (paragraphs 286 to 291), while recalling with admiration the splendid response made by the Netherlands people in 1955, he would mention that the United Kingdom United Nations Association was launching an appeal during 1956, the greater part of the proceeds from which would be given to UNREF. He noted too that a similar campaign would also be launched at the same time at the other end of the world, in New Zealand. The campaign in the United Kingdom would provide a further opportunity for the British people to show their active sympathy for the work done by the High Commissioner. Instances of the various types of contribution made by the United Kingdom were mentioned in the report. But he might mention in particular the number of private societies contributing to the Camp Adoption Scheme; the special scheme inaugurated in 1951 for bringing over children of refugees for schooling in the United Kingdom; and the arrangements for providing summer holidays in the United Kingdom for refugees. Such contributions might be small in volume, but from the point of view of the individual they were not insignificant.

55. The lack of funds to finance the UNREF programme as planned left scope for help by countries other than the relatively small number of contributors to the fund. He had every sympathy with those countries, such as Pakistan, that were manfully labouring to cope with vast refugee problems of their own, and appreciated that it was impossible for some of them to translate their moral support for UNREF into terms of hard cash. His delegation could not help suggesting, however, that there must be many nations which, once fully aware of the problem, should be able and willing to contribute their share to its solution. In terms of the human lives at stake, a pathetically small amount was required to rescue a refugee family from its squalid camp, to build a future for a refugee student, or to give an aged and

infirm refugee a home and some comfort during the last years of his life. Viewing the problem from that angle, it was distressing to read in the report of projects that had had to be abandoned for lack of funds. If finance for projects was not available, however, then wastage of time and money would be avoided by deferring their initiation.

56. The establishment of the UNREF Executive Committee had been a well-conceived act, and that body had served a most useful purpose. One important matter discussed at its last meeting had been the obviously essential need for the fullest co-operation between the High Commissioner's Office, governments and the

voluntary agencies working for refugees. The Committee was particularly concerned to ensure that those refugees with little or no chance of overseas resettlement should be found acceptable openings within the UNREF projects. In paying homage to the memory of the late Dr. van Heuven Goedhart, it was right that the Council should pledge itself to continuing its support of the programme which had been launched as a result of his vision, in order to bring to a successful conclusion the work that he had begun. The United Kingdom delegation would give its warm support to the draft resolution.

The meeting rose at 1.5 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Australia, Belgium, Bulgaria, Chile, Colombia, Finland, Hungary, Israel, Italy, Poland, Romania, Sweden, Venezuela.

The representatives of the following specialized agencies: International Labour Organisation, Universal Postal Union.

AGENDA ITEM 14

Annual report of the United Nations High Commissioner for Refugees (E/2887 and Corr.1 and Add.1, E/L.729) (*continued*)

1. The PRESIDENT invited the Council to continue its consideration of the annual report of the United Nations High Commissioner for Refugees (E/2887 and Corr.1 and Add.1).

2. Mr. CHENG PAONAN (China) expressed his Government's sorrow at the untimely death of Dr. van Heuven Goedhart, who would be missed by all who had worked with him, and mourned by many refugees in all parts of the world. His work, which had been inspired by deep conviction, and that of his staff had received proper recognition when the Nobel Peace Prize for 1954 had been awarded to the High Commissioner's Office. The Chinese delegation would continue to support that work.

3. He was gratified to note from chapter I of the High Commissioner's report that considerable success had been achieved during the first year of the four-year programme of permanent solutions and emergency aid of the United Nations Refugee Fund (UNREF). Thanks to the efforts of the countries of residence, of contributing governments and of the inter-governmental and non-governmental organizations concerned, together with those of the High Commissioner and his staff, the sufferings of refugees had to some extent been alleviated.

But it must also be borne in mind that during 1955 contributions to UNREF had fallen short by one-third of the target figure of US \$4,200,000, while pledges for 1956 were still well below the level approved for that year, the number of governments subscribing to the fund having fallen from twenty in 1955 to seventeen in 1956. All of those factors had had regrettable, adverse effects on the execution of the UNREF programme.

4. So far, only eighteen States—seventeen of them from Europe—had ratified the Convention relating to the status of refugees of 28 July 1951. That circumstance also reflected the general lack of interest in the programme. The reason the programme lacked universal appeal was that it was racial in character, and seemed to be based on the premise that European refugees alone were eligible for United Nations assistance. Hitherto a distinction, at variance with the spirit and principles of the Charter, had been made between different groups of refugees. That distinction had originated in a narrow interpretation of the 1951 Convention and of the Statute of the High Commissioner's Office. He failed to see why that Office, which was a United Nations organ and hence presumably of a universal character, should concern itself only with refugees of European origin. Poverty, starvation and disease were grim facts which could not be escaped by falling back on definitions. In the circumstances, it was understandable that requests for contributions to UNREF failed to arouse more widespread response.

5. He was pleased to see from chapter II of the report that considerable progress had been made in re-settlement. The generous reception of refugees in the difficult-cases category by Belgium, Denmark, France, Ireland, the Netherlands, Norway, Portugal, Sweden and Switzerland had released resources for other equally important work. He was also pleased to see that some 16,000 refugees had found homes in the United States of America, Canada and Australia, and looked forward to those countries accepting even greater numbers during the coming year.

6. Paragraph 143 of the report stated that during 1955 various governments of countries of origin of refugees had renewed their efforts to encourage repatriation through visiting missions, personal interviews and intensive publicity. On the other hand, it was reported in paragraph 195 that many refugees had fled from Austria to a neighbouring country upon the coming into force of the State Treaty for the re-establishment of an independent and democratic Austria, and that the flight had been arrested only after the Austrian Government had issued a proclamation guaranteeing the right of asylum to all. Certainly, repatriation would be the only truly effective solution if persecution and tyranny had ceased in the

countries of origin, but since conditions there were unchanged, he hoped that the High Commissioner's Office would adhere strictly to the principle that repatriation must be voluntary. Refugees must be afforded full protection by their countries of residence and the High Commissioner's Office, and in no circumstances should they be allowed to fall victim to coercion, threats, blackmail or forcible repatriation. He noted with satisfaction that the possibility of giving assistance to the hundreds of thousands of Chinese refugees in Hong Kong had been discussed at the third session of the Executive Committee of UNREF, and that some action to help them might be taken in the not too distant future. His delegation had already promised to help in any scheme which might be proposed to that end.

7. Mr. OLIVIERI (Argentina) associated himself with the tributes paid by previous speakers to the memory of the late United Nations High Commissioner for Refugees, Dr. van Heuven Goedhart, to whom the refugees and mankind as a whole would owe a lasting debt of gratitude.

8. Despite discussions in the General Assembly and the Economic and Social Council over the past eleven years, and despite the High Commissioner's intensive efforts, the fate of thousands of refugees was still undecided, and the refugee camps still remained a reproach to a number of European countries.

9. At the 932nd meeting, the Deputy High Commissioner had given an excellent account of the background to the refugee problem, and had described the prospects of the four-year UNREF programme to be completed by the end of 1958. Other speakers had stressed that considerable success had already been achieved, and that during 1955 the number of refugees in Europe had fallen by some 14,000. The Argentine Government had done its best to help the solution of the refugee problem—as the late High Commissioner had been able to see for himself in his last visit to Latin America—by accepting refugees for re-settlement in Argentina. It had already received many groups of refugees, especially through the Intergovernmental Committee for European Migration (ICEM), and was prepared to continue to do so within the extent of its general immigration plans.

10. Argentine laws and regulations governing immigration did not discriminate against aliens who wished to live in Argentina, and once they were settled there they enjoyed the same rights and privileges as all the other inhabitants. True, refugees wishing to emigrate to Argentina were subject to careful selection, but such immigration was, as in the case of other Latin American countries, undoubtedly a valuable contribution to the solution of the refugee problem which, although it could hardly be reckoned in terms of money, clearly could not be under-estimated.

11. The Argentine delegation, therefore, expressing its satisfaction with the annual report of the United Nations High Commissioner for Refugees, would gladly vote for the draft resolution submitted jointly by the delegations of Norway and the United States of America (E/L.729).

12. Mr. GENTON (France) said that his delegation had given close attention to the annual report of the United

Nations High Commissioner for Refugees. On behalf of his delegation, he wished to pay a tribute to the striking intelligence, the untiring activity and the sense of justice of the late Dr. van Heuven Goedhart, and to stress the important part played by the Netherlands in work for refugees.

13. France was happy to have been able to give more support to the High Commissioner's Office in 1956 than in the past. Through a substantially increased financial contribution, it would be participating more effectively in the common effort, the essential purpose of which was still to restore to normal conditions of life refugees torn from the environment in which they had been accustomed to live.

14. Reviewing the work done by France for refugees, he reported that 306,000 refugees were at present living there. But his country did not confine its efforts to giving refugees a generous welcome; being opposed to the concentration of refugees in camps, it did all it could to ensure their re-settlement and their integration in the country's economy. That was why only 40,000 refugees were still a public charge in France.

15. Refugees residing in French territory benefited by almost all the country's social assistance or social security legislation. As was mentioned in the High Commissioner's report, the special social security benefits provided for French students had been extended to refugee students. In addition, refugees received through charitable organizations additional assistance for which the French Parliament had that year voted a sum of 325 million francs.

16. Furthermore, since the Council's previous session, the French Government had taken steps to ensure the automatic application of Article 17 of the Convention relating to the status of refugees of 28 July 1951. As soon as they fulfilled the conditions laid down in that article, refugees received a permanent employment card (*carte permanente de travail*) valid for all paid occupations. As was emphasized in the High Commissioner's report, the result had been a reduction in the number of unemployed refugees.

17. Lastly, the position of refugees in regard to the crossing of frontiers had also been markedly improved. All refugees allowed to reside in France could now be exempted from the necessity of obtaining exit and re-entry visas. Furthermore, the French Government had expressed its desire to accede to the agreement concluded among the Benelux countries, under which refugees granted a residence permit in one of those countries no longer required an entry visa for short stays in any of the others. Similarly, his Government had proposed or supported, both in the Council of Europe and in the Organization for European Economic Co-operation, measures intended to simplify or eliminate the formalities with which refugees ordinarily had to comply when proceeding from one country to another. The purpose of such action was to enable refugees to join in the movements of labour brought about by changes in the economic situation.

18. The liberal policy followed by his country had greatly improved the lot of refugees there. It had had the tremendous advantage of not creating an emigration

problem, which had arisen in such an acute form elsewhere. It seemed that such a policy was in perfect harmony with the aims of the High Commissioner's Office.

19. However, it was obvious that refugees could not derive the maximum benefit from such action unless its effects were strengthened and supplemented by the cooperation of other countries. In that connexion, France welcomed the fact that eighteen States had now ratified the 1951 Convention.

20. At the same time, France attached great importance to the implementation of all measures likely to reduce to a minimum the time spent by refugees in camps, wherever such camps existed. It knew by experience the great difficulties to which the closing of camps gave rise, especially in countries where the possibilities of local integration were limited or non-existent. In that connexion, he associated himself with the remarks about Greece made by the United Kingdom representative. France was prepared to support to the limit of its means—that was, to the limit of its own absorptive capacity—the effort which the High Commissioner had appealed to the Governments of countries in which refugee camps still existed to make. Accordingly, it had just agreed to the recruitment of refugees suitable for integration in the French economy, of whom it hoped to find at least one thousand in the camps. Furthermore, his Government was at present considering, with the High Commissioner's Branch Office in Paris, a project for the admission to homes set up specially for them of refugees in the difficult cases category.

21. Those efforts by his country, combined with those of other countries, should be of considerable assistance in the implementation of the programme of permanent solutions and the closure of camps described in the High Commissioner's report. France approved as a whole the policy described in that report concerning the search for permanent solutions and the strengthening of the legal and administrative protection of refugees—two aspects of the question which were in any case complementary.

22. In conclusion, he said that it was his Government's hope that all countries which cared profoundly for the protection of individual freedom and the defence of human dignity would redouble their efforts, with the object of restoring to refugees the place in international society to which they were entitled. In that spirit, his delegation supported the draft resolution before the Council.

23. The French delegation would have liked to receive the French version of the High Commissioner's report earlier than it had done.

24. Mr. DE MEIRA-PENNA (Brazil) associated himself with the tributes paid by other members of the Council to the memory of the late United Nations High Commissioner for Refugees, whose death had deprived the United Nations of a very distinguished official.

25. During his recent visit to Brazil, the late High Commissioner had thanked the Brazilian Government for agreeing to receive 3,000 out of 6,000 refugees of European origin from China. He had had talks with

various Brazilian personages who had undertaken to encourage immigration, and in particular with dignitaries of the Roman Catholic Church.

26. The conversations had also touched on the Convention relating to the status of refugees of 28 July 1951, which was at present under consideration with a view to ratification by his country, although the High Commissioner had found that in Brazil there was no distinction either in law or in practice between refugees and aliens in general.

27. Brazil had received 36,000 refugees since the end of the war, an effort that was the more remarkable in that the country was going through a difficult period of development accompanied by the threat of inflation and serious financial problems. The refugees admitted to Brazil had been given the opportunity to work for normal salaries or wages. Many of them were already reasonably well-off, and some had been able to send for their families to join them.

28. The Brazilian Government, which was a Member of the UNREF Executive Committee, had supported projects for the re-settlement of refugees overseas under the four-year UNREF programme. Some refugees had already settled in Brazil in that way. Other refugees under the High Commissioner's mandate would continue to be received in Brazil despite the financial difficulties which were preventing his Government from helping to finance immigration as it would have wished. Brazil had received 340 refugees during the previous six months and hoped to receive still more in the future.

29. Thus, the way in which Brazil had decided to help refugees consisted mainly of receiving them in its territory. Such a policy was in keeping with the traditions of a country in which distinctions of race or origin played absolutely no part. For Brazil, the refugee was an immigrant, which was why it supported the UNREF programme of permanent solutions. Brazil did not wish refugees to remain exiles or temporary residents, but rather to merge with the society of the receiving country and, if need be, to become naturalized there.

30. As to the moral aspect of the problem, Brazil considered that there was not only a right of asylum but also a moral duty to grant asylum. That was a tradition of the American countries, a basic principle of their international law.

31. In conclusion, he mentioned that, on leaving Brazil, the late Dr. van Heuven Goedhart had said that, even if no interest were shown in the human aspect of the refugee problem, attention would still have to be paid to its social significance and consequences, and that so long as such a problem existed there would be no hope of political and social stability in the world.

32. In the light of the foregoing considerations, the Brazilian delegation would vote for the draft resolution.

33. Mr. ABDEL-GHANI (Egypt) said that the late Dr. van Heuven Goedhart, a man whose death must have been mourned by hundreds of thousands of refugees because their plight and cause had been so close to his heart and because he had devoted all his energies to their relief, had envisaged a programme of permanent

solutions for the problem of refugees under the mandate of his Office, which had been endorsed by the Council and the General Assembly and for which the Egyptian delegation had voted. His delegation was still of the opinion that the programme was a valuable attempt to turn healthy, able-bodied refugees into useful members of society. If refugees were not to lose all self-reliance and initiative, they must be allowed to work and earn their own living and to contribute to the productive life of the country in which they resided. It was gratifying, therefore, to see from the High Commissioner's report that projects for permanent solutions to the value of US \$3,000,000, from which some 8,700 refugees had benefited, had been put into effect.

34. The Egyptian delegation was also glad to express high praise of the governments which had contributed so generously to UNREF. With regard to Egypt's own position in that respect, the Egyptian delegation had on several occasions stated that its country would be only too glad to help European refugees were its resources not overtaxed by the heavy burden of the Palestine refugees. Egypt and the other Arab countries had been considering the matter very seriously; and it had been raised in 1956 in the Political Committee of the League of Arab States. The Arabs were well aware how tragic was the fate of refugees in their own part of the world, and had their cause deeply at heart, regardless of their ideology or faith. There was an international moral responsibility towards refugees, who had as a rule been compelled to leave their own countries through no fault of their own. The Political Committee had, however, been unable to disregard the fact that the Arab countries were already supporting the Palestine refugees, who were not a group unable to live with the rest of their folk in their own country, but an entire people who had been uprooted and expelled from the homes in which they had been living for thousands of years. In Lebanon, Palestine refugees accounted for one-third of the present population; they had increased the population of Syria, already overcrowded, by nearly 10 per cent; and there were more than 200,000 refugees in the Gaza strip in the care of the Egyptian Government, with a yearly natural increase of 25,000. Egypt alone had spent some \$3,500,000 a year on the relief of the refugees under its administration. That was why the League of Arab States, after serious consideration, had concluded that the Arab countries must confine themselves to caring for their own refugees, a conclusion which the late High Commissioner himself had reached when he had visited the Middle East in 1954.

35. In paragraph 143 of the High Commissioner's report, it was stated that there had been a temporary increase in applications for repatriation in 1955. That was a development to be welcomed. It was only common sense that the ideal solution to the refugee problem was to enable refugees to return home, and no amount of relief or of integration projects could be so beneficial to the refugees and to the international community at large. The High Commissioner had stated, whenever the matter had been discussed, that he was utterly convinced that the return of a refugee to his country of origin was the best solution, and therefore the first he had himself tried to achieve. Nothing, however, in the report suggested

that the High Commissioner's Office had done anything to promote such a solution. The statement was made that publicity favouring repatriation, calling attention to recent decrees of amnesty and promising free transportation and loans to refugees wishing to return to their countries of origin had also greatly increased. There was nothing to show, however, that the High Commissioner's Office had in any way assisted the efforts which had led to the increase in the applications for repatriation.

36. The Egyptian delegation had more than once proposed that the High Commissioner's Office should take advantage of current conditions to repatriate as many refugees as possible. It was hard to believe that the Statute of the High Commissioner's Office forbade it to work for repatriation. The principle of repatriation had, in fact, been recognized by the United Nations at the very first session of the General Assembly in 1946, when it had laid down in resolution 8 (I) that the main task concerning displaced persons was to encourage and assist in every possible way their return to their countries of origin. If there was any ambiguity in, or omission from, the High Commissioner's terms of reference, it was for the Council to remedy that defect and so enable the High Commissioner's Office to give first consideration to voluntary repatriation. The Office and the countries of residence should co-operate in making available to the refugees the fullest possible information on recent decrees and declarations on amnesty and on assistance to those who chose repatriation.

37. The principle of voluntary repatriation and the need for safeguards against the forcible return of refugees were rightly recognized in paragraph 144 of the report. It was a matter for satisfaction that representatives of the High Commissioner's Office had accompanied the repatriation missions to ensure that no undue influence was exerted. It was unanimously agreed that to compel a refugee to return to a country where he would suffer, or might expect to suffer, persecution and discrimination was even worse than to leave him in his present distress. But, provided that the principle of voluntary repatriation was strictly observed, the High Commissioner's Office should take advantage of the present easing of international tension to enable as many refugees as possible to return to their original countries.

38. Turning to the question of the European refugees within the High Commissioner's mandate resident in Egypt, he noted that several members of the UNREF Executive Committee had expressed their general agreement with the High Commissioner's proposal that he should be authorized to investigate the possibility of finding permanent solutions for refugees who were not established in Jordan, Lebanon, Syria, Egypt, Iran and Turkey, and to suggest, on the basis of his investigations, an allocation for permanent solutions in those countries in the target allocation for 1957 (E/2887, Annex, paragraph 73). There were at present about 4,000 European refugees in Egypt—all that was left of the many refugees who had found sanctuary in Egypt after the first and second world wars—most of whom were already fully integrated in Egyptian life. An agreement had been concluded between the Egyptian Government and the High Commissioner's Office early in 1954 and a Branch

Office of the latter had been established in Cairo to assist such refugees to return to their countries of origin or to emigrate to other countries where there were more opportunities for employment, or more suitable social conditions, for it had been found difficult to integrate them in the economic life of the most over-populated country in the world. The plans contemplated for integrating European refugees in countries of the Middle East should not, therefore, apply to his country, which was already co-operating with the High Commissioner's Office in solving the problem, as it affected Egypt, through emigration. One of the concessions made by the Egyptian authorities had been the grant to such refugees of the right to return to Egypt within two years if they failed to re-settle elsewhere.

39. One member of the UNREF Executive Committee had emphasized the importance of legal and political protection in the countries of the Middle East. Although Egypt had not acceded to the 1951 Convention relating to the status of refugees, he could assure the Council that Egyptian laws and regulations guaranteed to refugees all the protection and care warranted by humanitarian considerations.

40. Mr. PLEIĆ (Yugoslavia), on behalf of his delegation, associated himself with the tributes paid by representatives to the memory of the late Dr. van Heuven Goedhart.

41. The Yugoslav delegation considered that it could best contribute to the study of the problem by explaining the real situation of foreign refugees in Yugoslavia, because paragraph 207 of the High Commissioner's report, which dealt with the subject, omitted certain facts, and was liable to give a wrong idea of Yugoslav policy. An explanation seemed all the more necessary to the Yugoslav delegation inasmuch as certain transatlantic newspapers had published articles about foreign refugees in Yugoslavia, claiming that the Yugoslav authorities were repatriating them forcibly to their countries of origin. Such reports were extremely unfortunate, since they impaired Yugoslavia's efforts to maintain and extend friendly relations with all countries.

42. The fact that Yugoslavia had supplied abundant information on the subject made the situation even more regrettable. As stated in the letter addressed to the High Commissioner in April 1956, in which the Yugoslav Government drew attention to the problem of European refugees in Yugoslavia and described its efforts to solve that problem in accordance with the principles of free choice, some East European refugees had expressed a desire to emigrate to the West, but the Western Governments had shown little alacrity in replying to their request. Consequently, numerous illegal crossings of the frontier had taken place, thus creating difficulties with Yugoslavia's neighbours. To put an end to those difficulties, Yugoslavia had established a camp, which the late High Commissioner had visited, for refugees wishing to emigrate either to the West or to the East. The refugees, many of whom had been waiting for a long time to emigrate, were kept informed of the situation in the world and in their countries of origin, and 220 of them had asked to be repatriated. Furthermore, Yugoslavia had drawn the attention of those responsible for

running the United States Escapee Program (USEP) to the wish of the refugees to emigrate to the West. Two hundred and fifty-one refugees had left Yugoslavia for Western countries in November 1955, and 800 more were still awaiting authority to emigrate. The remaining refugees had announced their intention of remaining in Yugoslavia. Consequently, it had been decided in November 1955 to close the camp, which, however, would have to be kept open for some time to accommodate the refugees awaiting emigration.

43. The Yugoslav Government had considered that it was hardly necessary for the High Commissioner to intervene at that final stage, seeing that he had not done so earlier and that the matter was being dealt with in accordance with the principles of free determination.

44. In June, a total of 700 refugees had left for the West. At the moment, there were still another 700 people in the camp expecting to follow them, some of whom had been waiting to do so for two or three years. The Yugoslav Government had taken many steps to facilitate their emigration. Between 20 and 24 June of the current year, a delegation from the refugees living at Gerovo again went to Belgrade and called on the diplomatic missions of the Western countries concerned, with the request that their reception by those countries should be accelerated. Actual emigration took place under the auspices of USEP, but departures depended on the granting of visas by the receiving countries.

45. The Yugoslav delegation saw no grounds for anxiety in the fact that some refugees had wished to be repatriated. Nor would any sort of manifestation be sanctioned or permitted in Yugoslavia in connexion with the fact that the majority of the foreign refugees emigrated to the West. The right of refugees to choose their fate freely must be respected in all cases. Apart from USEP, no organization and no country had asked that its representatives be allowed to visit the camp.

46. Yugoslavia was pursuing an unwavering policy of friendship with all countries on the basis of certain principles. The principle of freedom of choice was vital for his country, and derived from the very nature of its foreign policy.

47. Mr. NUR (Indonesia) associated himself with the earlier tributes paid to the late Dr. van Heuven Goedhart, whose loss would be a great blow to the United Nations and to the cause of refugees.

48. The United Nations had been paying great attention to the problem of European refugees for many years. Indonesia, although not a country of first asylum or residence, had always shown its interest in the problem, as a humanitarian one, and hoped for its earliest possible solution. The international community should do its utmost to support all efforts to bring about such a solution. Although the problem was far from solved, much had been done by the late High Commissioner, who deserved the highest praise for his efforts. The Indonesian delegation was not at that stage able to undertake any financial commitment on behalf of its Government, and would reserve its position until the matter was discussed in the General Assembly. In the meantime, it would wholeheartedly support the draft resolution.

49. Mr. PAVLIK (Czechoslovakia) observed that the main reason why the problem of refugees and displaced persons had not yet been satisfactorily settled was that the initial General Assembly resolution on the subject—8 (I)—which declared that the main task of the United Nations should be to encourage and assist in every way possible the early return of displaced persons to their countries of origin, had not been properly implemented. Most of the persons concerned wished to be repatriated.

50. The situation of refugees and displaced persons still residing in certain European countries was a far from happy one, particularly for those in camps and for invalids and old people in urgent need of medical and other care. The situation bore hard not only upon the refugees themselves, but also upon the countries harbouring them, for which they represented a heavy burden.

51. Regarding voluntary repatriation, the importance of which had been emphasized in General Assembly resolution 925 (X), his delegation was sorry to see that the High Commissioner's Office had adopted a merely passive attitude, confining its activities to receiving requests for repatriation and transmitting them to the governments concerned. The Office had concentrated on the solutions of emigration overseas and economic integration in the countries of residence—a policy which was at variance with the principles laid down in the two General Assembly resolutions he had cited. It ought, on the contrary, to give first priority to voluntary repatriation, which was the best international solution.

52. Requests for repatriation were now being made on an increasing scale. That development had no doubt been encouraged by the appeals made by certain countries, including his own, to their nationals to return home, by the visits paid to refugee camps by repatriation missions from those countries, and by the prospect refugees saw before them of being able to lead a normal life on their return. In addition to the refugees themselves, their relatives in Czechoslovakia had frequently sought their repatriation.

53. On 9 May 1951, the President of the Czechoslovak Republic had declared an amnesty for all those who had left Czechoslovak territory illegally. Many had taken advantage of the amnesty and returned. Others had applied for repatriation, but had been unable to return before the expiry of the period of amnesty because of their inability to pay their passage, to meet obligations assumed in their country of refuge or similar difficulties, while others had been deliberately prevented from returning. He wished once again to make it clear that, despite the fact that its term had expired, the provisions of the amnesty remained in force, and that the Czechoslovak Government would still permit the return of those of its nationals who had for any reason been prevented from doing so during the amnesty proper.

54. Hundreds of refugees had returned to Czechoslovakia—either individually or in groups—from Australia, Austria, France, the Federal Republic of Germany, Israel, Italy, New Zealand, the United Kingdom and elsewhere, and other groups of refugees in various overseas countries were also ready to return. In Czechoslovakia, a special committee for the assistance of returned refugees, set up by the Government, took care

of each individual or family, helped them to find suitable employment and somewhere to live, and facilitated their reintegration into the life of the country. Those measures, which were in full accordance with the General Assembly resolutions, proved the Czechoslovak Government's desire to make a real contribution to the solution of the refugee problem.

55. Mr. ZAKHAROV (Union of Soviet Socialist Republics) said that, although eleven years had elapsed since the end of the Second World War, the problem of displaced persons and refugees had still not been properly solved. A large number of refugees and displaced persons were still living in conditions of great hardship, without work and deprived of the exercise of their normal rights, while many of them were being forcibly detained in camps. As the High Commissioner's report showed, there had been 770,000 of them in six countries of Western Europe at the beginning of 1956, more than 70,000 having been in 180 camps in Austria, the Federal Republic of Germany, Greece and Italy. Even if the distinction between settled and non-settled refugees were accepted as a valid one, there were still 300,000 non-settled refugees in Europe.

56. In dealing with the problem, the High Commissioner's Office had concentrated on the solutions of assimilation and re-settlement overseas. That was evident from the fact that in 1955 16,000 European refugees had emigrated overseas, 11,000 of them to the United States of America, whereas the possibilities of voluntary repatriation had been completely ignored. He, however, stressed the fact that the latter method, mentioned in General Assembly resolution 925 (X), was the one which ought to be given first priority. The High Commissioner's Office and the governments of the countries of residence ought to make every effort to promote the repatriation of those who desired it; as to those who had not yet decided to return, the High Commissioner's Office and the governments should take urgent measures to ensure that they should be given the right to work on an equal footing with natives of the country they were in. The High Commissioner's Office and the governments concerned ought at the same time to try to put a stop to hostile anti-repatriation propaganda directed against the refugees' country of origin, and to explain clearly to them the opportunities for return that were open to them. Organizations hostile to the Soviet Union were subjecting Soviet citizens to propaganda, threats and terrorism, in order to dissuade them from returning home. As was plain from the report, the High Commissioner's Office had adopted a purely passive attitude to the repatriation of citizens of the Soviet Union. Accordingly, it was not acting in such a way as to bring about the speediest possible solution to the refugee problem. In the Soviet Union delegation's opinion, the suggestions made in the High Commissioner's report were not conducive to the proper solution of the refugee problem or likely to lead to any change in the abnormal situation which had existed so far.

57. The Government of the Soviet Union had always done everything in its power to solve the refugee problem, and in pursuance of that policy, it was making efforts to secure the repatriation of its citizens on a voluntary

basis. It was taking the necessary steps to provide them with work in their own occupations, with housing accommodation and free medical attention, and in general to see that they enjoyed normal living conditions. Those who had returned had expressed their warmest gratitude to the Government. There could be no better evidence that repatriation represented the most satisfactory permanent solution to the international refugee problem.

58. MR. DE MARCHENA (Dominican Republic) expressed his Government's regret at the death of the United Nations High Commissioner for Refugees, which was all the keener because he had personally visited the Dominican Ministry of Education only two months previously to say how deeply he appreciated the action taken by the Dominican Government on behalf of refugees. It was to be hoped that the General Assembly would in the near future give tangible expression to its appreciation of the late High Commissioner's work by putting up a commemorative plaque either at the Palais des Nations, where the High Commissioner had had his Office, or at United Nations Headquarters.

59. The High Commissioner's report gave a realistic and valuable picture of the refugee problem. From the outset, the Dominican Republic had regarded that problem as one of the most vital with which the United Nations was faced. It had contributed as much as it could to UNREF and was one of the few countries that had pledged a contribution for 1956.

60. The refugee problem, however, had reached, as it were, saturation point. The questions of legal status, nationality, re-settlement, repatriation, integration and the difficult cases, with which the Secretary-General himself had dealt privately at the Commemorative Session of the General Assembly at San Francisco in 1955, had all been thoroughly explored. The United Nations might, therefore, turn to the more practical question of the immediate financial requirements, in order to give the refugees a new breathing-space. The Egyptian representative had raised the question of the Palestine refugees. The United Nations had taken such great interest in that problem because it considered it an integral part of the world problem. The Dominican Republic had shown an equally lively interest in the refugee problem even before the Second World War, had opened its frontiers to all persecuted by the Nazis or the Fascists, and had earned a deserved reputation for the model refugee camp at Sesua, the inhabitants of which were now making their full contribution to the Dominican economy.

61. Even in quite small matters, the Dominican Republic's policy of admitting all refugees, except the few who attempted to import into the country ideologies that might subvert its democratic basis, set an example that might well be imitated. On one occasion it had promptly opened its gates to a man who had been shunted from country to country more than thirty times.

62. The Dominican delegation would vote for the draft resolution, but felt that it needed to be made rather more realistic, to which end it would propose an appropriate addition in the General Assembly. In the meantime, it wished to reiterate its Government's interest in the refugee

problem and its determination to support the refugees to the best of its ability.

63. Mr. TRUJILLO (Ecuador) observed that one of the advantages of an international civil service was that it gave men of great humanitarian sympathies, intelligence and energy, an opportunity, which had formerly arisen but rarely and exceptionally, of devoting themselves to great causes, and provided a field for the exercise of the highest administrative ability; it had been the good fortune of the late United Nations High Commissioner for Refugees, Dr. van Heuven Goedhart, who had richly repaid it, to enjoy that opportunity to the full.

64. He had nothing but praise for chapter I of the High Commissioner's report. Chapter II raised the basic problems of repatriation and re-settlement, the only two ways of solving the refugee problem apart from economic integration in countries of residence. As the Egyptian representative had pointed out, repatriation, provided that it was voluntary, was the most logical and humanitarian of the three. Guarantees must, however, be provided that the refugee would find in his own country conditions at least as secure as those in the country of refuge.

65. The Latin American countries' experience of re-settlement had been mixed. In certain cases it had proved a brilliant success, but there had been some deplorable failures. Before the Second World War, Ecuador had admitted without discrimination of any kind hundreds of refugees fleeing from Nazi and Fascist persecution. Many of them had been of the highest quality, some of lesser calibre, while others had been so bad that the Latin American countries had been obliged to take precautions to prevent persons with ideologies contrary to all Latin America's traditions from gaining access to the sub-continent and subverting the very basis of its political life. Under the constitutions of nearly all the Latin American countries, immigrants were permitted to enter those countries freely, and after a short period of residence were enabled to enjoy the full rights of citizens. Re-settlement was thereby made extraordinarily difficult, as the personal background of all applicants had to be investigated. However, he agreed with the representative of the Dominican Republic that all the legal aspects of the refugee problem had been thoroughly explored and only the economic problem remained. With a considerable concerted effort, that problem could well be solved in two years, as the late High Commissioner had hoped, or in three, as the delegation of Ecuador believed.

66. The draft resolution (E/L.729) was excellent so far as it went, but it needed strengthening by the addition of an appeal for a final financial effort on the part of all countries. The cost had already been worked out. It might well be distributed among the States Members of the United Nations in the same ratios as were their shares in the United Nations budget, the actual contributions being payable in three instalments, in 1956/57, 1958 and 1959 respectively. That was merely a suggestion, and, as the Dominican representative had said, the matter ought to be threshed out more fully in the General Assembly.

67. Almost all the necessary steps had been taken in Latin America to safeguard the legal status of refugees; indeed, the 1951 Convention relating to the status of refugees accorded them fewer rights than they enjoyed under the constitutions of all Latin American countries.

68. It was somewhat curious to hear other countries speaking of the limitations which must necessarily be imposed on certain rights afforded to refugees, for there were no such limitations in Latin America, either on the right to work, or on that to education, or on that of entry into the liberal professions. In Latin America, immigrants enjoyed the same social security as citizens, and provision was made for them to raise families. In Ecuador itself, a great new system of trunk roads had just been built, and the adjacent land, together with the necessary farm animals and equipment, was virtually being given away to immigrants. In some areas no taxes were levied on new industries for several years. Immigrants were given special facilities to enable them to acquire nationality, and one of their sons might even become President of Ecuador.

69. The High Commissioner's report constituted an urgent appeal for the solution of a problem that brooked no further delay. He would support the draft resolution for the time being, but hoped that it would later be made more practical, along the lines he had suggested.

70. Mr. EUSTATHIADES (Greece) paid homage to the memory of the United Nations High Commissioner for Refugees, whose acquaintance he had had the honour to make at the Academy of International Law at The Hague. Students had followed his lectures not only to hear him speak as an internationalist but also as a missionary and apostle, both of which he was. The Greek delegation supported the draft resolution (E/L.729), remembering in particular the contribution made by the High Commissioner, and the exemplary generosity shown by the Netherlands committee, in connexion with the permanent solution of the refugee problem in Greece. Dr. van Heuven Goedhart had been both a very great humanist and a genuine representative of his own country, the Netherlands.

71. The Greek delegation supported the draft resolution in which it saw a splendid edifice erected to the memory of the High Commissioner. It would also like to propose that a bust of Dr. van Heuven Goedhart should be placed in the Office of the High Commissioner; if that suggestion found favour, Greece would be happy to contribute marble from the island of Tinos; for it would be remembered that the High Commissioner had decided to make over the Nobel Peace Prize for 1954—awarded to his Office—to a special project intended to close the refugee camp on the Greek island of Tinos.

72. During their recent visit to Greece, the members of the UNREF Executive Committee had expressed their full satisfaction with the perfect collaboration of the High Commissariat with the Greek authorities. For its part, the Greek Government wished to call attention to the close co-operation which had grown up between the Greek authorities and the High Commissioner's representatives in Athens, and by the excellent reception Greek representatives received from members of the High Commissioner's Office in Geneva.

73. The Greek Government sincerely hoped that all the camps in Greece would be closed before the end of 1957. Two large ones had already been emptied, and the Greek Government had made budgetary provision for the allocation of a re-settlement grant of US \$85 to every refugee in the country.

74. With regard to the High Commissioner's report, Greece saw in USEP an excellent innovation which might well have been imitated by other countries, provided there was provision for co-operation and co-ordination between such agencies and the High Commissioner's Office.

75. The Greek delegation had welcomed the camp adoption scheme with satisfaction as an important, if secondary, form of activity, and wished to express its special thanks to the staff of the European Office of the United Nations, who had adopted a camp in Greece.

76. With regard to the 1951 Convention relating to the status of refugees, the increase in the number of ratifications was encouraging, but it was to be hoped that the rate of ratifications would increase, especially as the Convention hardly went beyond what many States were already doing in practice.

77. Finally, the Greek delegation considered that the activities of the High Commissioner's Office might be co-ordinated still more closely with that of the specialized agencies. He (Mr. Eustathiades) was referring more particularly to UNESCO's work in connexion with the assistance of fellowship holders and refugee students as well as to the activities of WHO. He felt that the collaboration established between the High Commissariat and the ILO was a precedent to be followed.

78. The PRESIDENT, invoking rule 75 of the Council's rules of procedure, invited the Observer for the Government of Romania to make a statement.

79. Mr. SERBAN (Observer for the Government of Romania) said that the problem of refugees was of direct concern to his country since a number of Romanian citizens were to be found among them.

80. Romania was sorry to see that eleven years after the end of the Second World War the United Nations was still obliged to deal with the refugee problem, which was likely to persist for a long time yet. But the High Commissioner's report and other relevant documents showed that the refugees' situation was difficult and that the problem called for urgent solution.

81. If one looked into the practical prospects open to refugees in the various countries, one saw, according to the information in the High Commissioner's report, that the number of refugees had fallen by a mere 10 per cent in 1955; at that rate, their tribulations would last another ten years. Moreover, the re-settlement rate was tending to slow down. In addition, the United Nations bodies dealing with refugees were experiencing ever greater financial difficulties, as the High Commissioner's report also showed. Thus, the refugees had no other hope than that of their present position being maintained indefinitely.

82. The High Commissioner's report showed that a substantial number of refugees became completely

demoralized after long residence in camps, and that many of them even fell victim to mental disorders. Furthermore, despite their hard life in the camps, refugees sometimes refused to accept the conditions on which re-settlement was offered to them. That was because refugees outside the camps were often no better off. In addition, some pressure was exerted on refugees to force them to agree to re-settlement or integration.

83. Romania thought that all forms of duress must be renounced. Refugees must be given the opportunity of choosing freely, in full knowledge of the facts, the solution which seemed best to them. For that, it was essential that they should be informed of the conditions under which they could return to their countries of origin.

84. Indeed, one reason for the constant delay in the solution of the refugee problem was that the bodies concerned did not attach sufficient importance to repatriation as a solution, which was contrary to the spirit and the letter of the relevant General Assembly resolutions. The High Commissioner's report showed that the efforts being made to repatriate refugees were inadequate and the refugees were not informed of the opportunities open to them to return to their own countries. If the just and natural method of repatriation were neglected, no final solution would be forthcoming.

85. Since 1955, the Romanian Government had been taking steps to facilitate the return of Romanian nationals to their own country, and, despite many difficulties and obstacles, a considerable number had already gone back. After the promulgation of the decree of amnesty, in less than one year prior to the end of June 1955, 4,137 Romanians had been repatriated. The persons concerned had chosen their own place of residence and their work, received the same wage or salary as Romanians who had never left the country, and were given every opportunity of settling down again in their homeland.

86. Mr. HEAPS (World Veterans' Federation), speaking at the invitation of the PRESIDENT, associated himself with the tributes paid to the late Dr. van Heuven Goedhart and said that, as an organization of ex-servicemen, his organization had the plight of the refugees particularly close to heart. The sixth General Assembly of the World Veterans' Federation had unanimously adopted a resolution calling upon member associations to request their governments to continue to give the UNREF programme their financial and moral support. Indeed, the Federation had consistently urged its member associations to persuade their governments to give refugees more assistance. In addition, it had now made budgetary provision to provide direct assistance on its own account for the rehabilitation of disabled refugees, it being left to the High Commissioner's Office and the Secretary-General of the Federation to determine the form the assistance should take. It was to be hoped that other organizations might follow the Federation's lead. However, such contributions from non-governmental organizations should merely be supplementary to those from governments, with which the real responsibility lay. He hoped that governments would intensify their efforts to solve the problem.

87. Mr. READ (United Nations Deputy High Commissioner for Refugees), observed that only a fortnight

ago Dr. van Heuven Goedhart had spent a week in the United Kingdom making preparations for the forthcoming United Nations Association campaign on behalf of refugees, to which the United Kingdom representative had referred. The staff of the High Commissioner's Office was not big enough to organize or carry out campaigns itself, but Dr. van Heuven Goedhart had always insisted on its stimulating as many national campaigns as it could keep in touch with. He had had great hopes of the success of the campaign in the United Kingdom.

88. Earlier in the year, Dr. van Heuven Goedhart had, in addition, spent two months visiting countries of Latin America. He had been much impressed with the work being done in Argentina, with the help given to European refugees from China by Brazil, and with the Dominican Republic's open door policy for refugees. Though he had not managed to reach Ecuador, Dr. van Heuven Goedhart had expressed his appreciation of the lead that country had taken in ratifying the 1951 Convention.

89. As to the late appearance of the French text of the High Commissioner's report, to which the French representative had referred, he (Mr. Read) pointed out that the translation was not the responsibility of his Office, which had produced the original version on time.

90. He informed the Egyptian representative, who had raised the question of the integration of a small number of refugees in Egypt for whom there was no chance of emigration, that his Office was in contact with the Egyptian Government through its branch office in Cairo, and assured him that no plan for the integration of refugees in Egypt would be launched without the agreement of the Egyptian Government.

91. The Yugoslav representative had made certain observations which called for a reply. It was true that Dr. van Heuven Goedhart had visited the refugee camp at Gerovo, in Yugoslavia, early in 1953, but it had not been until 1955 that a number of refugee committees had written to his Office asking for assistance, and describing the conditions existing in that camp, where numbers of Albanian, Bulgarian and Romanian refugees were being detained by the Yugoslav authorities. It appeared that refugees were being kept under close guard and were not allowed to receive visitors, that food and sanitation were bad, and that the refugees were under the constant threat of forcible repatriation. It had further been alleged that a number of Bulgarian refugees had in fact been forcibly repatriated in 1954 and 1955. Those reports had later been confirmed from independent sources.

92. After repeated requests for information made by the High Commissioner's Office, the Yugoslav Government had eventually replied that the International Committee of the Red Cross had visited the camp and could give any necessary information. But the International Committee had subsequently informed the Office that it had not done so and that it had no information.

93. It appeared from the letter of the Yugoslav Government of 6 April 1956, to which the Yugoslav representative had referred, that Gerovo Camp had been closed in November 1955, but would continue to be used for a while to accommodate refugees pending their settlement. His Office was grateful to USEP for its action,

also referred to by the Yugoslav representative, in assisting several hundred refugees to move from Gerovo to other countries in November 1955, and, more recently, in helping to find asylum for the remaining 650 refugees. It was also grateful to the countries of asylum for receiving the refugees.

94. General Assembly resolution 832 (IX) instructed the High Commissioner to pay special regard to family groups. His Office accordingly tried to re-unite refugee families wherever possible. In the past few years, there had been many instances of Yugoslav refugees in Austria and the Federal Republic of Germany who had been granted visas by overseas countries of re-settlement, but had been reluctant to depart unless relatives still living in Yugoslavia were allowed to join them. His Office had on several occasions written to the Yugoslav authorities asking them to allow the relatives in question to leave that country, but had, unfortunately, received no reply.

95. Regarding the allegation that his Office had not interested itself in the emigration of refugees from Yugoslavia, he pointed out that on his visit to Yugoslavia Dr. van Heuven Goedhart had taken up with the Yugoslav Government the question of establishing a branch office in Yugoslavia. The suggestion had not, however, proved acceptable.

96. Certain representatives had urged the desirability of giving first priority to repatriation. The point had already been raised at the ninth session of the General Assembly, when the late High Commissioner had pointed out that General Assembly resolution 8 (I) had recommended that no refugee or displaced person should be compelled to return to his country of origin, but that displaced persons should be helped and encouraged to do so; seeing that in 1945 and 1946 such displaced persons as had wished to return had been repatriated, the remainder had lost their status as displaced persons and become refugees; accordingly only the first of the two provisions of the resolution remained applicable. The High Commissioner had abandoned repatriation in deference to the wishes of the refugees themselves.

97. He, and the staff of the Office with him, were deeply grateful for the tributes paid in the course of the debate to the late Dr. van Heuven Goedhart and his work. Mrs. van Heuven Goedhart and the Office had received numerous expressions of sympathy from governments; he wished to thank those governments on their behalf, pending the despatch of fitting formal replies.

98. He and his colleagues had lost, in Dr. van Heuven Goedhart, a fine leader; they would devote themselves to carrying on his work. He appealed to governments to help his Office in the spirit which had inspired the late High Commissioner.

99. Mr. PLEIĆ (Yugoslavia) said that to his great surprise the representative of the High Commissariat had made a number of unjust and unfounded accusations against the Yugoslav Government and the attempts it was making to solve the problem of foreign refugees in Yugoslavia. As the hour was late, he proposed that the meeting should adjourn, and stated that he would reply to the Deputy High Commissioner at the following meeting.

100. The PRESIDENT wondered whether it would be acceptable to the Yugoslav representative for the draft resolution to be voted upon at the present meeting, subject to his right to reply at the next meeting.

101. Mr. PLEIĆ (Yugoslavia) agreed to that procedure.

102. The PRESIDENT put to the vote the draft resolution (E/L.729) on the report of the High Commissioner, submitted jointly by the delegations of Norway and the United States of America.

The draft resolution was adopted by 15 votes to none, with 3 abstentions.

103. Mr. PLEIĆ (Yugoslavia), explaining his vote, said that he wished to associate himself with the delegations which had paid a tribute to the late Dr. van Heuven Goedhart. Yugoslavia was profoundly appreciative of the courageous part he had played in the Second World War, and of the vigour with which he had discharged his duties as High Commissioner. On account of his zeal, he was, indeed, an example to international officials. It was fitting, therefore, for a tribute to be paid to his memory in a resolution of the Council.

104. However, it was not desirable, in a resolution, to urge governments to support the work on behalf of refugees in the spirit which had inspired the late High Commissioner, because, on the one hand, work on behalf of refugees ought to be carried on in accordance with the principles of the Charter and the decisions of the General Assembly and the Council, and, on the other, governments could hardly be asked to follow the example of a United Nations official who had also, necessarily, been an official of a member government. The tribute to Dr. van Heuven Goedhart's memory ought therefore to have stood alone in a resolution; and the question of solutions to the refugee problem ought to have been embodied in another, distinct from it.

105. The PRESIDENT declared that the Council had completed its consideration of item 14, subject to the statement to be made by the Yugoslav representative at the next meeting.

The meeting rose at 5.40 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Australia, Bulgaria, Chile, Costa Rica, Finland, Hungary, Iran, Israel, Italy, Poland, Romania, Venezuela.

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

AGENDA ITEM 2

World economic situation

- (a) Survey of the world economic situation, including the questions of full employment and of the expansion of world trade (E/2864, E/2871 and Add.1 to 6, E/2880, E/2881, E/2882)

GENERAL DEBATE

1. The PRESIDENT recalled the fact that the Council had agreed to deal with item 2 of the agenda in two parts: it would first (a) survey the world economic situation, and then (b) consider the reports of the regional economic commissions.
2. He had great pleasure in welcoming, on behalf of the Council, the Secretary-General, who would introduce the *World Economic Survey 1955* (E/2864).
3. The SECRETARY-GENERAL, recalling that it was ten years since the Council had embarked on the tasks laid down in the Charter—, namely, to promote higher standards of living, full employment and conditions of economic and social progress and development—said the time had come to ask to what extent it was possible to report success in the advance towards those goals.

4. The *World Economic Survey 1955*, which was before the Council, was in part an attempt to evaluate the economic successes and failures of the post-war period. There was much in the record of the past ten years that provided legitimate grounds for satisfaction, but some of the most important economic problems were almost as far from solution as they had been when the Council had begun its work.

5. He did not propose to say more than a few words concerning the achievements of the first post-war decade, for they were documented in the *World Economic Survey 1955* and the regional economic surveys which were before the Council. It was nevertheless appropriate to recall that, both in the developed private enterprise economies and in the centrally planned economies, pre-war levels of *per capita* production and trade had by now been left far behind, and that while part of the rise in output had been side-tracked into armaments, a substantial margin had nevertheless been available in many areas for improvements in present and future levels of living.

6. In the centrally planned economies, highest priority had been given to investment in heavy industry as against light and consumer-goods industries and, until recently, agriculture. The standard of living had thus risen much less than output. With the growing attention now being given to agriculture, however, the lag between the rates of growth in production and consumption was expected to diminish.

7. In the developed private enterprise economies, a significant measure of both economic progress and security had been achieved. Defences had been built against the waste and misery of economic depression, and ways and means had been found in many countries of mitigating economic insecurity. It was true that the strength of those defences had yet to be seriously tested, but the widespread consciousness of a need in that area and the deeper understanding of the economic forces which gave rise to that need in themselves represented an impressive advance on the groping in the dark of the inter-war years.

8. He thought it fair to say that the Council had a record of positive achievement in that area. It had defined the manner in which the full employment obligation to which all nations subscribed in the Charter was to be understood, and the nature of the responsibilities which governments had thereby assumed—namely, to make legislative and administrative provisions adequate for the attainment of national full employment goals. Moreover, the Council had proclaimed the international, as well as the national, character of the full employment obligation; it had helped towards securing recognition of the principle that any country which failed to maintain full employment within its own borders by

that very fact made it more difficult for other countries to do so.

9. If international division of labour raised the productivity of the world community, it also increased the mutual interdependence of its several parts: the economic health of each came to depend in significant measure upon the well-being of all. When one member contracted the disease of unemployment it threatened all others, not only because the arteries of international trade became constricted, but also because so close was the attunement between members that palpitation in one might set off sympathetic vibrations in the others. The Council had therefore rightly emphasized the principle that each Member State had not only an internal but also an international responsibility to maintain conditions conducive to the good economic health of the world community.

10. It must be admitted that governments were far from agreement on the practical implications of that principle. The prolonged success in the industrially developed countries of national full-employment policies, combined with the unexpectedly mild international repercussions of the United States recession of 1953/54, had perhaps encouraged a greater degree of complacency than was warranted. Nevertheless, it seemed safe to say that over a substantial portion of the earth's surface man had tested the benefits of rising levels of material welfare and had even succeeded in harnessing, to a greater or lesser extent, economic forces hitherto regarded as beyond his control.

11. There were those who had feared, and perhaps still feared, that security might be inimical to progress—that the whiplash of insecurity was needed to spur mankind on to increased effort. No more convincing refutation of that thesis was required than that provided by the experience of the past decade. With levels of unemployment that in the 1930's would have been regarded as incredibly low, economic growth had been accelerated rather than stifled. Never in the history of man had his economic pulse been so quick, never had there been so great a degree of flexibility or so rapid and continuous an increase in work efficiency.

12. Unfortunately the achievement in stabilizing the national economies of the developed countries found no parallel in the stabilization of the national economies of the under-developed countries. Nor had sufficient progress been made in stabilizing and integrating the world economy as a whole. The world continued to be divided into two economic regions with only marginal trade relations between them. While world trade had grown significantly, the flow of international capital had never regained its importance of only a generation earlier, either in relation to trade or in relation to income and investment. He had dealt with those problems on past occasions and they were fully documented in the surveys before the Council. He would therefore now confine his words to one aspect which caused him great concern—namely, the problem of commodity stabilization.

13. While unemployment had long ceased to be considered acceptable as the price for keeping an industrial economy in balance, the world still did not seem to recognize that violent price fluctuations were not essential

to the maintenance of economic balance in farm and mining economies. Some degree of price flexibility was, of course, necessary to permit the adjustment of commodity markets to changing demand and supply conditions. Similarly, some degree of flexibility of manpower and resources was required to adjust to changing conditions in the economy at large. Nevertheless, just as it was realized that mass unemployment introduced not flexibility but economic paralysis, so it must be realized that the violent price fluctuations which had characterized commodity markets were not productive of economic balance but rather of economic chaos. One would search in vain for any economic purpose that might have been served by the price gyrations in coffee and cocoa in recent years, and whatever adjustment in raw materials demand and supply might have been required during the Korean boom and its subsequent collapse could surely have been accomplished with price movements only a fraction of those actually experienced.

14. At one time it had seemed to many economists that if the problem of stabilizing aggregate effective demand in the developed countries could be solved, the task of achieving stability in commodity markets would thereby be reduced to manageable proportions. Eloquent testimony of the secondary importance attached to the problem of commodity stability was to be found in the economics curriculum of every university; whereas the study of effective demand and employment had everywhere become the central theme of general economic analysis, the broad problem of commodity stabilization had for the most part received relatively marginal attention.

15. One of the most fundamental of the lessons to be learned from the economic developments of the past ten years, the Secretary-General noted, was that economic stability in the highly developed countries was by no means a sufficient condition for stability in the demand of those countries for primary products. Despite full employment and rapid growth in industrial countries, few under-developed countries knew from year to year where they stood regarding their export incomes and their supply of disposable foreign exchange. An inventory shift in a particular commodity might be of small moment in relation to the total inventory movement of a major developed country, and insignificant in relation to the aggregate production of that country, but it might spell disaster for the short-term, and perhaps even long-term, plans of the under-developed countries depending upon that commodity for the bulk of their foreign exchange incomes, and hence for their capacity to import development goods. Any unevenness in the advance of, say, heavy and light industries, such as had been witnessed recently in the developed countries, might mean windfall gains for some primary producers and extraordinary losses for others.

16. Nor could the gains of the fat years always be offset against the losses of the lean years. The lean years were likely to bring difficulties and discouragement and to impede the drawing up of development plans and programmes, both private and public. In that case, the advent of better times might find countries ill-equipped and ill-prepared to take advantage of the improvement in their situation, and the new resources might be

dissipated on luxury imports. Moreover, the cycle of commodity prices was not necessarily superimposed upon any stable long-term trend; fluctuations in commodity prices were so irregular that there could be no assurance that the gains were cancelled out by the losses over any reasonable period. Indeed, violent price fluctuations in themselves exerted an adverse long-term effect upon commodity markets; the fat years were likely to be swallowed up by the increasingly lean years as the gyrations in prices encouraged industrial countries to strive for growing self-sufficiency.

17. There was no magic formula for solving the problem of commodity price stability. No amount of searching would yield a formula applicable in all circumstances. He was convinced, however, that the inability to make any serious headway with that problem constituted one of the greatest weaknesses in the fabric of international economic co-operation at the present time. While the commodity problem might be ancillary to the broad problem of economic stability in the highly developed countries, it could not be regarded as of secondary importance from the standpoint of the world at large; the vast majority of mankind still earned its living in primary rather than industrial production. It would be dangerous to under-estimate the difficulties attached to the problem of commodity stabilization. The root of those difficulties lay in the wide fluctuations in demand, especially for inventories, and in the yield of agricultural production, coupled with the extremely low price elasticities of both demand and supply for most primary products. Despite all efforts, both national and international, the practical means for increasing those elasticities or offsetting their effects on prices remained a baffling problem. In important respects, that problem was even more difficult than that of stabilizing employment.

18. Since the labour market was predominantly national in character, the main requirement for stabilizing employment was an appropriate national policy for full employment; what was required at the international level was that each country should keep reasonably in step with the others and not seek to solve its unemployment problem at the expense of others. Provided that was done, there was no conflict of national interests regarding the maintenance of full employment; all countries shared a common interest in its maintenance all over the world. Commodity markets, however, were in essence international rather than national; no nation, no matter how strong, was likely to prove adequate by itself in the task of price stabilization. National action must therefore be supplemented by, and indeed undertaken in, a framework of international policy if it was really to succeed. At the international level, however, the difficulties of reconciling the short-term interests of producing and consuming nations had proved a powerful obstacle to action despite the long-term benefits to be derived by all nations alike.

19. That was not, of course, to overlook the fact that inter-governmental arrangements with limited price ranges were now in operation for wheat, sugar and tin and that price fluctuations in those commodities had been reduced in more recent years. It was also pleasing to note that an agreement—which, however, awaited the signature of sufficient governments to bring it into force—had been

reached on olive oil, thereby demonstrating that the present machinery could be used effectively for commodities of lesser importance in total world trade but of vital concern to particular regions. Even so, it had taken almost a decade to arrive at those four agreements only; greater interest must surely be shown if substantial progress was to be made through the commodity-by-commodity approach which so many governments favoured.

20. It was the absence of a framework of international policy that compelled the under-developed countries each to seek its own salvation in its own way without reference to wider horizons. How often had not complaints been voiced that one under-developed country was moving along the slippery path to autarky, that another was neglecting its exports, whether agricultural or mineral, or that yet a third was manipulating its exchange rates in a manner contrary to the letter and spirit of the Bretton Woods agreements? Yet how many of those who criticized the under-developed countries in that fashion had given adequate thought to the structure of world economic relationships which had forced those countries into unorthodox patterns of behaviour?

21. At the present session, the Council was debating one notable proposal with a significant bearing on commodity stabilization—the proposal for a world food reserve (agenda item 7)—and in the past it had ranged over the whole gamut of international measures, from individual commodity agreements through buffer stocks to commodity currency proposals. So far, however, disappointingly little progress had been recorded. He had no desire to minimize the difficulties and complexities in that area, but he felt obliged to express his firm conviction that much more could be done than had so far been accomplished. Surely a great deal more had been achieved towards economic development in other, and no less difficult, directions. Only a generation earlier it would have been inconceivable that the nations of the world should embark upon a collective programme of technical and financial assistance to under-developed countries. Yet that programme was now a living reality. What goodwill and understanding had accomplished in establishing a foundation for international aid they could achieve also in laying the groundwork for stabilizing the trade of under-developed countries. If peoples and governments would come to understand that commodity stabilization was not merely a narrow matter of price haggling between producers and consumers, but was a problem of eliminating the wild fluctuations which beset the economies of under-developed countries, he had no doubt that ways and means would be found for its solution. In the light of the fact that both the Food and Agriculture Organization and the Contracting Parties to the General Agreement on Tariffs and Trade were working in that field and that there was a Commission on International Commodity Trade as well as an Interim Co-ordinating Committee for International Commodity Arrangements, it seemed to him that it was not so much new machinery that was required as proper education and goodwill, both of the public and of governments, to co-ordinate and utilize more effectively the machinery which already existed.

22. He did not wish to imply that commodity stabilization was an all-sufficient answer to economic develop-

ment. No matter what successes might be achieved in stabilizing commodity earnings, primary production alone could not be relied upon to close the gap in *per capita* incomes between the developed and the under-developed areas. That was not just because the extent of the gap depended partly upon the long-run terms of trade rather than merely on short-term fluctuations around the trend. The problem lay deeper than that: it had its roots in the world structure of demand. It was true that, with the growth of output and incomes of industrial countries, the demand for primary products might be expected to rise, but experience over a long period showed that that rise was far from proportional. Even if supplies of primary products were to keep pace with the demand and the terms of trade were to remain unchanged, the growth of income earned in primary production would lag considerably behind the growth in income of industrial countries. As was demonstrated in the *World Economic Survey 1955*, the growth of total output in the under-developed countries had lagged behind that of the developed countries, not because of lesser progress in each of the major sectors of production taken separately, but because agriculture, which accounted for a much higher proportion of the total in under-developed countries, had almost everywhere expanded at a much lower rate than manufacture.

23. If the under-developed countries were even to maintain, let alone increase, their relative share of the world's total output, they could not rely exclusively on expanded exports of primary products to industrial countries, but must embark upon a programme of broad economic development. The under-developed countries, with their very low productive capacities, could not, of course, hope to match the absolute growth of the developed countries; in absolute terms, the gap in *per capita* incomes between them must be expected to continue to widen in the foreseeable future. What was disappointing, however, was that, even in percentage terms, the under-developed countries had failed to match the rate of growth in *per capita* income of the industrial countries since before the war. In view of the very much lower levels from which the percentage changes were calculated in the case of the under-developed countries, a reasonable target for economic development should at least provide for a higher percentage rate of growth in the under-developed than in the developed countries. Otherwise it would be impossible ever to increase the share of the under-developed countries in the distribution of the *per capita* income of the world. That the target had not yet been reached merely emphasized how great was the need for intensified efforts, both national and international, to speed the process of economic development.

24. He said that if he did not speak about international aid, it was only because in that area the Council had at least laid a foundation on which it was possible to build. International aid, however generous and unselfish it might be, could never be an adequate substitute for stable and growing export earnings. Even in highly prosperous times, the year-to-year fluctuations in commodity earnings frequently cancelled out several times over the total international assistance which a country might be receiving from all sources. It was enough to realize that a change of only 5 per cent in average export prices was

approximately equivalent to the entire annual inflow of private and public capital and government grants to under-developed countries. Essential as it was to expand international financial aid in all its forms—private and public, bilateral and multilateral—highest priority must be given to expanding the trade of the under-developed countries, not only because of its significance as the preponderant factor in economic development, but because trade was after all the best form of aid.

25. Mr. MYRDAL (Executive Secretary, Economic Commission for Europe) said that the two main documents prepared by the secretariat of the Economic Commission for Europe (ECE) as background material for the discussion were the *Economic Survey of Europe in 1955* (E/ECE/235 and Corr.1 & 2), and the latest *Economic Bulletin for Europe*, published in May 1956. In accordance with its usual practice, the ECE secretariat had tried in the *Survey* not only to review developments in the European economy during the last year, but also to draw attention to certain long-term problems which were both important and topical and immediately relevant to the policies at present pursued by the governments in the region. In view of that, the *Survey* placed special emphasis on investment problems and policies.

26. In western Europe, despite the steady growth in output in recent years, fears of price inflation or of balance-of-payments difficulties had begun to revive towards the end of 1955. In a few countries governments faced with the problem of dealing with an excess pressure of demand had been able to plan to ease the pressure by takings steps to encourage a larger volume of imports. The balance-of-payments situation of many countries of western Europe, however, was not so favourable as to make that course practicable, and for them the problem was one of taking steps to restrain the rate of growth of total demand. The question was always how best to strike the right balance between the long-term claims of investment to provide the basis of future economic growth, and the immediate demands of consumers for higher living standards.

27. In the countries of eastern Europe and in the Soviet Union a high rate of investment had long been a basic premise of economic planning, and their rates of development had been, and were, more rapid than elsewhere. There also, however, similar questions of the right balance between the claims of investment and of consumption on limited resources had become not merely matters of urgent concern to governments but also the subject of increasingly open discussion. In that connexion he would like to say how much the ECE secretariat welcomed the increased flow of information on economic development in the USSR and eastern Europe and the prospect of still more information in the future. The freer exchange of ideas between governments and between economists in the East and West of Europe, which now seemed to be a real possibility, could not fail to benefit all concerned and to further the aims of the Economic and Social Council and of the United Nations generally.

28. In the latest *Economic Bulletin for Europe* the ECE secretariat had tried to bring its analysis of current economic trends in Europe more or less up to date. Since the publication of the *Bulletin*, the European

economy had continued to develop very much on the lines foreseen: the expansion of output had continued in most countries, but at a rather slower rate, and in some countries demand threatened to grow more rapidly than output. The crucial problem occupying the attention of many western European governments was still that of restraining inflationary tendencies; eastern Europe was faced with a similar problem, though in a different form—namely, how to satisfy the desire of the people for higher standards of living, after long years of sacrifice and efforts, without paying too high a price in the form of reductions in the investment which was essential for continued progress.

29. At its twentieth session (871st meeting) he had drawn the attention of the Council to the rising demands of defence programmes. He had pointed out that they constituted the main obstacle to a more rapid growth of civilian consumption and investment in the countries of both parts of Europe, on whose overstrained economies even the short-term effect of disarmament would be very salutary. Although defence expenditure now appeared to have passed its peak in most countries, the claims of defence were still a heavy burden on Europe's resources. The reduction of that burden was essentially a political problem, but no economist could fail to be impressed by the obvious economic advantages to all countries that such a reduction would confer and by the contribution such a reduction could make to the solution of the most immediate of the economic problems now confronting governments everywhere—namely, the problems of an overstrained economy, of inflationary pressure, and of threatened bottlenecks in production.

30. The Secretary-General had referred to the problems created for the under-developed countries by the violent fluctuations that had occurred in recent years in the prices of primary products, which provided the greater part of their export incomes and, in that connexion, had also considered the question of price-trends. At the twentieth session (871st meeting) of the Council he himself had pointed out that the countries of western Europe were steadily becoming more able to relax their restrictions on dollar imports and that that development, good as it was in itself, was having a grave effect on the import demands of western European countries from the under-developed countries. In the *Economic Survey of Europe in 1955*, it was pointed out that the economic expansion of Europe that had been taking place over the last few years appeared to have been of little benefit to the primary producing countries, especially those that were mainly dependent on exports of agricultural products. The *World Economic Survey 1955*, too, drew attention to the same trend. Imports into western Europe from the countries mainly dependent on exports of agricultural products had scarcely increased from 1954 to 1955 and that trend was still continuing.

31. There appeared to be three main reasons for the failure of European imports of agricultural products to rise, even with rapidly growing industrial production. Two of them were, in themselves, a matter for satisfaction: the increasing multilateralism of western European trade, and the technical progress reflected in the increased ability to produce substitute synthetic materials. The third reason was the growth of western Europe's own

food production, often behind protective barriers. Those developments laid on all countries an obligation to do everything possible to offset the inevitable difficulties involved for the under-developed countries. The *Economic Survey of Europe in 1955* drew attention to some of the undesirable consequences that might follow for western Europe if the export income and import capacity of the primary producing countries did not grow with the rising export capacity of western European industry, and it suggested that the industrialized countries of western Europe should, in their own interests, be prepared to relax protective barriers against imports of those products which the under-developed countries could produce relatively cheaply. In several of its studies over the past few years, the ECE secretariat had drawn attention to that same problem of interest conflicts, not only between western Europe and the whole of the under-developed world, but also between the richer north-western part of Europe and the poorer southern part.

32. The problem had an entirely different configuration in the USSR and the eastern European countries, which were already showing signs of offering an expanding market for the foods and materials of the primary producing countries and of developing a complementary export trade in machinery and other manufactured goods; for various reasons they were able to plan their trade in that way. That trade was, however, still very limited in size and distribution compared with the great traditional trade between western European countries and the primary producers.

33. He was conscious of another potential threat to the development of trade, on a mutually beneficial basis, between western Europe and the primary producing countries. It would be disastrous if the inflationary pressures at present disturbing so many western European countries were to lead to the development of serious balance-of-payments difficulties, and perhaps to a retreat by those countries into new policies of protection and import restrictions. That had not happened so far; indeed, some countries were trying to lessen internal inflationary pressures by admitting imports more freely than before. He hoped that the Council would agree that it was of the greatest importance that all countries, and particularly the developed countries, should feel the obligation to continue to deal with their domestic difficulties as far as possible by measures which were not liable to impede the growth of world trade and incomes in the primary producing countries as well as in the industrialized areas.

34. Mr. LOKANATHAN (Executive Secretary, Economic Commission for Asia and the Far East) said that economic development in Asia and the Far East had reached a critical stage at which the opportunity for, and possibility of, further advance depended at least as much on international action and effort as on national and domestic effort. At the eleventh session of the Economic Commission for Asia and the Far East (ECAFE), in 1955, some of the more developed countries in the Commission had stated that the development of the under-developed countries of Asia was a joint responsibility and that the more advanced countries should assist. The extent to which that lofty principle was translated into action would determine the march of the peoples of Asia in

their struggle to raise their standards of living and to increase their prosperity.

35. Within the last few years a social and political climate that was most favourable to economic development had evolved in the countries of the ECAFE region. Almost every government in the region had assumed direct responsibility for the economic and social welfare of its people, who in turn had come to judge the performance of their governments by their success in promoting economic development and industrialization. Asia appeared to have emerged from a period of stagnation and to be ready for a decisive march towards more rapid development.

36. For the first time an effort had been made in the *Economic Survey of Asia and the Far East 1955*¹ to review the economic progress achieved in the post-war period. Despite the limitations of statistical data and the reservations regarding their value, all the available evidence pointed to a rate of economic growth which in many cases had surpassed the rate of population growth; that development had inspired the governments and peoples of the countries of the region with confidence, with the result that efforts had been made to accelerate development and deal with population pressures. The degree of progress should not, of course, be exaggerated. Agricultural production, the mainstay of life in the region, was still substantially below pre-war levels on a *per capita* basis for the region as a whole, and, of the nine countries whose aggregate estimates for their domestic production had been reviewed, only four, with a combined population of less than 140 million, appeared to show an upward trend of more than 3 per cent per annum on a *per capita* basis. Increases in industrial production, substantial though they were, had not been enough to bring about an appreciable increase in total domestic production, owing to the heavy preponderance of agricultural production in the region. Furthermore, economic growth had not kept pace with that in industrial countries; indeed, the gap between them was becoming wider. The fact that it was not enough for the countries of the region to attain the same rate of growth as that of industrial countries, but that they needed to achieve a much greater rate, was a matter which had not so far received adequate attention.

37. What was significant, however, was that the countries of the ECAFE region were moving forward and were determined to move faster. It was in that context that the United Nations, and particularly the Economic and Social Council, would have a determining influence in raising standards of living in the region.

38. The Secretary-General had focused attention on the question of securing greater stability of prices of primary products, a problem which had been the subject of debate at every ECAFE session so far. At the meeting of the Working Party on Economic Development in November 1955 there had been unanimity among all the country experts that the avoidance of economic instability was essential for sustained economic growth. No appreciable remedial measures were yet in sight, but in the meantime it should surely be possible to explore

the possibility of giving countries which depended upon exports of primary products a guarantee against the loss of foreign exchange. What they needed was some assurance that they could go forward with their programmes of economic development without the fear of having to reduce their pace owing to sharp falls in their foreign exchange earnings. Such an action could be truly termed international economic co-operation, and the sacrifices entailed would not be heavy, for losses of foreign exchange earnings by the under-developed countries should have been accompanied by gains to the developed countries as purchasers of primary products.

39. The future terms of trade were not the only cause of concern to the countries of the region: there was also the question of foreign aid and foreign financial flows. It was easy to criticize the under-developed countries for not making greater efforts to earn foreign exchange or to mobilize more domestic savings. They were working towards that end, but the mobilization of domestic resources was not a purely economic problem; it was complicated by social, political and administrative aspects. Even countries which were familiar with the methods of raising more resources found it difficult to implement measures because of the social and economic pattern of society. Again, efforts to promote export trade came up against basic structural difficulties. It was through no fault of their own that the countries exporting primary products had not managed to achieve the same proportionate increase in foreign trade as had the more developed countries. For example, while world exports had risen by 6 per cent between 1951 and the first half of 1955, the exports of countries in the ECAFE region had declined by 21 per cent. Those countries recognized that highest priority should be given to the problem of increasing foreign exchange and that efforts should be concentrated on the promotion of export industries or of those whose products could replace imports. They had, however, embarked on their programme of industrialization and development under a heavy handicap; they had to import technology and to import capital goods, and they could not pay for those imports by means of exports from current production.

40. The world must therefore realize that neither the supply of domestic capital, now existing or potentially realizable under present institutional arrangements and economic conditions, nor the amount of foreign exchange likely to be earned by any amount of effort, would be adequate to allow even a moderate rate of growth. Financial assistance was needed, and the extent to which it was provided would determine the trend of progress in the ensuing years. The under-developed countries needed some assurance that finance would not be allowed to limit their development and that their own national efforts would be matched by a guarantee of international assistance. That was the challenge to the United Nations, a challenge which could not be escaped.

41. The countries of the ECAFE region were trying, in a number of ways and with varying degrees of success, to deal with the difficult external and internal factors over which they had no effective control. The recognition that capital and foreign exchange were the most scarce factors, and that manpower was the most important under-utilized resource, had led to a pattern of

¹ United Nations Publications, sales number: 1956.II.F.1.

economic development that would open a new chapter in the history of the development of the world. Many schemes which required large capital outlay had been relegated to a lower order of priority in favour of those which could employ a number of workers, for not only did that mean a saving in capital, but the increased employment was a great social gain. Unemployment and under-employment were the inheritance of the under-developed countries, making the creation of employment opportunities a major objective in most countries of Asia. In countries as diverse as Japan, India and Indonesia, for example, the full-employment level of national income was regarded as the major determinant of their development programmes. Pursuit of the same objective had also resulted in a deliberate policy of fostering the development of cottage and small-scale industries, which needed less capital and more organization and could absorb a substantial volume of manpower.

42. In pursuing that objective, the countries were conscious of the need for sacrifice; raising the level of employment, increasing investment in village industry and in community development projects might entail the postponement of investment in basic industries, as well as delay in taking advantage of new technologies and the perpetuation of uneconomic units of production.

43. There were other problems, some of which the countries of the region could and should solve: for example, the continual inflationary, and less often deflationary, pressures in the economy. The source of inflationary pressures was often external; in some cases it was the inflexible military and other non-developmental expenditure, leading to budgetary deficits, while in others it was their own development efforts and programmes. Few of the countries had been wholly successful in developing and diversifying their economics sufficiently to strengthen the resistance to inflationary and deflationary pressures from abroad and from within; they were, however, seeking to control such pressures by flexible export duties, marketing boards and fiscal and tax policies, as well as by their monetary policies.

44. One of the most hopeful elements in the economic situation of the region had been the thinking and effort that had gone to the establishment of planning machinery and planning schemes. The plans varied from mere expressions of objectives and desires to the establishment of detailed development programmes and investment policies, especially in the public sector. In some countries planning was limited to the establishment of priorities in development expenditure, while in others it had developed into an over-all planning of investment, employment and production. Whatever the differences, however, the public were always sharers in the great enterprise and they recognized that it was primarily their responsibility to reach the targets set in the plans.

45. The economies of the countries of the ECAFE region, with the exception of mainland China, were neither socialist nor capitalist. Indeed, for many years to come they could not help remaining the sort of mixed economies which they were at present. The shortage of entrepreneurs and entrepreneur talent had necessarily led to the acceptance of entrepreneur functions by governments and government agencies. The widening public sector must therefore be accepted as part of the economic

system of Asia, although most countries were anxious to strengthen and develop private initiative and were taking steps to secure an adequate supply of business talent and ability.

46. Altogether a great deal was happening in the under-developed countries of Asia and the Far East to inspire hope and confidence, but more international help was necessary if progress was not to be arrested. He would therefore conclude by asking the same question as that asked in the *World Economic Survey 1955*: whether the scope and scale of present programmes and assistance represented the world's optimum contribution towards the achievement of the accepted objective.

47. Mr. PREBISCH (Executive Secretary, Economic Commission for Latin America) said that the main problem of economic development in the Latin American countries was how to provide for capital formation in order to increase income per head. As the report of the Economic Commission for Latin America (ECLA) (E/2883) had shown, there were many economic and social forces hindering such capital formation, which was essential for economic progress. Consequently a new combination of economic forces must be found to permit a higher rate of development by means of increased capital formation. That could not result from the normal action of economic forces; concerted national and international action was thus essential.

48. At the moment there was nothing to suggest that the rate of capital formation could be speeded up sufficiently to expedite economic development. The illusions of the immediate post-war period had vanished, and it was now clear that the increase which had occurred at one time had been due to the temporary improvement in exchange rates. The collapse of those rates, and the constant pressure of consumer demand characteristic of countries in process of development, had once more slowed down capital formation.

49. A substantial increase in exports would undoubtedly help to create more favourable conditions for speeding up capital formation, to which the present limited import opportunities were one of the greatest obstacles. During the last few years there had been some favourable signs. The Latin American countries were realizing more clearly the serious mistake they had made in maintaining too high an exchange rate and attempting to control the prices of primary commodities to give consumers temporary satisfaction. Policy in that respect was now changing and some improvements were already apparent as the result of the steps taken to remove the obstacles to increased exports.

50. The Latin American countries were trying to carry out a policy which would promote their exports, but in his opinion such a policy could no longer have the same effect as in the past on their development. Indeed, a number of factors were tending to slow down the rate of exports and keep it below the level essential for speedier economic development, the need for which had been stressed by the Secretary-General in his statement. In that connexion he wished to point out that in a preliminary report on trade opportunities open to the Latin American countries the Executive Secretary of the Economic Commission for Europe had reached the conclusion that

western Europe could absorb very little of the agricultural output of Latin America, particularly cereals and meat. Similar conclusions were suggested by the rise in production due to higher productivity or the increasing replacement of natural commodities by synthetic products, or the tendency for the European countries to develop their own agriculture sufficiently to cover all their needs. The possibility of developing markets outside western Europe should be carefully studied. He proposed to revert to that question when ECLA's programme of work was discussed.

51. In view of those prospects, the economic expansion of the Latin American countries would require structural changes in their economies. As the Commission's report had endeavoured to show, industrialization was essential to their development. But industrialization called for a considerable flow of capital and technicians from other countries, and during the last ten years, as the Secretary-General's report had emphasized, the influx of foreign capital had not been sufficient to meet the requirements of economic development; that was one of the major problems.

52. The only conclusion was that the economic development of the countries of Latin America had so far remained purely theoretical. The problems and the changes required in the economic structure of the various countries were much better understood than they had been ten years earlier. Some valuable experiments had already been carried out, for instance in technical assistance and in the improvement of production methods, and had shown the ever-growing importance of planning economic development. Such planning was not inconsistent with the free interplay of economic forces. Furthermore, it was being realized to an ever greater extent that inflation could not assist economic development or serve in any way as an instrument of social policy in countries undergoing such development.

53. Those were principles on which no doubt an intelligent policy of economic development could be based, but if serious economic and social tension was to be averted it must be realized that everything so far had been but a preliminary phase. ECLA must continue to play its proper role, which was both a theoretical and a practical one.

54. He hoped to be able to make a few comments on the work of the Commission when the reports of the regional economic commissions were discussed.

55. Mr. ASMAUN (Indonesia) thanked the Secretary-General for his excellent introduction and the executive secretaries of the regional economic commissions for their clear accounts of the economic situation in different regions. His delegation was also grateful for the comprehensive reports prepared by the Secretariat.

56. As it was the Council's aim to exchange views in order to achieve a better understanding and, if possible, to solve the economic and financial problems afflicting different parts of the world, and to consider ways of encouraging economic co-operation, he wished to comment on some recent economic developments, particularly those affecting the less developed countries, which had been carefully analysed in the *World Economic Survey 1955*.

57. In 1955, trends in the highly industrialized countries had been favourable. Economic activity had increased considerably in Europe, and in the United States of America the recession that had persisted from mid-1953 to mid-1954 had given way to a further upward trend. Industrial production in the United States of America, western Europe and the Soviet Union had increased by 11, 9 and 12 per cent respectively. Given the economic interdependence of the modern world, a favourable business cycle in highly industrialized countries had also an impact on the less developed, for it stimulated demand for raw materials, of which the latter were the main producers. They would have benefited even more if they could have fully used their improved foreign exchange earnings for the purchase of capital goods. However, the increase in their purchasing power had not kept pace with the increase in production in the industrialized countries. It would therefore be desirable to facilitate the purchase of capital or consumer goods through medium-term and long-term credit arrangements, which would also be advantageous to industrialized countries by providing outlets for their manufactured goods or surplus commodities.

58. Under-developed countries were also unable to take advantage of the prosperity of industrialized countries for other reasons than their low purchasing power. First, being specially exposed to the hazards of the weather, they were sometimes obliged to spend large amounts of foreign currency on imports of food, and secondly, many of them were faced with large budget deficits, which were an obstacle to monetary equilibrium, led to high costs and therefore prevented steady progress. Nevertheless, their situation would be even worse if that of the highly industrialized countries, which affected them so greatly, were to deteriorate. A striking example of that fact had been the effect of the recent recession in the United States automobile industry on the rubber market, the principal source of Indonesia's foreign exchange earnings. Another example of a different kind was the existence of agricultural surpluses in the United States of America which, although made available on advantageous terms, were in themselves an unhealthy phenomenon which could not fail to have repercussions on the normal market conditions of other food-producing countries.

59. One of the weaknesses of the economic situation of western European countries was their high rate of production. For example, in the United Kingdom only 1 per cent of the total labour force had been unemployed in July 1955, a figure representing less than half the number of available vacancies; the result had been pressures causing inflationary tendencies. The same was true, to a lesser extent, of the Scandinavian countries, Belgium, the Netherlands, Luxembourg and Switzerland. In addition to the problem of over-employment, the countries of that area had their balance-of-payments and dollar problems, the latter being temporarily concealed owing to high dollar earnings arising out of defence requirements.

60. Some eastern European countries seemed to be experiencing manpower difficulties, due to efforts to diversify their industry, which ought, in part at least, to be alleviated by the reductions in the armed forces. They were also encountering some agricultural problems.

61. One trend in the highly industrialized countries, which was being watched with some concern because of its repercussions on the position of the less developed countries, and particularly its adverse effect on their exports, was the decline in the consumer-goods sector and the shift to heavy basic industries: the more so, as there had been a fall in the demand for primary products due to their more economic utilization, technological progress, re-processing of scrap materials and the substitution of synthetic for natural products.

62. Turning to the less developed countries, and particularly those of Asia and the Far East, he said that, generally speaking, 1955 had been a good year, the gold and foreign exchange holdings of all of them, except Burma and the Philippines, having increased. Notwithstanding, their over-all share in world exports had grown but slightly, mainly because the range of their exports was narrow and because they were particularly vulnerable to world market conditions and short-term price fluctuations. The economies of those countries being extremely sensitive to world conditions, the favourable business cycle in industrial countries was not enough to guarantee the stability of their export markets, which was one of the principal reasons for the unstable economic situation throughout Asia and the Far East. The precarious balance-of-payments situation of most of those countries, which led to import restriction affecting price levels, wages and costs and thus reduced their ability to compete in world markets, was the cause of constant concern, as was also their agricultural situation. Agricultural production was still 14 per cent below the 1934-1938 average (excluding China) so that, despite the fairly general improvement noted in the *World Economic Survey 1955*, there had been relatively little progress in the unending struggle to raise *per capita* income above the already low pre-war levels.

63. The figures given in the *Survey* showed that the progress made by industrial countries had not been equalled by the Asian countries either in respect of economic stabilization or in respect of growth, and it was very disquieting that, during a generally favourable period, economic and social conditions in Asia and the Far East should not have been so satisfactory as elsewhere, and that the gap between their living standards and those of more advanced countries was wider than ever. The prime remedy for that serious situation was the development of the less advanced countries which, in their various plans, were all striving to redress the one-sidedness of their economic structure, to diversify production and to develop their manifold resources. Unfortunately, in the short run all those tasks imposed a heavy burden on their often precarious finances. However well devised and executed their plans might be, they would never be able to pull themselves up by their own efforts, because for historical reasons they were at the moment largely dependent upon financial and technical help from abroad. What was needed was a more even and equitable growth of prosperity throughout the world.

64. The second remedy was international action to accelerate a steady flow of capital to less-developed countries, and in that connexion he drew attention to

the important recommendations made in the final communiqué issued at the end of the Asian-African Conference held at Bandung in April 1955. Some related to co-operation between the Asian and African countries themselves, but others related to international co-operation in the widest sense, and called for the early establishment of the Special United Nations Fund for Economic Development (SUNFED), larger allocations to Asian and African countries from the resources of the International Bank for Reconstruction and Development, and the establishment of an international finance corporation which would undertake, *inter alia*, equity investment.

65. The Conference had also recommended that collective action should be taken to stabilize international prices of and demand for primary commodities through bilateral and multilateral arrangements, and the adoption of a unified approach, so far as was practicable and desirable, by the Commission on International Commodity Trade and other international bodies active in the commodity field. The Council and its organs had a most important part to play in the solution of those problems, so vital to the less developed countries which, at the moment, depended for their very life on the export of primary commodities. Events in 1955 had proved the wisdom of those recommendations, because, as he had shown, favourable business conditions in the industrialized countries did not provide a panacea for the ills of the less advanced. More far-reaching international action and better guarantees of stable prices of raw materials were therefore needed. Even if the highly industrialized countries succeeded in overcoming inflationary or deflationary tendencies, and the present upward swing continued, the benefits to the less developed countries would still be relatively small. Hence, if it was really the intention of the former to narrow the gap, they should follow the course advocated at the Bandung Conference.

66. The relaxation of political tension was to be welcomed, but economic difficulties were still formidable, particularly to the less developed countries, and gave little sign of abating. It was accordingly in the enlightened self-interest of the highly industrialized countries themselves that that state of affairs should not persist. Governments, whose prime responsibility it was to combat inflationary and deflationary tendencies, were devising ways of doing so, but those tendencies also affected the economies of other countries, so that what our world of today in its close economic interdependence needed above all was an effective international co-operation aiming at mastering, by means of international consultations and combined efforts and action, all the exigencies, not only of a slump, in which case such co-operation might be taken for granted, but also of a favourable business cycle, in order to promote the balanced economic growth of the world. The achievements of the Benelux countries and the efforts of the countries of western Europe to achieve European economic integration within the framework of the Organization for European Economic Co-operation showed that such aims were not beyond reach.

67. World economic expansion also called for an increase in world trade, so that certain countries could import goods which they did not yet produce themselves,

together with equipment for exploiting their natural resources, for which there would be an increasing demand both at home and abroad, particularly as the raw material resources of the more highly industrialized countries approached exhaustion. One method would be the liberalization of world trade on the lines followed in western Europe, where 85.8 per cent of intra-European trade in that area had been liberalized by the end of 1955. However, what was increasingly possible for the internal trade of those countries and their trade with the dollar countries with the help of substantial financial, economic and monetary assistance was not at the moment feasible for many others. He understood why large sums had been devoted to Europe's pressing needs for reconstruction after the war, and to the further consolidation of its economic strength, but now that remarkably rapid progress had been achieved through large-scale aid there was every ground for advocating a policy of free world trade in order to open up outlets for the world's ever-growing industrial production, which was giving rise to intense competition between the principal industrial exporting countries.

68. The position of the less developed countries, some of which were in the initial stages of industrialization, was entirely different. Some were endeavouring to make good the devastations of war and its aftermath without the substantial assistance accorded to western European countries, and might have expected that after the period during which priority had had to be given to Europe's needs, they would receive well organized international aid on an adequate scale. However, they had received instead technical assistance, economic and financial aid having been left rather to private foreign investment, which, by its very nature, could not provide adequately for development at the rapid rate required. He reserved the right to comment at greater length on that point in connexion with item 5 of the agenda (financing of economic development). It was not surprising that the less developed countries should be first and foremost concerned with their own economic and industrial development, and that the expansion of free world trade could not as yet constitute the main goal of their trade policy. They were compelled to protect, within reasonable limits, their new industries, established to offset the effects of their mainly agricultural economies, in order to safeguard themselves from foreign competition, at least during the early stages, and the composition and pattern of their foreign trade would have to be determined by their principal domestic objectives and needs. Even if they had wished to buy all the manufactured goods offered to them and to follow a liberal import policy to cover their vast requirements, their foreign exchange holdings would have proved utterly inadequate. Hence they could not avoid restricting imports, and planning carefully how to spend their limited foreign exchange resources on the capital goods and essentials without which they could not survive or make progress. Such an import policy would not affect the total value, but merely the pattern, of their imports.

69. It had been argued that the aim of the international division of labour and stabilization should be achieved through the liberalization of trade, a multilateral payments system and currency convertibility. While he

agreed in principle with that argument, he must point out that such a course would give rise to certain difficulties. Problems recently encountered in the United Kingdom and the United States of America showed that there were certain limitations on a policy of liberalization, even between highly industrialized countries, so long as there were noticeable differences in the standards of living and, what was more important, in the wage scales and productivity of the trading partners. At the moment, completely free international trade seemed possible only for some countries, and mainly in high-quality goods or goods of a very special character.

70. Multilateralism was closely related to free convertibility, a problem to which no solution had yet been found. Though restricted convertibility, in the case of sterling, the Netherlands guilder and the West-German mark, had been achieved full convertibility still seemed some way off, and would require a sound and stable balance between the dollar and other currency areas, strong sterling, and the abrogation of any system entailing discrimination against other countries. Special preference systems violated the principle of free trade, and substituted free trade between groups of countries for free trade between individual countries.

71. A further expansion of international trade, of course, also depended on an improvement in the political climate, and rapid progress on a world-wide scale could hardly be expected so long as tension persisted. His delegation was therefore following with interest the efforts recently made within ECE for improving economic and financial relations between eastern and western Europe.

72. Indonesia had faith in the United Nations as a valuable forum where all international—including economic and financial—problems could be discussed, and where effective action could be planned. His Government accordingly hoped that the growing demand generated by expansion in the highly industrialized countries would not disturb the movement of the prices of certain commodities, and that the terms of trade between primary producing countries and manufacturing countries would remain fair and stable, so that the former could carry out their economic and social development programmes, for which purpose exports were of great importance. To the less advanced countries, international commodity trade presented a problem calling for top priority at the highest political level if world economic progress and stability were to be achieved. If all members of the Council shared that conviction and acted accordingly, he was certain that many difficulties with which the countries of Asia and Africa, and other less advanced ones, were faced at their present stage of development would prove to be surmountable, and he welcomed the evidence that the highly industrialized countries were becoming increasingly, if not yet adequately, aware of the needs of others. Some steps had already been taken, and recipient countries were grateful for technical assistance and financial aid, but both were at present being provided on too limited a scale to enable the gap to which he had referred to be bridged. Thus, even during periods when business trends were favourable, it was urgently necessary to assist less developed countries by the establishment of such institutions as SUNFED,

by stabilizing raw material prices and by any other suitable means.

73. Mr. NEBOT VELASCO (Ecuador) first congratulated the Secretariat on its excellent report, *World Economic Survey 1955* (E/2864), and ECLA on its annual report (E/2883), from which he would single out a few problems of particular importance.

74. Economic progress during the last ten years had been remarkable, but still inadequate for the under-developed countries in which two-thirds of humanity lived. To improve the living standards of those peoples, whose prospects for the future were at the moment very gloomy, real international co-operation was needed. In brief, the under-developed countries had not succeeded in increasing their production to any significant extent, and had not achieved full employment. The increase in *per capita* income was inadequate, and more rapid progress was hardly to be expected in the near future. Some progress had certainly been made, but since most programmes had to be carried out by governments themselves, permanent budgetary deficits ensued, making it impossible to complete the programmes in their entirety. Furthermore, a tendency to inflation had become apparent in those countries, and restrictions on international trade had led to a reduction in trade, not only in absolute terms but also in relation to world production.

75. The improvement in the international balance was thus not due, as might have been desired, to an increased integration of the world economy, but largely to a greater degree of compartmentalization within the various economic regions.

76. In the industrialized countries, *per capita* income had increased by 45 per cent over the past ten years, whereas in the under-developed countries it had risen by only about 5 per cent on an average. There were two reasons for that disparity. First, the under-developed countries had developed more slowly than the industrial countries, industrial development in particular having been inadequate; secondly, population had increased more rapidly in the under-developed countries than elsewhere.

77. In Latin America, the constant increase in the output of primary commodities, and the decline in demand and the fall in prices had created serious difficulties, and had led to a disequilibrium in trade, the counter-measures for which, such as the restriction of imports, had not yet proved efficacious. Thus the differences between the living standards of the developed countries and the under-developed countries where the annual increase in the birth rate was 2.9 per cent was becoming more marked, and the resultant lack of balance could become serious in the near future.

78. Turning to the financing of the development of the under-developed countries, he showed that capital investment was inadequate, but doubted whether it could be appreciably increased in the next few years. Yet, according to ECLA's calculations, the countries of Latin America needed capital at the rate of \$2,200 million a year, although the average annual amount of public and private investment had never been more than \$600 million during the last four years.

79. As exporters of agricultural products, the Latin-American countries were faced with two new and very serious problems: that of surpluses in the developed countries, where improvements in farming methods had led to an increase in output, and that of the use of synthetic products instead of certain natural ones. Those two phenomena, which tended to lead to a fall in the ever fluctuating prices of primary commodities on the international markets, had very seriously affected the economies of the under-developed countries, whose national revenue and balance of payments had been affected. Attempts must be made to find an effective solution to such problems, which were a source of great concern to Latin America.

80. The existence of surplus stocks of primary commodities and instability in prices had adverse repercussions, both economic and social, for Latin America. Thus it was that during the second half of 1954 and throughout 1955 the trade balances of the Latin American countries had declined. The fall in the prices of rubber and coffee which had affected sixteen countries had been particularly marked, whereas the fall in the prices of other products had been somewhat less. In ECLA's opinion such disequilibrium would constitute a serious threat if allowed to persist.

81. The rising trend in the prices of manufactured products, added to the fall in the prices of primary commodities, further aggravated the situation in the under-developed countries.

82. A low rate of national savings, due to low *per capita* incomes, was also preventing the Latin American countries from developing their potential resources. Capital investment had fallen from 18 to about 13.5 per cent of the total national income, and was still falling. The same trend was to be observed in the renewal of former investments. That situation was alarming, and the measures taken to meet it had not yielded the expected results. Steps taken to ensure the stability of domestic prices, such as foreign-exchange control and new monetary policies designed to combat inflation, had made difficulties for production, and had often discouraged exports.

83. In Ecuador, the national income from agriculture had been 10 per cent lower in 1955 than in 1954. The standard of living of the population showed scant improvement, having risen by only 11.3 per cent in five years, an average of 2.3 per cent per annum. The level of economic activity having suffered from the fall in earnings from exports, Ecuador had been forced to adopt a policy of stimulating exports and restricting imports, and, since no increase in exports was expected, would have to continue to do so in 1956. It was obliged to follow an import restriction policy even though such a policy was harmful to its development.

84. Better balance must be achieved between all aspects of the economic development of the various countries. Any steps to that end must, however, take into account the struggle against inflation. The Latin American countries could not develop successfully without first solving the structural problems inherent in their economies.

85. It was to be hoped that the reports submitted to the Council would enable sound decisions to be taken to

solve the problems of the under-developed countries, especially the problem of improving the living standards of their peoples.

86. Mr. STIKKER (Netherlands) said that, in pondering the road travelled during the past decade, it was striking to remember the spirit of unbounded optimism that had prevailed among the statesmen who had created the United Nations. Mr. Cordell Hull had said in 1944: "When a general international organization, based on the principle of the sovereign equality of all peace-loving States, has been established, there will no longer be need for spheres of influence, for allowances, for balance of power or for any other of the special arrangements through which, in the unhappy past, the nations have striven to safeguard their security or to promote their interests." Experience had shown that on the political plane peaceful co-operation between sovereign and equal States was not so easily to be achieved, that not all countries were willing to play their part, and that so long as they remained sovereign and were presumed equal there was hardly any means of forcing them to co-operate. Hence tensions had persisted, plans for disarmament had failed and the United Nations had played but a limited part in world affairs. To remedy that situation the first need was to restore, or rather to establish, confidence; but that was a state of mind not to be created by words, but only by deeds and, in the absence of the latter, countries would continue to live in an atmosphere of distrust which pervaded not only politics, but also the United Nations' economic and social activities.

87. However, if allowance were made for that factor, the situation with regard to economic development, if considered independently, was a little brighter. During the first five years of the past decade, the havoc wrought by the war had been repaired and the more advanced countries had been able to turn their attention to the needs of the less fortunate ones and to initiate a vast and growing undertaking to improve the latter's standards of living and production.

88. The reason for the greater success of the economic as distinct from the political enterprises of the United Nations was, first, that political co-operation had a long history, and had in the past usually taken the form of wartime alliances to resist a common enemy. Economic co-operation, on the other hand—and he had in mind neither the valuable studies initiated under the League of Nations nor the occasional pre-war international conferences, such as the World Economic Conferences of 1927 and 1933, but the systematic work being done in the Council—was a new development, a continuous struggle against poverty, disease and ignorance with which there could be no truce, for they threatened the whole of mankind.

89. Secondly, the aims of foreign policy were to safeguard the State against possible attack, so that it vacillated between confidence in and mistrust of the intentions of other States. The study of economic and social policies, however, aimed as it was at safeguarding the world against the consequences of natural disasters, could be firmly based on a common knowledge of the enemy to be defeated. All were obliged to fight in the same cause, and were therefore free to trust one another and to

concert action on the basis of common understanding. Though he was not so naive as to suggest that there was nothing but harmony in the economic and social spheres, they did differ from the political in that they called for practical solutions and lent themselves to the scientific approach, which, in spite of the constant presence of national self-interest, could result in effective measures. For those reasons, he believed that the prospects of the Council's being able to fulfil its task were more hopeful, but he regretted that the better understanding of the problems of others, and general confidence, were being frustrated by certain States with centrally planned economies, which were withholding information. On the other hand, one of the gains won during the past decade was the acceptance and understanding by other countries of responsibility for "the promotion of the economic and social advancement of all peoples", and particularly those of the under-developed countries.

90. The overwhelming mass of documents prepared each year by the Secretariat for the discussion on the world economic situation placed the Council in a dilemma: either the Council could discuss it superficially, or each member could comment on particular aspects of special concern to his country. In the latter event the general debate lost much of its interest and the Secretariat's efforts were not rewarded by the response they merited. The different approach of devoting more than half the space to a special subject, adopted in the present *World Economic Survey 1955*, might offer a way out. He believed that in future even less space might be devoted to the analysis of recent trends, in order to focus attention on real matters of principle, and hoped that it would be possible to select a suitable subject of general interest every year. The way in which the Secretary-General had devoted primary attention to commodity stabilization in his introductory statement suggested that he shared the opinion that a useful precedent had been established which ought to be followed up. For example, transport, as an important factor in economic development, might be taken as the main theme of one of the future surveys, because such international agencies as were at present dealing with various transport questions did so largely from a technical and regional point of view, world aspects, as a rule, being touched upon only incidentally. Transport was a subject which had many interesting facets both for developed and under-developed countries, so that a more thorough discussion of it in the context of the world economic situation as a whole might be advantageous. That was only a suggestion, and his delegation would be glad to consider others.

91. Commenting on the question of balanced growth, which lent itself to thorough examination and was the subject of the introduction to the *Survey*, he said that in modern economies there was no other problem that was so great a test of the ability of economists and administrators alike. The days were past when it could be argued that economic forces would always tend to bring about equilibrium, and the lesson had been learned from bitter experience that they had to be manipulated if the kind of equilibrium considered to be the ideal was to be achieved. Naturally, opinion on the true nature of that equilibrium differed, and his country was among those which felt that the right equilibrium was one in which the initiative

of the individual had free play in the attainment of freedom. Others laid less stress on individual well-being, and yet others on the rapid consolidation of national power. The *Survey* gave some idea of how each country was trying in its own way to solve the riddle, and he proposed to make his observations on the basis of the classification of countries adopted in the *Survey*, which, though open to criticism, was not easy to replace, because of the elusive shades of distinction between various systems.

92. Turning first to the "centrally planned economies", he said that the lack of detailed statistics might have been the reason for the relative brevity of chapter 3 in part I of the *Survey*, and again stressed the importance for the Council's work of full and reliable data. He hoped that the improvement in the exchange of information between members of ECE would continue. In the meantime, owing to the lack of adequate information, it was extremely difficult to judge objectively whether economic growth in those countries, which was often expressed in terms of percentages and indices rather than in absolute figures, could be considered as well balanced. According to the criteria normally applied in analysing the economies of the western countries, the answer would probably be in the negative. There were also indications that the governments themselves of such countries were dissatisfied, in some important respects, with certain economic trends. It could not be denied that during recent years important changes in economic policy had taken place at comparatively short intervals. For instance, in 1953 there had been a sudden change in favour of the production of consumption goods, whereas in 1955 there had been a swing back in favour of heavy industry. Other symptoms showing a lack of balance had manifested themselves in the serious economic difficulties which Czechoslovakia, Hungary and Poland were at present experiencing, and the disproportion between industrial and agricultural growth in most countries of the group was well known.

93. There was, of course, no single and simple yardstick for measuring the success of any government's economic policy. The Secretariat had examined in detail various aspects of economic growth, concentrating its attention particularly on internal financial equilibrium and external balance-of-payments problems. He did not intend to comment on that interesting analysis, preferring to approach the question from a somewhat different angle and to examine where, and to what extent, economic policy in the different categories of country had taken account of the interests of others, and of the world economy as a whole, because he believed that aspect, which had been ignored by the authors of the *Survey*, to be of particular importance in a discussion covering the entire world.

94. So far as the centrally planned economies were concerned, the answer to his question was regrettably not difficult to find. The policy of economic self-sufficiency pursued by communist governments was contrary to the harmonious development of the world economy and those governments did not deny that the interests of others carried little weight in their councils. Mr. Kruschchev, in a statement quoted in the *Survey* (p. 89), had emphasized the importance of economic co-operation

but had confined his support explicitly to the interests of "the socialist camp as a whole". Though it might be true that a national policy directed towards the maximum expansion of the domestic economy indirectly, and perhaps unwillingly, served the interests of the world as a whole, that pre-supposed a certain similarity between the aims pursued, which in important respects was absent as between countries of the Soviet bloc and others. The principal object of economic policy in the industrial countries was the well-being of their citizens, but that did not appear to be so in the countries with a centrally planned economy, which paid scant heed to the welfare and human dignity of the individual.

95. In the light of those factors, he could only conclude that the economic growth in the latter group of countries had not been sufficiently balanced in the western sense, since they had not adequately served the interests of the peoples of the world.

96. With regard to the "industrial countries", the outstanding feature seemed to be the continuous expansion of production, consumption and investment which had occurred after their recovery from the effects of the war, and particularly since 1948. It was understandable that that phenomenal growth should provoke some anxiety in certain quarters, but he wondered whether there was any justification for the ominous parallels with 1929 drawn by those only too ready to believe that history repeated itself.

97. The analysis in the *Survey* of the situation in those countries certainly did not suggest that they were beset by business recession. Without indulging in any false optimism, it was clear that the economic situation in 1956 was entirely different from that obtaining in 1929. Post-war reconstruction and the satisfaction of accumulated demand, mentioned in the *Survey* as important factors in the state of current business, had certainly contributed to the boom, but present conditions were, perhaps, just as much due to a number of entirely different factors, such as high investment in industry and housing, inevitably high defence expenditure, measures to improve the standard of living of the working classes—causing large increases in production and consumption, particularly of durable consumer goods—and a considerable growth in international trade established between developed countries. All those factors had helped to strengthen economic equilibrium, and might be described in the American phrase as "built-in stabilizers" which had underpinned the economy and made it more or less foolproof. Consequently, the industrial countries were facing a situation which was almost the reverse of that of the 1930s which had inspired Lord Keynes's theory that spending and investment should be encouraged as a means of overcoming deflation and unemployment. The dangers confronting the industrial countries at the moment were not deflation and unemployment, but too high a level of employment, and inflation. The restrictive measures taken by the monetary authorities of various industrial countries were clear evidence that those dangers were realized, but they would have to be taken circumspectly, otherwise interference in normal financial relations might threaten existing economic structures. A note of warning against the indiscriminate use of such methods had been sounded in the introduc-

tion to the *Survey*, and the distinction between demand inflation, which required one set of remedies, and cost inflation, which called for another, should be borne in mind by all.

98. In his observations on the third group, the "primary producing countries", he intended to confine himself to those which were less developed. The problem of balanced growth varied from one to another, and the considerable differences between the economic outlook of, for instance, the producers of cereals, of staple fibres, of minerals and of petroleum were abundantly clear from the *Survey*. Broadly speaking, it seemed that countries with a diversified economy were better off than those which were dependent upon one or few products. The *Survey* laid particular stress on the widening gap between economic growth in industrial and that in under-developed countries. That regrettable circumstance should stimulate the nations to find means of promoting the economic growth of the latter, one of which means, as he had suggested at the twenty-first session (906th meeting), was the application of modern planning techniques to ensure that the best possible use was made of all available and potential resources. Planning techniques were usually worked out by economists and technicians, but once the plans had been approved by governments it still remained to make them acceptable to the general public, which must be educated to understand the objectives aimed at.

99. It was convincingly argued in the *Survey* that balanced growth must often be preceded by growth in key economic sectors, one of which was regarded in some countries as the production of food for domestic use. If that were considered as an aim in itself, its effect might not be very far-reaching, but it could sometimes provide a useful starting-point, because it would require tools, fertilizers and other industrial goods which would have to be produced within the country concerned. Measures to increase domestic food production might have the triple advantage of improving nutritional standards and the balance of payments and of raising the purchasing power of the rural population.

100. A primary requirement for many under-developed countries was to build up an intra-structure; but the choice of the right one would call for careful planning if uneconomic investment was to be avoided.

101. It was now an accepted fact that industrialization was vital to the under-developed countries; but the questions were: to what extent it should be carried, of what kind it should be and how it could be accomplished with a maximum of human freedom and in the best possible social conditions. Industrial investment required even more careful preparation than investment in agriculture, because the amount of fixed capital which would be wasted in case of failure was substantially larger. The *Survey*, without suggesting an alternative, stressed that in the case of many under-developed countries comparative prices were not a guide to what should be done.

102. The question of comparative prices and of industrialization was directly related to that of import policy. A country in course of development would usually

wish to protect its infant industries in some measure and it remained to decide in each case to what extent and for how long it should do so. Development possibilities would be greatly increased if such countries could count on stable and remunerative prices for their principal exports, which, for a long time to come, would consist of primary products; and there the observations on commodity stabilization made by the Secretary-General, the Executive Secretary of ECAFE, and the representatives of Indonesia and Ecuador were of particular relevance. Although, on the whole, the terms of trade of the under-developed countries had improved during the past decade, there had nevertheless been considerable fluctuations in the prices of individual products, and it was vitally important that all countries should strive to secure the price stabilization of certain primary materials, which would guarantee to developed countries a more or less stable income, thus providing a sound basis for long-term estimates of what they could hope to import in order to maintain their rate of expansion. Such a steady income would also provide some capital for further development, but, if it was to be used for that purpose, there must be an adequate taxation system and conditions favourable to investment. That might sound like a counsel of perfection, because it was a well-known fact that many under-developed countries lacked the means for capital formation. But there, the only remedy was foreign investment, which could best be provided through the United Nations, thus avoiding the disadvantages of bilateral arrangements. That was why his Government firmly supported the creation of SUNFED.

103. In conclusion, he said that every country must first and foremost bear in mind the growing influence which its economic plans and policy had on the conditions in, needs and possibilities of other countries, not only within the same group but within either of the other two. If that fact were ignored, disaster might well follow. The world was still far from the necessary unity and co-operation, but, as was stated in the introduction to the *Survey*: "For the first time in a generation trade restrictions are being progressively removed, especially by industrial countries. . . ." He could have wished that that process had been more rapid and thorough, with the abolition not only of the more immediate barriers to international trade, such as tariffs and quantitative restrictions, but also of the many forms of indirect protection that still existed, such as state trading, dual pricing, flag discrimination, etc., which continued to prevent the full deployment of economic resources. It was even more serious to learn from the *Survey* that "much of the improvement in the international balance which has been attained to date reflects not increased integration of the world economy, but rather a greater degree of compartmentalization of regions". Such painful truths raised the question whether, perhaps, the world was not, in fact, composed of a dollar area, a sterling area, a European Payments Union area and a Soviet bloc. Nevertheless, although things were far from perfect, an effort was being made to comprehend the reasons for those imperfections, to eliminate them and to work together to build something better.

The meeting rose at 6 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Bulgaria, Chile, Costa Rica, Finland, Hungary, Israel, Italy, Poland, Romania, Spain.

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

AGENDA ITEM 2

World economic situation

- (a) Survey of the world economic situation, including the questions of full employment and of the expansion of world trade (E/2864, E/2871 and Add.1 to 6, E/2880, E/2881, E/2882, E/2897) (*continued*)

GENERAL DISCUSSION (*continued*)

1. Mr. WILLIAMS (International Monetary Fund) drew the Council's attention to the changes which had taken place in the field of international payments as a result of the rapid rise in the world's productive potential and the high level of activity maintained in the industrial countries, as described in the Secretary-General's very lucid *World Economic Survey 1955* (E/2864).

2. Although the annual supply of dollars emanating from the United States of America had steadily increased between the end of the war and 1950, other countries had not availed themselves of the flow to add to their depleted reserves during that period, on account of the urgent needs of post-war reconstruction. From 1950 onwards, however, the situation had changed, and all major areas, particularly the sterling area, had been increasing their

dollar reserves, out of a total annual flow then amounting to nearly \$20,000 million, with the result that by 1955 their reserves stood at nearly \$10,000 million.

3. The fact that governments had been prepared, during the past five years, to add such a large proportion of their countries' exchange receipts to reserves showed that they felt that their acute payments problems were over. As a result, the members of the International Monetary Fund (Fund) had, for the most part, been progressively relaxing their exchange and trade restrictions. Although the changes from year to year had not invariably been spectacular, the change over the whole five-year period was impressive. Gone were the compartmentalization of trade and the extreme inconvertibility of currencies that had existed in the early post-war years. Discrimination against dollar goods had been greatly reduced or entirely abolished. Similar progress had been made towards convertibility of currencies. Although the number of countries with fully and officially convertible currencies was not much larger than it had been at the time of the Fund's creation, the measures taken gradually over the past five years had resulted in a substantial measure of *de facto* convertibility. That represented real progress towards formal convertibility itself, the goal to which the members of the Fund had pledged themselves.

4. Mr. OLIVIERI (Argentina) said that the fact that Argentina had embarked on a radical readjustment of its economy in order to ensure a rapid rate of development and was at the same time reshaping its international economic policy led its delegation to take a particular interest in the debate on the world economic situation. The *World Economic Survey 1955* clearly showed the high level which world economic activity as a whole had attained, but also gave an unpromising picture of the situation with regard to agricultural products. Although the international economy was prosperous, there were symptoms which gave ground for serious concern. Unfortunately, the very full discussions in the Economic and Social Council on basic commodities and steps to mitigate the instability of the markets for them had not yet led to any tangible international action. The symptoms, however, were clear enough, and it would not be wise to delay too long before taking—or at least preparing to take—effective steps to cope with any acute crisis that might occur.

5. The *Survey* pointed to the inconsiderable growth in the world demand for basic commodities only a few years after urgent appeals to increase production had been launched soon after the war. That scanty increase in demand went to support the thesis maintained by the Economic Commission for Latin America (ECLA) in the reports which it submitted to the Council on basic

commodities in general. While to raise *per capita* income and standards of living tended to swell the demand for industrial goods and services, the demand for basic commodities was developing relatively slowly. That imposed on primary producing countries the need to adopt a bold policy for transforming their economies, in which industrialization must take the lead.

6. In recent years, the problem of the disposal of surpluses on the world market had become yet another factor affecting the demand for basic commodities. While he fully appreciated the reasons which had led the largest producing country into a disposal policy which had such serious consequences for the other producing countries, among them Argentina, their customary markets were being invaded as a result of the financial inducements the policy held out. It was to be hoped that that situation would not persist and that, in addition to the steps taken directly to attack the problem of surpluses at the source, appropriate methods of international co-operation would be found at least to mitigate the damage suffered by the other producing countries from such abnormal competition.

7. The disparity between the growth of world demand for primary and for manufactured products made it necessary for countries in the course of development to adopt a definite policy of transforming the structure of their economies. That disparity was in fact one of the justifications for industrialization. Without industrialization the primary producing countries would not be able to increase their income nor fully satisfy their growing demand for manufactured goods. The extension of the industrial process to new forms answering the dynamic requirements of its growth played an important part in the Argentine reconstruction plans, but industrialization would henceforward find its greatest support in the mechanization of agriculture. The basis of the Argentine plans was, indeed, the rehabilitation of and technical progress in agriculture. The basic importance attached by the Argentine Government to the mechanization of agriculture had sometimes been wrongly construed as an intention to return to agricultural production and stock-breeding to the detriment of industry.

8. The question of the balance between agriculture and industry in Argentina was one of general interest. There was an impression that the economic difficulties confronting Argentina were due to excessive industrialization. That was a mistake. Argentine industry should be far more developed than it was, and much better integrated. What had happened had been a lack of structural balance. While industry had been encouraged, agriculture had been neglected and exports had fallen, and that decline in exports made it impossible to import all the raw materials and equipment required by industry. If agricultural production and exports had been promoted, there would now have been a much higher level of industrial production, owing to the fact that larger quantities of essential goods could have been imported.

9. There was, therefore, no essential conflict between industry and agriculture, a fact which the Argentine Government recognized in its reconstruction plans. Thorough mechanization of agriculture and stock-breeding would again increase the quantities available for

export, notwithstanding the growth of domestic consumption. But the limits imposed by the relatively slow increase in world demand could not be overlooked. Those limits made it advisable to introduce an energetic policy of industrialization in order to substitute domestic production for further imports. Only by a vigorous policy of substitution, linked with a stimulus to exports, could Argentina succeed in obtaining a rapid tempo of growth without a fresh disequilibrium in its balance of payments.

10. That was yet another reason why Argentina was very much interested in the Secretary-General's proposals for work in the field of industrialization and hoped that such work would supplement that done by the regional commissions. Argentina was confronted with many problems due to industrialization, and it and other Latin American countries therefore welcomed the forthcoming establishment of a committee on trade within ECLA. Industrialization required the reciprocal development of export markets within Latin America itself, so long as Latin American manufactured goods were unable to compete outside Latin America. Latin American countries must seek appropriate ways of reaching understanding that would permit of a certain degree of industrial specialization, especially now that several Latin American countries, and Argentina in particular, had to deal with more complex forms of industrialization. It was therefore to be hoped that the debates in the committee on trade would be successful and that something tangible would emerge from them before it was too late. The discussions certainly need not be confined to industrial goods, as there was a great deal to be done with regard to the exchange of basic commodities among Latin American countries by the removal of existing barriers to trade.

11. One such barrier, both to trade within Latin America and to general trade, was that of payments. Argentina had just taken a very important step by initiating multi-lateral payments with important West European countries, thus breaking with bilateralism. It was to be hoped that other European countries would show the same spirit of co-operation, but it must be admitted that certain situations for the time being prevented a move away from bilateralism, although it was to be hoped that, even in such cases, some way might be found to make balances transferable.

12. Argentina had embarked on the policy of multi-lateralism with great conviction, and had accordingly joined the Fund, one of whose aims was in fact a reversion to multilateralism. The Fund had been wise enough to apply flexibly certain rigid provisions of its Articles of Agreement, and in that way had allayed certain misgivings about its operations. Bodies like the Fund were still in an experimental phase, and all countries should bring their own experience to assist in the development of its policy. Argentina had at the same time joined the International Bank for Reconstruction and Development and adhered to the International Wheat Agreement, thus showing its willingness to contribute to international co-operation.

13. Argentina fully shared the concern, expressed so often in the Economic and Social Council, about the

scanty international resources hitherto used for the financing of economic development. Admittedly, the Latin American countries had not always been very much in favour of that form of co-operation, but there was undoubtedly much to be done by way of contributing to speeding up the growth of countries in the course of development, if the concern expressed so often in the Council was to lead to tangible results.

14. Mr. L'HUILLIER (International Chamber of Commerce), speaking at the invitation of the PRESIDENT, said that, on the occasion of the Council's consideration of the report submitted by the Secretary-General on the international machinery for trade co-operation (E/2897), the International Chamber of Commerce wished to confirm the resolution adopted by its most recent congress, held at Tokyo in 1955, asking the Governments of the States parties to the General Agreement on Tariffs and Trade (GATT) to put into force as speedily as possible the amendments introduced in that Agreement at the ninth session of the Contracting Parties, and also to ratify the agreement establishing an organization for trade co-operation.

15. In the years which had elapsed since its entry into force, GATT had made an active contribution towards the progressive liberation of international trade from the obstacles which hindered its development. The Contracting Parties to GATT had not restricted themselves to combating the general forms of protectionism—for example, by promoting the reduction of customs duties; they had also sought to render more flexible certain practices in trade policy which constituted a real obstacle to trade. Thus they had recommended governments to simplify the documents required of importers. Similarly, on the proposal of the International Chamber of Commerce, the Contracting Parties had worked out the International Convention to Facilitate the Importation of Commercial Samples and Advisory Material. That convention had come into force on 20 November 1955. In a resolution adopted in May 1956, the International Chamber of Commerce had requested governments, whether or not they were parties to GATT, to become parties to that convention so that it would be assured of application on a world-wide scale.

16. Mr. BOGAERT (International Federation of Christian Trade Unions), speaking at the invitation of the PRESIDENT, said that, in his organization's view, Part I of the *World Economic Survey 1955*, dealing with economic growth in the post-war decade, provided an indispensable basis both for the future guidance of United Nations work and for the decisions which would have to be taken by governments in the matter of economic and social policy.

17. It was no doubt very encouraging to learn that world economic activity had developed remarkably since 1944. In the industrialized countries there had been an increase in productivity, an improvement in the employment situation and an increase and improvement in the distribution of the national income. In the under-developed areas, continuing economic and social advancement, promoted by the social climate prevailing in those territories, was to be noted. However, the *World Economic Survey 1955* acknowledged that the pro-

gress recorded was relative. It should not be overlooked that the present economic situation was being compared with that which had existed before the Second World War—i.e., in a period of great depression.

18. Production had increased substantially in the industrialized countries. Indeed, the increase in the volume of world production by nearly two-thirds as compared with the pre-war period had been realized essentially in those countries. Investments, and therefore the formation of capital, had likewise made progress. On the other hand, consumption had not developed at a pace corresponding to the growth of investments. The increase in national income had been due mainly to technical progress and to the development of productivity. That being so, the International Federation of Christian Trade Unions (IFCTU) noted with concern that the level of living of the population had not improved in proportion to the growth of national *per capita* income. While it was no doubt necessary to set aside a part of the national income for productive investments—defence and the like—it was inadmissible that the progress achieved should not be reflected in a corresponding improvement in the well-being of the workers.

19. With regard to the under-developed regions, it was noted that the volume of commodity production had increased much less in those areas than in the industrialized countries. Capital formation, an essential element in economic development, had progressed but little, and consumption had increased even less. The gap between the industrialized countries and the under-developed regions was growing wider, as the *World Economic Survey 1955* pointed out. In order to remedy that situation, the governments of the under-developed countries must see to it that all the national resources were utilized to ensure a balanced development in their economies. However, those regions would certainly be unable to achieve economic equilibrium without international assistance. It was not merely the duty of the industrialized countries, but it was in their interest, to accept such real international co-operation as would permit them to close the gap which at present separated them from the under-developed regions.

20. The economy of those regions was at present suffering from the consequences of the difficulties encountered by international trade. Not only had the total volume of international trade failed to show an increase corresponding to that of the total volume of world production; even international trade in basic commodities had failed to keep up with the much smaller growth in total world production of such commodities. Neither for foodstuffs nor for other basic commodities had the volume of international trade developed in the same proportion as for manufactured goods. Lastly, an unsatisfactory tendency could be seen as regards the way in which the profits of international trade were distributed. It was therefore unlikely that an increase in trade with the under-developed countries could take the place of international assistance in ensuring those countries' development. The extension of international trade might, it was true, promote the development of the less-favoured territories on condition that they were not regarded as markets for manufactured goods and as suppliers of cheap raw materials. In present circumstances, even if

the terms of trade moved in favour of the territories supplying commodities (which, incidentally, did not coincide with the under-developed areas), the profits derived from the exports of the under-developed countries could not finance the far-reaching reforms which their economies required. Hence, international trade would not solve the problem unless the industrialized countries decided to invest their surplus capital in the infrastructure of the under-developed countries.

21. Turning to the part of the *Survey* devoted to the economic outlook for 1956, he pointed out that the industrialized countries might expect a slowing-up in their industrial production and trade. The comparative increase in industrial production would directly depend on increased productivity, in view of the level of employment attained. It was to be anticipated that the workers would be asked to raise their output still further without being granted any increase in their real wages. The workers represented by IFCTU categorically rejected any new production technique that could not provide them immediately with a corresponding improvement in their standard of living.

22. The economic and social development of the under-developed countries obviously depended on the general progress of the industrialized countries, being linked with the volume of the demand for basic commodities and the supplies of capital available. That meant that the future development of the world economy would depend on the measures adopted by the governments of the industrialized countries. His Federation wished to draw the attention of those governments to the absolute need that they should provide security of employment and improved standards of living for the workers, and to their responsibilities regarding the prosperity of the rest of the world.

23. The study *Economic Developments in Africa, 1954-1955* (E/2881) had been of particular interest to his Federation. It should be noted that agricultural production in Africa, on which the standard of living of the indigenous population still mainly depended, was no longer increasing to any marked degree. It had increased by some 45 per cent as compared with the pre-war period. It was true that the proportion of total production earmarked for export had increased, but that had no direct effect on the welfare of the people; moreover, it meant that the increase in production for local consumption had been even less than 45 per cent. The volume of mining production was constantly increasing, but it was questionable whether the profits derived therefrom were invested in Africa for the benefit of the indigenous population. As stated in that part of the introduction dealing with the situation in tropical Africa, prices of minerals had risen while those of agricultural produce had declined, so that the purchasing power of the indigenous population had been reduced while the profits had gone primarily to the Europeans who worked the mines.

24. The report *Economic Developments in Africa, 1954-1955*, also stated that the creation of secondary industries was impeded at once by the difficulty of finding domestic markets, the low purchasing power of the indigenous populations and competition from the industrialized countries, which were flooding the local markets with their manufactured products.

25. Again, the report showed that for Africa as a whole the annual value of imported products exceeded that of exported products by nearly \$1,000,000. Moreover, the exported products were for the most part subject to wide fluctuations, whereas imports comprised mainly manufactured products and foodstuffs.

26. In short, the continent as a whole presented a typical example of inadequate economic development and structural instability.

27. In view of that situation, IFCTU drew the attention of the governments administering African territories and those of the independent African States to the absolute necessity of seeing that the indigenous populations had adequate nutrition both qualitatively and quantitatively, and of promoting the creation of African industries. It was certainly not easy to expand agricultural production in Africa; natural conditions and customs prevented an immediate improvement in the basic structure of agriculture. Efforts already made should be continued and amplified.

28. So far as concerned the development of secondary industries in Africa, the metropolitan governments should take all necessary steps to remove obstacles to industrialization. In particular, profits derived from mining should primarily be invested in strengthening the industrial infrastructure in Africa. At the same time no effort should be spared to ensure the training of African workers.

29. IFCTU was well aware that the metropolitan governments were already making large investments in their overseas territories. In that connexion, it wished to point out that the under-developed territories were not asking the industrialized countries for gifts, but for help to enable them to fend for themselves.

30. He commended the far-reaching activities of the United Nations and the specialized agencies in the economic and social fields. His Federation was gratified to note that the United Nations' economic and social development programmes were continually growing and taking on a universal character. It was generally recognized, however, that the United Nations had paid too little attention to the economic and social situation in Africa. His Federation had on several occasions recommended the setting up of an economic commission for Africa and, at the 907th meeting of the twenty-first session of the Council, had proposed that the Commission for Technical Co-operation in Africa South of the Sahara be integrated with the United Nations and the specialized agencies. The time would appear to have come for the States concerned to take practical steps in that direction. The creation of a regional economic commission for Africa had been proposed by several non-governmental organizations, which seemed to indicate that international public opinion was largely favourable to the proposal. Difficulties would of course arise, but his Federation did not think they would be insurmountable.

31. Lastly, in order to ensure better integration of economic and social progress, his Federation thought it would be desirable to broaden the terms of reference of the regional economic commissions, which should become economic and social commissions.

32. Lord JOHN HOPE (United Kingdom) said that the Economic and Social Council might well recall, on the tenth anniversary of its foundation, that when economic and social thinkers of all political faiths had been looking forward to the post-war world ten or twelve years previously, their minds had been concentrated on the need to eliminate specific evils, such as poverty, squalor and, above all, mass unemployment. While the determination to achieve that object had in no way weakened, the current tendency was to think in much more constructive terms about how best to achieve a sufficiently rapid rate of economic growth. That change of attitude was to be found both in the under-developed and in the more economically advanced countries. The authors of the *World Economic Survey 1955* had done well to emphasize the difficulties besetting the poorer countries in their attempts to raise living standards, but had also been right in saying that there had been a revolutionary change of social climate in many of the under-developed countries during the past decade. Such a change in a very short time and without violent political disturbance was a most hopeful sign for the future. Once a social climate favourable to economic change had been established, the chances of making the best possible use of the resources available was immeasurably enhanced.

33. The United Kingdom Government was watching with great interest the specific example of India, which had recently completed its first five-year plan. Although not all the ends set out in that plan had been fully achieved, real progress had been made in the drive to raise the standard of living of the immense and rapidly growing population of that country. India was now entering the first year of the still more ambitious second five-year plan, which was intended to develop the base of a modern industrial economy. It would not be easy to achieve all the plan's aims within the intended period but the fact that it was being pursued with enthusiasm was an indication of the spirit to be found in most of the under-developed countries.

34. In the more advanced industrial countries also, it was now universally accepted that economic development was a necessary condition for human well-being and for political stability. In the United Kingdom there was a growing sense of the importance of a high level of investment and of its effect upon the standard of living. Manufacturers and business men were becoming ever more aware that they would be able to increase their sales in highly competitive world markets only if they constantly renovated their plant.

35. As the *World Economic Survey 1955* clearly showed, the advances made in the output of the industrial countries since the war had been quite remarkable—all the more so if it were borne in mind how generally it had been believed that the post-war period would be one of economic stagnation under an ever present threat of unemployment on a huge scale.

36. In the event, matters had turned out very differently. The end of the first decade of peace was a fitting moment for the countries represented on the Council to reiterate their sense of gratitude to the United States of America for the imaginative concept and dramatic results of the Marshall Plan. Although the Plan had been concerned primarily with Europe, it had released

dynamic forces which had benefited the whole world. Those forces had proved sufficiently powerful to cause rapid and reasonably steady growth, not only in the industrial countries, but also in the primary producing countries. In fact, the growth had been so powerful that the demand for primary products had kept their prices much higher in terms of industrial goods than they had been for many years.

37. The Secretariat had shown clearly that the shift in the terms of trade in favour of the primary producing countries had been one of the most important features of the post-war world, but more attention might have been paid to the connexion between that change in the terms of trade and certain other features of the world economy. The *World Economic Survey 1955* might perhaps have brought out more clearly the connexion between the "lag" in world trade in primary commodities and the improvement in the terms of trade of the primary producing countries. The volume of world trade in manufactured goods had grown more than the volume of world trade in primary products, partly for the simple reason that it was now necessary to sell a larger volume of manufactured goods to buy a given volume of primary products. It must also be remembered that one of the main reasons why industrial countries were using relatively fewer products than they had before the war was that primary products were now more expensive than they had been. The rapid post-war development of synthetic substitutes and of processes of production which used relatively small quantities of raw materials had been largely the result of the higher cost of such materials.

38. The post-war growth of world trade had in general been very satisfactory. It had taken place in the context of the institutions well described in the concise and factual report on international machinery for trade co-operation (E/2897), which showed clearly the extent of the machinery devoted to the cause of freer trade and payments. Three features of the existing machinery at once caught the attention: first, the immense amount of ground covered, since the Contracting Parties to GATT accounted for more than four-fifths of world trade, while the membership of the Fund was still larger; secondly, the controlled flexibility of the universal code of behaviour embodied in the Fund and GATT, which permitted deviations—under supervision—to deal with certain major problems, such as those of economic development; thirdly, the extent of the co-operation and co-ordination, both formal and informal, between the various institutions concerned.

39. The price that had had to be paid for the economic expansion of the last ten years was inflation. Some of its evil effects appeared fairly quickly in, for instance, the immediate adverse effect on the balance of payments. Some of the other effects were much slower and more insidious in their working, but no less important. There were, for example, the social evil which resulted from the cruel injustice done to those whose incomes were fixed in terms of money, and the real danger that saving might be discouraged and the source of further economic growth thus restricted. The great problem, in short, was how to prevent further inflation whilst at the same time maintaining and increasing the tempo of economic growth.

40. The United Kingdom Government had been most deeply concerned with the problems of inflation, particularly during the past year or two and, although it was taking a long time for the evil to be overcome and the situation was still serious, the measures that had been put in hand were now leading in the right direction.

41. In 1955, the existence of serious inflation in the United Kingdom had been indicated both in the internal and the external economic situation. Internal prices had risen substantially. Externally, the situation had not been at all satisfactory. There had been a current account deficit of over £100 million; all of that deficit had arisen in the second half of the year, which always tended to be the weaker period for the balance of payments. The fundamental reason for that disappointing development had been that the inflation inside the United Kingdom had prevented the country from taking full advantage of world trading conditions, which had been remarkably favourable for the manufacturing countries.

42. During 1956, the United Kingdom's economic position had certainly improved. Internally, there had been a substantial easing of the pressure of home demand which was showing itself in the figures for production, imports and employment.

43. The level of production, after allowing for seasonal changes, had been more or less constant during the past nine months. That did not mean that the industrial situation had been static; in fact, there had been substantial changes between the different industries. The check on industrial production had been in the right places. It had fallen most heavily on the durable consumer goods industries; the greatest declines in output had been in washing machines, gas and electric cookers, and wireless and television sets. On the other hand, industrial investment continued to expand. The output of plant and machinery in early 1956 had been considerably higher than in 1955, and industrial building activity was running at a high level.

44. In brief, there had been some re-deployment of industry, representing a desirable move towards a greater concentration on exports and investment.

45. For the time being, employment in the United Kingdom had ceased to expand and had, in fact, fallen slightly. Unemployment was at a very low level, and the fall in employment was largely to be accounted for by a reduction in the size of the working population, especially through the withdrawal of married women from the labour force. Apart from that change and some reduction in the number of unfilled vacancies, the slackening of economic activity had been reflected mainly in a growth in short-time working and a reduction in the amount of overtime worked.

46. The stabilization of the volume and value of imports in the first five months of 1956 compared with the same period in the previous year was another effect of the easing of the pressure of domestic demand. Over the same period, the volume of exports had risen by about 6 per cent.

47. Largely as a result of that change in the balance of trade, there seemed to have been a considerable improvement in the balance of payments in 1956. That improve-

ment was reflected in the fact that gold and dollars which, in the first half of 1955, had fallen by £27 million, had risen by very nearly £100 million in the first half of 1956.

48. It seemed, therefore, that the long series of counter-inflationary measures taken by the United Kingdom Government was beginning to achieve results. The position, however, had by no means been fully righted. Economic resources were still over-strained, and the rises in wages and prices induced by the boom of 1954/55 had not yet lost their momentum, nor had there yet been sufficient channelling of resources to the export trade to create the continuing balance of payments surplus that was needed.

49. Inflation might almost be called the occupational disease of economic progress. It had always threatened, and would always threaten, any country which accelerated its rate of advance. The fight against it was not an easy one. It involved for both government and people a sharp conflict between desire and duty. If duty was to prevail, as it must, the government must face unpopularity and the people disappointment. The struggle called for the best that was in both, because it could be won only if each was prepared to face the facts. It was the end that mattered, and public opinion, so long as it was fully informed, would undoubtedly accept temporary discomfort as the price of future security.

50. Mr. BOERMA (Food and Agriculture Organization) said that he wished, in the first place, to put before the Council some facts and conclusions concerning the production and consumption of agricultural products, particularly food.

51. In 1955-1956, world agricultural production had increased by about 3 per cent—slightly more than the average annual increase (2.6 per cent) over the past five years—while annual population growth had been about 1.5 per cent. Production in the world as a whole, therefore, was at present keeping well ahead of the increase in population. But the main increase in agricultural production in the year 1955/56 had occurred in the regions suffering most from surpluses: there had been a considerable rise of production in North America for the first time since 1952/53—despite acreage limitations in the United States—and a marked rise in Oceania. Elsewhere increases had been smaller, although the Far East had registered the biggest gain for some years. In the Near East and Africa production had slightly declined, chiefly owing to bad crops. Consequently, production developments in the past year had done little or nothing to reduce the long-standing inequalities between the well-fed and under-fed regions. Analysis of food production on a *per capita* basis showed that in Latin America and the Far East *per capita* food production was still, respectively, 6 and 8 per cent below its pre-war level. Tentative estimates of *per capita* food supplies, on the other hand, showed them to stand at about their post-war level in the Far East, Latin America and also Western Europe, whereas in the other main regions of the world they were 10 per cent or more above their pre-war level. Thus the benefit of increased *per capita* food production throughout the world seemed chiefly to have been reaped in North America and in Oceania, and to a lesser extent in the Near East and Africa. Moreover,

in North America, increased production had gone partly into larger food exports and into stock-piles, whereas the lower *per capita* production in the Far East and Latin America had led to smaller exports and larger imports, which in their turn had had an adverse effect on the balance of payments position of most countries in those regions.

52. Levels and patterns of food consumption had, in general, become much more stable since the early post-war years, reflecting the steady increase in food output. The improvement had taken the form of a better quality of food and variety of diet in the wealthier countries, and of increased consumption of starchy foods in the less developed regions.

53. The situation in the less developed regions was, however, still far from satisfactory. In large areas of the world, such as the Far East and Latin America, most countries had only managed to maintain their previous low consumption levels and poor diets through considerable sacrifice of foreign exchange urgently needed for general economic development. In those countries, emphasis must continue to be laid on measures to increase agricultural production, and a productivity drive was required, extending *inter alia* to the elimination of wasteful marketing practices. It was encouraging to see—among other things, from their increased requests for technical assistance in those fields—that governments were realizing the importance of measures to improve productivity and marketing efficiency. Those were measures which could be taken relatively speedily and which did not necessarily entail high sacrifices in terms of capital investment. As had been repeatedly stated during the debate on item 7 (establishment of a world food reserve), the best remedy for low consumption was economic development.

54. The situation was also unsatisfactory in the wealthier countries, where food consumption had in general reached high levels. Some of them, especially in North America, were being increasingly troubled by agricultural surpluses. While it was true that the addition to stocks in recent years—and perhaps in coming years too—seemed likely to be more modest than previously, owing to production restrictions and to a change in the production pattern, stocks of certain major agricultural commodities had reached a dangerously high level and were still increasing. In 1955/56 the total carry-over of the four main wheat exporters had increased from about 45.8 to 47.8 million tons, almost twice the current annual level of world trade in wheat; the entire increase in world production of coarse grains—6.5 million tons—appeared likely to be added to stocks, thus increasing the North American carry-over to some 44 million tons; and cotton stocks were expected to rise from 4.4 to nearly 5 million tons. Such huge stocks constituted a considerable danger to the world economy, despite the fact that their holders, particularly the United States, had been exercising commendable restraint in their endeavours to dispose of them; for surpluses were a structural problem, with which mere disposal measures could not adequately cope. That was a fact which the governments concerned were increasingly realizing: the “Soil Bank Proposals” in the United States represented an important step in the right direction.

55. The second question with which he wished to deal was world trade. The volume of world trade in agricultural commodities had increased by about 5 per cent in the past year, after having stagnated for some time at its pre-war level. About 60 per cent of the increase had been due to larger imports into Western Europe; 30 per cent to increased imports into North America, though the latter had not regained their 1953 level; and the remainder to increased imports into Oceania, Africa and the Near East. The main export gains, on the other hand, had occurred in Oceania, Western Europe, the Far East and Africa, export increases in other regions being rather small—although in 1956 North American exports appeared to have been making some headway.

56. However, considering that the volume of world trade, as a whole, was more than 70 per cent above the 1934-1938 level and over 50 per cent above the level of the late 1920's, the corresponding figures for agricultural commodities—5 per cent above and nearly 10 per cent below, respectively—were rather disappointing. Furthermore, owing to the continuing fall in prices, the 5 per cent increase in agricultural trade during the past year corresponded to only a 1 per cent increase in value. Nor was that all; for average prices of manufactured goods had risen, also by about 1 per cent, in the course of the year, so that the increase in the total purchasing power of agricultural exports in 1955/56 had in point of fact been practically nil.

57. The research conducted by the Food and Agriculture Organization (FAO), as well as the data of the *World Economic Survey 1955*, showed that the above-mentioned discrepancy between world trade in agricultural commodities and world trade in manufactured goods certainly was not due to a corresponding movement of relative prices of these two categories of goods. Detailed trade statistics on a commodity-by-commodity basis indicated that a crucial factor in determining the level of world trade in a particular agricultural commodity was whether it could be grown economically in the main industrialized countries, or replaced by substitutes. The increase in world demand due to growth of populations, industrial production and *per capita* incomes since the war had produced a marked expansion of trade in commodities like coffee, which could not be economically grown at home or replaced by substitutes. Where, as in the case of rubber, butter or oil cake, some degree of replacement was possible, the expansion of world trade had been more limited; and commodities like cereals or livestock products, that could be produced at home more or less economically, had registered no expansion. The operation of that law had no doubt been intensified recently both by national policies of self-sufficiency, aimed at correcting an imbalance of foreign payments, and by price-support policies, which were primarily designed to stabilize farm incomes but might in addition have stimulated domestic agricultural production.

58. While the foregoing remarks on world trade were of a purely tentative character, further detailed research on the subject being necessary, they might be helpful to governments which were planning an increase in agricultural production, particularly where the increase was intended for export.

59. The third problem to which he wished to draw the Council's attention was that of the growing discrepancy between the level of farm incomes and the level of incomes in general. FAO's data showed that there had been a general decline in farm incomes between 1954 and 1955, except in Italy and Japan, where there had been small gains, chiefly due to exceptionally good crops. In most countries for which data were available—that is to say, in the main for the economically more developed countries—people dependent on agriculture had become steadily less prosperous, in relation to other sectors of the population, than they had been at the peak of the post-war period, and that despite the fact that the number of people dependent on agriculture had decreased.

60. The decline of farm incomes had been chiefly due to unfavourable changes in relative prices. In about half the countries for which information was available, the relation between prices paid and received by farmers had remained stable, while in the others it had moved against farmers, to a greater or lesser extent. Prices received by farmers for arable crops had in general declined from the 1952 peak, and although prices of livestock products had shown no general fall in Europe, they had tended to become weaker in the United States and Australia. As against that, the prices of important input items, like fuel for machinery, and the maintenance and repairs of machinery and buildings, had shown rising tendencies in nearly all countries; farm labour costs had also risen as a result of higher wages or improved conditions of employment.

61. It would appear that, with price relations moving against farmers, incomes could only be maintained if the volume of production rose sufficiently to offset the adverse price movement. Although in most countries farm incomes barely provided a living for the farmer and his family, they would have undoubtedly fallen much lower still but for the systems of price support which many countries had introduced. To increase the existing level of support for farm prices would be dangerous both nationally, in view of the inflationary tendencies price support created, and internationally, owing to its possible adverse effects on international trade. In some countries the governments were helping farmers by subsidizing the costs of certain of their means of production, such as fuel and agricultural machinery. Of more fundamental importance, however, was the financial and other assistance given to farmers in certain countries to bring about more lasting improvements in their farms through irrigation, terracing, soil improvement and the like. Steps to improve the social status of the farmer, such as land reform, were also of great importance. Such long-term measures attacked the root of the problem—namely, farm productivity, which still left room for considerable improvement in nearly all countries.

62. None of the three sets of problems to which he had drawn attention was susceptible of a quick and easy solution. But they were not insoluble, and there was evidence to show that governments in all parts of the world were embarking on far-reaching measures to tackle them. Many governments had recently created machinery for planning agricultural development as an integral part of general economic development, and others were in the course of doing so. There was, in

addition, an increasing realization among governments of the need for consultation on the international effects of national policies—a great improvement over the situation obtaining before the war. It was necessary to promote international co-ordination of national policies in three ways: generally, by regions, and by commodities.

63. The problems of international commodity policy, to which the Secretary-General had made interesting references in his statement, were of particular importance in that respect, whether such policies related to production, consumption, trade, prices or stocks of products entering international trade. He hoped to have an opportunity to take up various points raised by the Secretary-General during the discussion on item 6 (international commodity problems).

64. Mr. SAVARY (International Federation of Agricultural Producers), speaking at the invitation of the PRESIDENT, said that the *World Economic Survey 1955* substantially confirmed the fears he had been instructed to put before the Council with regard to the situation of agriculture. The concern felt by the organizations of agricultural producers was now shared by the United Nations Secretariat and no doubt also by many governments which had recently been faced with demonstrations of dissatisfaction that on the part of farmers were unusual.

65. That dissatisfaction, which was sufficiently widespread to merit the Council's attention, was essentially due to a divergence in the evolution of costs and prices, aggravated on the one hand by inflationary tendencies and on the other by the existence of agricultural surpluses. Such a trend could not continue for long without creating serious political and economic difficulties, particularly at a period when the farmer saw other sections of the population steadily consolidating their own economic security.

66. It would be vain to believe that there were any easy solutions to the problem. Urbanization and increased productivity were not universal remedies, and in any event their effects were much slower than was frequently thought. In fact, increased productivity, to which the producers' organizations had largely contributed, was to a large extent the cause of the present malaise; for it had led to production of an increasing volume of goods for which there were no markets, since the demand for foodstuffs was already at its peak. The producer thus saw his own efforts turning against him and the remuneration he received for his labours shrinking still further. Agricultural work was already the worst paid in the modern world, as was brought out by an FAO pamphlet on agriculture in the modern economy. It was, however, desirable that the question of agricultural income should be more fully examined in the world economic surveys.

67. If such was the situation of agriculture and agricultural producers at a time of general prosperity, it might be asked what would happen in the event of even a minor depression, particularly after the general application of modern improvements had still further swollen the volume of agricultural production. Some economists counted on more rapid reduction in the number of farmers; that, indeed, was the trend in countries in process of industrialization. But while in a few countries a shift

of agricultural workers into industry might quickly lead to a better balance among the social groups, in most countries, particularly in Western Europe, industrialization could hardly bring about a solution speedily enough to avoid the setting up within the national economies of differences between town and country similar to those they were trying to diminish between nations. In any event, such shifts involved a financial burden that could be absorbed only gradually by the economies of most States.

68. The International Federation of Agricultural Producers (IFAP) therefore urged governments and public opinion to realize the scope and the seriousness of the problems raised by the recent evolution in the agricultural situation. It seemed that, although the majority of governments had taken certain steps to free agricultural producers from a really intolerable burden, few of them had recognized the proper and logical place of agriculture or had adopted an agricultural policy that took account of the realities of demand, competition, their own commercial policies and the requirements of full employment.

69. Nevertheless, governments had perhaps even greater responsibilities towards agriculture than towards other sectors of the economy. After curbing the rising trend of agricultural prices when agricultural products had been in short supply, they had urged farmers to expand production. They naturally encouraged the use of modern technical methods and intervened frequently on the

national and international markets, where the lack of co-ordination between them merely added to the confusion. Lastly, they failed only too often to do what they should to improve the people's diet.

70. World opinion, however, was gradually becoming aware of the magnitude of present agricultural problems, the urgency and gravity of which could not be over-emphasized. FAO appeared to have now embarked upon a more constructive study of production and price policies with the full support of governments. The Director-General of the International Labour Office had drawn the attention of governments to the urgency of the problems raised by changes in the economic structure in rural areas; and the United Nations was about to take up the problem of the use of solar energy.

71. During the past ten years, IFAP had adopted a series of resolutions calling for more energetic international action to ensure relatively stable prices for agricultural produce on international markets. As little had been done in that direction, however, the observations of the Secretary-General on that subject were particularly welcome. The Federation hoped that the United Nations would keep prominently in mind the question of more stable prices for commodities. In its search for, and application of, effective measures in that field it could count on the support of producers' organizations.

The meeting rose at 12.35 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Belgium, Bulgaria, Hungary, Israel, Italy, Poland, Romania, Venezuela.

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

AGENDA ITEM 2

World economic situation

- (a) Survey of the world economic situation, including the questions of full employment and of the expansion of world trade (E/2864, E/2871 and Add.1 to 6, E/2880, E/2881, E/2882 (*continued*))

GENERAL DISCUSSION (*continued*)

1. Mr. BROFOSS (Norway) observed that it appeared from the *World Economic Survey 1955* (E/2864) that the economic developments of the past decade gave considerable grounds for satisfaction. The problems of reconstruction and rehabilitation created by the war had been successfully dealt with, cures had been found for the evils of mass unemployment and there had been no recurrence of the violent economic depressions of the past.

2. Many difficulties, however, had still to be overcome, even in Western Europe. Eight problems concerning that region deserved mention.

3. In the first place, the dollar gap remained: the countries of Western Europe were only able to pay for 70 per cent of their dollar imports through income from

regular exports of goods and commodities, and their economy was therefore still dependent on extraordinary disbursements by the United States. Secondly, the persistence of the dollar problem was frustrating attempts to broaden the multilateral system of world payments and trade. Thirdly, in a number of West European countries expansion had lost its momentum. That was partly due to the fact that available labour and industrial capacity had been fully exploited, but it was also due in some countries to the adverse effect of fiscal and monetary measures upon production. Incidentally, it would have been helpful if rather more had been said in the *World Economic Survey 1955* on the need for an adequate monetary demand to sustain economic growth. Fourthly, there had been a recurrence of inflationary pressure, a development which had given rise to the fiscal and monetary measures just mentioned. Inflationary trends were one aspect of the fifth problem, that of the proper allocation of resources as between consumption, defence and investment. When all manpower and industrial equipment had been used to full capacity, further growth depended on progress in productivity, which again was largely a question of new investments. Technological progress meant that the rate of investments had to be increased to an unparalleled degree. How the effect of such an increase was to be reconciled with the need to maintain internal and external stability was a difficult problem for which a solution had yet to be found. The sixth problem was that steps to restrict monetary demand had been taken with purely national considerations in view, without regard to international repercussions. Instead of trying to increase exports and curb imports, a policy which led to international stagnation, creditor countries would do well to let monetary demand expand, thereby increasing consumption of domestic products, and at the same time stimulating imports. A further problem, disheartening to a small country like Norway, was that trade between the bigger industrial countries had failed to increase as a result of their protective policies. Finally, despite its progress, Western Europe had not been developing economically as fast as either the United States of America or the countries with centrally planned economies.

4. The main cause of the relatively successful economic development during the past decade lay in the fundamental changes which had taken place in the nations' views as to the ends and means of economic policy and the place of government in economic life. A much greater understanding of the mutual interplay of economic forces was to be observed—an understanding to which the annual surveys and publications of United Nations bodies had to no small extent contributed. In most countries there was now among all social groups and political parties a sharper social awareness and new social stan-

dards, which were creating an atmosphere favourable to economic progress. Governments, some with enthusiasm and others no doubt with reluctance, had assumed new responsibilities for the successful operation of the national economy; a high and stable level of employment, in particular, had become a major government responsibility. The growing influence of trade unions and industrial organizations had supported that development. Collective wage agreements, new systems for fixing prices of farm products, and redistribution of internal income through progressive taxation and improved social services represented "built-in stabilizers" serving to stimulate growth and expansion. In short, a greater degree of "internal integration", to use a term from the *Economic Survey of Europe in 1955* (E/ECE/235 and Corr.1-2), had been achieved in Western Europe which should lead to further growth and at the same time avert the danger of recurrent economic crises. The amount of government intervention differed from country to country, but there had come to be a general recognition that the economy of a country was not automatically self-regulating through the operation of the market mechanism, and that active leadership by political bodies was also required in the economic field.

5. The point required particular stress in view of the recent tendency of certain countries to embrace once more the fallacy that the cause of economic progress was best served by non-intervention by government in economic affairs.

6. An equally dangerous fallacy which was again rearing its head was that a certain amount of unemployment was required to maintain internal and external stability, whereas the truth was that a country's prosperity could only be increased by full utilization of all available manpower and resources. It was desirable therefore for the Council, at the present juncture, to declare once more that full employment was one of the United Nations' fundamental principles.

7. A second reason for the progress made since the war was the effectiveness of international co-operation during the period. That in its turn had been to some extent due to the fact that problems had been tackled on a regional basis. The Organization for European Economic Co-operation (OEEC), in particular, deserved mention. It had been to a very great extent responsible for the spectacular economic recovery of the countries of Western Europe devastated by the war. It had contributed more than any other organization to the liberalization of trade, while the establishment of the European Payments Union (EPU) had stimulated internal expansion and increased the volume of international trade not only in Western Europe but in many other countries of the sterling area.

8. It could not be denied that, as the *Economic Survey of Europe in 1955* pointed out, the OEEC had failed in certain important sectors to come to grips with the real underlying problems. The attempts to harmonize the internal policies of its member countries had met with little success, and very little had resulted from the endeavours to co-ordinate investments. The OEEC had, however, to be given credit for its achievements in other fields. The provision of adequate funds to meet fluctuations in its member countries' external economies had

been of the greatest importance for the area's economic expansion. The Marshall Aid Plan had taken care of the imbalance with the dollar area, while the provision of reciprocal credits through the EPU had helped the liberalization of trade. The experience of the EPU ought to be borne in mind when arrangements were being made to deal with the repercussions of crop failures and of adverse fluctuations in the terms of trade; a more flexible policy on the part of the International Monetary Fund (Fund) might be more helpful than the stockpiling of food reserves.

9. The fact that organizations like OEEC were outside the United Nations framework ought not to prevent the United Nations from supporting their activities where those activities subserved the objectives of the Charter. It was more important to improve the existing institutions and to stimulate their activities than to set up new organs, subsidiary or otherwise. The efficiency of an organization depended, after all, on the determination of all its members to support its work.

10. A review of the existing co-operation between the Scandinavian countries—Finland, Denmark, Iceland, Norway and Sweden—might be valuable in throwing light on the problems of regional collaboration, and might in particular be of assistance to certain of the underdeveloped countries in devising an economic policy for rapid expansion.

11. The Scandinavian countries had relatively high social standards and standards of living. They enjoyed political stability; the unimpeachable integrity of their officials was ensured by constitutional protection against arbitrary dismissal following political changes; and there was a high degree of national integration. In addition, those countries had enjoyed a much faster rate of industrialization and economic development in the last half century than Western Europe in general. Although their economic systems were in principle based upon private enterprise, they allowed for more government participation in economic life than most other Western countries. Governments played an active part in promoting industrial development. That particularly applied to Norway, partly owing to the great losses that country had suffered in the war. The problem which had faced Norway closely resembled the one at present confronting the underdeveloped countries. The Norwegian Government had been obliged to assume responsibility for allocating available resources between private consumption, public consumption and investments, in order to secure swift recovery and rapid industrialization: planning and programming had become a central part of its policy. The complete dislocation of the monetary system as a result of the German occupation had considerably hampered the Government in its task. Even at the present time a smaller proportion of the national product was being allocated to consumption than in almost any other Western country. In order to restrict consumption, high rates of taxation on personal income and industrial profits had been established, and import controls had been introduced, the latter being so applied as to give priority to productive investments. Norway's experience of import controls as instruments for recovery and development in a transitional period rendered it the more ready to accept

departures from international trade codes on the part of other countries where fast economic expansion was imperative, though it should be realized that such controls could not indefinitely take the place of an effective fiscal and monetary policy in warding off the dangers of instability inherent in such expansion. The Norwegian Government had deliberately used import surpluses involving payment deficits as an aid to expansion, channelling them into productive investments by means of import controls and a licence system for building and construction. It had, of course, been in the fortunate position of being able to draw upon reserves of foreign exchange, on substantial Marshall Plan aid and on receipts from foreign loans.

12. The part which the importer of capital could play in economic expansion was illustrated not only by the history of Norway after the Second World War, but also by that of the United States of America during the century preceding the First World War. During that century, the United States had run continuous deficits on its foreign balance, and even in 1914 it had remained the biggest debtor country in the world, with a net external debt of about £1,000 million. Thus, the greatest economic giant of the present time had at one period been obliged to draw on the savings of the rest of the world in order to develop its resources at a satisfactory rate. Representatives of the United States would do well to remember that earlier stage of their own country's history. The scepticism of American banks and credit institutions regarding planned economies was very understandable in view of the losses they had incurred on loans granted during the inter-war period. Nevertheless, their attitude showed an unwillingness to perform the risk-taking function that was supposed to be at the basis of the United States economic system. Had their European counterparts adopted a similar attitude to the United States in the nineteenth century, the United States might perhaps not be standing in the position it did at present.

13. Economic development had not been equally fast in all areas in the Scandinavian countries. It had been found that direct government investment in industrial projects, special development funds and extra stimuli such as tax concessions were necessary to correct the disparities between one area and another, the market mechanism and private initiative not having proved adequate to the task.

14. Recently, production in the Scandinavian countries had ceased to expand at the rate maintained during the preceding seven or eight years. That had been partly due to the fact that industrial capacity and manpower were being used to the full and that, in many sectors, raw materials from domestic sources were not available for further expansion. But it appeared that it had also been due to the limitations which their size imposed on the Scandinavian countries at their existing stage of technical and economic development. Such countries were experiencing increasing difficulty in keeping place in the field of industrial and scientific research, and they needed bigger markets to support the mass production and capital intensification for which the times called. Accordingly, there had been a movement towards closer economic co-operation within the group. Such co-opera-

tion was already extensive: passports were not required for travellers moving from one Scandinavian country to another, the group had a common labour market, the benefits of social insurance were reciprocal as between its members, laws—on such subjects as citizenship, contracts, hire purchase and family law—had been enacted by the national parliaments after joint preparation by inter-Scandinavian committees, and a joint parliamentary council, the Nordic Council, met annually to consider common problems. Thus the Scandinavian countries had been endeavouring to establish, through political action, the atmosphere of solidarity which the *Economic Survey of Europe in 1955* declared to be essential for genuine co-operation.

15. Nevertheless they had failed, hitherto, to achieve close economic co-operation. An inter-Scandinavian Committee set up to study the subject of a customs union had disagreed as to its advisability. In 1954 the project had been tackled again from a different angle, and the Governments of Denmark, Norway and Sweden had agreed to establish a joint committee, not only to study all aspects of a common market, but also to find solutions to the problems arising from such a study, including that of a common customs tariff. Final decisions on the matters studied by the committee would of course be made by the national parliaments.

16. The Scandinavian countries had also tried the "direct approach", by means of joint Scandinavian enterprises in specific fields. Thus Denmark, Norway and Sweden jointly participated in the Scandinavian Airlines System; Stockholm and Trondheim had recently entered into a contract for the joint development of a hydro-electric power project in Norway; the Norwegian Parliament had approved a project for Swedish oil-port installations, to be constructed in Norway, for the transit of oil across Norwegian territory; and Norwegian ships were being built in Sweden on credits from private Swedish banks and financial institutions.

17. It was not, however, to be imagined that the Scandinavian countries were aiming at regional autarky. The economies of the countries in the region were only to a limited extent complementary, and imports and exports were their very life-blood. They were, however, trying to find ways of developing their joint resources faster and more efficiently to meet the requirements of progress in technology. Similar arrangements between under-developed countries in a comparable position would be likely to be an effective means of promoting trade between them also.

18. Scandinavian experience illustrated the difficulty of obtaining tangible results even in areas where conditions in general appeared favourable. The *Economic Survey of Europe in 1955* was right in stressing the need to move cautiously and in a down-to-earth manner in the field of economic co-operation. The Scandinavian countries had, for example, decided to exempt agriculture from the common market, owing to the great differences in climatic conditions between them, and in many sectors of manufacturing industry special arrangements for the transitional periods were envisaged.

19. Since Norway would shortly cease to be a member of the Council, he wished to re-state the position of the

Norwegian Government on issues relating to the problems of the under-developed countries.

20. In the first place, the Norwegian Government recognized the need for capital transfers from the more industrialized to the less industrialized countries, a field in which the activities of the International Bank for Reconstruction and Development (Bank) were of great importance. It had agreed to the release of its eighteen per cent contribution to the Bank, and was prepared to consider favourably the proposal that part of it should be made convertible. Norway had supported the establishment of the International Finance Corporation and had appropriated its contribution of funds for the Corporation. It would also be prepared to consider favourably the establishment of a fund along the lines of the proposed Special United Nations Fund for Economic Development (SUNFED).

21. Secondly, Norway would give active support to the technical assistance programmes. Its experience of reconstruction and rapid industrialization suggested that it would be in a position to offer assistance in programming and public administration. It attached great importance to the diffusion of technical information through regional organizations, particularly through the Economic Commission for Europe.

22. Thirdly, Norway intended to go forward with its individual fishing development project in India.

23. Lastly, Norway would support the establishment of the organization for trade co-operation, recognizing that the project for an international trade organization was one which could not be revived.

24. Any request from less fortunate countries to permit departures from international trade and payments codes would be considered by the Norwegian Government on their merits and with understanding born of experience, provided that the aim of such departures was to support a consistent development programme. It would not support such requests where they arose solely from the effects of unsatisfactory internal economic policies.

25. The Norwegian Government would consider with an open mind the Secretary-General's suggestion concerning measures to stabilize trade in and prices of food and raw materials. It was prepared to support the idea of international commodity agreements and of long-term contracts, and would welcome any specific suggestions from the Secretary-General on the subject for consideration at subsequent sessions of the Council.

26. A question suitable for further exploration was the way in which the activities of the Fund might be linked with efforts to minimize dislocation of under-developed countries' economies consequent on fluctuations in trade and in the prices of primary products.

27. Mr. BRILEJ (Yugoslavia) said that the Secretary-General's very thorough *World Economic Survey 1955* (E/2864) provided a suitable basis for discussing the development of the Council's work in the past decade, and the policy it should pursue in the future. The favourable international climate and the increased part played by the United Nations as a whole made it possible, and indeed, imperative, that the Council should now take a more active role in promoting and co-ordinating international economic co-operation.

28. The outstanding feature of the period reviewed had been the rapid rate of economic growth—average annual growth having been 6 per cent, as against 4.5 per cent during the decade following the First World War. There were, therefore, reasonable grounds for optimism, provided suitable measures were taken to solve such problems as still remained.

29. Other encouraging developments had been: the fact that various formerly backward countries had gained their independence and embarked upon rapid economic development; the will of the industrialized countries to achieve full employment; the rapid increase of productivity; the fact that the developed countries were producing capital goods for the world market, which would promote more rapid industrialization and general economic growth in the under-developed countries, providing problems of financing could be solved; and the rapid rate of growth of agricultural production, which had finally outstripped that of the world population.

30. Events during the decade had clearly shown the extent to which the prosperity of the developed countries depended upon the economic development of the under-developed countries. The latter's relatively slow development represented a threat to the world's economic equilibrium. It was due, to a very large extent, to the slackness of world demand for industrial raw materials. Whereas the volume of world trade had increased by about 70 per cent during the past ten years, exports of raw materials and fuels from the under-developed to the industrial countries had only increased by 10 per cent; and the position had been further aggravated by violent fluctuations in the prices of many of the products concerned. As a result, there had been a relative reduction in the income of primary producers, which meant that they were left short of funds for purposes of economic development.

31. Agricultural production in the under-developed countries had increased only half as fast as in the world as a whole, and there had been a steady decrease of trade in general between the developed and under-developed countries. The latter had chronic adverse balance of payments, particularly with the dollar area, and most of them were suffering from chronic inflation, primarily due to their unfavourable position in world markets.

32. To make matters worse, certain factors which had promoted rapid economic growth during the decade, such as pent-up demand, accumulated foreign assets, Marshall Plan Aid and increased expenditure on armaments, had by now largely ceased to operate. Even the high rate of certain governments' investment expenditure would not continue to be as effective as in the past, without stimuli such as the increase of internal demand in the industrial countries and the rapid growth of under-developed areas.

33. The world was on the brink of a new industrial revolution, caused by the development of electronics, automation and the use of atomic energy for peaceful purposes. That revolution was likely in a short time to transform the pattern of the world economy by intensifying the existing disparity in the growth of productivity as between the developed and the under-developed

countries, and even between certain leading industrial countries and the rest of the world. That, in its turn, would lead to a fresh disintegration of the world economy due to intensified payments difficulties and, unless far-reaching measures of international co-operation were undertaken, to an unparalleled world economic depression.

34. Consequently, it was of vital importance for countries, when determining their common policies in the field of economic co-operation, to make every effort to reduce disparities in levels of development, by speeding up the process of development in countries which still lagged behind.

35. The existing instruments of international economic co-operation required some adaptation to make them adequate to the task of promoting steady economic growth and maintaining economic stability. The machinery of the Fund and the Bank had been set up on the basis of a diagnosis of the situation made during and immediately after the war, a diagnosis which had not proved entirely applicable to the actual conditions of the post-war decade. The assumption underlying the concept of the Fund, that cyclic movements in the industrial countries were the main threat to stability, was only partly correct, since it overlooked a series of problems of a structural character, such as the stabilization of raw-material markets and the long-term nature of the world dollar shortage. Similarly, the assumption that free convertibility of currencies was a goal of paramount importance had been belied by events, with the result that the large amounts invested in the Fund had not, in point of fact, contributed very much to promoting stability.

36. The Bank was much more closely in tune with post-war needs, and had made valuable contributions in the long-term financing of reconstruction and development—largely because it had been flexible in adapting itself to new conditions and had not adhered rigidly to the task, originally assigned to it, of stimulating the private flow of capital. Nevertheless, the resources of the Bank were not commensurate with world needs, and it was debarred by its Statute from financing, for example, projects concerned with the social and economic infrastructure. It was to be hoped that SUNFED would fill the gap left open by the limitations of the Bank.

37. Lastly, the Havana Charter establishing the International Trade Organization (ITO), which was also based on the theory that liberalization would ensure multilateralization and the expansion of world trade, had not been ratified by any trading nation, and had in consequence remained a dead letter.

38. The political tension which had developed during the decade had made it particularly clear that events were not moving in the direction anticipated immediately after the war. It was only natural, therefore, that attention should have begun to be focused on measures of a bilateral and regional character. No doubt political and strategic considerations had played an important part in determining the aims of the new organs for regional economic co-operation, but their success had demonstrated the economic advisability of that form of co-operation. The vigorous activity of the regional commissions of the United Nations, moreover, provided proof

that such co-operation on a less than world-wide scale was to a large extent an economic necessity. Regional activity, however, could be only one ingredient within a wider framework of international co-operation, since the fundamental problems, being universal, had to be solved on a world-wide basis.

39. The General Agreement on Tariffs and Trade (GATT) had been only moderately successful in taking the place that had been designed for ITO, because it lacked the necessary universality. Co-operation within its framework was very difficult for States which did not use the instrument of tariffs in their foreign trade, such as most of the under-developed countries and the countries with centrally planned economies.

40. However, now that international tension had slackened, the road seemed to be open for real universal co-operation. Such co-operation would hasten the political improvement, while failure to achieve such co-operation would retard it.

41. The new political situation did not call for the dissolution of the organizations for regional co-operation set up outside the United Nations. It should, however, enable them to become less circumscribed in their pre-occupations than they were at present. Bilateral and regional forms of co-operation required adapting to the gradual movement towards universal multilateralism which had now become possible. The plan proposed by the French Minister of Foreign Affairs represented a step in the right direction. It was for the United Nations to assert the principles of universality in the economic as well as in other spheres, and to take the lead in the new developments.

42. The raising of living standards and the safeguarding of international economic stability were world-wide, not national or regional, problems. The economic development of under-developed countries, the fundamental problem of world economic stability, was a problem which could not be solved within regional or existing institutional frameworks alone, and, if solved solely within a national framework, would necessarily lead to economic autarky. The same was true of world trade. For several years there had been a trend towards a concentration of trade within a regional framework; the great increase in the volume of world trade had been due almost exclusively to intra-regional exchanges. The *World Economic Survey 1955* showed that trade between the three main world trade regions—the countries with centrally planned economies, the dollar area and the area covered by EPU—had sunk to 19 per cent of total world trade by 1953, as against 30 per cent before the war, and trade within those three regions now accounted for three-fifths of world exports. On the other hand, the trade of countries with centrally planned economies, which had accounted for 14 per cent of total world trade before the war, had now fallen to a mere 4 per cent.

43. Political restrictions had undoubtedly had some effect in reducing trade between Eastern and Western Europe, but the decline in intercontinental trade between Europe and Latin America and Europe and other under-developed areas could not be ascribed to political restrictions. Capital exports from the major creditor country of the world were concentrated in a relatively restricted

area, whereas the huge investment needs of vast under-developed areas remained unsatisfied. In stressing the need for world-wide economic co-operation and multi-lateralism, he was not, however, underestimating the difficulties arising from the differing levels of labour productivity and other specific problems of national economies.

44. World economic problems should be approached in the same spirit of tolerance which was enabling political problems to be solved. For that very reason the United Nations was the most appropriate organ to take the initiative in such a new approach. The various existing economic systems could co-operate efficiently and, indeed, were already doing so. Those who still sought to impede such co-operation were already beginning to bring more economic and political harm on their own heads than on the heads of those against whom their action was directed.

45. Technical and scientific co-operation alone could solve the problem of the further development of production and the productivity of labour. The expansion of trade, too, could not be attained by measures of liberalization alone. The same approach would have to be taken with the specific problem of raw-material markets. The gradual co-ordination of national policies could constitute a very useful initial approach to commodity price stability and more use might be made of the Fund. The establishment of SUNFED, regardless of the modest means initially put at its disposal, would be an appreciable step towards solving all the problems of international financing.

46. Although many problems confronted the world economy, they could be reduced essentially to a number of key problems forming a complex, which might be called the world economic disequilibrium. Those few key problems were, however, very closely interrelated and should therefore be tackled on a broad front. Many of the proposals for improving the existing system of co-operation were justified, but the greatest possible agreement should first be reached on the kind of action to be undertaken. A world economic conference might make a major contribution towards determining the area of common interest. Such a conference should be convened on the initiative and within the framework of the United Nations. Since the problems were, by their very nature, mainly universal, the United Nations would be the best instrument for solving them. Although the existing organs for international economic co-operation performed a useful function, they were not adequate to cope with such broad problems. To work out an agenda or set a date for the proposed conference would, however, be premature. The *World Economic Survey 1955* could provide a useful background for its discussions, as the major problems could be identified against it, but many other preparatory studies would be required.

47. The last decade had not only clearly posed the most difficult problem, that of the economic backwardness of the under-developed countries, but had also provided the material means to solve it. International political developments had already shown that political co-existence was not only possible, but was the only way to maintain world peace; the principle should be extended to economic co-operation among nations.

48. Mr. CARDIN (Canada) said that the economic surveys of the different regions prepared for the regional economic commissions and the *World Economic Survey 1955* would be useful guides to governments in formulating economic and financial policies for the next few years. The parts of the *Survey* dealing with the growth of production and trade during the past decade and the basic statistical data accompanying them shed new light on the current situation.

49. The most significant conclusion to be drawn from those studies was the remarkable growth that had taken place in the world economy during the past ten years. An important feature had been that the more industrialized countries in Europe and North America had, since 1954, apparently generated a new phase of economic expansion, stimulated and sustained by rising fixed investment and consumption of durable goods and a sharp increase in the volume of world trade, including a 5 per cent increase in purchases by industrialized countries from primary producers.

50. The doubts created by the pre-war depression, as to whether economic forces could be controlled, had been replaced by a growing confidence that the economy could be largely harnessed to ensure rising levels of material welfare. That new confidence had led to measures to maintain continued economic growth under stable conditions; in recent years such measures had been mainly in the form of monetary measures. Inflationary and deflationary forces seemed to have been reasonably balanced. It might be true, as stated in the *World Economic Survey 1955*, that one decade of prosperity provided no proof that the world had acquired permanent immunity against the business cycle, but it might reasonably be claimed that a better understanding of the interplay of economic forces had been acquired and that the capacity to achieve both security and progress under conditions of freedom had been increased.

51. Social as well as economic benefits had been widespread. Large-scale unemployment, such as had existed in industrialized countries in the pre-war period, had been wiped out and a substantial rise had occurred in standards of living. Progressive taxation and social welfare measures had led to significant improvements in the distribution of income.

52. However, despite ten years of unparalleled growth, the increase in living standards in the under-developed countries had been far less than was desirable and incomes had not yet grown to the point where they generated sufficient annual savings to finance continuing expansion of *per capita* productive capacity. Much under-employment remained, and there was still a scarcity of capital. Inflation and balance-of-payments difficulties had not yet been overcome.

53. Any accurate assessment of the position of the less developed areas must, however, take account of the real gains made. The under-developed countries were evolving a new social philosophy favourable to economic development. Their transportation and communications networks had been expanded, production of electric power had been increased, advances in public education had diminished illiteracy, new industries had been established and agriculture, mining and manufacturing

had each expanded at about the same rate as in the industrial countries. Although manufacturing was mainly directed to the production of consumer goods, a few under-developed countries had achieved a more rapid growth of heavy industry than of consumer goods. A combination of increased exports and improved terms of trade had raised purchasing power, and capital formation had risen significantly, both absolutely and in relation to output.

54. The Canadian delegation shared the belief expressed by the less developed countries' representatives in the Council that the main responsibility for their future growth rested with themselves. To the extent that they could develop liberal trading policies, sound internal fiscal policies, equitable and effective tax systems, well-considered development programmes and general improvements in their administration, they would increase their current income and attract more domestic and foreign capital. The industrialized countries could help by making every effort to increase, and, where possible, stabilize, international trade. The most effective way to do so was for all countries to co-operate within the framework of GATT. The early establishment of the organization for trade co-operation to administer GATT on a continuing basis would make GATT still more effective.

55. GATT was primarily intended to facilitate and expand trade among countries with a free-enterprise economic system, but efforts to expand trade need not be confined within the limits of that system. Canada was glad to enlarge its trade with countries with centrally planned economies, and had in 1956 concluded a trade agreement with the USSR which would prove beneficial to both parties.

56. Too much emphasis should not be placed on the distinction made in the *Survey* between the dollar segment of the world trading community and the segment based on the EPU. The aim should be to break down trade barriers, both within and between regions. The protection of inefficient industries was just as uneconomic and just as undesirable whether the competition came from a neighbouring country or from the other side of the world.

57. In his persuasive statement at the 934th meeting, the Secretary-General had seemed to imply that, in his view, the question of stabilization of commodity markets overshadowed those of full employment in the industrialized countries and of special aids to development in the less developed countries. He had referred to the three commodities—wheat, sugar and tin—for which some form of stabilization already existed. Canada was glad to be associated with all three agreements, of which wheat was to it far the most important because Canada was one of the main wheat producers. Canada could manage without the International Wheat Agreement, but greatly preferred to have it. It provided wide flexibility; prices could move between the agreed ceiling and the agreed floor without involving any member in obligations, but at the floor the consumers were obliged to buy and at the ceiling the producers were obliged to sell. Such an arrangement seemed to provide for wheat that measure of basic stability which the Secretary-General so desired, while at the same time allowing wide flexibility

and adaptability to changing circumstances. The experiment with wheat, which, on the whole, had proved successful, had shown the value of the commodity-by-commodity approach, since the main producers, main consumers and established marketing channels differed from one commodity to another, and no attempt to deal with wheat would have been successful if other commodity problems had been dealt with at the same time. It had also shown that no agreement could be concluded unless the main producers and the main consumers were willing to take part. Furthermore, it had shown that discipline, order and stability were necessary in the countries that were members of an agreement if the agreement itself was to provide for discipline, order and stability in the marketing of any particular commodity. It was hardly an exaggeration to say that no agreement was stronger than its weakest member.

58. The Canadian Government had neither opposed nor supported international commodity agreements in general, but it had joined in the agreements that had been reached so far. If new agreements were sought on a realistic basis and if they related to commodities in which Canada was concerned, the Canadian Government would undoubtedly be willing to take part in the necessary international discussions and negotiations.

59. Mr. BAKER (United States of America) said that the basic challenge before the Council and the United Nations was to convert into reality the British historian Arnold Toynbee's vision of the present age as the first in which people had dared to think it practicable to make the benefits of civilization available for the whole human race. That was the objective of the most far-reaching economic and social movement in history, affecting the great majority of the world's population. Its distinguishing mark was concern with the problems of economic growth and improved levels of living. The *World Economic Survey 1955* measured the success or failure of the world economy to move towards that objective during the past ten years, and drew attention to some of the problems which must be overcome if the benefits of modern science were to spread in future years to ever larger numbers of people.

60. The past ten years had been a period of unprecedented economic accomplishment for large areas of the world, and substantial progress had been made in fulfilling the hopes for greater security from hunger and want which had been raised during the Second World War. There were naturally great differences in economic performance, but in almost every country and region the rate of economic growth in the post-war period had been well above that suggested by earlier long-term trends. In Latin America as a whole the past decade had probably been the most prosperous period of its recorded history. The economic advances achieved, when added to the gains made during the war, had virtually doubled that region's total real income. While the countries of South-East Asia had not made such rapid economic progress, there were strong indications that in the past two or three years the region had achieved a sustained increase in *per capita* income, despite large rises in population. If the increase was maintained, that might well be one of the most important developments of the era. While

continued economic growth in South-East Asia was not necessarily assured, the experience of the past few years suggested that it was possible on the basis of available resources and within existing social and political frameworks. There were similar hopeful signs even in regions where economic problems were especially difficult. In the Middle East, for example, the *Survey* found that progress towards utilizing the region's great potentialities had been encouraging.

61. Thus, simultaneously with the unexcepted rise in birth rates in the industrialized countries and the phenomenal decline in death rates in the under-developed areas, there had been during the past decade a striking demonstration of the power of the world economy to support larger numbers of people at a higher standard of living than ever before. Furthermore, since 1948 the increase of production in the under-developed countries as a whole had compared favourably with that in the more developed countries.

62. In most developed countries maintenance of a satisfactory level of productive employment had come to be regarded as a major objective of economic policy. Watchful governments during the past ten years had determined to do everything possible to prevent serious business recessions. Actually, as the *World Economic Survey 1955* made clear, the major economic problem of the post-war period in those countries had not been the problem of depression, but the control of inflationary pressures and the problem of balanced economic growth. It was gratifying to see that unemployment in the industrialized countries had been reduced to levels that had seemed impossible to most economists before the war.

63. For the first time in a generation, trade restrictions were being progressively dismantled. The volume of trade had been rising, not only to record absolute levels, but also in relation to world production. That was a particularly noteworthy trend when compared with the experience of the years immediately before the Second World War, when world trade had grown by much less than the increase in world production, thus giving rise to the theory that a long-term decline in the importance of international trade was taking place. Recent developments indicated that that might well have been a premature conclusion.

64. The remarkable growth enjoyed by the United States of America since the war was well known. Forecasts made in the early post-war years that millions in the United States would be unemployed had proved wrong. Instead, the post-war period had witnessed an almost constantly rising trend of economic activity, which had continued into 1956. In the first quarter of 1956, goods and services had been produced at a seasonally adjusted annual rate of over \$398,000 million—\$11,000 million higher than the 1955 average and \$23,000 million higher than in 1954. Employment in the same period had risen to over 65 million, and unemployment had declined to a new low level. In April 1956, personal incomes had been 6 per cent above the level in the previous year, with average *per capita* personal incomes, after taxes, over \$1,650. Consumer prices had remained essentially stable for the past three years. The general expansion in demand had been so vigorous, in fact, that it had been

found necessary to adopt monetary measures to control inflationary pressures.

65. The recent rise in United States business activity had been led principally by residential construction and motor vehicles. Nearly 8 million new passenger cars has been produced in 1955, but during the course of 1955 the expansion had spread to nearly all parts of the economy. Residential construction and automobile production had, however, recently declined from the exceptionally high levels attained in 1955, but the decline had been offset by expansion in other sectors, especially in non-durable goods and services and in industrial investment.

66. One of the principal improvements in 1956 had been the substantial expansion of planned expenditure on plant and equipment. Early in the year business men had reported that they were planning expenditures in 1956 for fixed investment of \$35,000 million, more than 20 per cent above the 1955 figure. Large increases had been reported by all major industrial groups. In addition, government purchases of goods and services had gradually expanded in 1955 after substantial declines in 1953 and 1954. Spending by State and local governments had been rising to meet the requirements of a rapidly growing population for schools, roads and other community facilities.

67. All forecasts made by governmental and private research agencies emphasized the prospects for continued growth and for advancement in the level of living. Even more important was the fact that for the first time United States business men were planning expanded capital investments for several years ahead.

68. The current steel strike in the United States would probably not seriously alter production totals for 1956. The strike was a price which the United States was ready to pay, and a risk it was prepared to run, because it was part of a free labour market, of free trade unions and free employers, and of free collective bargaining. The Council had in the past concerned itself deeply with the problems of ensuring for workers freedom of association and freedom of economic action, and would undoubtedly not wish to see the exercise of such freedom prohibited, even though it carried with it the threat of some economic loss. Only three days before the steel strike had begun in the United States, there had been a strike at Poznan, based, according to the official Polish press, on the workers' dissatisfaction. That demonstration had been met with tanks and guns, which had opened fire on the workers, with the loss of many lives. It should never be forgotten that any economic system which failed to provide its people with the good things of life, under conditions of justice, liberty and freedom, failed in everything, no matter what the production and balance-of-payments figures might show.

69. The great boom of 1955 had been world-wide but the Council should not for one moment overlook the many difficult tasks which still lay ahead, if the good life was to be brought to more than a fraction of the world's population. If the accomplishments of the past ten years were to be the forerunners of greater world prosperity, there must be a realistic appraisal of how the gains could best be consolidated and extended. The *World Economic*

Survey 1955 and the Secretary-General himself in his penetrating statement on the world economic situation had pointed out some of the obstacles which still lay ahead: that of consolidating economic growth in large parts of the world to the point where it could become self-sustaining; the balance-of-payments problems of many countries; the problem of encouraging the international flow of private capital to meet more fully the needs of economic development; and the problem of growing population pressure in areas where modern public health techniques had brought about spectacular decreases in the death rate while the birth rate remained high.

70. The most optimistic economic forecast would mean nothing if all peoples did not work together to ensure peace. The tremendous economic possibilities that would be opened up for all nations by disarmament must excite the imagination.

71. The common aim was an expanding world economy. Many factors pointed to such expansion. It would bring change, and change brought instability, but the problems of change should not be feared, rather welcomed as part of the process of economic development. With an increasing understanding of economic forces, with governments in industrialized countries committed to a policy of maintaining high levels of employment and with new attitudes of responsibility on the part of business men, deep depressions like those in past years might be avoided and the duration of even moderate economic adjustments might be limited. That did not mean that future economic fluctuations had been eliminated. However successful it might be in managing its economy, no country, including those with centrally planned economies, could expect progress without interruption.

72. There were indications that international trade and private investment would play a more important role in the world economy. The United States delegation would regard the latter as a particularly desirable development, since it felt that in most undeveloped countries private enterprise and government could work effectively together for economic development.

73. The process of industrialization might be expected to continue to spread in the less developed areas. It had already made considerable strides during the past decade in Asia, the Middle East and Latin America. In the coming years many millions of people in those regions would see their occupations, places of residence and ways of living change as they moved towards industrialization and urban life.

74. In the years ahead, organized international co-operation through the United Nations and the specialized agencies would continue to be one of the vital forces working on the international scene, bringing the knowledge of the entire world to bear on solving common problems.

75. Sight must never be lost of the fact that the Council was dealing, not with abstractions, but with the economic realities of people's lives. It was in such concrete terms that the common goal must be fixed of making untrue, everywhere and forever, Hobbes' definition of human life as "solitary, poor, nasty, brutish and short". The successful pursuit of that goal would require the goodwill, courage, wisdom and stamina of all people everywhere.

The meeting rose at 12.45 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Bulgaria, Finland, Hungary, Israel, Italy, Poland, Romania.

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

AGENDA ITEM 2

World economic situation

- (a) Survey of the world economic situation, including the questions of full employment and of the expansion of world trade (E/2864, E/2871 and Add.1 to 6, E/2880, E/2881, E/2882, E/L.734) (*continued*)

GENERAL DISCUSSION (*continued*)

1. Mr. CHENG PAONAN (China) congratulated the Secretariat on the excellent *World Economic Survey 1955* (E/2864), which maintained, indeed surpassed, the high standard set by its predecessors.
2. One of the outstanding features of the *Survey* was the section dealing with economic development, the problems of which were thoroughly analysed. He proposed to single out the problems he considered the most important, and to endeavour to appraise their present state.
3. Some under-developed countries produced raw materials for export, and their economic fortunes were to a large extent determined by the rhythm of economic activity in the industrial countries. He would therefore start with a brief survey of post-war economic development in the industrial countries.

4. So far as the industrialized countries of the West were concerned, the chief features of the post-war decade had been the absence of major depressions and the maintenance of almost continuous full employment, which naturally brought in its train the problem of stability in the future. The whole situation was aptly summed up in the *World Economic Survey 1955*, where it was stated that the record of the post-war period was one of rapid growth accompanied by oscillation between inflationary and deflationary pressure in industrial countries. The important question now was whether it could be safely concluded from the experience of the past ten years that thenceforward the world would be free of major depressions. On that issue, the *Survey* took a cautious stand, declaring that one decade of prosperity provided no proof either that the world had acquired permanent immunity against the business cycle or that the national and international remedies would be sufficiently potent to cope with another outcropping of the disease. It went on to say that during the first post-war decade, so long as investment and consumption had been reinforced by a backlog of accumulated demand, the menace of depression had been absent, but that it would be foolhardy to assume that the problem of ensuring adequate effective long-term demand for full employment and full utilization of resources had been permanently solved.

5. All that was doubtless true, but it must be borne in mind that more lasting forces were also at work, similar to those which had helped to mitigate the severity of depressions in the nineteenth century. They were the growth of population, technical advances and the development of the under-developed countries, reinforced by the present building boom. Given such a favourable background, a depression so severe as that of the 1930s was unlikely to occur, and if governments had only to cope with milder attacks they might well succeed in preventing any contraction of business from developing into anything more than a minor recession. It might well be, as was also stated in the *Survey*, that there would only be a short-term inventory recession provided long-term investment remained unaffected. That meant that, at least in the reasonably near future, the under-developed countries in general, and the exporters of industrial raw materials in particular, would have to reckon with only minor recessions in the industrial countries.

6. Nevertheless, such a minor recession would be enough to throw the economies of primary producing countries out of gear. In his introductory statement at the 934th meeting, the Secretary-General had pointed out how development in the under-developed countries could be disrupted by an inventory shift in the industrial countries and a movement in the prices of primary commodities. At the same meeting, the Executive Secretary of the

Economic Commission for Asia and the Far East (ECAFE) had proposed a sort of compensation scheme to make up for any loss to the under-developed countries of foreign exchange, resulting from fluctuations in the prices of primary commodities. That suggestion deserved serious consideration, but it must not be forgotten that price instability would not only cause losses of foreign exchange, but might also seriously shake business confidence, which might well be the more damaging effect.

7. The immediate question, then, was whether the industrial countries were in danger of an immediate economic recession. The *Survey* stated that governments had expressed no concern that total demand would be insufficient to maintain full employment, but it also pointed out that the rate of expansion in the industrial countries was slowing down, a matter which was bound to have adverse effects on the countries exporting raw materials.

8. Other under-developed countries were primarily exporters of food, and the *Survey* contained an excellent discussion of the low income-elasticity of the demand for that commodity. Another factor had, however, come into play in recent years: the drive on the part of the food-importing countries to make themselves more self-sufficient. That was no new development, but its effects had not made themselves felt in acute form until after the Second World War, when, with the lag in world demand for many major agricultural products, exporters had been confronted with shrinking foreign markets and falling farm prices. The foodstuffs especially affected had been cereals, sugar and, to a lesser extent, meat. According to the analysis in the *Survey*, there were deep-seated social and economic considerations favouring the drive towards greater self-sufficiency in food, and the difficulties of the food-exporting countries would be aggravated so soon as the Soviet Union and the countries associated with it regained their traditional position as exporters of foodstuffs. How the traditional food-exporting countries were to adapt themselves to that changed situation was another of the urgent problems with which the under-developed countries were faced.

9. However, the main concern of the under-developed countries, whether exporters of raw materials or of food, was economic development. He would accordingly say a few words in support of the new definition, put forward by the Executive Secretary of ECAFE, of the goal of economic development. It could have a threefold aim, using *per capita* real income as the yardstick. The minimum target should be to keep *per capita* real income from falling. The next aim would be a rising *per capita* real income and hence a rising standard of living, the third stage being reached when *per capita* real income was rising more rapidly than in the industrial countries, so that the gap between the incomes of the developed and the under-developed countries was gradually narrowed.

10. The Chinese delegation was pleased to note from the *Survey* that a social climate favourable to economic development had evolved during the past decade. Such development postulated a number of pre-requisites, but the central requirement was still finance. The magnitude of the financial problem could best be grasped by refer-

ence to the countries of the ECAFE region, which were distinguished from those elsewhere by relative poverty and economic stagnation. In the introduction to the *Economic Survey of Asia and the Far East 1955*,¹ it was pointed out that in 1954/1955 the *per capita* agricultural production had still been 14 per cent below its pre-war level. In view of the predominantly agricultural nature of the region and the rapid increase in its population, especially since health and sanitary conditions had begun to improve, it was highly probable that in many countries in South-east Asia and the Far East real income *per capita* had declined. The table on page 3 of the *Economic Survey of Asia and the Far East* supported that view: of the nine countries listed, only two showed a definite increase in their *per capita* income in recent years as compared with 1938.

11. If that tendency was to be arrested, and, indeed, reversed, the rate of capital formation in the region must be speeded up. According to an estimate made in the *Economic Survey of Asia and the Far East 1954*,² it would require US \$2,000 million worth of additional foreign exchange each year, in addition to the foreign exchange and domestic savings already available, to raise the *per capita* income in the ECAFE region by a mere 2 per cent per annum. There were only four sources from which such additional foreign exchange could be derived: an improvement in the terms of trade of the primary producing countries; an expansion of their exports; an inflow of private foreign capital; and an inflow of public foreign capital.

12. The only encouraging feature of the situation was the rise in the prices of certain raw materials, including rubber, tin and cotton, produced by the ECAFE countries. On the other hand, the prices of foodstuffs, such as rice, sugar and coconut oil, had moved against the producing countries in that region. The exports of the under-developed countries there had scarcely increased since 1950. Exports of some industrial raw materials had, perhaps, risen slightly, and might continue to do so, but world trade in food had shown little or no sign of long-term improvement. Moreover, any attempt to boost the export of primary commodities might force down their prices disproportionately, and diminish, rather than increase, income derived from them.

13. In that connexion, he wished to say a few words about trade restrictions in relation to the communist puppet regime on the mainland of China. No serious economist would today advocate or defend restrictive trade practices, nor would any responsible government propose them. The free flow of trade had in fact been universally recognized as one means of improving economic and financial conditions throughout the world. It should be pointed out, however, that trading with an aggressor against the United Nations, and in violation of General Assembly resolutions, was both immoral and illegal. To earn a few dollars from the forces of evil was ethically unjustifiable, and could only bring discredit on the countries engaging in such traffic.

¹ United Nations Publications, Sales Number: 1956.II.F.1; *Economic Bulletin for Asia and the Far East*, Vol. VI, No. 4.

² United Nations Publications, Sales Number: 1955.II.F.3; *Economic Bulletin for Asia and the Far East*, Vol. V, No. 4.

14. So far as private foreign capital was concerned, except for the petroleum- and mineral-producing countries, the net flow was probably away from the under-developed countries rather than towards them.
15. Thus the prospects of higher prices, improved trade and more foreign private capital were very poor, and there was no escaping the conclusion that the only remaining source of additional foreign exchange for countries in Asia and the Far East was foreign government and international organizations.
16. In that connexion, the Chinese delegation wished to echo the statement in the *Survey* to the effect that responsibility for economic development was not confined to the under-developed countries, but must be shared by the entire world. Economic development was not simply a moral obligation: it was a political necessity. Poverty bred discontent, and that discontent had been fanned into the fire that was sweeping the Orient and many other parts of the world. International stability could not be restored until poverty had been stamped out in the free world, and that would be impossible of achievement unless the industrialized countries were prepared to give more aid.
17. So much for the long-range economic problems of the under-developed countries in the ECAFE region. So far as the more recent past was concerned, it was satisfying to learn that an increase in output had been achieved with relative price stability and improved balances of payments.
18. During the past decade the economy of the area under his Government's control had shared many of the features of the general economic picture of the ECAFE region as a whole. He proposed to give a brief sketch of the economic progress achieved in the Province of Taiwan since its restoration to China in 1945, beginning with a description of output in a few key sectors since 1945.
19. The pre-1945 record output of rice in Taiwan achieved in 1938 had been 1,402,400 metric tons. The Pacific war, with its shortages of shipping, farm workers and imported fertilizers, had caused rice production to decline to 638,828 metric tons in 1945, when it had fallen short of demand by 25 per cent. The successful solution of the rice problem since 1945 had been one of the most important single factors responsible for the relative stability of the island's economy. By 1950, the pre-1945 record had been not only equalled, but surpassed. Output in 1955 had reached 1,733,000 metric tons, or 25 per cent above the pre-war peak, and a further 170,000 tons had been exported. The island had undoubtedly become one of the few bastions of the free world which was self-supporting in food.
20. In 1943, Taiwan's electric power system had reached its peak installed capacity at 177,000 kW, but by the end of the war the figure had fallen to 33,720 kW, owing to damage wrought by typhoons and Allied bombing. The 1943 capacity had been restored by 1950, and subsequently doubled. Side by side with that increase in installed capacity, output of electricity had also increased, Taiwan's *per capita* figure being the highest in that part of the world, with the exception of Japan, Singapore and Hong Kong.
21. Taiwan's main industry was sugar. In 1945, production had dropped as low as 30,000 tons, but by 1953 it had recovered to 920,000 tons, of which 875,000 had been exported. The International Sugar Agreement had been concluded that year and, although China had been allocated the second largest export quota, the actual figure had been far below what the island could produce and spare for export. It had therefore been necessary to make a drastic reduction in the area under sugar, but despite that reduction output had again risen to 800,000 tons in 1955, more than Taiwan could consume and export under the Agreement. That had created for the sugar industry an acute problem of surplus disposal.
22. All the other pre-1945 industrial production records, including those for coal, paper, sulphuric acid, caustic soda, cement, petrol and cigarettes, had been exceeded to a lesser or greater degree in 1955, while progress in the new industries of cotton textiles and chemical fertilizers had been still more rapid. The development of the textile industry in Taiwan had not really got under way until 1952, since when the number of spindles had been increased sixfold and that of looms eightfold. The output of cotton yarn had increased from 7,255 metric tons in 1951 to 25,232 metric tons in 1955, the output of cotton fabrics having trebled over the same period. In fact, Taiwan was now not only self-supporting in cotton yarn and fabrics, but had surpluses available for export. Imports of raw cotton, which accounted for 98 per cent of the island's consumption of that material, had increased from 9,600 metric tons in 1950 to 29,800 metric tons in 1955, but shortage of foreign exchange, coupled with the world-wide over-production of textiles, was impeding the further expansion of the industry.
23. Taiwan was now producing 160,000 tons of fertilizers per year, an increase of 500 per cent over the 1939 figure. Nevertheless, the greater part of its requirements had still to be imported. To save much-needed foreign exchange, plans had been made to raise domestic production of chemical fertilizers to 402,000 metric tons per year.
24. Thanks to increased production in both the industrial and the agricultural sectors, Taiwan's national income had trebled between 1946 and 1954, in which latter year it had been twice as large as the pre-1945 maximum. That was a higher rate of increase than the comparable figure of 40 per cent for the under-developed countries as a whole.
25. Owing to the rapid increase in population, *per capita* income had not done so well. Nevertheless, it had doubled between 1946 and 1954, by which year it had risen to about 16 per cent above the pre-1945 peak. Though that figure compared favourably with the figure of 5 per cent for the under-developed countries as a whole, it fell short of the 25 per cent increase in western Europe and the 45 per cent increase for the developed countries as a whole.
26. Thus, in respect of both total and *per capita* income, the achievements of his Government and the people of Taiwan had exceeded those of the under-developed countries as a whole. In absolute terms, however, Taiwan's *per capita* income, though among the highest in that part

of the world, was still extremely low by Western standards.

27. The greatest help in laying the foundations of a constantly expanding economy had been provided by the programme of land reform, both urban and rural, which had fundamentally transformed the landlord-tenant relationship on the island. It had attracted much attention from Taiwan's foreign friends, and, in view of the Council's interest in land reform, he would give a brief sketch of his country's experience in that field.

28. Land reform had begun in Taiwan in 1949, with a reduction in land rent from an average of 55 per cent of the gross output of the land to a maximum of 37.5 per cent. The economic, social and political effects of that reduction, modest as it had been, had been tremendous. Economically, it had resulted in an increase of 17.5 per cent in tenant farmers' gross income, but as the tenants had previously had to spend large sums on rent, water, seeds and fertilizers, the increase in their net income would amount to no less than 55 to 65 per cent. To that must be added the increased income resulting from the expansion in production directly stimulated by the rent reduction programme.

29. The rent reduction programme had also had political effects. Communists in Taiwan had immediately launched a campaign to wreck the programme, in an attempt to undermine the prestige of the Government and to reduce the people's confidence in it. Communist agents who had been apprehended had, however, admitted that they had found it extremely difficult to win over the contented farmers, despite all their efforts.

30. In 1953, a programme for establishing peasant ownership had been launched by the Land to the Tillers Act. Under that programme, which had now been completed, each landlord had been allowed to retain a fixed amount of his lands for his own subsistence; the rest had had to be sold to the Government at a price equal to 2.5 times the annual gross output. To prevent inflation, the price had been paid in redeemable bonds and shares in government-owned industries. The land had then been sold at cost price to the tenants, who had been given ten years in which to pay for it by half-yearly instalments. They had thus been relieved of the necessity to pay any more rent. Though their present outlay was not substantially less than it had been during the rent reduction programme, the greater part was now being devoted to investment and, once the purchase price had been paid off, peasants would be liable only to taxes, amounting to some 10 per cent of their gross income compared to 37 per cent at present. Largely thanks to those land reforms, the Chinese peasant had never fared better than in Taiwan today.

31. Having completed its land reform programme, his Government had turned its attention to urban land, with the threefold object of preventing speculation by imposing a progressive land-value tax, at the same time limiting by statute the total area any one owner might hold; of making more land available for industrial and residential building; and of using the unearned increment in land values for the general benefit, mainly by means of the tax on them. The tax was assessable on the increased value of the land and payable upon its conveyance for

reasons other than succession, allowance being made for enhanced value due to improvements made by the landlord. Revenue from the tax was to be used exclusively for the construction of low-cost, low-rent dwellings and for social welfare purposes.

32. Despite progress both in agriculture and industry, Taiwan's economy had run up against certain difficulties. Between 1946 and 1954 the population had increased by 2.6 million, an increment of 3.5 per cent per annum. The island had to maintain a large military establishment as one of the necessary sacrifices in the war against world communism. In addition, the sizeable expenditure on rehabilitation and development had inevitably affected economic stability and the balance of payments. By 1950, the runaway inflation of the immediate post-war years had been arrested, and virtually complete stability had been achieved by 1954. Nevertheless, towards the end of 1955, owing to drastic cuts in imports, that stability had been disturbed, but only for a few months, and with the experience now gained inflation could in future be more effectively combated.

33. Taiwan was continuing to build up a free and strong economy for the welfare of its people, and shared the hope of all under-developed countries that more international capital would be made available to hasten the pace of its economic growth and the improvement in its standards of living.

34. Mr. ABELIN (France) said that the *World Economic Survey 1955* (E/2864), summing up world economic development since the end of the war, showed that political difficulties had led to an economic break between East and West which had got steadily worse until 1954 and had seriously affected the world economy. The great resulting increase in expenditure on armaments had profoundly disturbed the economies of all countries. Since 1950, in particular, some of the most highly skilled labour and the best raw materials had been earmarked for armaments production. Stock-piling of armaments and strategic raw materials had slowed up the production of consumer goods. There had been a definite political improvement, but it was too recent for a conclusion to be formed as to whether it had had any appreciable effect on living standards.

35. Though it was good that political leaders should exchange visits and try to know one another better, and that cultural and artistic experience should be exchanged, the economic effects of such events would take a long time to make themselves felt.

36. Nevertheless, despite the obstacles to economic development, the Secretariat's balance sheet was in his delegation's opinion reassuring in many respects. Analysis of the Secretariat's reports showed that since the war the world economy in general had developed more rapidly than during any other period of comparable length since the beginning of the century. The position had been particularly satisfactory in the industrial countries during the last three years. The increase in production had been accompanied by an expansion of international trade, particularly within certain regions. The French delegation, which had often in the past emphasized the advantages of regional trade co-operation, was pleased with the increase and with the results obtained

especially through the establishment of the European Payments Union (EPU) and the agreement on liberalization of trade between the countries members of the Organization for European Economic Co-operation. It also thought that the plan known as the European Coal and Steel Community, the establishment of which had cost several of its member States some sacrifice, had yielded quite successful results, especially in helping Italy, a country which had a large population and had suffered a great deal from the war.

37. The French delegation thought that more attention would have to be paid in the future than in the past to the development of inter-regional trade. In considering such problems it would have to be remembered that some of the under-developed countries belonged to EPU and benefited from its machinery; that others belonged to the dollar area; and that only a small number, whose trade, according to the *World Economic Survey 1955*, accounted for only one-fifth of world trade, did not belong to any of the great monetary areas of the world. Means would have to be found of developing the trade of those countries, which still lacked the advantages of an organized payments system.

38. The movement of the terms of trade in a direction relatively favourable to the under-developed countries was another encouraging factor.

39. Unfortunately, the rise in living standards resulting from the increase in production and trade had been extremely uneven, progress having been much greater in the industrialized than in the under-developed countries. However, no sort of economic law could be deduced from a period of only ten years. Furthermore, as appeared from one of the tables in the *Survey*, any assessment of such trends would have to be made with great circumspection, since there were great differences in increase of production per head between, for example, Africa, the Middle East and Asia.

40. Moreover, some of the ideas thrown out in the *Survey*—for instance, the information about the rate of expansion and average *per capita* income in Asia and Latin America respectively—might strike the layman as contradictory.

41. Prospects in the Middle East, an area to which the authors of the *Survey* had attached particular importance, were described as favourable, and the figures for income from petroleum production were indeed encouraging. The wealth of some of the countries of the Middle East had undoubtedly grown, owing to international effort, which was still, however, insufficiently co-ordinated. If account were taken only of the increase in wealth due to petroleum production and the sparse population of the area, by comparison with other areas of the world, the conclusion that the countries of the Middle East were in highly prosperous circumstances was inescapable. Such deductions showed that the analysis of the situation was a very delicate process, and that it would be an oversimplification simply to compare the development of the more highly industrialized countries with that of the economically less developed ones. Development ought to be studied over a sufficiently long period, and a sound analysis of the economic position of the under-developed countries must take into account the considerable differ-

ences existing between one region and another and, indeed, between one country and another.

42. The world was now experiencing a period of boom, but the search should be continued for remedies—especially international ones—for the remaining weaknesses of the world economy.

43. At its present stage of development, agriculture lacked a sound and rational basis alike in the Eastern countries, in the industrial countries of the West, and in the under-developed countries. Economically, that situation led to a disturbing gap between the prices of industrial and those of agricultural products, and the purchasing power of the farming population as a whole showed a tendency to dwindle. In certain countries in course of development, industrialization plans were usually financed at a heavy cost to the peasants. The position was similar in the industrialized countries, where it was becoming increasingly difficult to maintain rural purchasing power. Although governments might guarantee the farmer high prices, the problem of surpluses was likely to become insoluble and to jeopardize any such guarantee.

44. He had no panacea for the situation, but merely wished to make one or two comments suggested to him by a study of the *Survey*. It seemed fairly clear that during the coming five or ten years the Western, and especially the North American, countries would find serious difficulty in disposing of their surpluses of farm produce and in preventing them from increasing.

45. In the meantime, the difficult position of agriculture in the countries with a centrally planned economy could not be greatly improved for several years. It might therefore be possible to engineer a fruitful flow of farm produce from west to east. The French delegation attached particular importance in that respect to the recent conclusion between Canada and the Soviet Union of a long-term agreement concerning deliveries of wheat to the USSR.

46. In the under-developed countries with large populations, whether or not they had planned economies, it seemed particularly important to promote agrarian reform and industrial development concurrently, as the only means of absorbing surplus manpower and producing a balanced increase in both agricultural and industrial output. That aim would, however, not be achieved if the industrial development had to be financed at the expense of agricultural income. It was therefore not enough simply to pursue or to speed up agrarian reform in order to remedy the agricultural crisis in the under-developed countries; it was also essential that industrialization should be financed by the community as a whole with the help of foreign capital.

47. In industry there had been a tendency since the spring to a slackening in the rate of expansion which might have serious repercussions on the under-developed countries which had been unable to take advantage of the stimulus provided by the boom of the past few years. It was therefore necessary to seek means not only of preventing a decline in economic activity, but also of maintaining if not increasing its rate of development.

48. The *Survey* rightly emphasized the fact that the European countries were no longer building up dollar

reserves as large as those of a few years ago. While it would be wrong to talk of a dollar shortage, the surplus in the United States balance of accounts was again tending to increase in a rather disquieting way.

49. A slackening in the rate of investment, especially in industry, might be a wise move in the light of certain signs of contraction in some industrial sectors, of the rapid increase in productive capacity, particularly in the industrial countries, and of the ominous signs of inflation. On the other hand, the rapid increase in population, the headlong advance in technology, and domestic and international competition together made it impossible for undertakings and governments to relax their efforts to increase productivity.

50. The constant increase in investment was certainly likely to aggravate inflationary trends, which were particularly marked in certain countries. If the problem of investment were looked at only from the long-term point of view, there was a danger of disregarding the more immediate inflationary pressures and structural disequilibrium that would finally check the rate of development. If, on the other hand—as the authors of the *Economic Survey of Europe in 1955* (E/ECE/235 and Corr.1 and 2) had stated—attention were devoted solely to releasing the inflationary pressures, the danger became that of arresting economic development and even of provoking serious recessions.

51. Inflation could be cured by making use of the agricultural surpluses existing in many industrialized countries.

52. The great investment effort made in certain industrialized countries since the end of the war had not always been clearly understood in those countries themselves. The French delegation was, however, firmly convinced that that effort, necessitated by the devastation and disorganization caused by the war, would soon produce a much more stable situation. It could also be hoped that military expenditure would fall off within the next few years; some countries had already reduced, and others proposed to reduce, their defence budgets. It was essential, however, that reductions in conventional weapons and their concomitant expenditure should not be offset by new expenditure in other defence sectors. The French Government had often expressed its conviction that the easing of tension which had come about since the Conference of Heads of Governments would continue.

53. Again, if in the future investment resulted in an extension of automation threatening the economic stability of the industrial countries, he thought it could be combated by progressively reducing working hours. The very large investments made in those countries did not seem for the moment to present any serious dangers.

54. Though during the last ten years economic expansion had been almost continuous in France, nevertheless, his country, like all the industrialized countries, was confronted with a number of problems. Certain inflationary pressures persisted; the increase in the population after 1945, which had brought the birth-rate up to 18.5 per 1,000, made it necessary to plan the creation of the requisite number of new jobs between now and 1960; since the beginning of 1956 France had again had an adverse balance of payments, due to increased

imports of raw materials necessitated by economic expansion; exports had declined somewhat, particularly those of foodstuffs, as a result of the very bad weather at the beginning of 1956.

55. On the other hand, the gross national product had increased by 30 per cent since 1949; demand had risen, especially for foodstuffs, and agricultural production had increased to an equal extent, or even more; industrial production was constantly increasing and, during the second quarter of 1956, had risen to almost twice the 1938 level. Since 1952, real wages had risen by nearly 20 per cent. The period of paid holidays had been extended, and steps had recently been taken to improve the lot of needy aged persons. In many respects France considered itself in the van of social progress.

56. The trade and clearing procedures of the franc area made it possible to guarantee to under-developed countries and territories of that area regular markets for primary commodities at remunerative prices. It was argued that the prices of industrial products sold in exchange for such commodities were too high; but, as a result of the large investment made in France and in the franc area, the gap between the prices of industrial products and those of primary commodities could be reduced so long as the international political situation was not too uncertain. France was endeavouring in the franc area to ensure stable prices and advantageous marketing conditions for raw materials and primary commodities.

57. Furthermore, France had for several years been making an effort to increase investment in French Africa.

58. In that respect, the book figures should be interpreted with care. The reduction in investment in overseas countries in 1954 as compared with 1953 did not accurately reflect the true situation, for there was always a gap between the completion of work and the booking of the corresponding expenditure. Thus, as was mentioned in the report of the Commissaire général aux plans de modernisation et d'équipement, investment in French overseas territories had actually been about 10 per cent higher in 1954 than in 1953. That increase was substantiated by the increase in capital goods during the same year. In 1955 the loans granted by France to under-developed countries in the franc zone had been worth 600 million dollars.

59. The report *Economic Development in Africa 1954-1955* (E/2881) made no mention of the progress achieved in the production of electric power in French tropical Africa. That had increased by 21 per cent between 1953 and 1954, and in some places exceeded the needs of industrial and private consumption, leaving a surplus which could be used for industrialization.

60. Those facts showed that, in the economic unit which the franc zone constituted, there was machinery for meeting essential development needs. That zone was, moreover, endeavouring to play a growing part in international trade, as was shown by the rise in exports from African countries to Europe in recent years.

61. His delegation would refer in greater detail to the economic development of under-developed countries when items 4 and 5 of the agenda (Economic development of under-developed countries, and Financing of

economic development) came to be discussed. It felt that the position of those countries would depend largely on the attitude towards them taken by the industrialized countries. It took the view that the latter should primarily concern themselves not only with the stabilization of commodity prices, but also with the foreign exchange incomes of the countries of primary production, for the results of international action to that end had so far been somewhat disappointing and much inferior to those obtained in some currency zones. The effort to improve the terms of trade to the utmost should also be continued. One method of doing so in the not too distant future consisted precisely in a broad investment policy which would make industrial products available to the under-developed countries at more favourable prices. The under-developed countries should also be enabled to benefit lavishly by technical progress, to save them costly experimentation. An example of such benefit was the technical knowledge placed at their disposal through the International Conference on the Peaceful Uses of Atomic Energy, held at Geneva in 1955.

62. His delegation had suggested the holding of a scientific conference on the utilization of new energy resources other than the atom, a proposal which the Council had very definitely supported in principle at its twenty-first session (925th meeting).

63. He was pleased to note that private undertakings were increasingly exchanging technical information, so that the under-developed countries could establish not only a classical heavy industry, but even the most modern technical industries such as that of electronics.

64. The problem of technical development was one of the most complex with which the under-developed countries were at present faced in their relations with the industrialized countries. The very rapid advance of technology created a new danger for the under-developed countries, because the present technical gap between them and the industrial countries—not the gap in the volume of production—might widen during the next few years. The solution of that problem would require new methods and a great imaginative effort, and his delegation would look with favour on exchanges of information and co-operation of the kind that had come into being with the International Conference on the Peaceful Uses of Atomic Energy.

65. His Government had earlier agreed that assistance to the under-developed countries should be multilateral and within the United Nations, and it therefore supported the establishment of the Special United Nations Fund for Economic Development. The French Minister of Foreign Affairs had accordingly put forward a plan for international co-operation in the provision not only of financial, but also of technical and commercial assistance to the under-developed countries. Such a plan would not only strengthen such co-operation, but would also lead to the co-ordination and centralization of the action, thereby rendering it more effective.

66. The French Government was of opinion that satisfactory agreements on the forms of international assistance to under-developed countries were as important for the future of the peoples as discussions in the Disarmament Commission or the agreements which might be

concluded in that field. Any breakdown of the agreements on assistance to under-developed countries would be extremely regrettable, but they must be observed not only in the letter, but also in the spirit. The Council had a grave responsibility in that field, and the French delegation therefore felt somewhat uneasy when it found that some very important items on the agenda were examined far too quickly and, equally, very gratified when the discussion was thorough enough to engender hope of real progress.

67. As the French Government's representative, he urged the Council not to attach too much importance to discussions on the world economic situation at the expense of other questions on the agenda, some of which were of considerable importance and deserved serious study.

68. In conclusion, he thanked the Secretary-General, who had attended the discussions on the world economic situation, and was glad that the Under-Secretary for Economic and Social Affairs was also in Geneva. He would also like to express his gratitude to the Secretariat for the outstanding reports they had submitted. The thoroughness and efficiency with which the work had been carried out were most encouraging.

69. Mr. ZAKHAROV (Union of Soviet Socialist Republics) said that during the past few years there had been some lessening of international tension and a greater desire for peaceful co-operation which was creating the necessary conditions for a lasting peace. The Council, in discussing item 2 of its agenda and deciding upon its future tasks in respect of the world economy, should take as its starting-point the need to encourage in every possible way the development of international economic relations and to engender a feeling of trust between governments and peoples. The principle of peaceful co-existence among countries with different social systems had been proclaimed by Lenin, still remained a cardinal feature of his Government's policy, and was receiving increasing recognition. As Mr. Khrushchev had pointed out at the Twentieth Congress of the Communist Party of the Soviet Union, the world was faced with two alternatives: peaceful co-existence, or a war of unparalleled destruction.

70. The Soviet Union Government considered that international problems could only be solved by negotiation, the task of negotiators being not to accuse one another, but to establish mutual confidence. His Government had already given practical proof of its faith in that principle, in the talks held and personal contacts made with the statesmen of India, Burma, Afghanistan, the United Kingdom, France, Norway, Denmark, Sweden, Finland, the Federal Republic of Germany, Yemen, Cambodia and Iran, which had been of benefit to the future expansion of economic, scientific and cultural relations. Similarly, useful exchanges of views had recently taken place with Egypt, Syria, Lebanon and Greece.

71. In analysing the world economic situation, he wished first to draw attention to the continued diversion by some countries of vast material and financial resources to re-armament. His own country had not waited for the conclusion of a disarmament agreement before making

large-scale reductions in its armed forces and military expenditure. In 1955, its armed forces had been reduced by 640,000 men, and a further reduction affecting 1,200,000 men was in progress. The Soviet Union had recently agreed to the new United States proposal about the size of armed forces, and had reasserted its readiness to sign an agreement for the absolute prohibition of nuclear weapons. A reduction in armed forces and military expenditure would undoubtedly have favourable repercussions on the world economic situation.

72. The Soviet Union Government, being very conscious of the importance of the peaceful application of atomic energy for the further development of international collaboration, was co-operating on a considerable scale in that field with many countries, regardless of their social structure, and had just addressed a proposal to European governments and to the United States of America for a European conference to consider a regional organization to that end.

73. His country would continue its efforts to strengthen peaceful co-existence and economic and cultural co-operation, and would support any steps taken in that direction.

74. He proposed in his statement to mention only a few features of his country's economic development. More detailed information could be found in published documents. The Soviet economy was geared to peace and opened up broad possibilities for full development and an increase in productive capacity for the greater well-being of the population. Internal contradictions were unknown to an economy which expanded rapidly and without interruption. Thanks to the successful fulfilment of the two five-year plans carried out since the war, total industrial production in 1955 had been 4.2 times greater than in 1946, and 3.2 times greater than in 1940. Taking steel as an example, he said that in 1940 output had been 18.3 million tons, whereas in 1955 it had grown to 45.3 million. It was significant to note that before the war production in Germany had been 21.5 million, and in the United Kingdom 13.2 million tons, so that the Soviet Union was now producing more than twice as much as Germany had produced before the war and more than the United Kingdom and the Federal Republic of Germany were together producing now. By 1960, the Soviet Union would have increased its output to 68.3 million tons; in other words, almost as much as was now being produced in the whole of western Europe. The situation in other important branches of industry, including the engineering industry, was similar.

75. Parallel with, and as a result of, the development of heavy industry, production of consumer goods had also increased significantly. For example, the output of cotton, woollen and silk textiles in 1955 had been 6,000 million metres, 251 million metres and 526 million metres respectively, compared with 4,000 million metres, 120 million metres and 77 million metres in 1940. Production of foodstuffs had also risen considerably; for instance, in 1955 fish products had totalled 2.5 million tons compared with 1.4 million tons in 1940, production of animal fats had increased from 226,000 tons to 459,000 tons, and sugar production had increased from 2.2 to 3.5 million tons.

76. Average annual growth in industrial production for the years 1951 to 1955 had been 13 per cent, about 2.5 times as great as in the United States of America and three times as great as in the United Kingdom.

77. The sums earmarked by his Government for capital investment were an illuminating measure of the scale of Soviet economic development under the present five-year plan, the annual amount being almost 200,000 million roubles. He knew of no western country which could match that rate of investment.

78. The Soviet Union was planning by 1960 to increase the total volume of its industrial production by about 65 per cent, and that of agricultural production by 70 per cent, above the 1955 level. The results already obtained under its five-year plans were so outstanding that they had already received general recognition.

79. Achievements during the first six months of 1956 were proof of the good progress being made under the present plan. Total industrial production had been 12 per cent higher than during the first part of 1955, and substantial increases had taken place in the output of important commodities. Output of consumer goods was also growing. Those facts refuted the assertion made by the authors of the *World Economic Survey 1955* that there had been a decline in the rate of industrial development in the Soviet Union.

80. There had also been a sharp rise in agricultural production. Capital investment in agriculture had grown considerably during recent years, having amounted in 1954 and 1955 to 34,400 million roubles, or 30 per cent greater than during the years 1946-1950. Modern equipment was being supplied on an increasing scale, so that again the thesis expounded in the *Survey* about shortages in that respect was not borne out.

81. At present, the sown area in the Soviet Union was 194 million hectares, an increase of 37 million over 1953, and good harvests were expected in 1956, particularly in Kazakhstan and Siberia. There had also been a significant improvement in livestock production and the output of milk and meat had increased. The authors of the *Survey* were quite mistaken in thinking that there was a potential threat of a reduction in *per capita* consumption, because in fact the increase in the output of agricultural products was considerably outstripping the growth in population.

82. Standards of living were rising in the Soviet Union, the real wages of the workers having increased by 39 per cent and the real income of peasants by 59 per cent during the years 1951 to 1955. The argument put forward in the *Survey* about the continuous decline in the share of consumption in the national income was false. The recent law on pensions was one of the most important measures for improving national well-being. Working hours were also being reduced without a corresponding cut in wages.

83. In other socialist countries, industrial production for peaceful purposes was also growing, and standards of living were improving. For example, industrial production had doubled in China since the establishment of the People's Republic. Such countries were winning an extremely important position in the world economy, and were now accounting for about 30 per cent of world

industrial production, the Soviet Union's share being over one-fifth. The establishment of trade relations on a footing of equality and mutual advantage, the exchange of technical knowledge, mutual aid and the co-ordination of national plans, were important features of economic development in socialist countries. The Soviet Union was helping in the construction of numerous enterprises and industrial installations, and had granted long-term credits totalling 21,000 million roubles on most favourable terms. Never before in history had a highly industrialized country voluntarily helped others to build up their own industries. For example, his country was doing everything possible to help China, having supplied equipment to a value of over 8,000 million roubles, apart from help in industrial construction.

84. But all those facts did not mean that socialist countries were, as suggested in the *Survey* and by the Netherlands representative in his statement at the 934th meeting, confining their efforts to helping one another. In reality, they were seeking to extend economic relations with other countries on a basis of equality and without interference in domestic affairs.

85. In discussing item 2 of the agenda, special attention had to be devoted to the economic development of less developed countries. After the war, radical changes had taken place in Asia, Africa, the Middle East and the Far East, and the peoples of those regions were now a powerful factor in international relations; their influence on the world economic situation was growing, so that it was not surprising that one of the major problems of modern times was their economic development and the closing of the gap between them and the more industrially advanced countries. During the post-war years many countries had won independence, but the economic progress of those which had not managed to free themselves from the colonial yoke was being hampered. The governments of many less developed countries which had achieved independence had realized that without a fully developed economy based on domestic industry they would never catch up, and that that aim must be achieved first and foremost by exploiting domestic resources and by their own efforts. Consequently, the Governments of India, Burma, Indonesia, Egypt and others had already announced a policy of industrialization and of agricultural expansion, and many had already put in hand bold economic plans. They were entitled to expect disinterested and varied economic help, shorn of any military or political conditions and provided on equal and advantageous terms.

86. In order to achieve their aims, those countries were making increasing use of the experience gained in the Soviet Union and the Peoples' Democracies. They no longer had to beg for modern equipment, which they could now obtain from socialist countries without having to assume any kind of political or military obligations. Thus, firm economic and trade relations were being built up between the Soviet Union and the countries of Asia, the Middle East and the Far East, and trade agreements had already been concluded with Egypt, Syria, Lebanon, Yemen and Pakistan. Mutually advantageous trade and other forms of economic co-operation were developing between the Soviet Union and India. The Soviet Union was strengthening its economic relations with Burma

and Afghanistan, and was developing direct trade with the Indonesian Republic. Prospects of increasing economic co-operation with Iran were also opening up. Existing relations between his country and the Argentine, Mexico and Uruguay, were of benefit to both sides and were creating economic, cultural and other links. There were also prospects for a considerable increase in trade with other Latin-American countries.

87. His delegation believed that effective and far-reaching measures within the United Nations for providing economic and technical help to less developed countries were essential, and considered that technical assistance funds should to a large extent be used to help the industrialization of those countries. The Council should also direct itself to reinforcing their economic independence, to putting an end to the dominion of colonial powers, to assisting in their industrial development and training of manpower and to raising their standards of living.

88. Turning to another subject, he said that his remarks about some of the problems being experienced by the industrialized countries of the West were inspired by the desire for a frank and useful exchange of views. On the whole, the economic development of those countries since the war gave no grounds for optimism. Indeed, as was stated in the *Survey*, it was giving rise to serious concern. The post-war increase in production had not been healthy, having been characterized by a lack of balance and stability. In that respect, the economic position of the United States of America, which greatly influenced that of other countries, particularly in Europe, was very indicative. During the post-war period, there had been three serious recessions. Economic expansion in the United Kingdom and France had been slow and unbalanced. The financial situation of western countries was also unsound, and a number of them were experiencing an agricultural crisis.

89. Similar trends in industry had been apparent in 1955. Moreover, at the end of that year, and particularly during the first six months of 1956, there had been a slackening and even a decline in industrial production in a number of countries, particularly in the United States of America. All that pointed to serious economic difficulties and a contraction in effective demand. In addition, over-stocking, both industrial and agricultural, had affected the level of production and employment. According to incomplete official figures, in 1955 there had been three million wholly unemployed in the United States of America, and strikes in the steel industry would hardly have occurred had all been well.

90. In that connexion, he wished to inform Mr. Baker, who had taken upon himself the thankless task of defending the activities of the armed bands in Poznan, that they had nothing in common with the Polish workers. That had even been admitted in the American press. On 30 June the *New York Journal-American* had reported that the Senate had decided to allocate, within the appropriation for foreign aid, the sum of \$25 million for financing underground activities behind the Iron Curtain of the kind which had resulted in the Poznan disorders. That admission hardly called for further comment. It was perfectly obvious to the workers of Poland and other countries that the anti-popular demonstration in Poznan

had been financed out of funds voted by the American Senate. However, the agents thus employed had met with proper resistance on the part of the Polish workers, and the plans of the knights of the cloak and dagger had come to naught.

91. Reverting to the question of unemployment, he observed that in Italy it stood at about two million and in the Federal Republic of Germany at about one million. Moreover, the amount of partial unemployment had risen considerably during the post-war period. Those facts seemed far removed from the picture drawn in the *Survey* and by certain speakers in the Council.

92. It was not the Council's task to create uncertainty and spread gloomy forebodings, but it had to be recognized that in a world where economic co-operation existed the economic successes or failures of one country were bound to affect others. In that connexion he expressed regret that in a number of countries defence contracts were continuing to absorb a large part of industrial production and that vast resources were being squandered unproductively. There could be no doubt that the difficulties of a number of western countries would not be overcome until the armaments race had been abandoned, and it was a pity that the *Survey* had not devoted serious attention to that question. The Council should do everything possible to see that the burden of military expenditure was reduced.

93. The difficulties of western countries would also be greatly alleviated by a general expansion of trade. Unfortunately, that was being frustrated by the policy of some among them. In addition, an unfavourable situation was being created by unfavourable trade balances. During 1955, for example, imports by western European countries from the dollar area had been twice as high as their exports to that area, and that had not been fortuitous. Their present economic situation required careful study and it was regrettable that the difficulties they were experiencing had not been adequately brought out in the reports submitted to the Council.

94. It was no exaggeration to say that the solution of certain economic problems, the creation of confidence and peace and security, depended upon trade and economic co-operation of all kinds. As Mr. Bulganin, Prime Minister of the Soviet Union, had emphasized during his recent visit to London, trade was not only an economic affair, but also created trust between governments and peoples and helped the settlement of political problems. Mr. Bulganin had pointed out that it was impossible to consider disarmament without developing trade and removing all obstacles and discrimination preventing the establishment of normal relations between States.

95. The Soviet Union Government was developing economic relations with all countries ready to co-operate with it on terms of equality and mutual advantage. It was, for instance, developing its trade with Finland, Norway, Denmark, Sweden and the United Kingdom. When in England, the Soviet leaders had informed the United Kingdom Government that, if all obstacles and discrimination were removed, the Soviet Union could during the coming five years increase the value of its purchases from that country up to 9,000 million to 11,000

million roubles. The French government delegation which had visited Moscow in May had also been informed that on the same conditions the volume of trade between the Soviet Union and France could, by comparison with the 1955 level, be trebled or quadrupled within three years.

96. Trade relations were also being established with Italy, Belgium, the Netherlands, Greece and other countries, and an agreement had been signed with Canada at the beginning of 1956 which opened up hopeful prospects to the advantage of both countries.

97. The Soviet Union's stable trade relations with many countries were based on long-term agreements governing deliveries of specific commodities, and he had given that brief account of its relations with western countries to show the kind of possibilities open to countries genuinely interested in beneficial international co-operation. Trade could have grown to much larger proportions during the past years had it not been for the artificial barriers, including the embargo lists, set up by certain governments, which had not only failed to obstruct the development of the socialist countries, but had also increased the difficulties of the West and made its external trade even more unstable. It was for the Council and the regional economic commissions to work for the removal of those barriers. At present, not everything was being done in that direction, as he would have occasion to point out in his comments on item 2 (b) of the agenda. The Yugoslav delegation's proposal at the 936th meeting concerning the convening of an international economic conference deserved support.

98. It was abnormal that there should still be no universal international organization for trade co-operation within the framework of the United Nations. His delegation believed that the time was fully ripe for its establishment, and would therefore be submitting a draft resolution (E/L.734) urging governments not to relax their efforts to expand international trade and, in particular, to take the necessary steps as soon as possible to eliminate all discriminatory restrictions and obstacles, and recommending that an organization for trade co-operation open to Member and non-member States alike should be set up within the United Nations.

99. Mr. DE FREITAS-VALLE (Brazil) said that during the last ten years the Council had deployed its efforts in two distinct sectors: first, it had tackled the tasks of reconstruction necessitated by the ravages of war and of restoring the general economy to its pre-war equilibrium; secondly, it had considered the need to bring about a new, and superior, world equilibrium through the economic development of the under-developed countries.

100. The measure of the Council's success was to be gauged from the world economic surveys presented annually by the Secretary-General. In the opinion of his Government, those economic analyses had become more and more useful to Member States; indeed, for the under-developed countries they had often been almost the only means of keeping in touch with the great problems with which the world economy was beset. In the case of the *Survey* for 1955, the Secretary-General and his staff were to be congratulated on their penetrating and

impartial analysis of the ten years of post-war economic activity.

101. In the general field of reconstruction and restoration of economic activity in the war-devastated areas, the record was brilliant. Moreover, it was undoubtedly superior to that of the decade following the First World War. Greater though the destruction wrought by the last war had been, recovery had been more rapid and more general. Economic crises generated by the war had been more easily overcome, and long-standing problems of disequilibrium and stagnation had yielded in part to the forces of development. In that connexion, he took the opportunity of acknowledging the great assistance the United States of America had lent to bringing those results about.

102. Nevertheless, international disequilibrium, in the form of a world-wide dollar shortage, had persisted long after pre-war levels of output had been regained, emergency imports had ceased and accumulated demand had been largely met. In developed industrial areas, the cause of such disequilibrium was no longer the needs of reconstruction, but a drive for economic expansion which had produced a great demand for capital goods from the dollar area and had resulted in unprecedented levels of economic activity. In that sense, it could be agreed that the world's economic development had proceeded apace. The growth of productivity and employment in industrial countries had led to a substantial rise in *per capita* income, and to greatly superior levels of living, by comparison with the pre-war period.

103. Nevertheless, significant as had been world economic development as a whole, it could not be said that adequate progress had been made in solving the specific problem of the economic development of the under-developed countries. Side by side with the economic development of the industrial countries there had been virtual stagnation in the under-developed countries. Whereas in the developed countries *per capita* output had risen by about 45 per cent over the pre-war level, the rise in the under-developed regions appeared to have averaged no more than some 5 per cent.

104. As the United Kingdom representative had pointed out at the 935th meeting, the fact that American aid had been primarily directed towards western Europe should not be allowed to detract from the fact that it had released dynamic forces which had benefited the whole world by increasing European demand for the products of other areas. It was quite conceivable that a good proportion of the improvement in the terms of trade of the primary producing countries was to be ascribed to that increased demand. If that were the case, it might be pertinent to ask whether the gradual reduction and eventual cessation of American aid, which from 1953 to 1955 had still amounted to US \$5,200 million in non-military aid and to US \$7,900 million in military expenditure, might not lie behind the strong tendency of the terms of trade of those countries to deteriorate during 1955. It might likewise be appropriate to point out that, grateful as the under-developed countries might be for the indirect benefits they had thus secured, the great discrepancy in the rate of growth between the two groups of countries was a striking demonstration of the inadequacy of that indirect approach to their development. That was the

more true in that the income-inelasticity of demand for primary commodities must perforce cause the over-all demand for the primary exports of the under-developed countries to increase far more slowly than the growth of income itself in the industrial countries.

105. In that connexion, he felt obliged to express the great concern his Government felt about future prospects. Brazil had been one of the few countries whose terms of trade had improved substantially since the last war, resulting in unprecedented rates of growth in the Brazilian economy. The Brazilian Government fully recognized that, from a theoretical standpoint, more might have been done with the available resources, but the same was true of almost any other country. From 1950 to 1954, *per capita* real income had increased at a rate of 6 per cent per annum, a satisfactory figure in view of the fact that the Brazilian population was increasing at a rate of 2.5 per cent per annum—an absolute increase of more than 110,000 per month. In 1955, however, the deterioration of the terms of trade in coffee, cocoa and cotton—the three major Brazilian exports—had reduced the absolute growth of real income from an average of 8.4 per cent to 1.1 per cent. That drastic drop had reduced the *per capita* income of the Brazilian population for the first time since 1942.

106. In the *Economic Survey of Latin America for 1955* (E/CN. 12/421) it was pointed out that development in Latin America was linked with the behaviour of the external sector and that the terms of trade, when favourable, impinged upon the internal economy of the Latin American countries and pervaded every aspect of their economic life, with the result that external demand was still the principal factor governing development. The phenomenon was therefore general throughout the whole continent.

107. During the post-war years, the general level of Brazilian investment in relation to income had been relatively high. The real rate of liquid investment, after depreciation, which had been as high as 10 per cent of the national income, had risen to 13.6 per cent in 1952, but had since declined, reverting to the 1947 level in 1954 and falling further to 8 per cent in 1955. That drop could not fail to have adverse effects on the future growth of the national income of a country whose population was increasing by about 1,500,000 a year.

108. One of the most important factors in the setback to the Brazilian economy in 1955 had been the sharp deterioration in the country's terms of trade. The prospects for the international side of Brazil's economy were far from brilliant. Indeed, it would be unrealistic to expect any rise in the prices of Brazil's major exports; on the contrary, a further deterioration in the terms of trade was to be expected, and, worse still, a negative influence from the capital side of the balance of payments, as a result of the need for redeeming a series of short-term commercial loans.

109. In the case of the three major products which accounted for about 80 per cent of Brazilian exports, the price-elasticity of foreign demand was such that any sizeable increase in the volume of Brazilian supply would reduce rather than increase Brazil's export earnings. The *Economic Survey of Latin America for 1955* pointed

out that the degree to which Latin America's exports could be absorbed by the world market was determined in the case of raw materials by the state of economic activity in the more highly developed countries and, in that of foodstuffs, by a low income-elasticity of world demand. In the case of coffee, Brazilian exports had increased in 1955 by three million bags over the 1954 figure, but the proceeds from those increased sales had been almost \$100 million below the previous year's level. Income from cotton had also decreased by more than \$100 million.

110. The Brazilian Government had been taking all possible steps to ensure the better utilization of the available resources, in order to increase the productivity of new investment, and to attract public and private foreign capital, but it was well aware that a further deterioration in its terms of trade would frustrate all efforts on the part of the Government to offset it.

111. Available statistics seemed to show that the present world economic structure held the seeds of spontaneous forces that conspired against the economic development of the under-developed countries. Leaving aside the short-term fluctuations in the prices of primary commodities, it appeared that in the fifty years preceding the First World War the terms of trade of primary commodities, in relation to industrial goods, had declined by about 40 per cent. In 1947, those price relationships had deteriorated by a further 20 per cent for the primary producing countries. Had the 1913 level of prices prevailed in 1947, the under-developed countries would have profited to the extent of some \$2,000 million to \$3,000 million from trade alone. In the circumstances, the improvement in their terms of trade up to 1955 had been far from sufficient to make up for the long years of constant drain on their economies. The improvement for primary producing countries appeared, however, to be nearing its end, and the long-term trends were again asserting themselves.

112. That trend was by no means limited to the internal arena, but was discernible in the price relationships of industrial and primary products in industrial countries themselves. So far as could be seen, there was nothing in the cost structure of the production of both those types of product capable of determining those trends in relative prices. On the demand side, however, the situation was different. Everything pointed to the income-inelasticity of the demand for primary commodities in general, together with the high income-elasticity of the demand for industrial goods, as the probable cause of the long-term trends.

113. If that were indeed the case, the solution must necessarily be the rapid industrialization of under-developed countries which, beyond other desirable results, would reduce the supply of primary commodities and bring about an increase in the output of industrial goods, which in its turn should improve the terms of trade for the former. But a rapid rate of industrialization such as would bridge the gap between the two groups of countries would by definition require greater imports of capital goods at a time when the prospect of a further general long-term deterioration made that the more difficult. As was pointed out in the *World Economic Survey 1955*, balance-of-payments difficulties

might well limit the rate of capital formation even when savings were adequate to finance higher levels of investment: that was precisely why international investment was so important. In fact, as time went on the industrial lag of the under-developed countries increased and the possibility of further development decreased, so that from a structural point of view the problems of initiating or accelerating economic development became progressively more intractable and the amount of outside capital required became greater.

114. The situation with regard to international investment was far from satisfactory. The United States of America, which was still the only large provider of capital to independent under-developed countries, had directed most of its public and private investment towards the more advanced economies. Canada had accounted for over one-half of the total private investment from North America in the last few years, and of those direct investments, 45 per cent had gone into petroleum industries, leaving only 15 per cent of Canada's share for manufacturing industries and a mere 2 per cent for the all-important railways and public utilities sector. In public investment, where a corrective trend might have been introduced, there was the same tendency to invest in industrialized areas, and even the International Bank for Reconstruction and Development had assigned one-third of its recent loans to developed countries.

115. His Government fully admitted the principle that economic development was primarily the responsibility of the under-developed countries themselves, and was grateful for the help being given to that development. It was largely owing to the generosity of the American people that the present climate of understanding and co-operation in the international economic field had been created. But he believed that when the result of existing economic trends and governmental policies had been to increase the gap between the advanced and the less advanced countries, it might legitimately be asked whether the scope and scale of the present programmes and policies represented the optimum contribution which could be made by the advanced countries to what seemed to be the accepted objective.

116. Mr. DESSAU (World Federation of Trade Unions), speaking at the invitation of the PRESIDENT, said that the World Federation of Trade Unions (WFTU) had concentrated its attention on finding out to what extent the development of the world economy could enable satisfaction to be given to the workers' claims in respect of employment, wages, living conditions, housing and social security.

117. If the results obtained in countries with a centrally-planned economy were not yet commensurate with the workers' needs, the outlook was nevertheless favourable, as was confirmed by certain measures recently adopted in a majority of those countries and designed in particular to shorten the working week, to raise the wages of the lower-paid groups and to increase pensions, as well as by various measures for stimulating consumption.

118. In industrial countries of private enterprise, improvements in living standards, where they had occurred, had mainly been due to action by the workers themselves. In other words, increased production had not automati-

cally brought higher wages and improved working conditions. Trade union action, either in the form of continuous pressure for more favourable collective bargaining or in the form of widespread strikes, had been the deciding factor. Moreover, wage increases had lagged noticeably behind the increase in output, and still farther behind the very rapid and considerable increase in profits.

119. WFTU was in full agreement with the statement in the introduction to the *World Economic Survey 1955* that the increased economic activity in industrialized countries was largely due to special or temporary factors, and it thought the authors were right to issue a warning against the powerful forces of instability generated by the process of growth.

120. The same causes were responsible for the tendency to inflation which was causing wage increases to lose their value. Moreover, the very high level of military expenditure was a permanent inflationary factor hampering all attempts to bring about a genuine improvement in the situation. The measures adopted in some countries to combat inflation by restricting credit, purchasing power and the volume of employment, were, in WFTU's opinion, not merely ineffectual, but dangerous, for they tended to accentuate the economic disequilibrium which lay at the very root of inflation. The working classes were the chief sufferers, and in present circumstances they were not prepared to forgo their wage claims, and were resolutely opposed to any policy which would increase unemployment and thereby lead to wage cuts.

121. With regard to the problem of automation, he thought that large-scale repercussions on the volume of employment could only be prevented if there was a rapid and uniform expansion of production in the industries concerned. But at the present time purchasing power seemed inadequate to absorb the increased output of the engineering industry, the sector in which automation was making the swiftest headway. Hence, the big trade union conferences which had recently taken up the problem had recommended first of all an increase in purchas-

ing power, together with the maintenance of the level of employment, continued payment of wages in case of redundancy and the reduction of working hours. WFTU considered it essential that the Council should concern itself with those problems.

122. He also thought that automation directly raised the question of a reduction in working hours, which, in turn, raised economic problems and was bound to have serious effects on production, effects which should be studied by the Council.

123. In the under-developed countries, new, positive factors were emerging, and efforts to promote economic development and industrialization had become more systematic. But production had increased less there than in the industrialized countries and there were dangerous weaknesses in the structure of the foreign trade of the under-developed countries. Standards of living had been raised in some of them, but had substantially declined in others.

124. The trade unions in the under-developed countries were taking a firmer and firmer stand on economic development problems, and supporting efforts to develop their countries' economies independently and systematically. They were aware of the need to consider economic development and industrialization requirements in staking their claims; but they maintained that not only was there no conflict between economic development and higher standards of living, but industrialization could proceed only when accompanied by an increase in the purchasing power of the masses and an expansion of the domestic market.

125. In conclusion, he wished to reiterate that when examining the world economic situation the constant concern of WFTU was to see that standards of living were raised — an urgent and immediate necessity for the hundreds of millions of men and women still living in insecurity and poverty.

The meeting rose at 5.50 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Belgium, Bulgaria, Cuba, Finland, Hungary, Israel, Italy, Mexico, Poland, Romania, Spain, Venezuela.

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

In the absence of the President, Mr. SAID HASAN (Pakistan), second Vice-Chairman, took the Chair.

AGENDA ITEM 2

World economic situation

- (a) Survey of the world economic situation, including the questions of full employment and of the expansion of world trade (E/2864, E/2871 and Add.1 to 6, E/2880, E/2881, E/2882, E/L.734) (*continued*)

GENERAL DEBATE (*continued*)

1. The PRESIDENT, speaking as the representative of Pakistan, said that he had sat in the Council for many years and, like all poor relations, he had taken only a vicarious pleasure in the prosperity of the wealthier Members of the United Nations. He had drawn the attention of the Council to the state of poverty of the countries of his region, their past that was full of privations, and their future, which did not promise great relief.

2. The *World Economic Survey 1955* (E/2864) testified to the fact that the world was following a well-defined course which led to increasing wealth for one section and worsening poverty for the other. The *Survey* was

particularly to be commended because, for the first time, it preserved a perfect balance in its treatment of the developed and under-developed countries and had replaced the three categories into which it had previously divided the world by only two—namely, countries whose economy rested on private enterprise and those where it was centrally controlled.

3. Many of the figures cited in the *Survey* were gratifying, particularly those showing that economic progress in the decade following the Second World War had been more satisfactory than that in the decade following the First World War. The evidence that the earth was capable of supporting a far larger population than ever before was also gratifying, inasmuch as it laid the Malthusian ghost. Industrial production had reached new heights—expansion in world trade had been rapid and in the industrial countries the increase in *per capita* output had been 45 per cent. Africa and the oil-producing countries of the Middle East had increased production more than western Europe in absolute terms, although not on a *per capita* basis. In the industrialized countries the level of employment had been very high and the problem of structural unemployment seemed to have been solved. There was also a notable trend towards a more equitable distribution of income; labour now claimed a greater proportion of the national income; and inequalities of income as between sexes, regions and occupations were being steadily removed. In the centrally planned economies a high proportion of output had been devoted to investment, with resulting accelerated economic development. In the private-enterprise economies the increase in production had outstripped the growth of population. By far the greater part of that increase had occurred in the more developed areas. Commodity output and *per capita* output had risen very considerably in Canada and the United States, in western Europe, in Latin America, and in Africa and the Middle East.

4. In Asia and the Far East, however, despite the advances of science and despite social changes of revolutionary proportions, the *per capita* production had on the whole declined. The total commodity output had increased from 104 before the war to 115 in 1954, while the population had increased from 83 to 109; thus *per capita* commodity production had declined from 125 to 105.

5. The reasons given in the *Survey* for that state of affairs were the under-developed industrial base, inadequate financial resources, and strife and other political disturbances. An under-developed industrial base and inadequate financial resources were indeed features common to all under-developed countries. It was, however, unfair to attribute the declining economic situation in Asia and the Far East to strife and other

political disturbances, which had in reality played very little part. One of the largest social changes in the region, amounting practically to a revolution, had occurred on the Indo-Pakistan sub-continent, but there was undeniable evidence that economic development had not been impeded thereby, nor had it been impeded by political strife in any other large part of the region, such as China. The area where disturbances had occurred was small indeed by comparison with the enormous size and enormous population of the whole region.

6. The important point was that economic conditions had not improved in that region. The hope that voluntary emancipation would lead to better standards of living had not been fulfilled. The somnolent existence of many decades had given place to an almost feverish yearning for fuller life. The solace of religion, which had once reconciled the people of Asia to their tragic fate, no longer brought comfort to bodies worn with labour and emaciated with disease. The question might almost be raised whether it had been altogether wise to awaken them to the consciousness of poverty, which now transcended every other feeling and might drive them to seek desperate remedies.

7. It might be asked whether the stagnant economy and unending poverty of Asia were due to lack of effort or to a wrong choice between the alternatives of desire and duty to which the United Kingdom representative had referred at the 935th meeting. The Asian members of the Colombo Plan had spent, at a constant rate of exchange, £542 million on development in the public sector in 1953/54 and £724.6 million in 1954/55, and the estimates for 1955/56 had been £827 million. The percentage of investment in total central government expenditure in 1955/56 in relation to total revenues had been: Burma 20.5, Ceylon 29.6, India 45.1, Malaya 21.1, Pakistan 40.8, Singapore 5.6, Thailand 23.4. All those countries or territories had ambitious development programmes. In Pakistan, investment in the public sector had risen from 1.4 per cent of national income in 1951/52 to 6.4 per cent in 1955/56. The Five-year Plan for 1955-1960 contemplated an investment of 8,000 million rupees (about \$2,000 million) in the public sector and it was expected that by 1960 national income would increase by about 20 per cent and gross savings by about 8 per cent. Those were high percentages, considering how low the *per capita* income was and what little scope there was for savings. There had, in addition, been considerable investment in the private sector.

8. That investment had imposed untold hardships on the people. Not only had Pakistan eschewed all luxuries; it had denied itself even elementary needs in order that the purpose of freedom might be fulfilled and that the coming generation might be assured of a fuller and more prosperous existence than that vouchsafed to the present generation. By and large, the same applied to almost every country in Asia and the Far East.

9. Despite those sacrifices, however, there was little perceptible improvement in the people's standard of living. True, in the first phase of development there had had to be concentration on infrastructural development—namely, investment in development overheads. The first Six-year Plan, initiated in 1951, had provided

for a total expenditure of 2,600 million rupees. In fact, about 3,000 million rupees had been spent in the four years 1952/53 to 1955/56, and the total cost of the projects authorized was 5,610 million rupees. He would give details of that development work when the Council dealt with the surveys of the regional economic commissions.

10. The promotion of social and economic well-being was one of the most important guiding principles of State policy embodied in the recently adopted Pakistan Constitution. Under that Constitution, it was the State's duty, *inter alia*, to endeavour to secure the well-being of the people irrespective of caste, creed or race, by raising the standard of living of the common man, by preventing concentration of wealth and the means of production and distribution in the hands of a few to the common man's detriment, and by ensuring equitable adjustment of rights between employers and employees and landlords and tenants; to provide for all citizens, within the country's available resources, facilities for work and an adequate livelihood with reasonable rest and leisure; and to provide the basic necessities of life such as food, clothing, housing, education and medical relief—irrespective of caste, creed or race—for all such citizens as were permanently or temporarily unable to earn their livelihood on account of infirmity, sickness or unemployment. Landlordism had been abolished in East Pakistan, and in West Pakistan the State had imposed a very high improvement tax on newly reclaimed land.

11. The economy of an under-developed country was beset by a more than normal share of hazards. Natural calamities and the measures to be taken to prevent recurring food shortages, which exerted such acute pressures on the financial resources of such countries and, in turn, on development plans, might be discussed more appropriately in connexion with the item on the economic development of under-developed countries. The calamities which occurred because the economies of under-developed countries were so vulnerable to external influences, to world demand and price fluctuations, were more relevant to the item at present under discussion.

12. While the index of world production had increased from 78 in 1938 to 130 in 1954 (1948 = 100), exports had increased from 99 to 145. The production index of manufactured goods had increased from 69 to 140, and that of exports of manufactured goods from 92 to 150. On the other hand, the production index of raw materials had increased from 84 to 120, but that of raw-material exports from 103 to 140 only. The decline in raw materials' share in world trade as a whole was a reversal of the pre-war trend.

13. In recent years, the post-war trend for manufactured goods to form an ever-increasing proportion of international trade had become more pronounced. Only one-quarter of the increase in world exports in 1954 and 1955 had occurred in the non-industrial countries. Their share in world exports had been steadily declining: from 37.9 per cent in 1953 it had fallen to 37.2 per cent in 1954 and to 36.2 per cent in 1955. The decrease might not seem very large, but, seeing that world exports in 1955 had stood at over \$83,000 million, even an adverse change of one per cent would materially influence the economies of the under-developed countries directly affected.

14. Industries had reduced the amount of raw materials imported owing to the substitution of synthetic for raw materials and the structural shift of the industrial countries from light to heavy industries. While the latter factor was rational and understandable, particularly in view of the growth of light industries in the under-developed countries, there was a strong case for the industrial countries being asked to reconsider their general attitude to replacing raw by synthetic materials. The development of synthetic substitutes ran counter to the Ricardian doctrine of comparative costs, because, in addition to the fact that synthetic materials were not of such high quality as raw materials, raw materials were cheaper. The only motive for such a policy seemed to be a desire to become self-sufficient, but a decline in the exports of the primary producing countries would inevitably limit their capacity to import from the industrial countries, whose policy would thus rebound on their own heads.

15. The *Survey* stated that since 1938 the capacity of under-developed countries to import had increased, owing to an expansion in the volume of their exports and a substantial improvement in their terms of trade. He would like to see a more detailed study of the terms of trade before he could endorse the latter part of that statement. The instability in the international demand for, and prices of, raw materials remained a critical and recurring problem in the under-developed countries, and he had been glad to hear the Secretary-General make the subject of commodity price stabilization the main theme of his statement to the Council at the 934th meeting.

16. The *Survey* also pointed out that the instability of the primary producing countries' export markets had not diminished with the favourable price trends and general economic expansion of the post-war period. The Pakistan delegation would watch with interest the work of the Commission on International Commodity Trade, which might present suggestions for arresting the long decline in international commodity trade and for removing the chronic instability in the export trade in raw materials.

17. The *Survey* referred to new fears of inflationary pressure and balance-of-payments deficits in several western European countries, following the world-wide expansion that had taken place. Such a trend would very seriously affect those primary producing countries that had traditional markets in western Europe. The dollar gap on commercial transactions persisted, and had, in fact, risen from \$2,400 million in 1954 to \$3,400 million in 1955, although its impact had been offset by the overseas economic assistance and military expenditure of the United States Government.

18. The *Survey* had dealt in some detail with the philosophy of development, which had necessarily involved a discussion of certain doctrines. He had been gratified by some of the conclusions stated, as he had often urged in the Council that the Ricardian law of comparative costs was not applicable to countries which had very large under-employed populations, when the choice generally lay between production which might be called uneconomic from the point of view of exporting countries

and the complete lack of some article. In countries such as Pakistan, where the gravest economic problem was the shortage of foreign exchange, a project was generally judged by its effect on the earning or saving of foreign exchange, and internal costs were regarded as of secondary importance. Any project to set up an industry that would save foreign exchange by curtailing imports or, sometimes, by stimulating exports, was regarded as sound.

19. The stage of development had not yet been reached at which Pakistan could strive even to proceed towards the goal of full employment. Pakistan could not, therefore, base its plans and programmes of work on that consideration, much as that was to be regretted. The problem of development must be faced realistically. The first consideration must be to increase production at the lowest possible cost; and projects must therefore be allotted priorities in consideration of productive capacity alone. For the same reason, under-developed countries should not launch ambitious programmes of social development until the national income could provide the necessary resources after meeting the needs of economic development. Every country must pay the price of economic progress in terms of human suffering. There was, in fact, a legitimate complaint that many international organizations were impeding the economic development of the under-developed countries by insisting upon the provision of extended amenities for industrial workers. Such countries could not afford to use their resources in the earlier phases of development for any purpose other than increased production. He welcomed the *Survey's* support for the view advanced by the Pakistan delegation at the twentieth session of the Council (876th meeting) that sectional imbalance must exist in the earlier phases of a country's development.

20. Large masses of people in many parts of the world undoubtedly still lived in conditions incompatible with human dignity, and the Council must ask itself whether the *Survey* and its discussion thereof would help improve the economic situation of the world generally, and of the under-developed countries in particular. At its twentieth session, the Council had adopted resolution 579 A (XX) stressing the need for freer trade to improve the world's economic conditions. At its eighteenth session, it had adopted resolution 531 A (XVIII) drawing attention to the need for more rapid economic development. Those resolutions did not adequately reflect the gravity of the problem nor convey in full measure the Council's concern for the welfare of those millions of human beings whose lives were blighted by poverty and to whom all chance was denied to attain the full status of dignified human existence.

21. He was fully conscious of the magnanimity of the United States of America and of many other countries in helping under-developed countries to advance and thus enable their people to lead better and fuller lives. Such help was unique in human history. Nevertheless, he fully subscribed to the view that it was primarily for a country and its people themselves to overcome squalor and poverty. The under-developed countries still had enough pride to be aware of their own responsibility. Since the Council and the highly developed countries had often shown interest in raising the standards of living of the backward peoples and had stated that that was an

international responsibility, it might however be suggested that the Council's action should lead to results more tangible than any attained by the resolutions it had so far adopted.

22. He hoped to request the Secretary-General, at an appropriate stage, to undertake, with the assistance of selected experts, a survey of the needs and resources of the under-developed countries, to make recommendations for the utilization of human and material resources at present not used, and to suggest steps to achieve greater stability in the marketing of commodities, with the ultimate purpose of enabling the countries in question to carry out their planned development programmes. The vast amount of work remaining to be done in that field could be carried out most efficiently only through the United Nations.

23. Mr. EL TANAMLI (Egypt) praised the objectivity and clarity of the reports submitted by the Secretariat in connexion with item 2 of the Council's agenda. He ventured, however, to draw attention to two errors in the text of the report *Economic Developments in Africa 1954-1955* (E/2881)—namely, the reference to "French Morocco", whereas the official name of the independent State of Morocco was now being used in United Nations documents, and the use of the incorrect term "French North Africa" to describe Morocco, Algeria and Tunisia. Such errors made certain passages of the report incomprehensible and should be corrected.

24. According to the Secretariat's reports, production in the United States of America and the industrialized countries of western Europe had grown during the last ten years and was higher than before the war. In the Union of Soviet Socialist Republics and the other socialist countries of Europe, production had likewise shown an upward trend. The level of employment in the developed countries appeared to be satisfactory, especially by comparison with before the war. The expansion of world trade had been more marked than after the First World War.

25. On the other hand, in the countries regarded as economically under-developed, where two-thirds of mankind lived, the situation was totally different. Living conditions were unsatisfactory. In vast areas, undernourishment and disease were rife and the difficulties were aggravated by the continued growth of the population. Such conditions were the result of an unsatisfactory economic situation. Poverty fostered disease and disease in its turn led to greater poverty.

26. The Secretariat's studies showed that the under-developed countries of Asia, Africa and Latin America had been unable to develop their economies to any appreciable extent during the last ten years. In some cases, production and consumption did not even reach the pre-war level. World trade in primary products had not expanded to the same extent as world trade as a whole. Thus, the under-developed countries grew ever poorer and the gap between their levels of living and productivity and those of the industrialized countries was continually widening.

27. Yet if the causes of such a state of affairs were analysed it would be found that, as the executive secretaries of the Economic Commissions for Asia and the

Far East and for Latin America had recognized, the governments of the under-developed countries in those regions had done all in their power to promote economic progress. As could be seen from the report *Economic Developments in the Middle East 1954-1955* (E/2880), the States in that region had adopted economic planning methods in their efforts to achieve expansion and had gone so far as to undertake a thorough reform of their traditional institutions and to adopt a policy of austerity. Large-scale agrarian reforms had been launched in Africa, Asia and some countries of Latin America, and the demands of economic development had been a dominant factor in shaping both financial and economic policy and the measures taken in education, labour legislation and the regulation of the credit system. There were even countries which had had to surrender some of their rights as sovereign nations to obtain the resources necessary for their economic salvation.

28. However, the efforts so far made had not yielded sufficient results to offset the effect of the rapid rise in population. The countries concerned were unable by themselves to ensure their economic development, especially in the present situation; for the inadequacy of the resources exploited and the low real income *per capita* weakened the cumulative effect of the development projects. Furthermore, the entire economy of the under-developed countries, in which exports of primary products were a predominant factor, was closely dependent on fluctuations in the world economy. In addition, many of the under-developed countries had been or still were in a state of political dependence on the industrial countries, and that tended to place them at the mercy of fluctuations in the economic position of the leading Powers.

29. It was difficult to say whether the external fluctuations, to which the economies of the under-developed countries were particularly sensitive owing to their inherent nature or because of political factors, favoured their development or not.

30. In the first place, the rigidity in the supply and demand of the primary products which constituted the principal wealth of the under-developed countries intensified price fluctuations and disturbed their economic systems. Secondly, the terms of trade had moved in a direction constantly unfavourable to those countries. As a result, the income which they derived from their exports tended to decrease, thus limiting the contribution which foreign trade could make towards financing their economic development. At the same time, the deterioration in the terms of trade had the cumulative effect of increasing their impoverishment while benefiting the industrial countries. Lastly, the measures adopted by some of the industrial countries to encourage the use of synthetic instead of natural products, together with the trade policy of others, had had a decisive influence on the marketing and prices of the primary products which the under-developed countries exported. As far as synthetic products were concerned, it was possible, of course, to argue that there was no resisting progress, but it was important that economic autarky should not be fostered in countries which could well afford to practise a policy of freedom of trade without seriously jeopardizing their standard of living. As to trade policy measures, atten-

tion should be drawn to the action of certain countries in imposing severe quantitative restrictions on the importation of agricultural goods. Such measures undoubtedly hampered the normal development of international trade and deprived many of the under-developed countries of the foreign exchange necessary for their economic expansion. Referring in that connexion to the observations made on page 76 of the report on *Economic Developments in the Middle East 1954-1955*, he explained that it had been the Egyptian Government's practice, prior to the opening of the Cotton Exchange, to base the price of Egyptian cotton on that of American cotton, whereas the import of Egyptian cotton into the United States was subject to a rigid quota system. At the same time, the methods adopted by certain large countries for disposing of their agricultural surpluses endangered the stability of the prices of those products on the world market. The question of agricultural surpluses should be solved by international agreement and not by a unilateral decision which was reflected in dual prices for the same product and produced consequences similar to those of dumping.

31. The under-developed countries were then in a position hardly conducive to rapid economic progress. Indeed, that was borne out by the history of the post-war period, and it was one of the causes of the unbalanced situation of the world economy.

32. There could be no doubt that the economic development of the under-developed countries called for international co-operation. Such co-operation, of course, already existed, and he had no wish to belittle what had been done through bilateral or multilateral agreements. The international community had set up the International Bank for Reconstruction and Development (Bank) to provide finance for sound economic development projects, and it was intended that the international finance corporation should supplement the Bank's activities. The United Nations had been trying for years to set up the Special United Nations Fund for Economic Development; the opposition shown at the start was diminishing, and it was to be hoped that the fund would soon be established. Lastly, the United Nations Expanded Programme of Technical Assistance marked the triumph of the spirit of international co-operation.

33. Great though those achievements were, however, they hardly matched the gigantic problems of economic under-development. The Secretary-General had rightly drawn the Council's attention at the 934th meeting to the importance of international trade for the development of the under-developed countries. The Council should use its authority to convince the world that freedom of trade was the condition of economic development, and that it was contrary to the economic interests of the international community as a whole to prevent the free flow of exports from the under-developed countries to the markets of the developed countries.

34. Egypt, of course, was fully alive to the difficulties arising in that field. It was impossible to ignore certain facts which had a decisive influence on the course of political, economic and social events. To begin with, the political division of the world into two opposing camps entailed vast military preparations which drained economic resources and hampered normal trade developments. Secondly, the period which followed the Second

World War had been characterized by the liberation of many countries whose inhabitants, in their hundreds of millions, were now seeking to consolidate their political freedom by rapid economic and social advances. That raised new problems which could not be solved on the basis of the old standards. Thirdly, private capital, which had formerly found its way to the under-developed regions for investment, could no longer play the important role previously ascribed to it. The source of private capital had moved westwards, and American private capital was attracted to specific investments of a profitable nature in certain countries, or to specific undertakings.

35. As far as his own country was concerned, it had made persistent efforts to ensure its economic development and to fulfil its obligations under the United Nations Charter. Egypt was a typical example of an agricultural country bent on industrialization. It was an exporter of one primary product—cotton—which, with its supplementary products, accounted for 90 per cent of Egyptian exports. Hence, the rate of Egypt's economic development depended on the relation between cotton prices and those of the manufactured articles which it must import for the purposes of development. The level of economic activity in the country was therefore determined not so much by the volume of exports as by the value of cotton in relation to that of imported goods. Changes in the terms of exchange had profound repercussions on Egypt's whole economy, as on that of all countries exporting primary commodities. Fluctuations in export prices in terms of the national currency led either to inflation or to deflation. Such was the foundation on which Egypt must build in seeking the balanced development of its economy.

36. Since the revolution of 1952, Egypt had carried out certain reforms, the most important being the agrarian reform. Its recently promulgated Constitution laid the foundations of a new economic system by proclaiming the inviolability of private property while regarding it as a servant of the community. Under the new Constitution, the national economy was to be organized in accordance with the principles of social justice and must tend towards developing production and improving the standard of living. In 1953, Egypt had set up a Production Council to promote economic development and had enacted important legislative measures to encourage the investment of domestic and foreign private capital in economic development projects. Statistics showed that the capital of Egyptian joint-stock companies had grown by £E33 million between 1952 and 1955. In addition to the private sector of the economy there were public and semi-public sectors which were essential factors in the Egyptian programme of economic development. The programme was partly financed by national loans but, in order to obtain the foreign currency necessary for its execution, the Egyptian Government had had to give priority to the import of capital goods and to reduce imports of luxury articles. At the same time, as a result of negotiations between the Egyptian Government and the Suez Canal Company, the latter had undertaken to invest in Egypt part of its profits in foreign currencies. Yet, despite all that Egypt had already accomplished, sacrifices were still necessary if it was to achieve its object.

37. In conclusion, he emphasized that the development needs of the under-developed countries could not be met by their own efforts alone. The Charter of the United Nations had made that point quite clear by the emphasis it had placed on the need for united action in that field.

38. Mr. NOSEK (Czechoslovakia) said that to obtain a clear idea of the general trend of world evolution, it was necessary to appreciate the historical significance of the fundamental changes which had taken place in the world's economic and social structure since the end of the Second World War. That was of especial importance to the work of the Council, since a right solution of the economic and social problems of the world would greatly help to lessen international tension and to ensure that universal peace without which no general improvement in the material and cultural level of mankind could be attained. On the other hand, a wrong solution might produce exactly contrary results. Such problems, however, were complex and difficult to solve, and must be approached in the light of a realistic analysis of the world situation.

39. One of the basic factors in that situation during the last ten years had been the formation of new relations between peoples, owing to the fact that the economic system based on central planning had now become world-wide and on an equal footing with the capitalist system, based on private enterprise. That change had had, and continued to have, a vital influence on the economic and trade relations between peoples and between States.

40. Another outstanding feature of the last ten years had been the development and intensification of an armaments race in certain countries, which had led to the militarization of their economies and had given a strategic character to the so-called "assistance" which they furnished to other countries, on condition that they participated in military alliances. Another consequence of the armaments race had been the export of capital in a variety of forms for military purposes. And yet another result had been an increase in taxation, the burden of which fell on the working masses. There was no need for him to stress how much the living conditions of workers in all countries, and particularly in the under-developed regions, could be improved if even a part of the money spent on armaments were devoted to financing the economic development of those regions and economic expansion in general. That was why the whole of mankind attached such importance to the proposals submitted by the USSR to the United Nations Disarmament Commission. The decision of the Governments of the Soviet Union, Czechoslovakia and other countries to reduce their armed forces was likewise of great significance.

41. Finally, the post-war world had been influenced by the course which affairs were beginning to take in the under-developed countries. Thanks to a general movement towards national liberation, the economic development of those territories was now taking place in a new political atmosphere, more favourable than that which had prevailed in the past. Many of the territories were still in a lamentable state economically and socially—a heritage of colonial domination. It should be remembered that, even in the most advanced of the under-developed countries, the volume of industrial goods

available per head was only one-tenth of the figure for North America or Europe. The Council had frequently studied the problem of the economic development of the under-developed countries, and its activities in that field over the past ten years had yielded positive results, among them the implementation of the United Nations Technical Assistance Programme. In that connexion, it was gratifying to note that the axiom that the key to the development of the under-developed countries lay in the expansion of their industry and agriculture was now recognized and acted upon in many of the countries concerned.

42. If one compared production levels in the countries with planned economies and in those with economies based on private enterprise, it would be found that in some sectors *per capita* production in countries in the first category, which had embarked on industrialization at a later stage and which in many cases had suffered greater damage as a result of the war, remained somewhat below the figure for the United States of America and the industrialized countries of western Europe. The gap had been substantially narrowed over the past ten years, however, and under the various five-year plans launched in the present year it was envisaged that the socialist countries would catch up and continue to go ahead. That was a healthy tendency in full accord with the spirit of peaceful competition, the aim being to ensure the general expansion of the economy, with all the social prosperity which that would bring in its train.

43. However, to assess a social system at its true value, it was necessary to consider the general long-term rate of economic development. If the figures for 1937 and 1955 were compared, it would be found that industrial production in Czechoslovakia had more than doubled; that that of the People's Democracies in Europe as a whole had increased by 231 per cent; and that that of the Soviet Union was nearly five times as great. There had also been an increase in production during the first ten years since the war in the countries with economies based on private enterprise, but it had been unequal and generally less than in the countries with planned economies. For example, the 1955 figure for industrial production in all the countries with economies based on private enterprise was 96.4 per cent higher than in 1937; and even so, allowance had to be made for the fact that the United States of America had not only been spared direct war damage but had been able to increase its production and capacity.

44. Furthermore, the economy of the socialist countries was of a pacific character in keeping, indeed, with the inherent nature of the socialist system. Thus, the bulk of their expenditure was devoted to developing the national economy and satisfying the social and cultural needs of the population. In the industrialized countries with economies based on private enterprise, on the other hand, military expenditure had absorbed a very large part of the national budget. It was that militarization of the economy that had enabled a high level of production to be maintained in certain of them. But while excessive military expenditure could mitigate the effects of the fluctuations in economic activity for a time and be a source of very high profits, it could not ensure stability of economic development. Expenditure of that kind

had resulted in several countries in the emergence of inflationary pressures, with the evil consequences which they had on the standard of living of the population in general. The *World Economic Survey 1955* (E/2864) did not pay sufficient attention to that problem, just as it did not sufficiently stress the instability which, since the war, had attended the development of many of the countries with economies based on private enterprise. The *Survey* said nothing of marketing difficulties or of the intensified competition between the countries with an established position in world markets.

45. Turning to the employment position, which was another index of economic development, it would be found that the industrialized countries with economies based on private enterprise had failed—contrary to the assertions made in the *Survey*—to achieve a stable position of full employment. In 1955, eleven industrialized countries, including the United States, the United Kingdom and France, had had seven to eight million fully unemployed, apart from partially unemployed the figures for whom were, in many cases, not given in the official statistics. Though there was talk in those countries of a manpower shortage, and even of over-employment, thousands of workers were being dismissed in one sector or another because of difficulties in selling particular products.

46. Employment was now a question of prime concern due to the introduction of new methods of production and automation. Those new methods could be a great help in increasing labour productivity and promoting economic development, and hence social progress in general. It should be possible, thanks to them, to cut hours of work without reductions in wages, as well as to lower the prices of consumer goods and so increase the real value of wages. Czechoslovakia, for its part, had already taken action in that direction; the working week would be reduced to only 46 hours from 1 October 1956, without any reduction in wages.

47. The level of activity in certain capitalist countries had also been raised since the war by economic, political and military expansion abroad. Such expansion had produced a number of disturbances in traditional relations between countries and had deepened the conflicts of interest between them. One of the phenomena resulting from it had been the policy of economic discrimination applied to the socialist countries. On that point, it must be said that the Council had so far done little to help eliminate those discriminatory measures, which constituted an anomaly in international relations. Yet, nowadays, such economic discrimination—a relic of the cold war—was rejected by economic circles in those very countries where it had first made its appearance. As could be seen from the *Survey*, trade between eastern and western Europe had already expanded in recent years, though it still fell short of what was possible. The trend towards more normal economic relations between countries was a welcome one and a practical application of the principle of peaceful co-existence.

48. In his delegation's opinion, peaceful co-existence implied the establishment of fruitful co-operation between countries with different social systems by which the peoples were brought closer together and the way opened

to an expansion of production and an improvement of living standards, more particularly in the less developed countries. A new kind of relationship founded upon mutual assistance, co-ordination of economic plans, the exchange of experience and the reciprocal grant of favoured treatment on a basis of absolute equality had already been established between the countries with planned economies. Such a relationship demonstrated the possibility and the value of establishing friendly relations, likewise founded on the principle of equality, between countries with different social systems. There could be no doubt whatever that a development of mutually beneficial economic, social and cultural relations between all countries would contribute not only to the economic and social advancement of the world as a whole, but also to the consolidation of peace. It was for that reason that his delegation attached such importance to the development of world trade as a practical application of the principle of peaceful co-existence.

49. The Economic and Social Council owed it to itself to give constant attention to that fundamental problem. It was primarily a question of eliminating the political and economic obstacles impeding international trade. In that respect the creation of an international organization for trade co-operation would without any doubt be of great use, and the Czechoslovak delegation therefore supported the Soviet Union draft resolution on that subject (E/L.734). The regional economic commissions could give valuable help to the Economic and Social Council in performing the tasks assigned to it by the Charter. In his delegation's opinion, the three regional economic commissions would be more successful in their work if they included all the countries in their regions and took action more often.

50. The Czechoslovak delegation noted with satisfaction that the United Nations Secretariat was making increasing efforts to take into consideration the new realities which marked world economic developments, but could not approve all the assertions made in the various studies submitted to the Council on item 2 of its agenda.

51. Referring briefly to the main developments in his country's economy since the Second World War, he recalled that the reconstruction and development plan covering the years 1947 and 1948 had brought Czechoslovak industrial production up to or even above its pre-war level. Subsequently, during the first five-year plan, from 1949 to 1953, industrial production had increased each year at an average rate of 15 per cent; by the end of 1955, industrial production had been 143 per cent higher than in 1937. The increase in production and in the volume of foreign trade had made possible a constant increase in the consumption of foodstuffs and industrial goods. To obtain an accurate picture of the rise in the standard of life of the Czechoslovak people, the services financed by the State for the people's benefit must be taken into account. The second five-year plan envisaged an increase of at least a third in personal consumption. The real wages of Czechoslovak workers had been increased substantially by the series of reductions in prices of consumer goods.

52. Finally, he hoped that the Economic and Social Council would pursue its activities in an ever more

favourable international atmosphere. Czechoslovakia, faithful to her peaceful policy, would support any action taken by the Council and the other bodies of the United Nations to develop economic relations between countries and strengthen international peace.

53. Mr. CARANICAS (Greece) said that he had little to add to the very constructive contributions of the previous speakers. He would therefore confine himself to considering the future prospects of the world economy in the light of developments during the past decade.

54. Economic development in the centrally planned and the private-enterprise economies alike had been rapid in the past ten years. The post-war investment programmes had successfully stepped up industrial production, and agricultural production had expanded too, although in general food production had failed to keep pace with the increased population. Many agricultural producers, chiefly highly developed countries, were actually suffering from surpluses rather than shortages.

55. The problem now was how to maintain the high level of economic activity in the industrial countries and to avert cyclic depressions. The present business boom needed careful watching, particularly in view of the weaknesses in the agricultural position and the slower accumulation of dollar reserves outside the United States, to which the French representative had referred at the 937th meeting. Certain symptoms in the United States were causing apprehension, not only in the industrial but also in the under-developed countries. The slowing down in certain sectors of the United States economy, such as the motor industry, could have repercussions elsewhere, as the Indonesian representative had pointed out at the 934th meeting in connexion with rubber. It was difficult to tell whether the trouble was superficial or indicated a more drastic trend. Over-all production in the United States ought to be increasing by about 5 per cent annually, since the population was increasing by about 2 per cent and productivity by at least 3 per cent; but it had in fact remained stable since September 1955. That, and other indications, such as the movement of prices for non-ferrous metals, suggested that a turning-point was being reached in the United States; and events there could not be ignored by Europe, despite the fact that Europe had emerged from the 1953 United States recession almost unscathed. However, the resistance shown in most sectors of the United States economy suggested that, if a real recession did eventually occur there, it would not be far-reaching or of long duration.

56. Although periods of prosperity and recession in the world economy continued to alternate, the swings during the past ten years had been comparatively small. The economists who believed that violent swings were a thing of the past, and that because the world was at present going through a phase of long-term expansion a period of prosperity lasting up to 1970 was to be expected, were probably right.

57. Nevertheless, the present stagnation in the United States showed signs of being more serious than the two other post-war recessions in 1948 and 1953. Moreover, the inflation which in many other countries had been

continuing throughout the decade represented a very grave problem—more particularly the “repressed” type of inflation, which was clearly predominant. The effectiveness of the “built-in stabilizers” and other monetary and financial measures, designed to control fluctuations, had still to be seriously tested. A real uncertainty hung over the future; economists held conflicting views as to both the nature of the existing problems and the chances of prosperity being maintained.

58. In connexion with inflation, particularly careful attention needed to be given to the effects of over-employment, which had come to be one of the main problems in the industrialized countries of western Europe. Depletion of the labour reserve during boom periods led to wage increases, which in their turn caused a rise in prices not matched by increased productivity. A state of over-employment could not be maintained without permanent inflationary pressure. The wage claims which trade unions were enabled successfully to maintain in some industrial countries tended to make matters worse if productivity was not stepped up. As was pointed out in a recent Government White Paper issued in the United Kingdom,¹ where the problem was particularly acute, full employment could be reconciled with price stability only if the trade unions exercised self-restraint in making wage claims. It remained to be seen whether the leading industrial countries would have the wisdom to exercise wage restraint. General monetary measures—such as increased discount rates and credit restrictions—were of great importance, but their efficacy depended upon the adoption of a responsible attitude by labour, and also by governments themselves in their expenditure on such items as nationalized industries and the financing of budget deficits.

59. He could not agree with the Czechoslovak representative that there was substantial unemployment in the highly developed countries of western Europe. Where unemployment and under-employment did exist was in less developed European countries like Greece or in southern Italy; there the basic cause was over-population, a problem which could only be effectively tackled by drastic measures affecting the structure of the country's economy.

60. That pointed to another method by which the shortage of manpower in western Europe might be eased. The use of immigrant labour would have an anti-inflationary and stabilizing effect similar to that of a high level of savings. The influx of refugees into western Germany provided a useful example. Recently Professor Bresciani-Turroni had drawn the attention of the countries suffering from over-employment to the fact that they could ease the inflationary pressure on their economies, thereby also serving the interests of the working classes, by opening their frontiers to Italian labourers. The same thing might be said of immigrants from Greece. Immigrant labour could, however, only be regarded as a palliative. Nevertheless, the full employment obligation to which Member States had subscribed in the United Nations Charter was not only

¹ *The Economic Implications of Full Employment*. Cmd. 9725 (London, H.M.S.O., 1956).

a national, but an international one, and it was therefore incumbent on them to endeavour to ease the position of other countries which suffered from under-employment.

61. For the under-developed countries also, much hung on the success of the developed countries' efforts to

avert a major economic setback. The situation called for constant vigilance on the part of the authorities in the industrialized countries, together with close international economic collaboration through existing international agencies or new forms of multilateral co-operation.

The meeting rose at 1 p.m.



ECONOMIC AND SOCIAL COUNCIL

Twenty-second Session

Thursday, 19 July 1956
at 2.30 p.m.

OFFICIAL RECORDS

PALAIS DES NATIONS, GENEVA

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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Bulgaria, Chile, Hungary, Italy, Mexico, Poland, Romania, Spain, Venezuela.

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

In the absence of the President, Mr. SAID HASAN (*Pakistan*), *second Vice-Chairman*, took the Chair.

AGENDA ITEM 2

World economic situation

- (a) Survey of the world economic situation, including the questions of full employment and of the expansion of world trade (E/2864, E/2871 and Add.1 to 6, E/2880, E/2881, E/2882, E/L.734) (*concluded*)

GENERAL DISCUSSION (*concluded*)

1. Mr. JURKIEWICZ (Observer for the Government of Poland) said it was natural that much of the discussion should have been devoted to the ever-growing disproportion between the rates of development of the advanced and the less developed countries. Despite the fact that the latter were starting from a lower level, the growth in their national income during the past few years had been much slower than that of industrialized countries, so that their relative economic backwardness was increasing. Furthermore, the *per capita* output of foodstuffs in some of the under-developed countries was lower than before the war. There was general agreement that the only

solution to the problem was industrialization and the all-round development of the economy. As frequently stated by Polish observers attending sessions of the Economic Commission for Asia and the Far East (ECAFE), the Economic Commission for Latin America (ECLA) and the Commission on International Commodity Trade, his Government fully subscribed to that view, not only for theoretical reasons, but also in view of its practical experience.

2. Before the Second World War, Poland had had a predominantly agricultural economy, and its development had been retarded by comparison with that of other European countries. In fact, the output of certain primary commodities such as coal had been even lower than before the First World War. During the past eleven years the situation had changed radically, in illustration of which fact he quoted the following production figures:

	1955	<i>Pre-war</i>
Electric power (thousand million kWh)	18	3.5
Coal (million tons)	94.5	36
Steel (million tons)	4.3	1.5
Metal-working machine tools (thousand tons)	27.6	1.7
Agricultural machinery and equipment (million zloty)	194	18
Cotton yarn (thousand tons)	114	77.5
Woollen yarn (thousand tons)	51.4	34.2
Sugar (thousand tons)	980	506

3. That expansion had been achieved thanks only to considerable help from the Soviet Union and the willingness of the Polish people to endure heavy sacrifices. Some mistakes had been made—for example, the development of agriculture had considerably lagged behind that of industry—but efforts were being made to correct them. In the meantime, industrialization had provided the foundation for further development.

4. The knowledge that industrialization was the only solution to problems of under-development was reflected in the economic plans of less advanced countries and should be taken into account in the technical assistance programme, a point which he would like to bring up in connexion with item 9.

5. There was no need for him to add anything to the detailed analysis of the export problems of under-developed countries which had already been made during the discussion, and he would merely remind the Council that a fall of only 5 per cent in the prices of exported raw materials—and it was well known that the fluctuations were frequently much greater—was equivalent to the total annual private and public capital investment and economic help from all sources received by the under-developed primary producing countries. Since the effects of excessive price fluctuations on those countries'

economic plans had been clearly brought out by other speakers, he would concentrate on ways and means of overcoming the difficulties.

6. The Commission on International Commodity Trade, which brought together representatives of all the different economic systems, had a great responsibility in that respect. The problem could be partially solved by long-term bilateral and multilateral agreements and contracts, which countries with a planned economy were in a position to conclude because they could estimate requirements in any given commodity often for several years in advance.

7. Useful results could also be achieved by means of regional consultations, such as those arranged annually by the secretariat of the Economic Commission for Europe (ECE). Those consultations provided an opportunity for bilateral talks amongst all European countries, and could often lead to the conclusion of new trade agreements: Poland, for example, had concluded two new trade agreements as a result of the consultations in 1955. Interregional consultations, as advocated by the Czechoslovak delegation at the Council's twentieth session (876th meeting), should be even more valuable, particularly to those countries which had not yet established a network of trade agents throughout the world.

8. More careful attention should also be given to the removal of trade restrictions. As the Secretary-General had rightly pointed out, the world was still divided, and there was relatively little trade between the two halves. The creation of an organization for trade co-operation would be a step forward in overcoming existing barriers.

9. In reply to the United States representative's assertion at the 936th meeting that tanks had fired upon workers in Poznan, he pointed out that there was no truth in it. The United States representative should have verified his facts first, as he could easily have done, owing to the presence of numerous United States business men and journalists in Poznan at the time. The tone and contents of his remarks contrasted glaringly with the tone and substance of the debate up to his intervention. In some circles it seemed to be regarded as admissible, for reasons of political intrigue, to organize and finance armed demonstrations in other countries and to boast about them. Polish blood had been spilled at Poznan; it had been spilled in foreign interests at the very time when the entire Polish people, at great sacrifice, was trying to achieve what the Council was debating—the complete elimination of the remnants of Poland's economic backwardness.

10. Mr. KAMENOV (Observer for the Government of Bulgaria), speaking at the invitation of the PRESIDENT, said that he was convinced that if economic and social problems could be solved, the solution of all others, whether political or cultural, would follow.

11. In his view, the *World Economic Survey 1955* (E/2864) was particularly useful because it covered a period of ten years, and so enabled the principles of economic development to be understood and conclusions to be drawn from them.

12. His delegation agreed with some of the findings of the *Survey*, but could not unreservedly approve the

methods adopted in making it. In particular, it shared the idea that the history of the past ten years did not justify over-optimism, since, despite unprecedented economic expansion, the problem of mass distress was still acute in many countries. It also agreed that the economic expansion was largely due to special factors which had sustained the economy temporarily and some of which had ceased to operate at the end of the period under review. It likewise supported the idea that the earth could feed a much larger population, in spite of the ideas of Malthus, which some countries still regarded as valid.

13. While some of the observations in chapter 3 (Production and trade of the centrally planned economies) were correct, the comments did not always allow for the fact that the economic laws in the two different economic systems were different.

14. Bulgaria's post-war economic achievements, described in that chapter, would have been impossible without a planned economy and the economic aid of the Soviet Union. Bulgaria's rapid industrialization and the harmonious development of its productive forces had not begun until after the war, and although the country was still far below the level of development necessary for industrial production, the results were encouraging and proved that the right road had been chosen.

15. Though his Government gave special attention to it, agriculture was developing much more slowly than industry. At the end of the war, his country had possessed 4.8 million hectares of arable land, divided into nearly 12 million lots with an average area of approximately 0.4 hectares. To enable agricultural machinery to be used and to intensify production it had, with the agreement of the peasants, set up co-operative farms. At present 77 per cent of the rural estates were co-operatives, so that agricultural work could be mechanized and the yield improved. By an order of 7 July the Council of Ministers had decided to provide the peasants during the next two or three years with 22,000 tractors, 8,000 lorries and 13,000 combine harvesters. Quite recently the whole of the Bulgarian rural economy had possessed only 18,000 tractors.

16. The Soviet Union had given Bulgaria valuable aid in those efforts, and had recently lent it 370 million roubles for ten years at 2 per cent to buy agricultural machinery and build chemical fertilizer factories. Only economic aid of that kind, without any political or military commitment, could really help a country towards economic development. Colonialist methods were useless, as was clear from the facts stated in the *Survey*.

17. Regarding east-west trade, the *Survey* was not correct in saying that the planned-economy countries pursued a policy of self-sufficiency and that that was the chief cause of the low level of trade between east and west. There was no ground for that interpretation of the eastern countries' economic policy. They industrialized themselves and developed various branches of their production because they desired, not self-sufficiency, but to improve their peoples' standard of living. The Bulgarian Government was convinced that the development of trade with other countries, far from conflicting with that aim, could hasten its achievement. Moreover, to increase

production helped, not hindered, the development of trade relations. Bulgaria endeavoured to increase its trade with all countries regardless of their economic or social systems. Its Government considered that one of the duties of the Economic and Social Council was to assist in normalizing and developing trade between east and west, and that to adopt the Soviet Union draft resolution (E/L.734) for the establishment of an international organization for trade co-operation would contribute to success in that task.

18. Mr. BAKER (United States of America) said that he had not intended to intervene again in the general discussion, but the remarks of the Soviet Union representative at the 937th meeting, which had been echoed by the observer from Poland, required an answer.

19. Mr. Zakharov was right in thinking that members should refrain from creating an atmosphere of ill-will, and he (Mr. Baker) had had no wish to cause friction in his statement; nor did he wish to do so on the present occasion, but merely to present certain facts which he regarded as important to substantiate his position.

20. If he had understood correctly, the Soviet Union representative had alleged that the Poznan demonstrations had been instigated and financed by the United States Government, a charge which had originally been made by the Soviet Union Government and formally denied by the United States Government in the following statement: "Communist charges that the Poznan demonstrations were instigated and financed by the United States Government are wholly false. The demonstrations, in fact, seem to have been produced by a surge of pent-up bitterness on the part of an oppressed and exploited people."

21. The Soviet representative had also referred to an appropriation of \$25 million for what he had described as "cloak and dagger" activities. The real facts were that Congress had appropriated, in 1955, a sum of \$25 million, possibly the one referred to, for activities such as cultural exchanges and the exchange of students.

22. He would next quote from the official Polish sources which he had mentioned at the 936th meeting. On 28 June, the day the riots had begun, Radio Warsaw had admitted that there were "economic difficulties and grievances in certain work establishments in Poznan" which had provoked the outbursts. The following day the Polish Communist Party newspaper *Trybuna Ludu* had stated: "the dissatisfaction created among the workers in Poznan [had] a background of economic difficulties", and had added that "our economic situation is difficult . . . There are a number of problems still unsolved . . . Many justified demands of the working people wait for solution."

23. Since then, the tragic events in Poznan had been widely discussed, and all the facts indicated that there had been no need for outside incitement to cause the riots.

24. Mr. ARZUMANYAN (Union of Soviet Socialist Republics) reserved his delegation's right to reply to the United States representative's statement on the following day.

25. Mr. PATTEET (International Confederation of Free Trade Unions), speaking at the invitation of the PRESIDENT, said he would confine himself to examining three questions—first, whether one decade of relative prosperity was sufficient proof that the world had acquired permanent immunity against depressions; secondly, whether or not the scope and scale of present assistance for economic development was the best that could be provided to solve the problems of that part of the world where, according to the *Survey*, mass poverty was still the lot of millions; and finally, what price had been paid by the workers for the kind of economic development which had taken place in certain countries. The last question, passed over in silence by the authors of the *Survey*, was one to which the free trade union movement must draw the Council's attention, because in some countries economic growth had been achieved at the price of great human suffering, suppression of freedom, exploitation of the workers, forced labour and violation of the most fundamental human rights.

26. The essence of the answer to the first question was contained in the *Survey's* statement that: "Nor can the rate of growth in industrial countries be projected without qualification from the first post-war decade to the second." The authors argued that, as far as industrially advanced countries were concerned, the economic growth so far achieved had been largely due to special post-war factors, and the problem of ensuring adequate effective long-term demand for full employment and of fully utilizing resources had not been solved once and for all. It was, however, a combination of long-term economic forces and what the *Survey* called "special factors" which was at work at any given time. For instance, the adaptation of war-time innovations to post-war civilian use, mentioned in the *Survey* as one such "special factor", had most probably now given way to another factor of a very similar kind—namely, automation—and it was regrettable that the influence of the latter on future economic changes had not been taken into account. It was clear that automation offered a new field for productive investment and great potentialities for securing higher incomes, better working conditions and more leisure. He hoped that the same was true of atomic energy for peaceful purposes.

27. Developments in the so-called "private-enterprise economies", (a term which he considered too restrictive) had been encouraging in some respects. Unemployment had been greatly reduced and in many countries had virtually disappeared, and employment levels had remained consistently high. The share of wages in national incomes had grown, and it was remarkable that even during the period of rearmament, necessitated by the communist attack on Korea, real wages had remained steady. Production had risen rapidly and on the whole fairly steadily, and there had also been a rise in incomes and consumption in the industrially advanced countries. A change in social philosophy, particularly in countries which had recently acquired their independence, had taken place. Those facts attested to the undoubted vitality of democracy, in sharp contrast to the hypocritical contention that the pauperization of the working classes in any but a communist-governed country was inevitable.

28. The free trade unions had played an important part in those achievements: on the one hand their co-operation had made it possible to raise productivity, while on the other their determination to obtain increased incomes for the workers had assured a steady rise in consumption, thus contributing to the maintenance of high levels of employment and production. They ignored the propaganda of those who condemned improvements in the productivity of democratic countries and exalted the raising of norms and the imposition of greater strains on the workers in communist countries. It was thus more than ever obvious that vigorous and genuinely democratic trade unions were essential to an efficient economy as well as vital to political democracy.

29. The past decade furnished irrefutable evidence that full employment, which the free trade unions regarded as the primary economic objective of both governments and management, was fully compatible with other desirable aims. It was conducive to economic growth, fostered a high degree of adaptability of productive processes, and was consistent with the mobility of economic resources and flexibility of output.

30. With regard to Europe, the authors of the *Survey* had grossly underrated two factors which the International Confederation of Free Trade Unions (ICFTU) believed to be of considerable importance—first, the generous assistance given by the United States of America, which had enabled the western European countries to overcome their great post-war difficulties and to lay a firm foundation for expanding production and improving living standards; and secondly, the positive achievements of the Organization for European Economic Co-operation (OEEC). Although it might be true that the existence of OEEC had somewhat reinforced the tendency towards the compartmentalization of world trade, it must also be stated that the steps taken towards economic integration of the western European countries and the creation of a common market had been very beneficial and held out great promise that the freer movement of labour, capital and commodities would increase the possibilities of achieving higher output, more trade, improved productivity and, as a necessary corollary, greater prosperity for the workers. The free trade unions, therefore, fully supported European economic co-operation and integration.

31. Coming to his second question, he said that the gap between the degree of development and standards of living of the advanced and the economically under-developed countries had widened during the past decade. There were at least three main conditions for solving the major world problem of extensive under-development. First, a firm basis had to be laid by political and social reforms; secondly, financial resources devoted to development should be commensurate with the need for rapid economic and social progress; thirdly, the economic instability of countries dependent on primary production must be brought to an end.

32. There could be little doubt that the economic stalemate which according to the *Survey* was the main feature of economic under-development was largely a heritage of the past, having its origins in feudalism, rigid social stratification, unquestioned acceptance of traditional ways of life and modes of production, and the

absence of many modern institutions necessary for economic advancement. He agreed with the view expressed in the *Survey* that “before balanced growth can be achieved in under-developed countries it may prove necessary to break the economic stalemate by means of unbalanced growth”. But it was also necessary to overcome institutional stagnation so as to create the psychological conditions essential for economic development and social progress. The free trade unions were in the vanguard of those working towards the practical recognition of the right of peoples to self-government and self-determination, and were convinced that with the achievement of independence tremendous forces for progress were released, fortifying the determination to change patterns of life and increase prosperity. The free trade unions welcomed the rise to independence during the past ten years of populations accounting for approximately one-quarter of humanity, and their sympathy went out to the many millions who had come under the dominion of a system contrary to the ideals of freedom and democracy.

33. While in some dependent territories of Africa the tiny minority of European settlers had made a major contribution to the development of resources, it had also been the main beneficiary from the resulting economic growth and the main participant in the national income. Once more he wished to reaffirm his organization's support for the creation of a regional economic commission for that continent.

34. He was unable to comment in detail on the remarkable report, *Economic Developments in the Middle East 1954-1955* (E/2880), but would like to express satisfaction at the statement that for the whole of the Middle East long-term economic prospects remained favourable and that progress towards utilizing the great potentialities for the region's economic development was encouraging. The plans to build a high dam on the Nile, probably with the help of a loan from the International Bank for Reconstruction and Development, were unique in their scale and were proof of the determination to make economic progress in that region. He trusted that such progress would be matched in the social spheres.

35. The free trade unions were aware of the significant contribution which the industrially developed democratic countries had made to the economic development of the less advanced countries, but had consistently advocated broader and more imaginative measures to hasten the pace of development and were in favour of the immediate establishment of the Special United Nations Fund for Economic Development—a subject on which he would comment in connexion with item 5(a) (the question of the establishment of a special United Nations fund for economic development).

36. Ever since it had first been set up, ICFTU had been keenly conscious of the need for commodity market stabilization, because wide fluctuations in the prices of primary products caused fluctuations in the export earnings of producing countries, making it difficult or impossible for them to establish and carry out development programmes, and producing adverse effects on their balance of payments and hence their economic stability. It therefore whole-heartedly supported the Secretary-

General's appeal for immediate and bold action by the Council in that respect.

37. Without wishing in any way to be bolder than the *Survey* in forecasting the future, he thought it necessary to outline the main conditions for sustained economic and social progress. The first was the recognition in principle and practice of governmental responsibility for full employment. The second was the acceptance of the principle that a certain degree of planning and a great degree of government control over economic activities was necessary, not only in respect of monetary and financial policies, but also in the very important fields of investment, employment and social conditions. Governments must create such conditions as to ensure a level of investment necessary for the full utilization of productive capacities, and must be ready to assume control over any important part of the economy which was functioning defectively and which, under private ownership, appeared incapable of steady technical, economic and social progress.

38. In a world where atomic energy and automation would place the workers in the forefront of a new industrial revolution, management also would have to shoulder more fully its social responsibilities and show greater understanding of the fact that high and rising wages were essential to economic expansion. Employers should recognize without undue reluctance that guaranteed wage schemes were a factor in economic stability beneficial not only to labour, but also to business. Finally, they must accept the principle that the social cost of technological change had largely to be borne by industry itself. The free trade unions were convinced that, given willingness on the part of governments and employers to assume responsibilities in the same degree as that to which labour was prepared to accept its own, the second post-war decade would be one of further expansion and prosperity.

39. Had it not been for the extraordinary statement by the Soviet Union representative at the 937th meeting, he would have found it easier to resist the temptation to match speeches with facts and might have left the Council to guess the answer to his third question. Whatever members were told about the inaccuracies and bias in the *Survey* concerning the "centrally planned economies", the facts, as reported by official communist sources and quoted throughout the *Survey*, remained the same. Since the Soviet Union representative had gone to the trouble of comparing the United States steel strike with recent events in Poznan it would be well to examine the facts.

40. The PRESIDENT intervened to inform the representative of ICFTU that he had exceeded his time-limit of twenty minutes.

41. Mr. PATTEET (International Confederation of Free Trade Unions) said that he would submit a written statement concerning the Poznan incident, because the Executive Board of ICFTU had decided to urge the Commission on Human Rights and the International Labour Organisation to investigate it. Even the President of the World Federation of Trade Unions, in a statement made after the incident, had admitted that it was due to profound and widespread discontent among

the workers and to the fact that the Polish trade unions had lost contact with the masses.

42. In conclusion he expressed the hope that the coming decade would bring not only economic expansion, higher standards of living and political and economic independence, but also freedom, democracy and peace.

43. The PRESIDENT announced that there were no further speakers in the general discussion on item 2 (a), which he therefore suggested should be referred to the Economic Committee, together with any draft resolutions pertaining to it.

It was so agreed.

(b) Consideration of the reports of the regional economic commissions (E/2821 and Add.1, E/2868, E/2883)

44. Mr. MYRDAL (Executive Secretary, Economic Commission for Europe), introducing the Commission's annual report (E/2868), said that, as the Council had a heavy agenda, he proposed to depart from his usual practice of making a long, detailed statement, and would only single out certain of the more important features in the Commission's work during the past year. He felt the more justified in doing so because the Council had before it a comprehensive report which had been adopted unanimously. He also referred members to his opening statement at the Commission's eleventh session, reproduced in document E/ECE/242, in which he had expounded at some length his general views about the position and role of ECE.

45. He was glad to be able to say, on the occasion of the tenth anniversary of the Council (one of whose first actions had been to establish ECE) that that commission had now emerged from a long period of difficulty and frustration due to political circumstances and was firmly on the road towards achieving the aims set for it by the Council. As he had reported at the twentieth session (877th meeting), ECE had now become a stable inter-governmental organization with a well-defined routine of practical work on problems of agriculture, coal, electric power, housing, steel, timber, trade and transport.

46. During 1955, there had been a further relaxation of international tension and governments had looked increasingly to the Commission for help in solving their common problems. The staffs of permanent delegations had been appreciably strengthened and East European countries were participating fully in the work of subsidiary bodies, even sending experts of the greatest technical competence to certain technical meetings on subjects which were of no more than marginal interest to them. The United States had also strengthened its participation and was sending top-level experts to the meetings of the Commission's subsidiary bodies.

47. Membership of the Commission had increased during the past year and though, with the exception of Spain, all the new members had already been participating in its work, their new status would induce them to do so on a wider scale. Unfortunately, the question of the representation of Germany remained a problem; but that was of course only one of the incidental effects of the fact that the unification of Germany had not yet been realized—a fact regretted by all European countries.

48. At its eleventh session the Commission had decided to examine energy problems, including those of atomic energy, for Europe as a whole, and in pursuance of its resolution I(XI) he had submitted to governments an outline of an all-European energy review.

49. The Commission also dealt with certain problems of development and industrialization, notably as they concerned southern Europe.

50. The question of an all-European agreement on economic co-operation had been raised at the Commission's last session, and a procedure had been unanimously agreed for preparing for further consideration of it at the following session.

51. As was generally known, ECE was the source of statistics in a number of important fields, but in the past those statistics had been mainly confined to western Europe by the lack of full data from eastern Europe. The practical work of the committees, moreover, had often been hampered. It was commonly known that he, as Executive Secretary, had used every opportunity to press for a change in that respect. In the light of personal discussions with high-ranking officials of the countries concerned, he had been able to announce at the eleventh session that he expected that in a year's time the statistics published by the ECE secretariat would be all-European, as they certainly should be, and that the Commission's technical committees would no longer have occasion to complain of the lack of information from eastern Europe. Experience during the past few weeks had confirmed his expectation.

52. With regard to research, it was generally recognized that the secretariat had sought to maintain the reputation for high standards that it had won.

53. ECE had not been unimportant even during the years when it was a non-eastern organization. Thus, for example, it had been responsible for practically all the work on transport integration in western Europe before eastern European countries had started to participate in that domain. Since then, the Commission had become truly all-European, and its work had become much more important. Nevertheless, much still remained to be done, and States should not expect miracles. As the Commission's work in the field of trade demonstrated, international relations were easy to destroy and difficult to restore. However, with hard work and imaginative thinking on the part of governments, ECE could grow much in importance and continue to tackle a widening range of problems more effectively.

54. There were now, on the average, more than two meetings of the Commission's subsidiary bodies continuously through the year; because they were mostly attended by business men and technicians, whose time was limited, sessions were short—usually lasting only a few days. The meetings were private and out of the public eye. There was a strong trend towards broadening the field of work, but although there were more than twice as many meetings now as there had been three or four years ago, and much more than twice the volume of work actually handled, he had not even proposed to ask for any increase in staff; indeed, there had been some reduction. As he had explained in his opening statement to the Commission at its eleventh session, his ideal for a

continent consisting of relatively developed countries was work between governments themselves with a minimum of secretariat assistance. The Commission's subsidiary bodies were already working parties in the real sense of the term, drawing heavily on the contributions of governmental rapporteurs.

55. While the increased number of ECE meetings had not entailed any increase of its secretariat, it did entail more translation and interpretation for the European Office. He felt that the Council should be aware of that problem, which would have to be considered by the Fifth Committee and the General Assembly. He had recently appeared before the Advisory Committee and had stated as his opinion that if it wished ECE to proceed with that policy of not increasing its staff in spite of the increasing work-load, the financial authorities should at least ensure that the requisite services were provided to enable governments to work together. In recent months several governments—among them those of the United Kingdom and the Soviet Union—had made formal protests that they had not received the necessary documents in time. The fault did not lie with the European Office, which had made every possible effort; but the requisite resources were simply not available.

56. Another point he wanted to mention was the increased interest being shown in the exchange of technical information in various industrial fields. That had rather taxed ECE's resources, and he was considering asking the Steel Committee and other working organs to examine whether it would not be better to establish organizations outside the United Nations, and financed by other means, but working in close contact with ECE, to look after purely technical matters. That type of solution, as the Council was aware, had proved successful in the field of housing.

57. It was at times very frustrating to work in the service of an organization for intergovernmental co-operation, and the secretariat of ECE was fully aware of how much more could be done. Nevertheless, he himself was confident that if there were no third world war—and he was confident that there would not be—the international organizations were destined to become the new form of diplomacy in the not too distant future and would succeed in accomplishing things which were now out of reach.

58. The PRESIDENT, in inviting the Executive Secretary of the Economic Commission for Asia and the Far East to introduce his Commission's report (E/2821), said that Mr. Lokanathan would shortly be retiring, and that it was therefore the last report he would present to the Council. ECAFE could be said to be his creation, and the progress it had made was largely due to his ability and his efforts. His retirement would be a sad loss to the whole of Asia.

59. Mr. LOKANATHAN (Executive Secretary, Economic Commission for Asia and the Far East), thanked the President for his kind words, which he much appreciated.

60. ECAFE's annual report was a comprehensive survey, and year by year the Commission was giving greater attention to its presentation to the Council. The present report not only reviewed the work done by the Commission and its subsidiary bodies, but also outlined the activities

to be carried out in the coming years. He saw no need to elaborate upon the various points in the report, but would refer only to a few important events that had occurred since its publication.

61. The Sub-Committee on Electric Power had been dealing, *inter alia*, with the question of the use of atomic energy for peaceful purposes, with two specific ends in view. First, as the Asian countries were interested in the dissemination of information on that subject, the Sub-Committee had asked the secretariat to review the relevant work done elsewhere and to bring it to the attention of the governments of the region. Secondly, the Sub-Committee was anxious that nationals of the Asian countries should be given facilities for training in the use of atomic energy. It had also laid down the terms of reference of the group of experts who were at present on tour in Europe and were later to go to the United States of America.

62. The Railway Sub-Committee had discussed several important problems, particularly that of diesel locomotives, which were replacing steam locomotives in the countries of Asia. Considerable preparatory work had been done on that subject, but the Sub-Committee had not yet taken any decision.

63. In view of the fact that most of the Asian countries were to have a population census in 1960 or 1961, a Statistical Conference on Population Census had been held at which arrangements and methods for the census had been discussed and agreed upon.

64. The Commission had also taken a position regarding the timber trend studies to be made in conjunction with the Food and Agriculture Organization (FAO). As the project had financial implications, ECAFE was referring the matter to the Council and hoped that the Council would make the necessary funds available.

65. ECAFE would celebrate the tenth anniversary of its foundation in March 1957, and had accordingly decided to open its thirteenth session on the anniversary day. The Government of Thailand had kindly sent a special invitation for the session to be held in Bangkok. At that session, ECAFE would take stock of the work accomplished during the last ten years, and would prepare a comprehensive report for presentation to the Council. As, however, the Council was at present celebrating its own tenth anniversary, it might not be inappropriate for him to review briefly ECAFE's achievements since its inception.

66. The establishment of ECAFE would go down in history as the Council's best act. The establishment of ECE had been a foregone conclusion, as had also that of ECLA. ECAFE's establishment, on the contrary, had been a critical matter, and some scepticism had been expressed by various countries. No one had known how it would develop, but after a few initial troubles it had set itself certain limited tasks and had embarked upon a programme of studies which had proved to be of great practical value. Whatever else its achievements had been, it had been successful in bringing all the countries of Asia together for the first time. By introducing a system of associate membership, it had brought together countries which were not yet independent and were not members of the United Nations. ECAFE had

become a great forum in which Western and Eastern countries could meet and, with the technical assistance provided by the Western countries, its activities had ranged over a wide field, which included transport, industry, the development of mineral resources, electric power and so forth. Much work had been done, too, in the economic field. ECAFE had been able to bring together the best minds to analyse the various problems and to make findings that had proved to be of the greatest value.

67. There was a general feeling that economic co-operation in Asia was not as intense as in other parts of the world. There was, perhaps, some justification for that impression, but the matter should be judged in the light of the historic growth of Asia. It was only recently that the various countries of Asia had come to know each other well. They were all poor countries; yet, despite the financial difficulties involved, they managed to participate in all the ECAFE meetings. There were already various forms of regional co-operation—the Railway Training Centre in Pakistan, the organization of seminars, the establishment of research centres, etc. The Commission had recently asked for a study of the economics of international rivers and the secretariat had undertaken a study of the problems involved in developing the River Mekong basin. The number of opportunities for further co-operation was unlimited. The Council would remember that, not very long ago, the question of utilizing the American regional fund had been under discussion, and that the opinion had then been expressed that there were not enough regional projects. Since then, ECAFE had identified a number of regional projects for which personnel and funds would be of the greatest value: such projects as the production of steel without coke or coal, the gasification of coal, a joint aerial survey of the geological resources of the region and many others were held up for lack of funds. The opportunities for regional co-operation were no less important in Asia than in other parts of the world.

68. A common error was to confuse economic co-operation with economic integration: the latter presented a very different set of problems, and many of the Asian countries felt that the time was not yet ripe for it, but that each country must first develop its own resources. It must be borne in mind that many of the countries of Asia had only recently achieved independence and did not wish to be under the domination of other countries. Hence their reluctance to develop any form of economic integration, though that would doubtless come about in due course.

69. Greater efforts were needed to develop opportunities for fostering economic co-operation, and it was the work of the Commission to give all the help that was called for. ECAFE was developing a system of uniform standards which was of great importance for international comparability. An outstanding example of that work was the Convention regarding the Measurement and Registration of Vessels employed in Inland Navigation: six countries had already signed the Convention, and a further two would shortly sign it.

70. The Commission's terms of reference provided that the secretariat should give advisory services to the countries of the region at their request. Various countries

had already requested and received advisory services in such fields as economic planning, industrial development, housing, electric power, iron and steel, and so forth. The question of advisory services related to the whole field of technical assistance, and the conditions in which the secretariat could render such services were very limited; the services must fall within the Commission's own field of work and experience, and the period for which any member of the staff could be spared to go to a country was never more than about ten to fifteen days. There should therefore be some relationship between the advisory services rendered by the secretariat and the larger programme of technical assistance. More co-operation was needed between ECAFE and the Technical Assistance Board. If those in charge of the programmes of technical assistance were available in Bangkok, they would know precisely what was required; and they would, moreover, have the benefit of the substantive experience of the ECAFE secretariat, so that there could be mutual consultations.

71. He had sought to give the Council a sober appraisal of the work of ECAFE, which he hoped would continue to be an important instrument of economic co-operation for many years to come. A great deal depended on the co-operation of governments, for without that and the support of the Council the Commission could do very little.

72. Mr. PREBISCH (Executive Secretary, Economic Commission for Latin America), said he proposed to confine himself to a few remarks on the Commission's programme, and not to deal with its activities in detail.

73. The Commission had successfully steered clear of the two rocks on which it might have foundered in its early days: it had not indulged in theoretical discussion of abstract questions remote from reality, and it had taken account of the wide differences between the countries of Latin America.

74. Thus it had decided to carry out systematically a series of studies and surveys on the economic structures of all those countries, in an effort to understand the system peculiar to each and to reveal development trends. The governments had welcomed the Commission's activities and displayed real interest in the programmes it had prepared—particularly the public and private investments programme. Its technique, described in the Commission's eighth annual report (E/2883), of analysing facts and projecting them into the future had been applied with strict impartiality and without any preconceived ideas. Its aim was to ascertain the possible rates of development of the various countries, considering their resources and their domestic and foreign markets, and to define the requirements for their development—investment of domestic and international capital, government measures necessary to transform national production and increase productivity and structural changes required to prevent the recurrence of earlier temporary economic disturbances.

75. The secretariat of the Commission had done its utmost to meet requests from governments for assistance; lack of resources had been the only obstacle, and results were encouraging. Governments had been helped to draw up their development plans, but with strict im-

partiality and without interference in non-economic matters. That principle simplified the secretariat's task and gave it greater freedom of action.

76. In technical assistance the Commission could make valuable use of the experience it had gained in recent years. He wished to dispel certain fears recently expressed concerning the decentralization of technical assistance. Neither the United Nations Technical Assistance Administration (TAA) nor the Commission proposed to change their respective functions, because they would in future be co-operating more closely at the regional level. The Commission merely wished to use the experience it had gained, in order to help governments to estimate their technical assistance requirements and to guide the experts in their activities. It had no intention of usurping the functions of TAB.

77. The secretariat had had occasion to study the simultaneous development of industry and agriculture, the key to economic development in general.

78. After supplying some information on the work of the Meeting of Experts on Steel Making and Transforming Industries, he went on to say that governments had requested further studies on the subject and that the Meeting would re-convene at São Paulo in October 1956. He then explained that some of the largest countries in Latin America had already solved consumer-goods production problems and had embarked on the second phase of the economic development process, in which they must prepare to build up a capital-goods industry and a motor vehicle industry.

79. One of the main obstacles to the execution of such industrial development plans was the subdivision of markets; the Latin American countries should avoid repeating the mistakes made elsewhere. It was doubtless for that reason that the Commission had decided at its sixth session, at Bogotá, to set up a Trade Committee, which was to meet within a few months at Santiago de Chile to discuss the urgent trade problems which arose between the region's countries—in particular, payments and balance-of-payments problems—and possibly to prepare recommendations to governments. The Latin American countries' trade with other regions was not on that account being neglected, and the Committee would certainly study in due course the factors limiting the Latin American countries' traditional exports to their normal markets.

80. Replying to the criticism that, in analysing the economic development problems of the Latin American countries, the Commission had disregarded social aspects, he pointed out that, with the General Assembly's approval, the Office of the Secretary-General had transferred certain specialists in social affairs to Santiago to assist the Commission's economists. Among the questions for joint study was the rapid growth of certain cities, a problem outside the economists' scope.

81. In conclusion, he felt that ECLA had successfully avoided that dispersal of effort which would have doomed its activities to failure, and that it was using its resources in the most effective manner.

82. Mr. BOERMA (Food and Agriculture Organization) said that he wished first of all to express his organi-

zation's complete satisfaction with the results of the close co-operation at present existing between FAO and the three regional economic commissions on matters of common interest. It was particularly with regard to the economic aspects of agriculture and forestry that the responsibilities of the United Nations and FAO tended to coincide. The United Nations, which was responsible for the promotion of general economic development and social welfare, could obviously not neglect the important role that agriculture was playing in the general economy of most countries, while FAO for its part could not carry out its functions satisfactorily unless it kept in close touch with the general economic situation, of which agriculture formed an integral part. It had accordingly been a wise decision that the United Nations and FAO should pool their resources for a growing number of regional projects, with the result that in each region teams of experts of both organizations were now working together in the implementation of a single programme jointly agreed upon.

83. Such joint programmes were gradually increasing in scope and in depth. In Europe joint efforts had been concentrated on the servicing of ECE's Committee on Agricultural Problems and Timber Committee, both of which had been able to develop comprehensive programmes of work. Useful work had also been accomplished by the joint European Forestry Commission and in the matter of standardizing timber contract practices. A new joint study was under preparation on Mediterranean forestry development, and an important consultation on wallboard and chipboard was to be held in Geneva early in 1957, under the joint auspices of ECE and FAO.

84. In Asia and the Far East, as also in Latin America, FAO's activities were concentrated on programmes which could contribute directly to the harmonious development of agriculture parallel with industrial development. In both regions, work was under way on techniques of agricultural planning and on agricultural price policies and the financing of agricultural development. In the Far East, much attention was devoted to commodities of major importance to the economy of many countries of the region, such as rice, coconut and coconut products. In Latin America, a joint study on the possibilities for further development of the livestock industry had recently been initiated, and a joint study of the coffee economy in various countries in Latin America was being made.

85. Those examples would illustrate the main lines along which the co-operation between the United Nations and

FAO was developing in the regions covered by the three regional economic commissions. He would like to refer specially, however, to another major project—the joint project for a world-wide timber trend study. *European Timber Trends and Prospects*,¹ which had been prepared jointly by ECE and FAO and published in 1953, had since become the accepted basis for the formulation of national forest policies in a number of European countries; moreover, the production and consumption forecasts contained in that study were constantly being confirmed by events, and the doubts originally expressed about them had proved to be entirely wrong.

86. Preparations were well advanced for a similar study to be made during 1957 and 1958 for Asia and the Far East, to be followed up by a study for Latin America in 1958-1959. Material was meanwhile being assembled with regard to North America and the Near East, and a revision of the European study was to be undertaken in 1960, so that by 1962 it should be possible for the first time to present a world review of the forestry situation and its prospects for the next decade.

87. It was FAO's intention to undertake those studies in co-operation with regional economic commissions wherever they existed. He was glad that that idea was shared by the executive secretaries of the three regional commissions, and in that connexion he supported the remarks Mr. Lokanathan had made with regard to the timber trend study for the Far East. He hoped that the Council would find it possible to take favourable action regarding the financial implications of the joint project, and he was happy to announce that provisions to match the ECAFE contribution were included in the FAO budget for 1957 and had been approved by the Conference of FAO. He was sure that members of the Council appreciated not only the importance of the study, but also the desirability of its being undertaken as a joint project. Adequate supplies of timber, pulp and other forest products, and the development of forest industries, were matters of such importance to the general economy of the Far East that sooner or later a study along the lines now projected would have to be undertaken by ECAFE even in the absence of FAO's present initiative. To organize it as a joint project would not only improve the quality of the study and enable it to be more quickly produced, but would also result in considerable savings for each of the two partners.

The meeting rose at 5.35 p.m.

¹ United Nations publication, Sales No.: 1953.II.E.3.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Bulgaria, Chile, Cuba, Hungary, Italy, Poland, Romania, Spain, Venezuela.

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

AGENDA ITEM 2

World economic situation

(b) Consideration of the reports of the regional economic commissions (E/2821 and Add.1, E/2868, E/2883) (*continued*)

1. Mr. DE ALMEIDA (Brazil) was glad to be able to state that his Government, after its original misgivings about the advisability of setting up the Economic Commission for Latin America (ECLA), was now able to give the Commission its full support. The experience of the past few years had dispelled any fears of overlapping between ECLA and the Council's functional commissions or other United Nations regional bodies; the functional commissions' economic activity had steadily given ground to that of the regional commissions, with their more realistic approach.

2. The Latin American governments had been calling upon the services of the ECLA secretariat to an increasing extent, chiefly in the sphere of economic development and programming, but also in connexion with studies of individual economic sectors. Co-operation between ECLA and his country's National Bank for Economic Development, for example, had been most fruitful. The statement of the Executive Secretary of ECLA at the 939th meeting, explaining the role and scope of the Commission's programming technique, must

have dispelled any misgivings still entertained on that score. By providing a clear conspectus of the available resources in relation to specific objectives, the Commission's programming activities helped private enterprise to provide the necessary incentives, and governments to improve their planning of basic overhead investment, without recourse to measures of a political or social character.

3. It was gratifying to learn, therefore, that a report on general problems of economic development and the technique of programming, as applied to Brazil and Colombia (E/CN.12/365/Rev.1), had already been completed; that similar surveys were being, or were shortly to be, undertaken in respect of Bolivia, Chile and Argentina; and that several other countries also had asked for studies of the same kind.

4. The successive economic surveys of Latin America had immensely improved the economic information available on the region, and the forthcoming *Economic Bulletin* would be most valuable in providing up-to-date information between sessions of ECLA itself.

5. The series of industrial studies organized by ECLA had been of great value. Those on steel were apparently to be carried forward by a new Latin American Meeting of Experts on Steel Making and Transforming Industries, which was to meet in October. Steel studies were particularly important in Latin America because the sub-continent was not favourably placed for producing steel, both for technological reasons and because of its relative lack of raw materials and of a developed local market for the finished products.

6. The economic growth of the region was dependent in part on economic co-operation with other countries, both inside and outside it. Accordingly, the creation of the Trade Committee of ECLA, which was likely to give a strong stimulus to trade, was to be welcomed. The Commission's reports on Latin American trade (E/CN.12/369/Rev.1 and Add.1 to 3) had been of great value, and his Government looked forward to future reports dealing with the vital problem of payments as well. The possibility of establishing a system of compensation of balances, designed to establish or stimulate trade relations, ought to be explored. By increasing markets and thereby allowing basic industries to operate on a more productive scale, such a system would accelerate the slow process of industrializing Latin America. The pressing need to expand Latin American exports, in view of the general trend towards a deterioration of the countries' terms of trade, made it particularly desirable.

7. Expansion of trade within the region might, by providing a greater geographical variety of markets, offset the effects of the low elasticity of demand for Latin

American exports in their traditional markets. Further geographical diversification of export markets could be achieved by closer co-operation between ECLA and the Economic Commission for Europe (ECE), through schemes designed to secure greater flexibility in the regional use of accumulated trade balances. An example of such a scheme already in existence was the "Hague Club", membership of which comprised Brazil on the one hand, and the Federal Republic of Germany, the Benelux countries, the United Kingdom and the Netherlands on the other, with the prospect of more European countries joining later: balances accumulated by Brazil in any of those European countries could be freely used in the markets of the others, while the European members were totally exempted from discrimination through exchange rationing in the Brazilian market.

8. The value of ECLA's past and present activities relating to individual sectors of the economy, to Latin America as a whole and to Brazil in particular, could hardly be overrated. Special mention should be made of the pulp and paper studies, which might have an important effect on the development of the Amazon region, and of the studies on coffee, livestock production and agricultural prices, in the preparation of which excellent co-operation with the Food and Agriculture Organization had been established. The Commission had also, in the field of energy, done preliminary work on water resources and electric power, and it was to be hoped that its activities would eventually be extended to less conventional forms of energy, including the peaceful uses of atomic energy.

9. All possible means of increasing the efficiency of the technical assistance programmes should be utilized. One such means was closer integration of the United Nations Technical Assistance Administration (TAA) with the economic services of the Secretariat, especially the regional commissions. His Government hoped that an experiment would be made in gradually de-centralizing TAA and making greater use of the advice and assistance of the secretariats of the regional economic commissions. The field experience of the commissions' economic officers could be of great value in planning technical assistance in their respective regions. The object of technical assistance was economic development, and, particularly in view of the fact that the frontier between technological and economic problems was but poorly defined, closer co-operation between TAA and the commissions would be likely to promote the purposes of both. The regular work of the commissions ought not, however, to be interfered with on that account.

10. His delegation was prepared to vote in favour of the draft resolution submitted by ECLA's Fifth Committee of the Whole, in which the Council was invited to approve the Commission's work programme and its allocation of priorities to individual projects. The programme struck a just balance between the needs of the various countries in the matter of speeding up studies relating to their development. It was a pity that lack of resources should make such a drastic system of priorities necessary, but the experience gained during its years of poverty would enable ECLA to use any increase in its funds to maximum effect.

11. Mr. NOSEK (Czechoslovakia) said that the Czechoslovak delegation had given very close attention to the annual reports of the three regional commissions, which, in its opinion, could greatly assist the Council in its efforts to develop economic relations between States, and thereby contribute to the consolidation of world peace.

12. Referring first to ECE, of which his country was a member, he said that there could be no doubt that the work of that body and its secretariat was of the greatest value for the development of economic co-operation between the countries of Europe and, in particular, between the countries of eastern and those of western Europe.

13. ECE's eleventh session had been extremely important—more so than any other. The extension of its membership, which now included all the European countries with the exception of the Democratic Republic of Germany, had enhanced the Commission's prestige, and enabled it to act as the official spokesman of nearly all Europe in economic affairs.

14. Moreover, the Commission's eleventh session had been marked by a sincere desire for collaboration, which had favourably affected the results achieved. For example, at the proposal of the Soviet Union, the Commission had adopted a resolution (3 (XI)) concerning the consideration, within ECE, of an all-European agreement on economic co-operation. It was clear that the conclusion of such an agreement would be a noteworthy contribution to the furtherance of European co-operation in all economic fields, and thus also to the development of peaceful relations between nations.

15. The Commission had also adopted a resolution 4 (XI), submitted jointly by France and the Soviet Union, concerning the development of contacts between countries of eastern and western Europe, the implementation of which would likewise help to bring the European nations nearer together—whether or not they were Members of the United Nations—and to lessen international tension.

16. Lastly, the decision (resolution 7 (XI)) taken by the Commission at the instance of the French and Czechoslovak delegations to reaffirm its interest in inter-regional trade consultations, was also an important step favourable to the development of international economic co-operation.

17. The field of action now open to ECE was much broader than in the past. The aim was, in fact, to extend co-operation among European countries to all economic fields in order to enable those countries to benefit equally by the most recent advances in science and technology. The need for such co-operation was particularly evident in the harnessing of nuclear energy for peaceful purposes. It was from that point of view that the proposal (resolution 5 (XI)) to set up, within the framework of ECE, a body to study that problem should be considered.

18. While its opinion of the work of ECE was generally favourable, the Czechoslovak delegation thought that attention should be drawn to a number of defects. In the first place, it was a pity that so important a body as the Industry and Materials Committee should not have

met in spite of Europe being a highly industrialized continent.

19. In the second place, it was most regrettable that at the eleventh session the majority should not have thought fit to support a Czechoslovak proposal which affected the very principle of European co-operation, in that it was designed to settle satisfactorily the question of the legal status of the Democratic Republic of Germany in ECE. It should be emphasized that, following the decisions taken by the General Assembly at its tenth session and by the Council at its twentieth, the German Democratic Republic was the only European country that was not a member of ECE. The German Democratic Republic had, however, established normal diplomatic relations with a whole series of States Members of the United Nations and of ECE, and had normal economic dealings with the majority of European countries and many countries outside Europe. Furthermore, the German Democratic Republic was already taking an active part in the work of nearly all the committees and other subsidiary bodies of ECE. The Czechoslovak delegation therefore recommended that the Council should study that problem and support those members of ECE who were in favour of admitting all European countries without exception to its membership.

20. Czechoslovakia was not a member of the Economic Commission for Asia and the Far East (ECAFE) or of ECLA, but because it was trying, as part of its policy of peace, to normalize and strengthen its relations with all countries of the world—irrespective of their political or social system—it followed the work of those two regional commissions with interest and was glad to be able to take part in their sessions in a consultative capacity. In his opinion the work of ECAFE would be much more effective, especially in the essential sphere of economic development of the under-developed countries, if the rightful place in that body of the People's Republic of China were no longer filled illegally. The absence of representatives of the People's Republic of China was all the more regrettable because that country had achieved striking successes in its economic and social development. The Czechoslovak delegation likewise supported the application of the People's Republic of Mongolia for admission to ECAFE, in the desire to ensure that the regional commissions were really comprehensive in their membership, which was an essential condition for the effectiveness of their work.

21. Mr. BRINCH (Norway) was addressing the Council in the present debate because the Norwegian delegation had for the past two years occupied the Chair of the ECE Working Party responsible for drafting the Commission's annual report. It was gratifying that the present report (E/2868) had been adopted by the Commission unanimously, although it was not in itself a very impressive document. He hoped the Commission would be able to produce a more satisfactory report in future.

22. Although political conditions had hampered ECE, a certain amount of co-operation in the economic field had nevertheless been achieved. That was largely attributable to the leadership of the Executive Secretary, who had with reason followed the realistic approach of starting with the smaller issues.

23. The economic studies made by the ECE secretariat were most useful, and it was particularly to be commended for not having hesitated to tackle controversial issues, such as that of investments and savings, dealt with in the *Economic Survey of Europe in 1955* (E/ECE/235 and Corr.1 and 2). In addition, the Commission's technical committees had, despite many difficulties, made valuable contributions through the exchange of information and through their work on problems of definition, of international standards and classifications and the like, which, though they might not seem important in themselves, had helped to create a basis for further co-operation. Other useful achievements had been the work on the Yougel-export scheme, that on the economic development of southern Europe, and in particular that on east-west trade within Europe.

24. Although the basic problem of intra-European east-west trade had not been solved, the Executive Secretary had performed a valuable service by bringing the parties together to discuss trade and payments problems, such trade having probably already reached a stage of development at which those two aspects could not be dissociated from one another. Accordingly, the Norwegian Government was prepared to give full support to ECE's activities in connexion with payments, being itself in favour of a multilateral payments scheme.

25. It was encouraging to see that the countries of eastern Europe had recently made available a larger amount of statistics and other information to the ECE secretariat. That development was one of a number of signs of more active co-operation in European affairs by the eastern European countries. His delegation was glad that the Soviet Union considered that ECE should refrain from any action likely to compromise the work of other international organizations; that revealed an unexpectedly realistic attitude towards international co-operation.

26. In all probability, the time was not ripe for any further rapid progress towards economic integration in Europe. Only like-minded countries could hope to harmonize their economic policies to the degree that would be necessary, and the countries of eastern and those of western Europe were not like-minded. To draw up on paper integration schemes which could not be put into effect could serve no useful purpose. The realistic approach advocated by the Executive Secretary was what the situation called for at the present stage; it might be possible to reach agreement later on the outstanding problems.

27. Mr. OLIVIERI (Argentina) congratulated the regional economic commissions on the studies made by them concerning the economic situation of different areas. He would devote his remarks to the *Economic Survey of Latin America 1955* (E/CN.12/421). In that survey, ECLA had again put to excellent use the tools of economic analysis which it had forged in preparing previous studies. Attention had again been drawn to the close relationship between capacity for external payments and the rate of investment within Latin America. The authors also emphasized the great effect of external demand on total demand in Latin America. Those two relationships explained the great influence which factors of external origin

exerted on the process of development and on the economic stability of the Latin American countries.

28. The economies of those countries had developed historically under the stimulus of external demand, but that stimulus had gradually waned. The ratio of exports to gross national product of Latin America had diminished from 26.9 per cent in 1925-1929 to 17 per cent in 1946-1952. That meant that, had the Latin American countries not taken their first steps in search of new forms of economic activity during that period, but confined themselves to responding to the stimulus of external demand, their gross national income would have risen even more slowly than it had in fact.

29. The slow growth of Latin American exports had been due mainly to the inelasticity of the demand for primary products on the world market as a result of the historical tendency for such demand to grow less rapidly than that for industrial products and services as real income expanded and the standard of living of the population of the industrialized countries improved.

30. The *World Economic Survey 1955* (E/2864) and the views expressed in the debate revealed the international community's concern with those problems, so significant because of their effects on the structure of the world economy and the international division of labour. That also explained why Latin America would have to resign itself to a slower rate of growth than the industrialized countries if it persisted in specializing in primary production, which in turn would gradually widen the gap between living standards in Latin America and those in the large industrial areas of the world.

31. The growth of population and the desire of the masses to achieve decent living standards had made it necessary to find alternative forms of economic activity, which expanded at a much faster rate than did primary activities. That was why with the course of history the industrialization of Latin America had become inevitable.

32. ECLA, however, had been careful to point out that such industrial development must be accompanied by the simultaneous expansion of primary activities in response to the growth of domestic demand and the prospects of placing primary commodities on the world market. Economic development demanded a balanced advance in both primary and industrial activities. Argentina had already experienced the results of industrialization unco-ordinated with the expansion of agriculture and stock-breeding, which had caused a crisis which could be overcome only by a course of difficult readjustment.

33. The new type of realistic economic development in Latin America again brought up the basic problems, and called for an intensive review of traditional economic principles with the object of developing new concepts capable of giving a clearer picture of the new circumstances. ECLA had done, and was doing, invaluable work along those lines.

34. One of the main problems on which light was needed was the part which savings and private investment must play in the development of Latin America. The authors of the *Economic Survey of Latin America 1955* had pointed out that in recent years private savings had grown solely in absolute terms as a result of larger

incomes, having declined in relation to the total of goods and services available. The fact that the acceleration of the rate of development of Latin America called for a growing accumulation of capital goods led to the conclusion that that trend in the development of private savings was an extremely serious matter. There were two reasons for that trend: first, the prevailing low standard of living in Latin America, which meant that almost all increases in real income were spent on consumption; and second, the way in which the high-income groups in particular tended to spend too much on consumer goods, which meant that they did not save enough to finance economic growth.

35. The trend towards a slow increase in private savings, coupled with the inevitable need for carrying out basic capital works, was one of the reasons for which public investment had increased so rapidly, both relatively and in absolute terms, in Latin America. Another reason was the general low yield from such basic capital investment as that in the electric power, transport and irrigation sectors, and the fact that the money invested was tied up for very long periods. Thus, such works did not attract private capital, and the State was left to carry them out.

36. In the essay on government income and expenditure, 1947-1954 which formed Part II of the *Economic Survey of Latin America 1955*, it was correctly pointed out that in the last few decades public financing had finally moved away from the traditional principle that its true purpose was to balance the budget. The serious problems with which the large industrial countries had been faced as a result of the depression at the beginning of the 1930s had provoked a thorough review of the principles and purposes of public finance. The new theory of public finance, based on the thinking of Lord Keynes, had thus arisen; its basic purpose was no longer to balance the budget, but to act as a stabilizer of economic activity through its action on the volume of effective demand.

37. In Latin America, a number of factors had caused orthodox principles in the practice of public finance to be abandoned. It should, however, be pointed out that the thinking of some Latin American economists was unduly influenced by the new doctrine developed in the older industrial areas, which applied to conditions quite different from those prevailing in Latin America, and that the part to be played by public finance in Latin American economic development must therefore be analysed anew. ECLA's essay was the first important contribution to that process, and it was to be hoped that the Commission would continue to work on the subject as efficiently and thoroughly as it had done hitherto.

38. One matter on which revision of the part to be played by public finance in development should be focused was the theory in regard to its important role in the distribution of income. The essay on government income and expenditure emphasized the retrograde nature of Latin American taxation systems. A tax structure of that kind might have been justified in European countries in the course of industrialization in the nineteenth century, because it might be argued that manufacturing had expanded largely as a result of the growth of foreign demand, which made an expansion of effective domestic demand commensurate with the growth of production

unnecessary; and because the main object of private enterprise had been to accumulate more capital. That being so, the wide inequalities in the distribution of income among the various productive sectors had not hampered the expansion of markets, and the increase in the rate of accumulation of private capital had speeded up economic growth.

39. Latin American development was at present proceeding under conditions which differed entirely from those which had prevailed in the nineteenth century. It was a well known fact that the process of economic growth was closely bound up with the expansion of markets, which made possible specialization in productive activities, and thus led to an increase in productivity. That in turn generated the spiral of expansion: greater productivity—greater income—greater investment—greater productivity. The creation of reciprocal markets in Latin America for manufactured goods had a great part to play in the industrialization of that area, but it was also an incontrovertible fact that in the last analysis the economic growth of the countries of that region depended upon the expansion of the domestic market, which was possible only if the masses enjoyed a growing share of the real national income.

40. Thus, the growing demand for finished consumer goods would father an expanding and profitable market which would stimulate business men to make more and larger investments. There was thus a flagrant contradiction between the need to increase domestic markets by increasing the purchasing power of the masses and the retrograde character of certain Latin American taxation systems. On the other hand, the rate of consumer expenditure by the wealthier groups must be taken into account in determining the incidence of taxation imposed for the purpose of economic development.

41. The foregoing were but a few aspects of the problems arising from trends in the distribution of income within the context of a dynamic economic development. They had unfortunately not as yet received the attention they deserved, and ECLA might well consider them within the framework of its theoretical studies on Latin American economic development.

42. The analysis of the part to be played by public finance was only one aspect of a broader problem: that of government intervention in economic development. A study and definition of that problem would be important, not only for the rationalization of the activities of the State, but also for ensuring the freedom that private enterprise must enjoy in its specific field. The State must define clearly the purpose of its activities, the economic sectors that it reserved to itself for direct action, and the instruments it intended to use. Apart from that, the private sector should be free—untrammelled by useless controls on its activities—the State intervening only to guide it by means of the effective tools of economic policy—fiscal, monetary and foreign trade policy—towards the desired objectives, or to create conditions for effective competition. In the eyes of history, the State bore responsibility for imposing a social human content on economic development, but it should clearly define its aims, so as to ensure that inefficient and incoherent intervention was never allowed to frustrate the creative potentialities either of private enterprise or

of itself. It was to be hoped that ECLA would broach those other aspects of the problem of government intervention in the economic sector, in which respect the work on planning and economic development carried out by ECAFE had been most interesting.

43. ECLA had helped to clarify the problems of Latin American economic development; one of its greatest merits was that it had tried for the first time in Latin American history to provide an original interpretation of that development.

44. On behalf of his delegation, he wished to pay a tribute to the Executive Secretary of ECLA, Mr. Prebisch, and to his secretariat, which had helped him in his work. He would also like to pay a tribute to the executive secretaries of ECE and ECAFE.

45. Mr. CHRISTYAKOV (Union of Soviet Socialist Republics) said that the main function of the regional economic commissions was to promote economic co-operation between nations, with a view to increasing employment and raising the people's standard of living. The development of close economic relations was of great importance for the improvement of political relations.

46. The regional commissions had been working well; they had extended the scope of their work, most of their subsidiary bodies had increased their activity, the quality of their publications had improved, and more exchange visits had been arranged. All that had been made possible by the recent slackening of international tension.

47. In the case of ECE, the admission of the new members had enlarged the Commission's sphere of action and had enabled it to cope better with the problems facing Europe and the world at large. The agenda for its eleventh session had included such important items as the creation of an ECE organ to deal with matters relating to the peaceful uses of atomic energy, and the preparation within the framework of ECE of an all-European agreement on economic co-operation to normalize trade and other economic relations. ECE had also made a valuable start on promoting the exchange of information in science, technology and production. It was to be hoped that such exchanges would be extended to other sectors, and that a large number of States would take part in them.

48. To the common end, the Soviet Union advocated: more mutual exchanges of specialists and business men; more exchanges of scientific and technical information; the convening of an international conference on scientific, technical, trade and other economic matters; more reciprocal visits by scientists, artists and students; the organization of more international exhibitions and fairs; and the development of tourism. By continuing to work on those problems, ECE would make itself a still more effective instrument of the peaceful policies of the countries of Europe.

49. Nevertheless, there was still ground for ECE to explore in the performance of its task. Certain of its committees had been engaging in the discussion of, and the passing of resolutions on, excessively abstract topics.

50. He endorsed what previous speakers had said about the importance of the functions of the executive secretaries of the regional commissions, and particularly

stressed the valuable work done by the retiring Executive Secretary of ECAFE.

51. ECAFE had had some success in promoting economic co-operation in its region. The Soviet Union, for its part, had done everything it could to encourage economic relations between the countries of that region and other parts of the world on a basis of equality of rights and mutual benefit; it had been co-operating, with considerable success, with most of the countries of Asia and the Far East; and it would continue to help the work of the Commission.

52. The Soviet Union wished to develop its international relations and co-operation with all States, including those of Latin America. It maintained diplomatic relations with a number of the latter, and was ready to establish them with the remainder. It was also prepared to provide the Latin American countries with machinery and equipment of all kinds, including oil-field equipment; with machine tools, instruments, motor cars and agricultural machinery; with raw materials of various kinds and with other commodities. It could, if desired, also provide them with technical assistance and experts and exchange with them experience in the fields of industry, energetics, building, transport and agriculture. In return, it was prepared to import from them agricultural, animal and mining products.

53. The success of the regional commissions' work depended to no small extent upon their respecting the principle of universality. ECE and ECAFE fell short in that respect, in so far as the People's Republic of China and the People's Republic of Mongolia were excluded from membership of the latter and the Democratic Republic of Germany from membership of the former. The Soviet delegation considered that it was abnormal that up to that time the German Democratic Republic was not represented in ECE. If ECE was to be truly representative of all Europe, it must include the German Democratic Republic, which was a sovereign State and was already taking an active part in the work of the Commission's subsidiary bodies. The admission of the German Democratic Republic to ECE would undoubtedly increase the authority of the Commission, and would promote its more successful functioning. Similarly, ECAFE ought to admit the People's Republic of China, which was the largest State in the world, was playing a leading part in the economic and political development of Asia and the world at large, and had made huge political, economic and cultural strides. Only the representatives of the People's Republic could rightfully speak for China, and their exclusion from their lawful place in the United Nations was a gross violation of accepted standards of international behaviour.

54. The Soviet Union supported the application of the People's Republic of Mongolia for membership of ECAFE, because that country's participation in ECAFE's work would promote the general economic development of the region; because the Mongolian People's Republic had been recognized as complying with the conditions for membership of the United Nations by the General Assembly in its resolution 918 (X); because it was a democratic State with a long record of peaceful foreign policy; because it had received the recognition not only of the Soviet Union and the People's Republic of China,

but also that of India; because it possessed valuable natural resources and, since its change of regime, had made great strides in economic development and in improving the lot of its workers; and finally because, after many years under colonial rule, it had won the right to be a free and independent State. He was confident that the Council would, for those reasons, support the application of the People's Republic of Mongolia for membership of ECAFE.

55. The success which the regional economic commissions had had in promoting economic co-operation between the countries of their regions was not enough; the Council should recommend them also to co-operate increasingly with one another.

56. He deplored certain remarks which the United States representative had seen fit to make at recent meetings. Unless the Council conducted its business in an atmosphere of co-operation and mutual understanding it could not hope to make progress. Stress should be laid on what unified its members, not on what divided them. However, since the United States representative had raised a certain delicate question at the 936th meeting, it was necessary to remind him that, at the 939th meeting, the observer from Poland had shown that the recent events at Poznan had been provoked by armed bands directed from outside the country, and not by Polish workers. The Soviet Union delegation could not accept the United States representative's explanation of the supplementary appropriation of \$25 million voted by the United States Congress: the true purposes of that appropriation had already been exposed at the 937th meeting by the Soviet Union representative.

57. Lord John HOPE (United Kingdom), speaking to a point of order, asked the President whether it was in order for the representative of a third State to refer to a question at issue between the representatives of two sovereign States Members.

58. The PRESIDENT replied that the practice of allowing a certain amount of latitude in general statements had become fairly well established in the United Nations. Reference had been made to the point in question earlier in the debate, and other delegations had availed themselves of their right of reply. He would be deviating from normal practice if he ruled the reference out of order.

59. Mr. STANOVNIK (Yugoslavia) joined previous speakers in paying a tribute to the executive secretaries of the three regional commissions, and in particular to the Executive Secretary of ECAFE, who had made a great personal contribution to the pioneering role played by that Commission. The excellent and detailed studies of the regional economies formed a noteworthy supplement to the *World Economic Survey 1955*.

60. In the new political atmosphere, the scope of ECE's work had been broadened by the inclusion of new members, whose absence had hampered its past activity. It was to be hoped that the principle of universality would be fully applied in the very near future. The all-European co-operation now proceeding through ECE would not only restore the traditional geographical concept of Europe, but would also lead to its renaissance, based on the principle of the equal rights of States.

61. The proposal by the Committee on the Development of Trade concerning the establishment of European machinery for compensating clearing balances was to be welcomed. It would greatly encourage trade between eastern and western Europe, although it might be only an initial step towards the attainment of full multilateralism in European payments. That was undoubtedly why a majority of member governments had supported the proposal.
62. The Yugoslav Government welcomed the resolution adopted by the Expert Group on the Economic Development of Southern Europe, and hoped that the projects suggested therein would soon be put into practice.
63. It was equally satisfactory that what was known as the Yougelexport scheme had aroused the interest of the countries concerned—Austria, the Federal Republic of Germany and Italy—and that it was to be put into effect very shortly.
64. The work done by ECAFE's Working Party on Economic Development and Planning undoubtedly transcended the regional framework, and Yugoslavia, as a country in the process of development, had been extremely interested to learn of the experience of other regions. The time was coming not only for more intensive general co-operation, but also for more intensive co-ordination of national development programmes. It was to be hoped that the question of the representation of China in ECAFE would be settled as quickly as possible, for the Commission's efficiency would undoubtedly be enhanced by its proper solution.
65. ECLA had done equally useful work. During the eight years of its existence, a specific Latin American concept of integrated economic development had matured and developed.
66. There were problems in which all the regional commissions were interested—albeit from their own specific points of view—such as the utilization of nuclear energy for peaceful purposes, ECLA's study of which would undoubtedly be of interest to the other regions. The same was true of the problems of industrialization. The Council was likely to initiate at its current session a broad programme of United Nations activities in industrialization to supplement the work of the regional commissions.
67. The suggested decentralization of the administration of technical assistance programmes implied the admission of the regional commissions to the collective efforts of the United Nations and would enable them to become instruments for regional co-ordination and integration. The potential value of the regional commissions was even more encouraging than what they had achieved so far, and the time was fast approaching for the organization of similar regional co-operation in the Middle East and Africa. Only when the United Nations had at its disposal equally successful commissions operating in all parts of the world would it be able to establish, by supplementing those organs with the machinery for inter-regional or intercontinental co-operation, co-ordinated, world-wide economic machinery that would enable it to put into full effect the principles set forth in the Charter of the United Nations.
68. Sir Alec RANDALL (United Kingdom) said that the extent and value of the work done by the regional economic commissions had been made abundantly clear by the statements of their executive secretaries. He wished to pay a special tribute to the Executive Secretary of ECAFE, and to wish him well in his future work elsewhere. The regional commissions did a great deal to promote the development of, and economic co-operation among, their members, and the secretariats provided services which were of considerable assistance to member governments. Their meetings provided valuable opportunities for exchange of views and experience.
69. The United Kingdom Government, which was a member of all three regional commissions, in particular welcomed to full membership of ECE and ECAFE the countries which had been admitted to membership of the United Nations at the tenth session of the General Assembly. They would contribute much to the work of those bodies, and their admission would make membership in the two areas virtually universal.
70. The increasing extent to which the commissions were co-operating actively with other international bodies working in their respective regions was to be commended, especially the growing collaboration between ECAFE and the countries participating in the Colombo Plan. The work of those two associations of States was complementary to a remarkable and very satisfactory degree. Since the United Kingdom Government was convinced that ECAFE was doing such valuable work, it was glad to agree with the Secretary-General's proposals for the transfer from United Nations' Headquarters of additional staff for the Commission's secretariat, on the understanding that it was really a transfer and would not imply the engagement of fresh staff at Headquarters.
71. Project 37-09 in ECAFE's programme of work (E/2821, p. 41), relating to commercial arbitration facilities, gave rise to some concern. He assumed that there was no question of the Commission, which should reflect the views of all its members, advising countries to recommend to their business men that they should accept the views of the International Chamber of Commerce on the incorporation of a standard arbitral clause in trade contracts. The United Kingdom had always taken the line that the choice of an arbitrator in cases of commercial dispute was a matter for the parties to the dispute, and that commercial concerns should not be influenced in their choice. It was to be hoped that the Commission did not intend to promote facilities for enforcing international arbitral awards.
72. The United Kingdom Government took a particular interest in the work of ECE. He did not intend to imitate some previous speakers by giving an exhaustive list of the United Kingdom's commercial ties with other countries; he was content to let the record speak for itself. ECE might be described, without disrespect, as a pedestrian organization, since organizations always did their best work when they kept their feet firmly planted on the ground. It was concerned with certain practical problems which, although they might seem unspectacular or even humdrum, were well worth the time and attention given to them. At the same time, it provided a unique all-European forum where hundreds of experts from many countries were enabled to exchange views and informa-

tion, to gain an insight into one another's thinking and methods, and to perfect themselves in the art of international collaboration.

73. Such collaboration depended to a large extent on the supply of statistical information in equal measure by all member governments. It had been encouraging to hear from the Executive Secretary of ECE that he was confident that the position would improve, and that the Soviet Union and other countries of eastern Europe were preparing to fall into line with other members in that respect. It was to be hoped that they would soon be furnishing routine statistics as readily as did all the countries of western Europe. Until they did so, ECE could never be entirely effective or function as a truly all-European organization.

74. The United Kingdom delegation would support whole-heartedly the draft resolutions (E/L.730, E/L.731) before the Council, providing for the participation in a consultative capacity of the Federal Republic of Germany in the work of ECAFE and of Japan in the work of ECLA. When the majority of members of a regional economic commission so desired, it was quite right that other countries which, although not members of the United Nations, were otherwise wholly qualified to be members of the commission concerned, should be permitted to take part in its work on the same footing as Members of the United Nations which were not full members of the regional economic commission. The United Kingdom's views on the qualifications of Japan and the Federal Republic of Germany for membership in the United Nations had been made perfectly clear in the Security Council during the consideration of the admission of new Members at the tenth session of the General Assembly, and at the resumed twentieth session of the Council (899th meeting) when the admission of the Federal Republic of Germany to full membership of ECE was being considered.

75. In that connexion, a word of warning should be sounded about the extent to which some countries, when participating in the work of the regional economic commissions in a consultative capacity, sometimes exceeded the rights accorded to them by the commissions' terms of reference. At recent meetings of ECAFE, delegations from eastern Europe had intervened in the debates on the report of the Committee on Industry and Trade. The speeches had been long and had consisted of little but advertisement for the industrial achievements of the countries making them or, for that matter, of pure political propaganda. All those speakers had made a particular point of raising the question of the representation of China, and one of them had had to be called to order. The same kind of thing had also occurred in ECLA. Indeed, he had noticed that even in the Council itself observers had for some time been making speeches which did not strictly conform to the provisions of rule 75 of the rules of procedure. He would not at that stage make any formal proposal, but he did think that the point should be raised in the Council, since it was the parent body of the commissions. If the commissions' time was taken up with long statements which were largely irrelevant to their agenda, their work could not fail to suffer.

76. The United Kingdom delegation would oppose the application of the People's Republic of Mongolia for

membership of ECAFE. It was true that in the Security Council the United Kingdom representative had voted for the admission of the People's Republic of Mongolia to the United Nations, together with seventeen other applicants, at the tenth session of the General Assembly, when the question of the admission of new Members had been under consideration. It might, of course, be argued therefrom that the United Kingdom had admitted, however reluctantly, that the People's Republic of Mongolia was qualified for membership of the United Nations, and hence for that of ECAFE. Such an interpretation of the United Kingdom's actions could not be accepted, and it was unlikely that any other delegation which had voted in the same way would admit such an interpretation of its action. On the contrary, in voting for the People's Republic of Mongolia, together with the seventeen other applicants, the United Kingdom representative in the Security Council had stated that the United Kingdom had particular difficulty in satisfying itself that that Republic was a sovereign and independent State in the sense in which it understood those words. The United Kingdom Government had been prepared to judge the matter in the most conciliatory spirit in the circumstances then obtaining. The outcome was well known, and the situation was now quite different. He would therefore have no hesitation in voting against the admission of the People's Republic of Mongolia to ECAFE. Should the People's Republic of Mongolia ever be admitted to membership of the United Nations, the position would, of course, be changed, but at present the United Kingdom delegation did not favour its admission to membership of a regional economic commission as a special case.

77. The suggestion that the Democratic Republic of Germany should be admitted to membership of ECE had once again been raised. The matter had been discussed exhaustively in the Council during the past year, and in particular at the resumed twentieth session when the Federal Republic of Germany had been admitted to full membership of ECE. No more need be said than that the United Kingdom Government did not regard the eastern German regime as a sovereign, independent government, and did not think it proper for the Democratic Republic of Germany to take part in the work of the Commission, except as provided for in point 10 of ECE's terms of reference. Indeed, to admit the Democratic Republic of Germany would lend the authority of the Economic and Social Council to the continued division of Germany, which everyone deplored.

78. Mr. HEAPS (World Veterans Federation), speaking at the invitation of the PRESIDENT, said that mention was made in ECAFE's report of two matters of particular interest to his organization—rehabilitation and land settlement.

79. His organization was gratified to note that ECAFE recognized that rehabilitation of the handicapped was directly related to economic and social advancement, and in particular that it recognized the value of national rehabilitation centres such as the Solo Centre in Indonesia.

80. The Solo Centre was a truly international venture: experts from the United States of America, Finland, the Philippines and Australia were co-operating there with Indonesians under the auspices of TAA and non-

governmental organizations such as the World Veterans Federation, using equipment supplied under the Colombo Plan and by the Indonesian Government. It was the only institution in Asia—Japan excluded—which was providing comprehensive surgery, therapy, training, employment and school services for the handicapped. If it could be provided with some additional experts in physical and occupational therapy, in vocational training and in the teaching of handicapped children, it would be possible to transform Solo into a regional training and administration centre. The cost was not likely to exceed \$60,000 to \$70,000 a year, providing that the present staff was retained. His organization would continue to give the services of the orthopaedic surgeon and nurse whom it already provided. It was to be hoped that the Council might give the Centre the requisite additional

support through the Expanded Programme of Technical Assistance.

81. His organization supported the recommendation, made in ECAFE resolution 17 (E/2821, p. 32), about the early organization of a seminar "for the discussion of problems of transmigration and land settlement on the basis of field studies from demographic, economic, social and technical points of view". The recommendation embodied the suggestion made by his organization's land settlement expert to the United Nations Seminar on Population in Asia and the Far East. The World Veterans Federation was prepared to help with the organization of the proposed seminar, and had already made the necessary budgetary provisions for that purpose.

The meeting rose at 12.50 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Bulgaria, Chile, Finland, Italy, Poland, Romania, Venezuela.

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

AGENDA ITEM 2

World economic situation

(b) Consideration of the reports of the regional economic commissions (E/2821 and Add.1, E/2826, E/2868, E/2883, E/L.730, E/L.731) (*concluded*)

1. Mr. ALEEM (Pakistan) said that, having heard the statements of the executive secretaries of the three regional economic commissions, one could not fail to be impressed by their sincerity, whatever might be the shortcomings in the work of their respective bodies.

2. The Executive Secretary of the Economic Commission for Europe (ECE) had referred with justifiable pride to the extent of economic co-operation achieved under that commission's aegis, and had gone on to say that the political problems confronting the Commission had been resolved and that the prospects for the conclusion of an all-European agreement on economic co-operation were very bright. The Council had also heard the Executive Secretary of the Economic Commission for Asia and the Far East (ECAFE) say that in Asia such co-operation was no less advanced than in Europe; he had wisely added that economic co-operation was to be distinguished from economic integration, which would not be feasible until the countries of the ECAFE region had individually developed their economies.

3. In the debate on the world economic situation at the twentieth session (876th meeting), the leader of the Pakistan delegation had remarked that, despite wars and

conflicts, there was a common attitude called Europeanism, which transcended national characteristics and facilitated the pursuit of common objectives in that region. No such unity of outlook had ever existed in Asia, and the task of organizing joint economic activity there was accordingly less easy. Countries which had only recently been freed from colonial rule were naturally apprehensive of being exploited by more powerful neighbours, and it would no doubt be a considerable time before economic co-operation under the aegis of ECAFE reached the proportions of that under the aegis of ECE.

4. It was mentioned in ECAFE's annual report (E/2821) that the United Nations Technical Assistance Administration (TAA) had sought the advice of the ECAFE secretariat in dealing with country programmes and governmental requests. The Pakistan delegation, which had emphasized on previous occasions that technical assistance provided by the United Nations should not form part of ECAFE's work, did not approve of that procedure. There did not appear to be any need for TAA to consult ECAFE, since the principle of country programming had been accepted in indisputable terms both by the Council and by the General Assembly. His delegation had no objection, however, to the United Nations providing technical assistance for such projects of a regional nature as might be sponsored by the Commission.

5. The Executive Secretary of ECAFE had also suggested that those responsible for drawing up technical assistance programmes at United Nations Headquarters should visit Bangkok to consult the ECAFE secretariat about both the Regular and the Expanded Programme of Technical Assistance. The Pakistan delegation could not support that suggestion, for reasons which were well known, the main one being that with the general recognition of the principle of country programming such consultations could serve no useful purpose.

6. So far as staffing and budget problems were concerned, he would refer to the statement made by the Executive Secretary of ECE at the 939th meeting to the effect that that Commission had been able to organize twice as many meetings of its subsidiary bodies and to double the volume of its work without any increase in the size of the secretariat. The choice of the right people, and placing them in the right place, were important prerequisites for any organization. The Pakistan delegation thought that in the case of ECAFE too the specialized agencies should be asked to service meetings of experts, as was, he thought, already the practice in ECE.

7. Although the problem of collecting adequate statistical information, including that relating to eastern Europe, had been solved in ECE, there did not appear to

have been any appreciable improvement in that respect in ECAFE, as was borne out by the lack of such information in the *Economic Survey of Asia and the Far East 1955*.¹ The desirability of an adequate statistical basis for analysing the current economic situation, or for measuring the scale of existing phenomena and forecasting future trends, could not be over-stressed, and he would urge ECAFE to do much more in that direction than it had done hitherto.

8. Another question which had been well stated by the Executive Secretary of the Economic Commission for Latin America (ECLA) was that of concentrating the efforts of the regional commissions on matters of high priority, as opposed to spreading them over a number of fields. As an illustration, he would refer to the work of the ECAFE/ILO/UNESCO Inter-secretariat Working Party on Trained Personnel for Economic Development, which had met the previous year. The conclusions it had arrived at had been so general that they had made no contribution at all to the solution of the problem.

9. Turning to the economic situation in his own country, he said that 1955 had seen sustained economic progress. There had been an expansion of industrial productivity; the prices of consumer goods had fallen; those of Pakistan's exports had improved; and there had been an improvement in the balance-of-payments position. The expansion of economic activity had been reflected in a rise in the supply of money and in bank credits. The most reassuring feature had been the substantial surplus of 285.7 million rupees in the balance of payments. The improvement in the foreign off-take and in the domestic prices of jute and cotton had not only helped to ease the difficult balance-of-payments position of 1954, but had also resulted in an increase in agricultural incomes. The prices of consumer goods had fallen as a consequence of increased domestic output, the liberalization of the import policy, and the inflow of goods under the United States Commodity Aid Programme. In 1948, when the rest of the world had been recovering from the adverse effects of the Second World War, Pakistan had still been struggling to integrate the millions of refugees who had fled to Pakistan, which had left very little in the way of resources for industrial development. The past seven years, however, had witnessed substantial progress in certain sectors of industry: taking 1950 as the base year, the index of industrial production, covering seventeen major industries, had risen to 350 in 1955, the most notable increase having been in cotton textiles, which had made the most rapid progress among the consumer-goods industries, and which were expected to show a comfortable surplus for export after domestic requirements had been met. Considerable progress had been made also in the jute, cement, and various other industries.

10. The spectacular progress achieved in industrialization in recent years had raised the problem of consolidation. So far, emphasis had been placed on the development of the consumer-goods industries, in order to make the country self-sufficient in that sector. The industrial programme provided for in the new five-year plan, however, laid the main stress on consolidation—including

the improvement, modernization and balancing of existing plant—followed by a further advance on a broad front, the main objectives of both processes being to improve the welfare of the people and the foreign exchange position, and to ensure adequate supplies of the materials needed for the implementation of the plan.

11. The installed capacity at electric power plants had risen from 72,000 kW in 1947 to the present figure of 198,000 kW, not including self-producers' thermal generating capacity of 100,000 kW. Sanction had recently been given for the construction of a generating plant of 105,000 kW at Multan, to operate on natural gas. Under the new five-year plan, installed capacity at thermal- and hydro-power plants was expected to rise to 860,000 kW by the end of 1960.

12. The annual handling capacity of the ports of Karachi and Chittagong had increased from 2,184,000 and 500,000 tons respectively at the time of partition to 3,500,000 and 2,000,000 tons at the present time. Under the programme for re-equipping the railways, 120 locomotives, 389 passenger coaches and 9,409 goods wagons had been added to the rolling-stock park, and about 98 miles of new routes had been opened.

13. Although a considerable amount of land had been reclaimed, agricultural output had not shown a commensurate increase. Irrigation schemes were in progress which were expected, when completed, to provide water for 13,690,000 acres. The aim was to ensure adequate and sure supplies of food for the growing population, and to promote more diversified and more valuable agricultural production through research and extension programmes and the provision of fertilizers, equipment, pesticides and so forth. The targets envisaged in the plan included a 13 per cent increase in the production of food grain, and larger increases in that of cotton, oil-seeds, sugar-cane, fruit and vegetables.

14. Pakistan's balance-of-payments position had deteriorated in 1954, owing to the increased consumption of indigenous raw materials by local industries and increases in imported raw materials for the growing major industries. The prices of the country's exports had continued to fall, and it had been considered necessary to devalue the Pakistan rupee by 30 per cent on 31 July 1955. As a result, the balance of payments had shown some improvement during 1955. Earnings from exports of jute and cotton had risen, and total foreign exchange earnings had amounted to 1,767.7 million rupees in 1955 as compared with 1,291.2 million in 1954, foreign exchange expenditure having amounted in the same two years to 1,482 million rupees and 1,844 million rupees respectively. The lessening of the strain on the balance of payments was to be attributed, apart from devaluation, to a steady increase in the domestic production of manufactured goods and continued austerity in imports. Another source of relief had been the improvement in the terms of trade. Higher export prices had helped to offset the reduction in the volume of exports, the monetary outlay and commercial imports having remained virtually unchanged.

15. Special attention was given in the five-year plan to the improvement of the balance of payments. It was estimated that as a result of the development programmes in the various fields Pakistan's foreign exchange earnings

¹ United Nations Publication, Sales No.: 1956.II.F.1.

in the last year of the plan, 1960, would exceed essential requirements for non-development purposes by about 500 million rupees, which would thus be available for development. In succeeding years, the surplus was expected to be larger, and it might be possible at the beginning of the next plan period to provide foreign exchange from the country's own earnings for a development programme of the order of about 150 million rupees a year.

16. The improvement in the balance-of-payments position and foreign exchange reserves had to be viewed in relation to the country's development needs. The balance of payments had been under continuous strain during the past few years; to meet the increasing needs of the development programme, reserves had had to be constantly drawn upon, having on occasion fallen to a level at which manoeuvrability was virtually nil. A stable balance of payments was necessary both from the point of view of financing development and in the interests of monetary stability and the strength and soundness of the economy generally.

17. To sum up, industrial development had not radically altered either the shape or the structure of the economy. Pakistan was still predominantly agricultural, and the partial industrial development had not lessened the economy's dependence on farming. Industrial progress had been achieved despite the initial handicaps of a complex nature and violent movements in the economy resulting from the impact of world affairs and the effect of natural conditions on agricultural output. Viewed in the light of the difficult financial and economic conditions of Pakistan's infancy, the progress made might seem impressive, but the absolute volume of industrial production and *per capita* domestic production of goods were still rather low. Capital formation was still proceeding at a low rate, while consumption continued at a high level. Hence, in spite of the efforts to mobilize more savings and investment, progress was comparatively slow. The country remained a victim of the vicious circle of low productivity, low incomes and a low rate of capital formation. If Pakistan was to be cured of that *malaise*, a greater measure of international aid would have to be combined with intensified domestic effort.

18. Mr. RUYGERS (Netherlands) joined other delegations in praising the work of the three regional economic commissions. The statements made by the executive secretaries and the impressive reports placed before the Council were of great value to it in appraising the world economic situation. The figures given in tables 1 and 2 in the *Economic Survey of Latin America 1955* (E/CN.12/421) and in table 3 in the *Economic Survey of Asia and the Far East 1955* demonstrated the real progress made despite the great difficulties encountered. As his country had the privilege of participating in the work of all three commissions, he would briefly comment on each of them.

19. Starting with the oldest, ECE, he said that it had shaped economic collaboration between western and eastern Europe; but the results of that collaboration had so far been rather limited, economic possibilities having been overshadowed by intractable political differences. The situation would undergo a radical change only if

peaceful co-existence became a reality. His Government greatly appreciated the Executive Secretary's continuous efforts to persuade members of ECE to take the fullest possible advantage of any practical opening for co-operation, and once again expressed its gratitude for the annual economic surveys and for the valuable studies, summing up possibilities and difficulties, such as the last Economic Survey on Europe (E/ECE/235 and Corr.1 and 2) dealing with the investment problems and policies of European countries and of labour-market problems in western Europe. Those studies threw out a challenge to governments and should contribute to the solution of important economic problems.

20. The existence of three independent regional economic commissions might be thought to exemplify the compartmentalization of the world economy stressed in the *World Economic Survey 1955* (E/2864). He was therefore glad to note that the increased integration of the work of the regional commissions with that of other organizations disposed of any such idea. Table 29 on page 72 of the *World Economic Survey 1955* confirmed that western Europe had not been guilty of compartmentalization. He need not reaffirm the importance which his country attached to trade and payments relations on the widest possible multilateral basis.

21. The expansion of the payments system between western Europe and certain Latin American countries had been a significant development of the past year, with regional repercussions. It was an arrangement enabling a number of Latin American countries to use their balances of certain European currencies for purchases in any western European country, and while it was too early to draw any definite conclusion about its exact effects, it was undoubtedly having a beneficial influence on trade. He noted with interest from ECLA's eighth annual report (E/2883) that the secretariat of that commission had given some attention to the question.

22. The latest *Economic Survey of Latin America 1955* (E/CN.12/421) once again revealed the impressive progress made by the countries of that region, and he would like to mention among ECLA's important activities its work in connexion with the Central American Economic Integration Programme, which showed that the advantages flowing from economic integration, of which Europe was becoming increasingly aware, could be enjoyed wherever certain economic conditions obtained and the political will to integrate prevailed.

23. ECLA's able Executive Secretary would ensure that the high standards of work of its secretariat were maintained.

24. The special feature of ECAFE, which distinguished it from the other regional commissions, was the relatively large number of its members which had recently become independent, and for which a common forum in which they could discuss problems with other Asian countries was essential. It was only natural that those new nations should aspire to the greatest possible rate of economic development, in order to satisfy the needs of their population. As the Executive Secretary of ECAFE had said, Asia had emerged from a period of stagnation and was ready for a decisive march towards more rapid development. Clearly, ECAFE had a vital role to play in

fostering and co-ordinating economic development in its region, and the creation of a Working Party on Economic Development and Planning was particularly welcome. He wished to pay tribute to the energy, enthusiasm and great ability of Mr. Lokanathan who, during ECAFE's first and perhaps most difficult years, had laid solid foundations on which it could build for the future.

25. Before wishing the executive secretaries every success in the accomplishment of their important tasks, he wished to associate himself with the warning sounded by the United Kingdom representative at the 940th meeting concerning the attitude of countries attending sessions of the regional commissions in a consultative capacity.

26. Mr. BAKER (United States of America) said that the reports submitted by the executive secretaries of the three regional commissions clearly showed that those commissions were now firmly established as vital organs of the Council. By providing a meeting place for exchanges of views on the economic problems of their respective regions, they substantially complemented the Council's work in the economic field. The United States Government had taken an active part in the work of each of the commissions from its inception, and would continue to help them to discharge the important duties assigned to them by the Council.

27. Turning first to ECE, he said that one of the dangers facing any organ made up of countries of both the free world and the Soviet bloc was that the technical purposes for which it had been set up might be subordinated to the political purposes of either of the two groups. Fortunately, in the case of ECE it had been possible to limit the development of any such situation, as was evidenced by the Commission's many valuable technical achievements.

28. He would take the present opportunity to declare that no member should ever make proposals solely for the sake of propaganda, or suggest high-flown programmes in the expectation that they would be rejected. Another temptation to be guarded against was that of assuming *a priori* that every initiative taken by the other side was insincere, and of devoting every effort to the exposure of that insincerity. He could assure the Council that his country would strive to the utmost to avoid those pitfalls, and to keep ECE moving steadily towards its technical goals.

29. The work of ECE would be greatly enhanced if the eastern European countries submitted more complete statistical data and other information. His delegation had therefore been very glad to learn that representatives of the Soviet Union and other countries of eastern Europe had promised to exchange full statistical data in all ECE's subsidiary bodies, and that improvement in that respect had already become noticeable in some fields.

30. At the eleventh session of ECE, the Soviet Union had made a proposal (resolution 3 (XI)) concerning an all-European agreement on economic co-operation. It would not, of course, be possible to assess the value to the European economy of that proposal until governments had had an opportunity of studying it. With regard to the resolution the Commission had adopted on the development of east/west contacts (resolution 4 (XI)), his delegation sincerely hoped that it would be imple-

mented on a genuinely reciprocal and mutually advantageous basis.

31. Finally, under resolution 5 (XI), ECE was to consider what work it could usefully do on the peaceful uses of atomic energy. As the outcome of United States proposals, the Council had initiated, at its twenty-first session (911th and 912th meetings), a programme of work in that field. ECE would appreciate the desirability of careful preparation in the light of that programme and of others undertaken by the competent United Nations agencies, before embarking on related activities on a regional basis.

32. For its part, ECAFE had continued to explore the crucial problems of its region, and had taken important decisions relating to the more intensive study of development problems and to the proposed United Nations seminar on population problems in Asia and the Far East.

33. At the twelfth session of ECAFE, the United States representative had announced that he was authorized to invite experts from the region to visit the United States of America in connexion with the 1956 study tours arranged by TAA. One such tour had already been arranged.

34. ECLA had continued its series of studies of the economies of the Latin American countries. In pursuance of a resolution (571 (XIX)) adopted by the Council at its nineteenth session, the Commission had submitted a resolution (113 (AC.34)) asking the Council to request the Secretary-General to establish a regional centre for demographic research and training in Latin America, which would provide the region with basic economic and social data of vital importance.

35. He would like to make known his Government's views on three topics which affected to some degree all the regional commissions: the decentralization of the social and technical assistance work of the United Nations; the tendency of some of the commissions to push their activities too far; and the proposal for a programme of exchanges of staff between the secretariats of the three commissions and United Nations Headquarters.

36. The Secretary-General's proposals for decentralization of the social and technical assistance work of the Secretariat had been made on the assumption that both those activities would benefit from the specialized insight each commission had acquired into the problems of its region, and that the commissions in turn could turn the presence at their headquarters of specialists in social affairs and technical assistance matters to good account in their economic activities. There was no intention of converting the regional commissions into economic and social councils in miniature; indeed, it would be highly regrettable if the proposal resulted in the commissions being distracted from the important tasks already assigned to them by the Council. It should also be clearly understood that the commissions and their secretariats would not thereby assume operational responsibilities in the field of technical assistance. He need not explain in detail the reasons for which his delegation considered that the secondment of personnel from United Nations Headquarters should be made on a purely experimental

basis, pending a decision by the General Assembly at its twelfth session.

37. The United States delegation had noted with some concern the tendency of the commissions, especially ECLA and ECAFE, to undertake more projects than their secretariats could reasonably be expected to handle. Such a tendency imposed upon the executive secretaries the burden of allotting priorities among projects without benefit of the commissions' guidance. The situation would be improved if the secretariats would inform the commissions of the financial implications of all new work, and of the priority decisions they would have to take if such new work was approved. The record of the proceedings would then be available to the Council, which would thus be enabled to appraise better the commissions' programmes of work. It was gratifying to note that ECAFE had decided to consider at its next session the question of ensuring better results by further concentration of effort.

38. The United States delegation approved wholeheartedly of the proposed programme of exchanges of staff between the secretariats of the regional commissions and United Nations Headquarters. In view of the shortage of qualified personnel in almost all fields, the idea was to be commended as a means of broadening the experience and outlook of an important group of international civil servants.

39. In conclusion, he wished to pay a tribute to the retiring Executive Secretary of ECAFE. Mr. Lokanathan had provided the leadership under which the ECAFE secretariat had attained its high standard of performance. His whole-hearted devotion to the purposes for which the Council had established the Commission, and his wise avoidance of any attempt to force the pace—preferring to take the natural course of responding to the evolving needs of the region—had been invaluable in making ECAFE the effective organ of the Council it was at present. He was sure that all delegations would join with him in extending to Mr. Lokanathan best wishes for success in his new work.

40. Mr. CARANICAS (Greece) congratulated the executive secretaries of the three regional commissions on their achievements, and paid a particular tribute to the retiring Executive Secretary of ECAFE. The work of the commissions was of the utmost importance for the gradual integration of the world economy.

41. His delegation had been glad to see the enlargement of the membership of ECE and ECAFE, and had welcomed the presence of the new members at the eleventh session of the former.

42. The main points in the reports of ECAFE and ECLA had been amply covered by other speakers. He would therefore confine his remarks to ECE, to whose work, and that of its committees, his delegation attached great importance. It would continue to co-operate in that work to the best of its ability.

43. The authors of the *Economic Survey of Europe in 1955* expressed concern about the long-term aspects of western Europe's trade with the under-developed countries, pointing out that the growth of economic activity had brought relatively little increase in the demand for imports from most overseas countries and none at all

in that for imports of agricultural products. As it made progress in the technological field, western Europe's dependence on outside supplies would tend to decline, the pattern of its economy coming to resemble that of the United States of America, with imports from other regions constantly giving ground before growing home production. The result would be that as western Europe's export capacity grew, the expansion in its export trade would simultaneously slow down unless supported by capital exports which would sooner or later tend to take the form of grants. The Greek delegation was in full agreement with that conclusion.

44. The authors of the *Survey* recommended that western European countries should revise their traditional import policy, especially in relation to agricultural products, so as to encourage a gradual transfer of European labour to industries in which productivity was high, and still rising, since the development of such industries alone could enable the demand of European workers for steadily rising standards of living to be satisfied without the help of protectionist practices which inevitably reduced the real income of the country as a whole. A very interesting part of the *Survey* was devoted to the long-term problems of expansion and of the policies needed to maintain a high level of economic activity and investment, and it was noted that during the past year a number of countries had introduced restrictive measures to check further economic expansion, concern being expressed about their long-term effects. The Greek delegation agreed with the view that there should be more direct forms of control than general monetary or credit policy, and that when balance-of-payments difficulties were due to temporary factors they might sometimes be more satisfactorily overcome by quantitative restrictions on imports than by the more costly process of general economic contraction.

45. Although the *Survey* could be described as a document of high calibre, it might be said that its examination of the problem of anti-inflationary measures rather oversimplified the matter, while insufficient weight was attached to the question of price stability, itself a highly important factor for the maintenance of continuous economic expansion and social stability. It was a fact that in many countries governments had adopted anti-inflationary policies to cope with balance-of-payments difficulties. Such policies were used because it was felt that an imports-restriction policy was not the best under the circumstances for the correction of a temporary deficit in their payments accounts.

46. Another interesting feature of the *Survey* was the study of investment, savings and capital accumulation in eastern and western Europe respectively. The conclusion that the current western European industrial boom was giving the people of that area a rapid boost in living standards—but doing comparatively little to strengthen their basic economic equipment—was worthy of careful attention in the light of the corresponding conclusion that in the Soviet Union and some of the other eastern European countries advantage was being taken of a similar industrial boom to build up productive capacity rapidly.

47. The report of the Expert Group on the Economic Development of Southern Europe (E/ECE/233 and Add.1),

submitted to the Commission at its eleventh session, showed how, for the first time, a group of countries had attempted to draw up their long-term development plans in common. Among the recommendations made in the report was one calling for the adoption of more liberal import policies by the economically advanced countries in respect of the main products of southern Europe. The importance of outside financing to supplement the limited investment capital available in the southern European countries themselves was also stressed.

48. Later in its eleventh session, the Commission had unanimously adopted draft resolution 7 (XI), submitted by the delegations of Greece, Italy, Turkey and Yugoslavia, calling upon the Commission's committees to give every assistance to the four countries concerned in seeking appropriate solutions to the problems of their economic development, and expressing the readiness of all members of ECE to assist in facilitating the economic development of the four southern countries and in exploring ways and means of carrying out the specific projects for economic development included in the experts' report.

49. Naturally, the problems of economic development in that area would not be solved by the mere adoption of the resolution. Perseverance and patience were called for if that weak sector of the European economy was to receive due attention within the framework of the general economic expansion of Europe.

50. In conclusion, he welcomed the two joint draft resolutions before the Council, advocating—respectively—the admission of the Federal Republic of Germany to participation in the work of ECAFE in a consultative capacity (E/L.731) and that of Japan to participation in the work of ECLA on a similar basis (E/L.730). His delegation would be glad to vote for them.

51. Mr. ABELIN (France) said that, like all the other delegations which had taken part in the discussion, the French delegation had realized, when reading their reports, the growing importance of the part being played by the regional commissions. Governments were becoming more and more interested in them and were using them to make far-reaching proposals in many spheres of economic activity. Indeed, they showed such complete faith in them that they entrusted them, sometimes to an excessive extent, with many and onerous tasks which threatened to become even more burdensome in the future.

52. The work of the commissions' secretariats and the efforts of their executive secretaries to promote economic progress were also of great value. That was shown by the observations at the 939th meeting of the Executive Secretary of ECE on the disadvantages of certain forms of protectionism in Europe, of the Executive Secretary of ECAFE on the lack of capital in that region and the paucity of its exports, and of the Executive Secretary of ECLA on the far too theoretical character of economic development in Latin America.

53. He wished, in view of Mr. Lokanathan's impending departure from ECAFE, to pay a special tribute to his remarkable energy and ceaseless activity.

54. The growing success of the regional commissions was in part due to the great adroitness with which they

had adapted themselves to the needs of their members and to fluctuations in the international economic situation. Thus ECE was acting wisely in calling more and more on the services of government experts as rapporteurs for technical subjects, thus enabling itself to extend its activities without exceeding its still modest budget. ECLA had rightly preferred a method more suited to its region, having set up groups of experts rather than subsidiary bodies. It seemed that the method had already proved itself in practice, as was shown by the *ad hoc* meetings convened to deal with problems of iron and steel, and paper and pulp. It was true that at its last session ECLA had set up a subsidiary body, but only because a very thorough survey by the secretariat had revealed the inadequacy of the efforts so far made to develop trade between the various countries of the region, and because it had been thought that such a body represented the only possible means of putting the matter right. Finally, ECAFE had decided to broaden the terms of reference of its Inland Transport Committee, which would henceforth be dealing with telecommunication problems in close co-operation with the International Telecommunication Union.

55. As to the future course of the commissions' work, he thought that they should keep energy problems in the forefront of their minds; as in the past, those problems would be dealt with by *ad hoc* conferences convened by the Council. Although it was entirely proper for the regional commissions to discuss the problems created by the shortage of energy, they should do so only in so far as the problems were susceptible of regional solution. They certainly ought not to jeopardize the results about to be achieved internationally in the matter of atomic energy and water power. Already ECE had decided to draw up an energy balance-sheet for Europe, and would be dealing at its next session with the economic problems created by peaceful applications of atomic energy in Europe. He hoped that the two other commissions would also study the matter closely. ECLA had indeed put it on its list of priority projects, and was arranging an appropriate meeting of experts which, he hoped, would be held as planned in 1958. As to ECAFE, the French delegation hoped that it would study the basic problems of developing mineral resources, especially fuels.

56. With regard to the problem of increasing trade between member countries—one of the problems assigned to the commissions in their terms of reference—he noted that intra-European co-operation had already proved its worth, and welcomed the draft multilateral European payments agreement at present under discussion, which would enable east-west trade to be expanded by changing its bilateral character. He recalled that France had taken the initiative in that case, and congratulated the secretariat on having brought the work to a successful conclusion.

57. He thought that intra-regional co-operation could give good results in Asia and Latin America as well, once progress had been made in the industrialization of the countries of those regions.

58. In Europe, the French Government had welcomed with interest the Soviet Union proposal that an all-European agreement on economic co-operation should be negotiated within ECE, but, there again, co-operation

within a region must not be allowed to impede co-operation between the several regions, which could be carried on at a number of levels and could take very different forms. The visits of experts from the Asian countries to the industrialized countries had already yielded good results, and might with advantage be followed by visits of experts from Latin America. France had always supported the idea of consultations of trade experts among member countries of the various commissions, on the model of those organized by ECE. If ECAFE and ECLA approved of the scheme, such consultations could take place as soon as the Secretary-General had been able to organize them—that is, probably towards the end of 1957.

59. He would like once again to stress the part which the regional commissions would be called upon to play in the event of the establishment of the Special United Nations Fund for Economic Development. In the interim, they could probably do no more than complete the studies already undertaken in that connexion. They had already dealt with the problem of economic development from the theoretical standpoint and, in so doing, had produced very valuable studies on economic planning which, he thought, the Council should take into account when it considered item 4 of its agenda: economic development of under-developed countries.

60. In that connexion, his delegation had been greatly interested in the report of the ECAFE Working Party on Economic Development and Planning on its first session, and by resolution 16 (XII) on the subject, adopted at ECAFE's twelfth session at the instance of the Afghan and Burmese delegations. It wished to congratulate the Executive Secretary of ECLA and his collaborators for the recently issued chapters in the series entitled: "*Analyses and Projections of Economic Development*". That category included studies of the prospects of given markets, and the French delegation wished to indicate its approval of the launching of a study of timber trends and prospects in the Far East.

61. The French delegation was well aware that, for lack of the necessary staff and funds, the regional commissions were unable to carry out all the tasks which governments expected of them, and were therefore finding serious difficulty in keeping abreast of their programmes of work. It was therefore all the more gratifying to note that ECE had succeeded in arranging for government experts to study the problems peculiar to southern Europe and to propose solutions for them. It would be desirable for similar studies to be made of the problems of particularly under-privileged countries.

62. On the occasion of the tenth anniversary of the establishment of ECAFE, in whose meetings it had been his privilege to take part for several years, he wished to say how impressed he had been by the exclusion from its debates, thanks to the influence of its Executive Secretary, of all unhelpful political speeches and statements prompted by narrow and selfish interests. It was encouraging to see that men faced with practical problems of special urgency did not allow themselves to be swayed by purely propagandist statements. With that in mind, he wished to associate himself with the hope expressed by the United Kingdom representative at the previous meeting that observers would not take advantage of the

platform put at their disposal by the Council or its regional commissions to make propaganda speeches of a length incommensurate with their constructive content.

63. Finally, he wished to draw attention to the danger that effective work by the regional commissions might be endangered if the Council or the General Assembly established new bodies with terms of reference overlapping or duplicating those of the commissions. The same applied to certain moves to set up bodies outside the United Nations, the effects of which might prove unfortunate. Being convinced of the value of the regional commissions, he hoped that they would be given the maximum possible resources and the greatest possible authority to enable them adequately to discharge their function.

64. Mr. DJATIASMORO (Indonesia) said that at the 934th meeting the Indonesian representative had described the economic dilemma of the modern world, and the reasons why economic development, for which international assistance was needed, was the only solution for the problems of the under-developed countries. It was in the light of that fact that he wished to comment on the work of ECAFE.

65. It was natural that ECAFE and its secretariat should have attached special importance to various aspects of economic development such as capital formation, and stressed the significant role of external aid and foreign investment in speeding it up. He was pleased to note ECAFE's statement that the countries of the region were gaining experience and acquiring a knowledge of development techniques which would ensure that planning methods were adapted to local conditions, and that a new Research and Planning Division had been established as a result of the new emphasis now being placed on economic development and planning. There was need to consolidate and co-ordinate the secretariat's work in that domain.

66. As the links between the work of the different secretariats became closer, more integration seemed desirable, as was possibly a slight increase in staff. However, he was satisfied that no major changes in organizational structure were required.

67. Steps should be taken to improve the operation of the technical assistance programmes—so important to economic development—by using the staff available in the substantive departments of the regional commissions to a greater extent, because much technical assistance was directly related to their work and that of the Department of Economic and Social Affairs, so far as the broader aspects of development, including programme and planning techniques, were concerned. TAA, on the other hand, was concerned with specific projects. Closer contact between it and the Department of Economic and Social Affairs would ensure that the best use was made of available staff, and would help to dovetail technical assistance policies into economic development plans. Governments had for some time been asking the secretariats of the regional economic commissions for advice on technical matters, and TAA was using their services for regional projects. Nevertheless, most technical assistance activities in countries of the ECAFE region had been carried

out without the benefit of the local experience and knowledge of the ECAFE secretariat.

68. The functions of the Department of Economic and Social Affairs should include the provision of assistance and advice to the resident representatives and TAA about the experts to be recruited, and TAA should appoint to the headquarters of the regional economic commissions officers with a knowledge of its programmes, so that they could co-ordinate and expedite action on technical assistance matters referred to the regional commissions.

69. With the new emphasis on economic development, increasing attention was being given to population problems, for it was believed that a lower fertility rate might alleviate the pressure on available resources. Since the possibilities of emigration to countries outside the ECAFE region appeared to be insignificant, many of the countries concerned would have to look to economic development and such measures as family planning and re-settlement to solve the problem. There was need also for the exchange of information and experience, as well as seminars. At its twelfth session, ECAFE had adopted draft resolution 17 (XII) submitted jointly by Indonesia and the Philippines recommending that the Council "consider appropriate measures for the early organization of a seminar 'for the discussion of problems of transmigration and land settlement on the basis of field studies from demographic, economic, social and technical points of view'".

70. Agriculture and industry being inter-dependent, the Commission had noted the need for co-ordinated planning and balanced development. In addition, new or little developed resources had to be mobilized so that his delegation would welcome the joint ECAFE/FAO project for a survey of the timber resources of Asia and the Far East mentioned by the Executive Secretary and the Food and Agriculture Organization's representative.

71. Among the Commission's numerous activities and projects, he wished to mention the national rehabilitation centre in Solo because of its humanitarian character. The centre was the only institution in the region, outside Japan, providing orthopaedic surgery and nursing services for the severely handicapped. Requests from Burma and Ceylon to train staff there were proof of its potential value as a regional training institution. The grant of further technical assistance to the centre had been discussed at ECAFE's last session and his Government hoped that it would be sanctioned by the Council.

72. He was pleased to note that the *Economic Survey of Asia and the Far East 1955* provided more adequate information than its predecessors about the mainland of China, but must again express regret that such an important country with a population of 600 million was not taking part in the work of the Commission and had thus been prevented from making what would undoubtedly have been a valuable contribution to the development of the whole region. His delegation would recommend that the Council give favourable consideration to the application of the People's Republic of Mongolia for membership of ECAFE, and that it accordingly amend paragraphs 2 and 3 of ECAFE's terms of reference. For reasons given by the Indonesian delegation at the tenth session of the General Assembly, when it had, with

others, supported that country's application for membership of the United Nations, it considered that the People's Republic of Mongolia was fully qualified to participate in ECAFE's work to the benefit of the Commission and the region as a whole. The fact that the Republic had not yet become a Member of the United Nations should not prevent its admission to ECAFE, since Japan had already become a full member of the latter.

73. His delegation, together with that of Pakistan, had submitted a draft resolution (E/L.731) whereby the Federal Republic of Germany would be invited to attend ECAFE's sessions on a similar basis to that provided for in paragraph 9 of the Commission's terms of reference. That country, with its outstanding knowledge of science, technological organization and industrial techniques, would undoubtedly be able to give considerable help in improving economic conditions and in fostering development in the ECAFE region. As a member of the Commission, the Indonesian Government believed it proper to support any application from a friendly nation to cooperate in the Commission's work, thus giving it an opportunity of acquainting itself with the problems of the area at first hand. Close relations had already been established between the Indonesian and German peoples, and they were being further strengthened. With a view to creating heavy industries, German experts were investigating the country's natural resources, and further assistance by them on a substantial scale would be very valuable. In its efforts to remedy the unbalanced character of its economies the entire region could, like Indonesia, profit from Germany's knowledge and skill.

74. In conclusion, he thanked the executive secretaries and staffs of the regional economic commissions for their extremely useful reports and statements in the Council. He also wished to pay a special tribute to Mr. Lokanathan for the valuable part he had played in building up ECAFE. The peoples of Asia, though differing in mentality and material resources, had in common a love of independence and peace and a determination to improve living conditions and increase their material resources, and so give full meaning to their newly won freedom. In working towards the goal of economic betterment, Mr. Lokanathan had also been working for peace and independence.

75. Mr. LOKANATHAN (Executive Secretary, Economic Commission for Asia and the Far East), speaking on behalf of the executive secretaries of the regional economic commissions, expressed gratitude to the Council for the valuable comments made during the discussion and for the guidance given.

76. He also wished to express his personal thanks for the generous tributes he had received. Nine years' work with the United Nations had given him profound satisfaction, and no reward could be higher than that of being faced with a challenging task. Such success as had been achieved was due to the co-operation of governments and the trust they had shown towards him and his staff. He was also greatly indebted to the Council for the confidence it had had in his work, without which it could not have been done. He and his staff were also grateful for the unfailing support given to them by the Secretary-

General and the Headquarters Secretariat—support which had contributed in no small measure to their achievements. He now felt that his experience should be applied over a smaller area; but he was very conscious that he would be returning to his country with a changed attitude, that he would in future approach his problems from the international rather than the national angle.

77. The PRESIDENT, on behalf of the Council, thanked the executive secretaries of the regional economic commissions for their contribution to the discussion, and expressed its deep appreciation of the devotion with which the retiring Executive Secretary of ECAFE had discharged his duties.

78. He then declared that the Commission had concluded its substantive discussion on part (b) of item 2 of its agenda, and invited it to vote on the various draft resolutions before it, beginning with that submitted by ECE, relating to the Council's action on the Commission's annual report (E/2868, part IV, page 36).

The draft resolution was adopted unanimously.

79. The PRESIDENT invited the Council to vote on the draft resolution submitted by ECAFE, relating to the Council's action on the Commission's annual report (E/2821, part VI, page 32).

The draft resolution was adopted unanimously.

80. The PRESIDENT invited the Council to vote on the draft resolution submitted by ECLA, relating to the Council's action on the Commission's annual report (E/2883, part III).

The draft resolution was adopted unanimously.

81. The PRESIDENT invited the Council to vote on the draft resolution submitted by the delegations of Argentina, Brazil, Ecuador and the Dominican Republic (E/L.730) concerning an invitation to Japan to attend meetings of ECLA.

The draft resolution was adopted unanimously.

82. The PRESIDENT invited the Council to vote on the draft resolution submitted by the delegations of Indonesia and Pakistan (E/L.731) concerning an invita-

tion to the Federal Republic of Germany to attend meetings of ECAFE.

The draft resolution was adopted unanimously.

83. The PRESIDENT then announced that the Council had completed its consideration of part (b) of item 2.

84. Mr. CHENG PAONAN (China), invoking his right to reply to those delegations which had referred to the question of Outer Mongolia's application for membership of ECAFE, said that in considering such application, four criteria had to be applied. First, whether the applicant was an independent and sovereign State; secondly, whether it had a clean record, untainted by participation in an aggressive war against other States and the United Nations; thirdly, whether any precedent justifying its admission existed; and fourthly, whether the applicant maintained economic and trade relations with other countries in the region. With regard to the first criterion, there could be no doubt about the status of the members of ECAFE listed in paragraph 3 of its terms of reference. But although the Mongolian people had for centuries enjoyed freedom without any interference on the part of China, since the establishment of the so-called "People's Republic" Outer Mongolia had come under the absolute control of the Soviet Union Government and, to all intents and purposes, had become part of the Soviet Union, though some effort was made to keep up a fictitious semblance of independence. . .

85. The PRESIDENT intervened to rule the Chinese representative out of order, the consideration of item 2 (b) having been concluded. He had given the Chinese representative the floor, thinking that he intended to explain his vote on the draft resolutions just adopted.

86. Mr. CHENG PAONAN (China) pointed out that he had made it quite clear at the outset that he was exercising his right of reply. However, he believed that his brief statement had made clear the reasons why the application of Outer Mongolia for membership of ECAFE was out of order.

The meeting rose at 4.55 p.m.



ECONOMIC AND SOCIAL COUNCIL

Twenty-second Session

Tuesday, 24 July 1956
at 10.30 a.m.

OFFICIAL RECORDS

PALAIS DES NATIONS, GENEVA

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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Australia, Bulgaria, Chile, Costa Rica, Finland, Hungary, Israel, Italy, Poland, Romania, Spain, Venezuela.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Civil Aviation Organization, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization, Universal Postal Union, International Telecommunication Union, World Meteorological Organization.

AGENDA ITEM 3

General review of the development and co-ordination of the economic, social and human rights programmes and activities of the United Nations and the specialized agencies as a whole (E/2820, E/2826 and Corr.1, E/2847, E/2867, E/2873 and Add.1, E/2874, E/2877 and Add.1, E/2878 and Add.1 to 4, E/2879, E/2884, E/2892, E/2894/Rev.1, E/2903)

1. The PRESIDENT recalled that at its twentieth session the Council had for the first time reviewed in the broadest possible terms the development of international economic, social and human rights programmes under one single item. Following upon its decision at the eighteenth session, in implementation of resolution 557 B II (XVIII), to consider the problems of co-ordination as far as possible within the framework of the various activities,

and thus to reduce the number of separate and closely related items concerning co-ordination and the work of the specialized agencies, it had held a general debate at its twentieth session, followed by a discussion in the Co-ordination Committee, to which certain specific questions had been referred.

2. If that procedure was followed, one of the most important conditions for a successful debate was the participation of the executive heads of the specialized agencies and their representatives in the deliberations of the Council.

3. As Chairman of the Co-ordination Committee he had had the advantage of closely following the debate at the twentieth session, and he was equally concerned that at the present session the Council should hold a thoroughly constructive discussion under that item.

4. After enumerating the various documents before the Council, he suggested the following procedure: the Secretary-General would introduce the item, in accordance with Council resolution 557 B II (XVIII); members who wished to do so could then make general statements, after which the executive heads of the specialized agencies would be invited not only to introduce their annual reports, but to raise any special points that they wished to place before the Council.

5. If the Council approved of that procedure, he would request the Secretariat to circulate to the Co-ordination Committee in advance suggestions on the planning of its work. The Committee would in due course consider any draft resolutions submitted under item 3 and any matter referred to it in the course of its deliberations, and would report on them to the Council, with its recommendations.

It was so decided.

6. The SECRETARY-GENERAL said he had little to add at that stage to his written statement introducing the item (E/2894/Rev.1), but felt that some reference was necessary to the meeting of the Administrative Committee on Co-ordination (ACC) which had taken place since his written statement was circulated. While the meeting had been largely concerned with problems of administration, it had reviewed in a preliminary way, subject to further consideration in October, the results of a series of recent inter-secretariat consultations on social programmes; and it had set in motion a number of informal consultations, which had since taken place in Geneva, on various economic as well as social activities. The results of those consultations would be incorporated in the report to be issued by ACC in the autumn, but special mention should be made at the present stage of a welcome clarification of concepts, and of the respective roles of the various organizations, in the field of com-

munity development. A provisional agreed text on that question ran as follows:

“The term ‘community development’ has come into international usage to connote the processes by which the efforts of the people themselves are united with those of governmental authorities to improve the economic, social and cultural conditions of communities, to integrate these communities into the life of the nation and to enable them to contribute fully to national progress.

“This complex of processes is then made up of two essential elements—the participation by the people themselves in efforts to improve their level of living with as much reliance as possible on their own initiative and the provision of technical and other services in ways which encourage initiative, self-help and mutual help and make these more effective. It is expressed in programmes designed to achieve a wide variety of specific improvements.”

7. As the comprehensive character of community development had become apparent, it had become necessary to define more specifically its component services, such as fundamental education and agricultural extension and their respective relationships with community development. In the field of fundamental education, that process of re-definition was already far advanced; it was now recognized that fundamental education was not synonymous with community development, but that the term covered a range of educational activities essential to community development. The representative of the United Nations Educational, Scientific and Cultural Organization (UNESCO) might wish to elaborate on that point in the course of the debate.

8. In addition to community development, the recent inter-secretariat consultations had covered, among other things, questions relating to long-range programmes for children and work in the fields of housing, industrialization, urbanization, social policies for indigenous peoples, commodity questions and land reform. They had included a review of the main elements in the social programmes of the five organizations principally concerned and in programmes in the field of atomic energy. They had represented a joint effort of the international staffs concerned to plan together at the earliest stage in programmes of common interest; to clarify concepts, methods and responsibilities; to adjust existing plans, changing emphases and conditions; to remove misunderstandings or points of friction; and to find the most practicable working arrangements in cases where competences overlapped. Consultations for such purposes were, of course, a daily occurrence between departmental officials in every capital city; indeed, they were the normal routine of modern governmental processes. If those held under the auspices of ACC deserved mention, it was because the peculiar features of the system of international co-operation—namely, decentralization of authority and geographic dispersal—accentuated the problems of co-ordination found in every national service and increased the cost and effort needed to solve them.

9. Every summer, advantage was taken of the presence in Geneva of senior officials from United Nations Headquarters and the specialized agencies to arrange personal

consultations of that kind. During the current year, however, the scope of the consultations had been far wider than hitherto and had reflected the increased strains to which the international system of co-operation had recently been subjected. As he had pointed out in his introductory statement, certain developments in United Nations work, and in particular the trend towards the formulation and execution of broad programmes covering fields within the competence of the specialized agencies, did indeed raise new and difficult problems of co-ordination. On certain of those problems, relating in particular to the ways in which the resources of all agencies within the United Nations family could be more fully mobilized in relation to such comprehensive programmes, ACC had initiated studies, the results of which would be duly brought to the Council's attention. There were other problems, too, of a different character. He himself had suggested, in his written statement, that to help fulfil one of the central conditions of economic development—namely, the building up of adequate national administrations in the less developed countries—there might be the need for a new organizational approach at the international level.

10. The Council would remember that at the eighteenth session (807th meeting) he had used the term “unity within freedom” to summarize the principle which in his view should guide the relationships between the various organizations within the United Nations system. He had pointed out that the application of that principle should provide many of the advantages of a closely unified system without the disadvantages of rigid centralization; that that required the development of a spirit of mutual confidence, directed towards common aims; and that that in turn required constant consultation and unremitting efforts among the permanent staffs, not only at the technical levels, but also—and above all—on the part of the heads of the organizations themselves. The contacts which he and his colleagues had developed, including the occasional and increasingly informal meetings which were perhaps rather misleadingly formalized by the term “sessions of ACC”, had become a rather vital element in the operation of the system. It must be admitted that at present inter-organizational relationships and co-operation showed many imperfections, but in his view the most encouraging element was the growing awareness, at the highest level, of the need for close collaboration, over and above the strictly formal arrangements. That human element, which he personally considered of vital importance, could of course never be laid down in rules or enforced: it was a fact or it was not; and if it was a fact, it was tied to personalities.

11. The activities undertaken within the Expanded Programme of Technical Assistance were perhaps the most noteworthy illustration of co-operative accomplishment. He took that opportunity of expressing his own satisfaction at the advances that had been made in the past year and of associating himself with the observations concerning the future of the Programme that had been made by ACC, on the basis of the Technical Assistance Board (TAB)'s review entitled “A Forward Look” (E/2885).

12. He would like to add a word to ACC's last report (E/2884) on the matter of increasing public awareness of the economic and social work of the United Nations family. He could not but feel, on the basis of the experience gained, that there could and should be more emphasis placed on education, particularly the education of youth, in the principles and purposes of the United Nations. At the twenty-first session of the Council he had referred to the importance of that question in his report on teaching about the United Nations (E/2837 and Corr. 1 and 2). At that time the Council had reviewed progress in that educational field and had called upon governments and interested non-governmental organizations to assist increasingly in furthering such teaching within the schools and colleges within their domains (resolution 609 (XXI)). Among the United Nations family of agencies it was, of course, UNESCO that bore the primary responsibility in the field of education, but, as requested by the Council, he hoped to be able to strengthen within the United Nations Department of Public Information the services that helped to promote and to render aid, in consultation and in conjunction with UNESCO, whose Director-General shared his views on the matter.

13. The order of the words "development" and "co-ordination" in the title of the item reflected the deliberate—and in his opinion correct—emphasis the Council wished to place on those two aspects in its consideration of the item. If he had said little in his present statement about the substance of the developing programmes, it was only because the Council had been so fully documented from other sources, while he himself had a special responsibility in respect of co-ordination and priorities.

14. At the eighteenth session he had submitted a "Review of the organization and work of the Secretariat in the economic and social field" (E/2598), which, with the dual aim of strengthening the impact of the United Nations' activities and further concentrating international efforts and resources, had made a series of recommendations concerning priorities and the readjustment of programmes. Those recommendations had received the general endorsement of the Council in resolution 557 A (XVIII), in which he had been requested to submit further recommendations from time to time. This had been done at the twentieth session (E/2791), and at the current session he was again doing so with regard to particular projects and programme proposals in his "Observations on the work programme of the Council and on the implications of the Council's actions", which had been distributed in document E/2903.

15. In conclusion, he stressed the importance he attached to the continuing process of consultation and co-operation with the Council on questions of programmes and priorities. He was, needless to say, at the Council's disposal and would be glad to provide further information, to answer questions on any points or to elaborate further on any of the ideas put forward either in the ACC report or in his own statements.

16. Lord John HOPE (United Kingdom) said that the growth of international co-operation during the past ten years was impressive and unprecedented. It was during those ten years that the majority of the specialized

agencies had come into being and had been brought into relationship with the United Nations, while the imminent establishment of the International Atomic Energy Agency would provide an important addition to the United Nations family, with which, he hoped, it would maintain close links.

17. Among other developments during those years had been the steady growth in the membership of all the specialized agencies, the resumption by the Soviet Union and other countries of the role they had earlier ceased to play in the work of several of the specialized agencies and, above all, the continuous expansion of the programmes of the United Nations and the specialized agencies, which now covered a vast amount of activity in the economic, social and human rights fields. Where first it had been necessary to avoid duplication in the roles of the various agencies, it had soon become necessary to avoid duplication in their operations. That barren occupation was now being superseded by the more rewarding exercise of joint or co-operative action in which the activities of one organization supported or complemented those of others. A good example of that type of co-operation was recorded on page 24 of the report of the International Labour Organisation (E/2879), which spoke of the International Labour Office (ILO)'s co-operation with no fewer than five other organizations on problems of land settlement by migrants. Questions of that sort should and did involve prior consultation between agencies on programmes as a whole, and not simply on individual projects. Such consultation could not fail to ensure that the best use was made of the available resources.

18. Nor should co-operation be confined to United Nations organizations. The specialized agencies and the regional commissions, as also the United Nations Technical Assistance Administration, were learning to operate in collaboration with international organizations outside the United Nations and with bilateral programmes of aid. The lessons learned from those exercises in international co-operation were of great value in the United Nations' efforts to maintain peace and security and to raise the level of living of peoples who, in the middle of the twentieth century, were still living in misery and poverty.

19. While it was impossible, in the time at his disposal, to do justice to the practical achievements of the United Nations and the specialized agencies, he could not pass them over in complete silence. Perhaps the most remarkable had been in the field of health. Enormous strides had been made by the World Health Organization (WHO) and the United Nations Children's Fund (UNICEF) in eradicating diseases such as malaria and yaws in the countries of Asia, Latin America and tropical Africa. Similarly, UNESCO and FAO could already claim signal success in helping to overcome the problems of ignorance and want, while the distinguished record of the International Labour Organisation was familiar to all. Nor should the achievements of what might be called the technical agencies—the International Civil Aviation Organization, the International Telecommunication Union, the Universal Postal Union and the World Meteorological Organization (WMO)—be overlooked. In that connexion, he would like to pay a special tribute to the efficiency with which the smaller agencies were run.

20. The increasing scale and the growing complexity of the programmes made it more than ever necessary to exercise some form of central supervision—in fact, to exercise the function of co-ordination, however unpalatable that word might be to those who regarded it as a symbol of frustration and negation. Without co-ordination a large part of the United Nations' resources would be wasted; and waste or the misdirection of resources could not be afforded. It was, of course, a truism that co-ordination should begin at home—within the governments themselves, which should make every effort to ensure that their representatives in one organization did not take a line that was directly opposed to that taken by them in another. Lamentably enough, that happened all too often. They also needed a forum, however, in which they could pool their experiences and discuss their problems. It was for that reason that the United Kingdom Government attached such importance to the present debate. He was aware that the representatives of the specialized agencies had expressed dissatisfaction with the way in which the debate had been handled at the twentieth session, and their dissatisfaction was reflected in the report of ACC (E/2884). It naturally took time to find the best way of using the opportunities the debate offered, however, and his delegation was more than ever convinced of the necessity of preserving those opportunities. It hoped that the executive heads of the specialized agencies would in future play a greater part in the debate than they had done the previous year, for only with their help could it be a success. The Council needed advice from the members of ACC, and the problems which undoubtedly existed between the specialized agencies and the United Nations, and even between Headquarters and the regions within the United Nations, should be fully and frankly aired in the Council in cases where it had not proved possible to solve them in ACC itself. It was the duty of the members of the Council, as representatives of the governments which were ultimately responsible for the activities under discussion, and in accordance with the functions assigned to the Council under the Charter, to decide the general direction in which all the economic and social programmes under the auspices of the United Nations family should or should not move.

21. If the Council was to discharge that function conscientiously, the emphasis in the debates would inevitably be more often on restraint and caution than on stimulus and expansion, for the structure of the United Nations family, the purposes for which it had been brought into being, and the resources available to it, did not permit of general and unlimited expansion.

22. For example, in the debate on co-ordination at the twentieth session, the United Kingdom representative had pointed out at the 879th meeting that it was no part of the functions of the United Nations to act as a kind of international government, or even to plan for governments on an international scale: it should never remotely consider assuming responsibility for the general direction, economic or social, of any nation or region. Countries must plan for themselves and endeavour to raise their levels of living chiefly through their own efforts. The function of the United Nations was to provide a forum for international discussion of common problems and a channel through which help and advice could be

sought. Those were principles to which the United Kingdom Government attached great importance, and he was emphasizing them once again because of the suggestion in the Secretary-General's written statement that some kind of career service under international responsibility might be established, to provide officials to work in the administrations of under-developed countries. There were many reasons for which that suggestion raised grave doubts in the minds of his delegation, but he was referring to it at that juncture because it could lead to a degree of central control of the under-developed countries' policies—a direction in which his delegation would not like the United Nations to move.

23. That reflection led him to another which, while not of prime concern to his Government or to any government which was not in the main a recipient of technical assistance, posed a problem which the Council might do well to ponder, though he realized that UNESCO had given it attention. The Council might well ask itself what was the impact of material ideas and techniques on social systems and religions in recipient countries and whether there was not sometimes a danger that in pursuit of the glittering rewards of technology much might not be lost in the realms of spiritual inheritance. He would very much like to hear the ideas on that subject of representatives whose governments had had to deal with the problem.

24. With regard to the future, there could be no doubt that there was an immense amount of work for the international organizations to do on atomic energy. Indeed, the Council had at its last session adopted resolution 597 B (XXI), calling for a study by the Secretary-General, in co-operation with the specialized agencies most immediately interested, on the application of atomic energy to economic development, with particular reference to its use in power, industry and agriculture. His delegation therefore welcomed the establishment of a sub-committee of ACC for the purpose of ensuring the closest co-operation between United Nations bodies and the proposed International Atomic Energy Agency, but hoped that the agencies would bear in mind that the International Atomic Energy Agency had not yet been established, nor had its precise functions and relation to the United Nations been defined. Until that time his delegation considered that it would be undesirable for other agencies to undertake any general programmes in the field of atomic energy which had not been specifically requested by the Council or the General Assembly; otherwise there would be a serious risk of their duplicating the work which would fall properly to the International Atomic Energy Agency. Moreover, if the United Nations and its specialized agencies were to concentrate on the economic and social development of under-developed countries as their prime objective, it might be undesirable for them to start prematurely on work in the field of atomic energy, because for its use as a source of industrial power two things were needed—first, a large reservoir of trained personnel and, secondly, considerable industrial experience. Many countries unfortunately did not have such experience; indeed, as indicated by the United Kingdom representative at the twenty-first session, there was some difficulty even in his country in finding enough skilled technicians. Without suggesting that the objective

of extensive use of atomic energy as a source of industrial power should be shelved, he would advocate that the United Nations and its specialized agencies should concentrate in the immediate future on programmes of common interest which were of more immediate importance to the under-developed countries, such as those concerned with industrialization and the development of water resources.

25. His Government was very much concerned with the need to ensure that resources were concentrated on programmes of major importance. For several years lip service had been paid in Council and General Assembly resolutions and in statements by delegations and the Secretariat to the theme of "concentration of effort", but in practice there had been little progress towards that desirable goal. Governments had made no sustained effort in the United Nations to eliminate or defer projects of doubtful value or urgency in order to devote resources to real and immediate needs. It was certainly difficult for delegations to resist voting for proposals dear to them and others, and not in themselves by any means undesirable, yet not of real urgency. But something had to be done, and done at once. It was most important for the Council to consider carefully whether there was an immediate need for any new projects proposed or whether they could be postponed. In the former instance, it should review current projects in order to see which could be deferred, modified or eliminated so that the economic and social work of the United Nations and its specialized agencies was carried on with the maximum efficiency. General Assembly resolution 533 (VI), which imposed that responsibility on the Council, had now come to be largely ignored.

26. In the circumstances he welcomed the Secretary-General's initiative in presenting a note (E/2903)—which he hoped would receive serious consideration—on the Council's work programme and the financial implications of its actions, together with certain proposals for reorganization of the work. His delegation would make proposals in the Co-ordination Committee for carrying that process further and so making more resources available for projects of real urgency: some programmes, not now expanding at a desirable rate, could, by the cutting out of dead wood, receive the necessary additional resources. That would not only redound to the benefit of under-developed countries, but would also enhance the prestige of the United Nations and its specialized agencies.

27. The process would also require some not undesirable streamlining of the Council's own work. Members ought to consider, for example, whether they really wished to spend as much time in future on discussing the world economic situation in the vaguest terms without any delimitation of the scope of the debate.

28. The process, if conscientiously carried out, should also lead in another highly desirable direction—that of budgetary stabilization, a goal set in numerous General Assembly and Council resolutions but now largely overlooked. His Government, however, could not afford to do so, because the cumulative effect of the steady and rapid rise in the budget levels of the United Nations and its specialized agencies constituted an excessive drain on the United Kingdom's resources which unfortunately

could not be tolerated in its present financial position. He must therefore inform the Council frankly that if stabilization were not achieved and financial contributions continued to increase, Her Majesty's Government would be obliged to consider seriously whether it could continue to participate on the present footing in the programmes of the United Nations and the specialized agencies. The case was so serious that it had to be presented bluntly, and his Government's ideas would be further elaborated in the Co-ordination Committee. It naturally wished the results of the discussion to be very carefully considered in the specialized agencies.

29. Each government, while remaining loyal to the ideals of the United Nations, was bound to concern itself also with the situation as it affected its own people. That was not an appeal to retreat from adventure, but a declaration of faith in common sense. He was not advocating a policy of cheeseparing, or making suggestions that could in fairness be called ungenerous, but was only pleading first and foremost for greater efficiency: there was nothing generous about prejudicing future success by present misdirection of available funds. The choice lay between illusion and reality. The illusion was that the United Nations could continue to expand in all directions without counting the cost. The reality was that it could spend only what governments could afford and must therefore concentrate on what mattered most.

30. Mr. SAID HASAN (Pakistan) said that at the time of the Council's establishment it would have been impossible to foresee the great progress the United Nations family would make in planning and executing co-ordinated economic and social programmes designed primarily to benefit the under-developed parts of the world. The Council should be proud of the magnificent achievement of the secretariats of the United Nations and the specialized agencies and of the absence of inter-organizational jealousies. Shortcomings in co-ordination and execution were bound to exist in any large programme, particularly an international one covering a wide range of activities and involving different organizations, more or less autonomous in their own spheres, though with some overlapping in their jurisdictions. It would be fitting for the Council, on its tenth anniversary, to adopt a resolution expressing its determination to continue that concerted and well-integrated programme of international action.

31. The Council's decision to consider the development and co-ordination of the programmes of the United Nations and its specialized agencies as a whole had been a wise one, because it provided an opportunity of suggesting improvements designed to secure the maximum benefit from limited resources. The Council should concentrate on the activities to be co-ordinated rather than on the machinery of co-ordination.

32. The existing machinery and procedures had been functioning well, despite the strain placed on ACC, and he noted with interest the establishment of the Sub-Committee on Atomic Energy under the chairmanship of the Secretary-General. Although the use of nuclear energy was still at an experimental stage, it had come to be recognized as an important factor in plans for future economic development, so that the need for the closest

co-operation amongst all United Nations bodies in that field, as well as with the proposed International Atomic Energy Agency, could not be over-emphasized.

33. He would like the Secretary-General to consider the creation of similar ACC sub-committees on other subjects having an immediate bearing on the development of less-developed areas, such as the development of arid lands and industrialization. With regard to the former subject, FAO, UNESCO and WMO, working under the Secretary-General's leadership, could secure substantial results. He had already, at the twenty-first session, stressed the importance of industrialization to under-developed countries and would revert to the matter during the discussion on item 5 (financing of economic development). The proposals which his delegation had made at the 909th meeting of the twenty-first session for the establishment of a special body within the United Nations to deal with problems of industrialization would probably take time to mature, and in the meantime an ACC sub-committee, whose functions would be to co-ordinate and integrate the various programmes in the field of industrialization, could do useful work. He agreed with the Secretary-General that United Nations activities in the field of industrialization should be complemented by a programme in the field of urbanization. Though aware of the Secretary-General's multifarious commitments, he ventured to make those suggestions knowing his great personal interest in the economic and social problems of the world in general, and of under-developed countries in particular. He also urged that the work of such sub-committees or of any other bodies concerned with co-ordination should not be confined to the co-ordination of existing programmes alone, but should extend to the joint planning of new programmes. Such joint planning was preferable to and simpler than piecemeal planning by the different organizations concerned.

34. He appreciated the administrative strain imposed on the United Nations Secretariat by the need for extensive consultations with the specialized agencies, and welcomed the steps taken to strengthen the agencies' representation at Headquarters in the interests of convenience and efficiency.

35. Though sympathizing with the Secretary-General's desire "to assign full responsibility for particular segments of work to one agency" (E/2894/Rev.1, paragraph 20), that course might not always be feasible in the case of problems which necessarily required inter-agency consultations and on which the Council liked to have the Secretary-General's considered opinion. However, as far as possible and practicable, the course suggested should be followed.

36. The detailed report on the co-ordination of UNICEF programmes with the regular and technical assistance programmes of the United Nations and specialized agencies (E/2892) showed what practical results could be achieved through effective joint action. For example, UNICEF and WHO were co-operating closely in malaria-control programmes, and UNICEF, FAO and WHO were working together to develop safe protein-rich foods for children which could be produced locally at small expense. He would welcome reports on similar work by other organizations.

37. At the twentieth session, the Secretary-General and several representatives had commended UNESCO for submitting drafts of its biennial programmes to other organizations for comment. ACC in its report had expressed the view that other agencies could not follow suit, because of differences in their functions and procedures; but he was glad to note that inter-secretariat consultation in the planning of work had become the general rule. For the purpose of reviewing economic programmes, however, there appeared to be no similar arrangements to those whereby the entire social programme of the United Nations was reviewed annually, at the planning stage, by senior officials of the United Nations, the International Labour Organisation, FAO, UNESCO and WHO. He had often stressed the need for the accelerated economic development of under-developed countries even at the expense of sacrificing their social needs, since the cure for poverty and its concomitants lay in increased production and any adequate programme of social relief must have a sound economic basis. He would therefore ask the Secretary-General to arrange for annual inter-agency consultations to review economic programmes so as to ensure concerted action in planning and execution.

38. ACC's report indicated that the co-ordination of regional activities, although improving, was not entirely satisfactory. One effective method would be for the specialized agencies to establish regional offices such as that recently set up by FAO in Santiago, Chile, and the one proposed by TAB for the Latin American continent. Such offices should be evenly distributed among the various countries of the region, in accordance with the general principles of the United Nations.

39. He shared the Secretary-General's concern about the lack of statistics from the less developed countries—a matter which was under discussion in the Economic Committee. Engaged as he was in economic planning in his own country, he was well aware that the absence of basic statistical information was a serious impediment to the systematic planning and execution of economic and social programmes. His delegation therefore supported the Statistical Commission's recommendation (E/2876, paragraph 22) that statistical officers should be attached to the headquarters of the Economic Commission for Latin America and the Economic Commission for Asia and the Far East, and also stationed in the Middle East. It also supported that commission's recommendation that a world population census should be held around 1960 (E/2876, chapter IX, p. 24).

40. His delegation, which had consistently opposed any move towards using the regional economic commissions either for assisting in the formulation of country programmes or for acting as a channel for technical assistance, had carefully considered the Secretary-General's observations about associating the commissions with the Technical Assistance Programme. Though there were certain regional projects with which the commissions were concerned, he felt that with the General Assembly's unequivocal acceptance of country programming techniques there was no need to seek the advice of regional economic commissions on technical assistance programmes submitted to governments after the long process of discussion between government officials, resident

representatives of TAB and representatives of the specialized agencies had taken place.

41. His delegation agreed with ACC's view that the present arrangements for dividing the Council's sessions between New York and Geneva should be continued; apart from facilitating co-ordination with the agencies located in Europe and making it easier for them to send representatives to the Council, the present arrangements were of assistance to those delegations coming from countries nearer to Geneva.

42. Turning to the Secretary-General's bold and imaginative proposal for "the development of a special international service to assist governments" in the "tremendous problem of administration" created by "the absence of proper administrative machinery to handle the problems of economic and social development" (E/2894/Rev.1, paragraph 22), he said that the idea of international civil servants working "as officials in the national administrations of under-developed countries" was an excellent one, and his delegation whole-heartedly supported the request that more funds be made available to the United Nations for its programme of assistance in public administration, in order that the proposal might be put into effect without delay. Being closely associated with the execution of the economic development programme in his country, he had felt the need for transforming the outlook of civil servants so that they should no longer consider their functions solely in terms of applying laws and regulations, but should now realize that they included responsibilities for social welfare. Until the national civil service had become familiar with the administrative techniques appropriate to economic and social development, international civil servants would be welcome.

43. Sir Herbert BROADLEY (Acting Director-General of the Food and Agriculture Organization) said that FAO had submitted to the Council a brief report (E/2878), together with copies of a number of printed documents dealing with its past and present activities and its proposals for future work. He would therefore confine himself to a few general questions of principle and policy regarding the objectives of FAO's activities and the relation of those activities to the work of other members of the United Nations family.

44. It was not correct to regard the specialized agencies as purely technical bodies. For example, the direct and indirect consequences of a successful inoculation campaign to protect cattle in Ethiopia from rinderpest would extend far beyond the purely technical field and would involve the collaboration not only of several FAO divisions, but of other international organizations as well.

45. Those international aspects of FAO's work were particularly important in connexion with the development of the Technical Assistance Programme, which the Council would be dealing with under item 9 of its agenda. The interdependence of projects started with an apparently simple "technical" objective had led FAO to review all its technical assistance programmes in each country on the basis of an FAO country programme. In that way account could be taken of the economic impact of technical projects, and the FAO field representatives responsible for negotiating those programmes with

the governments concerned could be apprised of all aspects of the projects under examination, including the scientific, economic, marketing and consumption aspects.

46. FAO's regular work in the economic field had been so extensive that its Economics Division had always been the largest in the organization.

47. FAO's ultimate objective, summed up in a single phrase, was "the development of productivity". That was the only basis on which standards of nutrition and living could be improved and the free exchange of commodities ensured.

48. FAO's efforts to increase productivity in agriculture, fisheries and forestry did not, however, imply that every country could follow a single pattern and copy the most efficient procedure for producing what was temporarily the most remunerative crop. A satisfactory system of international trade depended on diversification of effort to make the best possible use of the natural resources available. That had led FAO to the conception of the selective expansion of production and consumption. Notwithstanding the great shortage of food in many parts of the world and the increasing demands likely to arise in the coming years through the remarkable growth of population, it would be wrong for the whole world to produce food at the expense of all other goods and services which human beings needed. That was why FAO had always argued that the development of agriculture, industry and other economic activities must proceed side by side.

49. Selective expansion must therefore take into account each country's needs and the sources from which those needs could best be met. Only on such a basis could a satisfactory production programme, whether in the agricultural or in the industrial field, be developed. So far as agricultural production was concerned, FAO's task was to analyse the resources available, to determine the best use which could be made of them from the technical and economic point of view, and to study the availability of competitive and complementary resources from elsewhere and the likely markets for surplus production. Consequently, the concept of selective expansion went far beyond any considerations of a technical character in the production field. It had involved FAO to an increasing extent in marketing and distribution problems, both on a national and an international scale, as well as in the field of technical assistance—particularly in connexion with reducing costs by eliminating wastage and simplifying procedures. One of the factors which had caused the present problem of surpluses arose from the inability of peoples and countries to exchange the results of their efforts on an equitable basis.

50. In the international field member governments had made increasing calls on FAO's services to adjust imbalance in commodity situations, in the interest of producer and consumer alike. FAO had established a Cocoa Study Group, a Consultative Committee on Rice, a Working Party on Coconut and Coconut Products, a Working Party on Dairy Products and intergovernmental meetings on grains and on coffee.

51. The solution of international marketing problems was conditioned by national production policies, but decisions in that field could only be taken when the

natural resources available were known. The last session of the FAO Conference had authorized the Organization to undertake a survey and appraisal of the world's renewable resources. That work would be carried out in co-operation with governments and other organizations; FAO did not concern itself with minerals or the world's resources of power, coal, and oil; and its interest in atomic energy was mainly in relation to its direct utilization in agriculture. FAO believed that the world's future requirements of food and agricultural raw materials could be met, but until advances had been made in technology and standards of productivity had been universally raised, large areas and considerable sections of the world's population would not achieve those standards of living and nutrition to which as human beings they were entitled.

52. In the meantime important steps were being taken to improve levels of consumption and to provide member governments and their peoples with the latest available information and advice regarding nutrition and improved food production. In that connexion, FAO was developing, in association with UNICEF and WHO, programmes for the supply of milk and other foods of high nutritive value to mothers and children in many countries throughout the world.

53. Turning to the question of the proper administrative machinery to handle the problems of economic and social development, he emphasized that all the specialized agencies had been devoting their efforts to training for that task nationals of those countries which lacked technical experience. For instance, FAO had assisted countries in the establishment of agricultural, forestry and fishery ministries and had loaned experts for that purpose. It had trained junior officials at training centres and in overseas countries to carry out the administrative and technical duties which the work of those ministries entailed. It had invited them to work inside FAO to learn how international organizations functioned.

54. Moreover, FAO had developed within its organization increasingly effective systems of co-operation. Its five technical divisions—Agriculture, Forestry, Fisheries, Nutrition and Economics—were in many cases engaged in common problems. All were participating in the country reviews by which FAO determined its share in the various countries' technical assistance programmes.

55. It was not always easy to apportion the responsibility for particular tasks either as between the different international organizations or within the organizations themselves; that was not altogether to be wondered at, since the problem was always the same, that of human beings in relation to their environment. Projects carried out by FAO in the field of agricultural production, whether in connexion with the study of soils, the improvement of breeds of plants and animals or the elimination and control of animal and plant diseases, all had their reactions in the economic and social sphere. With regard to them FAO worked in close association with the other international organizations: WHO, UNICEF, the International Labour Organisation, UNESCO and the United Nations. Such co-operation and co-ordination were not, he thought, matters of the creation of more

machinery. At the present time there was close co-operation at the informal level between individual officers of the different organizations. Its value was often underestimated, but it would be easier and more effective had the whole United Nations family been concentrated, as was at one time proposed, in a single centre. Whatever the advantages of locating the individual agencies in a number of different countries, it meant that consultation could only be maintained by correspondence and frequent visits.

56. In that connexion he drew attention to the increasing volume of demands made upon FAO by the legislative bodies of the United Nations and by other organizations, demands which considerably taxed its financial resources and staff. Thus, for example, whereas during the early sessions of the Economic and Social Council FAO had been adequately represented by one or two members of its staff, it had been obliged, during the first two weeks of the current session, to send eighteen officers to Geneva. More and more FAO, and no doubt other specialized agencies, was being called upon by external bodies to participate in studies or to provide reports on a wide range of subjects. The requests were all reasonable and fully justified. A case in point was the FAO report to the Council on a world food reserve. The resources available to the specialized agencies, however, set a limit to what they could do. A few years previously, the Council of FAO had been obliged to instruct the Director-General to address a communication to the Secretary-General of the United Nations asking him to draw the attention of the legislative bodies of his Organization to the difficulty FAO would have in complying with their requests, and to consider the possibility of allocating some additional resources for the work.

57. With the object of achieving as close co-ordination as possible with the other specialized agencies, and in order that it might receive their comments and suggestions, FAO submitted its programme of work to them as soon as it was available. But the agencies prepared their programmes such a long time before they were implemented, and the Assemblies and Conferences of the various agencies met at such different dates, that co-ordination was difficult. Moreover, a very real problem was created for an agency whenever funds had to be allocated to carry out a new proposal emanating from an external body after its own programme and budget had already been established. To help meet those difficulties, FAO had sent its senior liaison officer to New York, in order to ensure close co-operation with the United Nations Secretariat. It was also going to send a liaison officer to New York to work with UNICEF, and was participating to the maximum possible extent in inter-agency meetings: it had even in certain cases taken the lead in such meetings—for example, in connexion with land reform. It was also co-operating very closely with the United Nations regional commissions through the officers it had appointed to Geneva, Bangkok and Santiago, Chile. The Organization had, as a result, been involved in an increasing burden of responsibility, so much so that at times the senior staff of FAO were working under extreme pressure. Nevertheless, FAO wanted to co-operate and would endeavour to do so to the maximum possible extent.

AGENDA ITEM 13

International control of narcotic drugs

INVITATION TO THE GOVERNMENT OF AFGHANISTAN
TO SEND AN OBSERVER

58. The PRESIDENT pointed out that the Social Committee's report on item 13 (E/2912 and Corr. I) contained a draft resolution concerning the claim of Afghanistan

to be included among countries authorized to produce opium for export. In accordance with rule 75 of the rules of procedure, he proposed that the Government of Afghanistan be invited to send an observer to take part in the discussion on that question.

It was so decided.

The meeting rose at 12.25 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Bulgaria, Cuba, Hungary, Israel, Italy, Poland, Romania, Spain, Venezuela.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Civil Aviation Organization, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization, Universal Postal Union, International Telecommunication Union, World Meteorological Organization.

AGENDA ITEM 3

General review of the development and co-ordination of the economic, social and human rights programmes and activities of the United Nations and the specialized agencies as a whole (E/2820, 2826 and Corr.1, E/2847, E/2867, E/2873 and Add.1, E/2876, E/2877 and Add.1, E/2878 and Add.1 to 4, E/2879, E/2884, E/2892, E/2894 and Rev.1 (English only), E/2903) (*continued*)

1. Dr. CANDAU (Director-General of the World Health Organization) welcomed the opportunity of taking part in the debate, which was of great importance to his organization.

2. An essential feature of the work of the World Health Organization (WHO) was the increasing conformity of plans of action for a particular year with the general programmes for specific periods established by the annual World Health Assemblies. Those long-term programmes conformed to the criteria laid down by the Council to ensure that the assistance rendered by each specialized

agency effectively served the over-all aims of the United Nations family, a concern which was apparent from WHO's report to the United Nations (E/2873 and Add.1).

3. Accordingly, the second general programme of work for the years 1957 to 1960 aimed at fostering a maximum of self-reliance and initiative on the part of the health administrations of countries members of WHO. It stressed the importance of co-ordinating the work of WHO with national and international efforts to the same end, and clearly stated that all health aid given must be capable of integration with other technical, social and economic development.

4. An increasing number of countries were turning to WHO for assistance in developing their national health services. Their needs ranged from the preparation of national health legislation to the setting up of entire health services, especially in rural areas.

5. In requests for aid, the emphasis continued to be on the professional and technical education of public health personnel. Between 1952 and 1955, WHO had quadrupled the number of experts supplied to medical colleges and other institutions. A substantial number of WHO projects were concerned with the education and training of doctors, sanitary engineers, midwives, laboratory technicians and the like.

6. Reference had been made to the need for strengthening the administrative services of governments, especially in the under-developed countries. Through the activities just mentioned, WHO had been—and was still—assisting governments to build up their cadre of health administrators. The only way to establish public administration on a permanent and suitable basis was to build up the administrations of countries with nationals of the country. That was WHO's approach and no new approach seemed necessary.

7. The control and eradication of communicable diseases was still a major health problem. Malaria was one of the most important of those diseases and the problem it presented had acquired added urgency through the development of resistant strains of mosquitoes. Countries in several regions had therefore undertaken to eradicate malaria with the aid of WHO and the United Nations Children's Fund (UNICEF) within the time available. Campaigns were already operating regionally in the Americas, and others were being planned for the Eastern Mediterranean, Europe, South-East Asia and the Western Pacific.

8. An extensive research project on the effects of the domiciliary treatment of tuberculosis by chemotherapy was being launched in South-east Asia, and its results might lead to a basic change in the approach to the problem of tuberculosis control.

9. Leprosy also was being attacked by chemotherapy; at the same time, the prejudices that had surrounded that disease were disappearing.

10. Another important development in recent years had been the realization by national health authorities that specific health problems must be attacked as part of an integrated drive to raise health standards. That concept guided the mass campaigns against communicable diseases and positive measures to improve health, such as the work in nutrition.

11. Increasing attention was being paid to health problems characteristic of highly industrialized countries, such as cardio-vascular disease, cancer, rheumatism and the problem of old people.

12. The development of the peaceful application of atomic energy had created complex responsibilities for WHO, which would do its best to contribute to the solution of such important problems as the establishment of standards for radio-isotopes for medical uses, the training of workers in methods of protection against radiation, and modifications in medical education necessitated by the advent of atomic energy.

13. WHO's record showed the importance it attached to co-operation with organizations of the United Nations family and with others. If they were to be practical and useful, co-ordination and co-operation must be kept under constant review in the light of WHO's financial and manpower resources and of local conditions and stages of development of the countries. The primary responsibility of WHO was to help its member States to meet their urgent health needs. Its participation in more comprehensive programmes was necessarily limited by the means at its disposal.

14. He assured the Council that WHO would continue to take advantage of every opportunity of integrating health work with the wider complex of general economic and social development. His organization's readiness to participate in all practical forms of concerted action sprang from the conviction that the aims of the United Nations family would be advanced only if all the organizations concerned joined forces to solve the problems in question.

15. Mr. CHENG PAONAN (China) had studied the Secretary-General's introductory statement (E/2894/Rev.1) closely, and agreed in general with his evaluation of the Council's work.

16. Steady progress had been made during the past ten years in carrying out work programmes and in establishing co-ordinating machinery and procedures. The questions that now arose were to what extent the Council had fulfilled the expectations of Chapters IX and X of the Charter, and how, on the basis of experience gained, work programmes could best be concentrated, and co-ordinating procedures best improved.

17. The Secretary-General had referred to the admission to the United Nations at the tenth regular session of the General Assembly of sixteen new members as an application of the principle of universality. The Chinese delegation wished to point out that the true meaning of universality was that the maximum number of States should be admitted to membership provided they had

certain minimum qualifications and common aims. The Charter required members to be peace-loving, to believe in the sovereign equality of nations and to respect human rights and fundamental freedoms. As his country's representative had pointed out in the Security Council, a mechanical and mathematical universality was not possible and was not indeed intended by the authors of the Charter, as was evidenced by the fact that the Charter laid down conditions for admission to, as well as conditions for expulsion from, the United Nations.

18. The Secretary-General had referred to the setting up of new institutions and to the development of new methods and forms of assistance to governments, and he agreed that those institutions, methods and forms had played a useful part in improving living conditions. What was even more important in his delegation's view was that governments had been encouraged and advised by the United Nations and the specialized agencies in the development of their own programmes, and that an atmosphere of international co-operation had been thereby created. In view of the vast needs of the economically under-developed countries, it must be admitted that only token assistance had so far been forthcoming. The first decade of the United Nations' activities had demonstrated the possibilities of mutual help through international machinery.

19. As the activities of the United Nations and those of the specialized agencies were constantly expanding, co-ordinating machinery and procedures naturally had to be created and, from time to time, modified. As long ago as 1946, his delegation had advocated the establishment of a committee to co-ordinate the work of the United Nations and the specialized agencies. A committee, now called the Administrative Committee on Co-ordination (ACC), had subsequently been set up, and the Council had that body's nineteenth report (E/2884) before it, from which his delegation noted with satisfaction that constant and close co-ordination had been maintained between the United Nations and the specialized agencies, and among the specialized agencies themselves, in regard both to programmes and to administrative and financial matters. In his delegation's view, however, a new field had recently come into being—that of the peaceful application of atomic energy, the co-ordination of international effort of which deserved the Council's close attention. Atomic energy had become the direct concern of the United Nations and of a number of specialized agencies and national and international organizations, and the Chinese delegation accordingly welcomed the establishment of a sub-committee under ACC to promote a common approach and to ensure the fullest co-ordination in its peaceful uses. The Secretary-General, as chairman of that new body, would provide the appropriate link between United Nations organizations on questions which might arise in connexion with the projected atomic energy agency and the Scientific Committee on Effects of Atomic Radiation. He therefore hoped that the new sub-committee would give close consideration to the responsibilities of, and the relationship between, the United Nations bodies and the specialized agencies concerned. He further suggested that, in his dual capacity as chairman of ACC and of the Sub-Committee on Atomic Energy, the Secretary-General

should in future prepare a special report on the subject for the Council's consideration; such a report would be most useful to the Council, as the prime co-ordinating body, as well as to the General Assembly and the specialized agencies.

20. He wished to commend ACC for its observations on the report entitled "A Forward Look" (E/2885) prepared by the Technical Assistance Board (TAB) and to endorse ACC's observation that the Expanded Programme of Technical Assistance was a composite whole, planned under the guidance of TAB and the Technical Assistance Committee (TAC), and not merely a series of projects run independently by a number of agencies.

21. To illustrate the subject of development programmes planned as a composite whole, he would mention the experience gained in his own country. In the early 1920s, the Chinese Government had tried to develop experimental model communities in selected rural districts, and had learned that the development of any one aspect of a community project led to the development of other projects. His delegation therefore attached the utmost importance to the community development programmes being promoted by the United Nations.

22. His delegation also agreed fully with the Secretary-General about the pressing need for building up suitable administrative machinery and personnel to deal with the problems of economic and social development. The Secretary-General had suggested that, to that end, a new international agency should be established, and that the allocations under the regular United Nations programmes of technical assistance in public administration should be increased. His delegation was prepared to support any reasonable increase, but the nature and purpose of the proposed new international agency were not clear. It seemed that the Secretary-General had referred to two kinds of public administration personnel—namely, an international civil service to assist and advise governments on their administrative problems, and officials actually serving in the national administrations of the under-developed countries. He would be grateful if the Secretary-General would make clear what kind of personnel he had in mind as the main objective of the proposed new agency.

23. The Secretary-General's introductory statement, while constituting an excellent basis for an evaluation of the Council's economic and social programmes over the past ten years and for an appreciation of the extent to which the aims of Chapters IX and X of the Charter had been fulfilled, failed to refer to human rights programmes. The omission was to some extent understandable, because very little had been accomplished in that field.

24. While the Chinese delegation realized that the Universal Declaration of Human Rights, if properly respected, would greatly promote respect for human rights and fundamental freedoms, it should be remembered that ever since the setting up of the Commission on Human Rights in 1946 the Council's aim had been the adoption of an international bill of human rights, comprising a "declaration", a "covenant" and "measures of implementation". The covenant, or rather covenants, had still only reached the stage of preliminary examination by the General Assembly and, what was more

serious, each and every article of the Universal Declaration had been violated by some countries. Those countries had abstained when the vote had been taken on the Universal Declaration of Human Rights in Paris in 1948, and ever since they had been ignoring and violating it.

25. Article 19 of the Universal Declaration was being flagrantly violated in some of those countries. As the Rapporteur on freedom of information had said, Nazi Germany, Fascist Italy and militarist Japan had not been the only parts of the world in which the press and other media of information had been coerced or suppressed, and control was still being exercised over a large part of the world in the interest of well-defined ideological ends. The Council's action on the Rapporteur's findings had been not to reappoint him, but to request the Secretary-General to undertake further studies instead.

26. The United Nations had always attached great importance to freedom of information and to the denunciation of censorship and of the suppression and coercion of all media of information. In recent years, however, the emphasis had shifted to such technical aspects of the question as the development of information media and the training of information personnel. His delegation was obliged to point out that such a trend compromised one of the Charter's fundamental principles in a most regrettable manner.

27. By practising forced labour, the communist countries had violated, *inter alia*, articles 3, 23 and 24 of the Universal Declaration, yet little had been done to follow up the matter. Although the United Nations had condemned such practices on three occasions, forced labour was now being employed more widely than ever before, particularly on the mainland of China. For that reason, his delegation had repeatedly urged that a permanent body should be set up to devise effective measures for the eradication of the evil. At its last session, however, the Council had referred the matter to the International Labour Organisation (ILO), whose main task would be to draft a new convention, about the effectiveness of which his delegation had serious doubts.

28. The examples he had quoted showed that, while some progress was being made in the economic and social spheres, little had been achieved in the field of human rights.

29. With reference to the Secretary-General's supplementary report on the co-ordination of UNICEF programmes with the regular and technical assistance programmes of the United Nations and the specialized agencies (E/2892), his delegation was gratified to note that satisfactory working relationships had been maintained and strengthened among the organizations participating in country projects. Co-ordination procedures had been easy to establish owing to the clear distinction between the forms of UNICEF assistance and that provided by other agencies. His delegation wished to draw attention, however, to what might be called "borderline" projects, such as malaria eradication programmes, where WHO and UNICEF were engaged on similar campaigns, a matter which called for the Council's attention. Malaria eradication was undoubtedly the responsibility of WHO, and to commit 50 per cent of

UNICEF's total funds to a single long-term campaign would involve the risk of destroying the latter's flexibility. It was therefore desirable that UNICEF and WHO should clearly divide their responsibilities in that field. His delegation had no wish to minimize the value of malaria eradication; it merely brought up the matter for the Council's consideration in the interests of the proper co-ordination and expansion of the programmes. Similar border-line projects, though on a much smaller scale, also affected UNICEF and the Food and Agriculture Organization (FAO). Proper co-ordination must be brought about, for if the specialized agencies could assume a greater share of the responsibility for such projects, UNICEF's financial burden would be much lightened.

30. He expressed his delegation's appreciation to all the specialized agencies whose annual reports were before the Council.

31. Regarding the report of the United Nations Educational, Scientific and Cultural Organization (UNESCO) (E/2867), his delegation was highly gratified to note that increased emphasis was being placed on free and compulsory education, and on fundamental education in conjunction with community development. Education was basic to all economic and social advancement. Furthermore, a sound school system was helpful in other types of social work. In Taiwan, BCG-vaccination and trachoma-control programmes had proved successful mainly because 92 per cent of school-age children actually attended school.

32. UNESCO was also to be commended for its budgetary arrangements for the 1957-1958 programme which, having regard to the increasing importance attached by the Council to so-called direct assistance to governments, constituted a step forward in line with the general trend of United Nations activities.

33. New features of that programme were the projects relating to free and compulsory education in a group of Latin American countries and to the development of arid lands in the Middle East. In the case of the latter, his delegation would appreciate more information than was contained in the report, especially regarding the nature of the project and whether FAO was also concerned with it.

34. His delegation was gratified to note from the ILO report (E/2879) that increasing attention was being given to labour/management relations and to changes in working conditions. Those matters were assuming increasing importance in view of the industrial use of atomic energy and the development of automation. His delegation hoped that the ILO would continue to give due attention to the labour questions which were common to most under-developed countries. His delegation also hoped that a fuller account would be given of the action taken on forced labour and of any new information received by that agency on the subject.

35. His delegation commended the Governing Body of the International Labour Office for the excellent work done by its Committee on Freedom of Association in connexion with alleged infringements of trade union rights. The Tenth Report of the ILO revealed that the Committee had, in some cases, made observations and recommendations to the governments concerned. It was

not clear, however, which countries were involved. In the Organisation's earlier report, countries had been named and cases stated. The merit of that method of reporting was not merely that the Council thus obtained a clear view of each case, but also that the Committee's decisions carried much more moral force.

36. The SECRETARY-GENERAL said that he appreciated the opportunity of clarifying certain points which had been raised in the debate, concerning his proposal for the creation of an international service to assist governments of under-developed countries in their task of administration.

37. The Chinese representative had asked what kind of international civil servants he had had in mind when he had spoken about the need for a new approach, and had very rightly made a distinction between two types, one of which was approximately of the present kind—consultants, experts and the like—and another consisting of people who would actually form part of the national administration of the country concerned. The first line of action—namely, the provision of assistance to countries by expert advice and putting consultants at their disposal was—as had been pointed out in the debate by the representatives of the specialized agencies—a procedure which had already been tried and had been developing favourably. He had had in mind the second type, an arrangement by which people might be attached to national administrations, not as consultants, but as members of the actual administration.

38. The reason why he considered that that was needed was that very many countries which had recently emerged as independent modern States had previously had a foreign administration, or at least strong foreign elements in the national administration, which had provided a considerable part of the machinery needed to run the country, but had now lost that assistance. At the same time, they were confronted with major social and economic problems which certainly required the greatest efficiency and maturity in administration.

39. Another factor was that those countries usually lacked what might be called a social infrastructure which would enable them to recruit within a reasonable time, and build up, a national civil administration capable of coping with the enormous problems now arising. He had felt that it was the duty of the international community, of the United Nations and all its organs and of the specialized agencies, to consider that need very carefully.

40. He did not think there could be any doubt about the existence of the need, and he felt that all who had been working with the so-called under-developed countries, and looking at the problems from under their skin, must recognize it. That need could not be filled by the speedy development of national administrations. It could not be filled by consultants and experts put at the disposal of the governments in an international capacity, but not integrated in the national administration; such consultants remained, and should remain, outside the national administration, and could not, for that reason, fill the same needs as those who could be integrated in, and brought under the discipline of, the government concerned. On the other hand, it must be recognized that the countries

concerned were faced with considerable difficulties in recruiting people from other nations. They might have connexions with some other governments enabling them to receive assistance from them and the proper kind of recruitment, but all the same there would be the difficulty that people thus recruited would virtually have dual nationality. Even if country A were to second a good man to the civil service of country B, he would always carry with him too much of the nationality of, and of special duties and relations to, country A to make it very easy for country B to absorb him and use him as one of their own.

41. The proper role of the international family of organizations would therefore be to provide forums in which the national governments could recruit the necessary people for its administration, in the first place to make sure that they got the right people and, secondly, to avoid the complications inherent in using in their national service people who were also under the discipline of another government. That could be done; if an international organization—the United Nations or the specialized agencies or a new agency—established working relations with governments so as to be able to draw from the national civil service people of the right quality, the type needed in those countries which had to build up an administration, and could at the same time change them into international civil servants—that is, de-nationalize them to the extent that (for example, he himself was de-nationalized) it would certainly be of very great help to the country in need. Such countries would thus have the assistance of an international body in finding the people they needed, and the people they obtained could be incorporated in the national administration without any feeling of dependence on any other country.

42. Such people who were integrated with the national administration would obviously not be under any instructions from their own government, nor under any instructions at all from the international organizations, which would serve as a kind of labour exchange. They would be independent administrative servants under the rules and laws of the country concerned, under orders from the government concerned, on a secondment basis, and only with the additional responsibility typical of an international civil servant, which meant, in fact, an added demand for integrity and for the observance of certain rules of the game.

43. He thought that there seemed to have been one other misunderstanding in the discussion, and that was that he had proposed, and considered necessary, the creation of a new specialized agency. He felt that it might well be that the problem could not be solved without establishing a new specialized agency, but he had a completely open mind on the point. What he had felt to be his duty had been to draw the attention to the basic need in a number of countries in order that it might be properly considered and studied, and then it might be seen what kind of response should be given.

44. The matter had a very close relationship with the questions of self-determination on the one hand and of financial assistance on the other. The United Nations had become the foremost spokesman for the self-determination of new nations and of older nations which had newly acquired statehood. Self-determination was a

question of political maturity, but, even if there was full political maturity, there was not necessarily the necessary equipment, economically or administratively. He would say that the very opposite was often the truth.

45. In many cases it was felt by the Trusteeship Council and the General Assembly that a nation was ripe for self-determination, although there was neither adequate administrative machinery nor the necessary economic basis for a happy life as an independent nation. He felt that once the consequences of the policy of self-determination—which, he thought, was one of the main lines in present international politics—were accepted, it must be recognized that the two subordinated aspects referred to had to be covered: assistance in the establishment of a national administration and assistance in the creation of the necessary financial and economic basis for a happy life as an independent nation. Thus, from his point of view, the proposal for a civil service of a new type—about the need for which he had spoken—was closely related to the major issue of self-determination and closely related, too, to the question of the financing of the independent life of those new nations.

46. In the last-mentioned respect he would go very far, and would indeed say that he could, with good conscience, propose to Member nations to give much-needed international assistance to such countries only if he felt that they had an administration of sufficient strength to put such financial assistance to the best use.

47. Summing up, he would just repeat that he had wished to point out the existence of a need. He was not ready to say that this or that was the answer, but he felt it to be essential to look with open eyes as early as possible at that major difficulty, which had so far not been met by any of the arrangements made within the United Nations family.

48. Mr. SCHURMANN (Netherlands) said that, in discussing the present item of the agenda, it might be useful to consider the several problems under three headings: the division of work between the Headquarters Secretariat and the regional economic commissions; the relation between the United Nations and the specialized agencies; and the relation between governments and the various United Nations bodies working in the economic and social fields.

49. With regard to the first group, it should be borne in mind that the problems which arose when an organization had its headquarters in one place and branches in other parts of the world were not new; they arose out of the conflict between the desire of headquarters to achieve maximum centralization and the efforts of the branches to avoid too rigid control.

50. In the case of the United Nations, it would seem that the preventive measures to be taken consisted in a clear de-limitation of the powers and duties of the regional commissions, and in close contact and frequent exchanges of views between Headquarters and the field offices. That method would steer a medial course between excessive centralization on the one hand and the breaking up of the United Nations into a number of regional organizations on the other.

51. His delegation felt that the present de-limitation of powers was wise, and should be maintained. It implied

that it was the exclusive prerogative of Headquarters to implement the Council's decisions on general policy and on operational programmes, it being for regional commissions to undertake such regional tasks as the facilitation of concerted action, the investigation and study of problems, the collection and evaluation of information and, as in the case of the Economic Commission for Asia and the Far East, the provision of certain limited advisory services.

52. The second requirement served the special purpose of creating a better understanding at regional offices of general United Nations policies and, at Headquarters, of the special needs of each region.

53. To further that aim, the Secretary-General had taken two measures mentioned in paragraphs 23 and 24 of his introductory statement. Only experience could show whether those measures would yield the desired results, and his delegation hoped that the Secretary-General would provide further details about them in the interim report he was to submit to the eleventh session of the General Assembly.

54. Another measure which many governments had found effective was not to leave their representatives too long at any one particular post. A system of rotation among the staff of the regional commissions might be desirable.

55. It was in respect of the work of the specialized agencies and their relations with one another, with the United Nations and with the Council, that the need for improved co-ordination had been most strongly felt, and certain measures to achieve it had already been taken. Co-operation was necessary to avoid either omission or duplication and to ensure the maximum economy of effort. The world offered an appalling number of tasks to be accomplished by small numbers of people with very modest means at their disposal. The Secretary-General had rightly recalled many of the excellent measures taken to achieve full integration of all programmes and activities. While the will to co-operate fully and whole-heartedly with others was the first prerequisite for successful co-ordination, it should be borne in mind that perfect co-ordination could never be more than an ideal. He hoped he would not be regarded as unduly critical if he mentioned some of the obstacles to that ideal.

56. In an article in *The Economist*, in November 1955, a writer had pointed out that every organization had a natural tendency to grow, irrespective of the volume of work it had to do. He had explained that all heads of departments considered it necessary to increase the staffs of their departments in order to maintain and improve their own positions. In all administrations, there was a continuous struggle between different departments to extend their own spheres of influence and their own share of responsibility. That struggle became particularly marked when a new sphere of activity was added. That was now happening—for example, in respect of the peaceful uses of atomic energy, where such a conflict was already observable between certain specialized agencies.

57. In his delegation's view, the meagre results so far achieved by the Sub-Committee on Atomic Energy of ACC had been a grave disappointment.

58. There was nothing inherently reprehensible in the universal desire for expanding size and responsibilities; it proved the strong interest which those concerned took in their work. Its dangers in an organization which had to husband its forces were, however, obvious. The remedy was co-ordination, which in the present context meant a clear de-limitation of the responsibilities of each agency and consultation between them on their programmes at a stage sufficiently early to prevent duplication and to permit of their conception as an integrated whole.

59. The consultations in ACC had given good results, but his delegation felt that they sometimes took place at too late a stage in the programming process. Accordingly, what needed watching in the interests of co-ordination was the tendency of specialized agencies to increase their staffs, and consequently their budgets; their tendency to extend their spheres of activity to the utmost, to the detriment of the integration of the work of the United Nations family as a whole; and their desire to start individual planning without sufficient regard for its place in the global picture.

60. He wondered whether the Council would not be justified in reviewing the whole relationship between the United Nations and the specialized agencies with a view to determining whether the present situation really conformed to what had been envisaged at the outset.

61. It was only right to acknowledge that the blame for certain wrong tendencies rested just as much on governments as on the heads and staffs of the agencies. It should not be forgotten that co-ordination consumed time and energy and might, therefore, increase rather than check the demand for staff. The Secretary-General had given a warning about that danger in paragraph 19 of his introductory statement. If the Council would bear that warning in mind, he was certain that ACC would likewise find the happy medium between too much and too little co-ordination.

62. With regard to relations between the specialized agencies and the Council, he was happy to see a number of directors-general present; he regretted, however—and he intended no discourtesy to their representatives at the present meeting—that not all of them had found it possible to plan their programmes—either official or personal—in such a way as to enable them to comply with the request for their presence, made explicitly in paragraph 4 of Council resolution 557 B II (XVIII).

63. Turning to the relationship between individual governments and the organs, commissions and specialized agencies of the United Nations, he mentioned that several delegations had in the past remarked on the lack of co-ordination at home, and the need for regular consultation at inter-departmental level within each government to ensure that the policies pursued in the various United Nations bodies were consistent.

64. As long ago as 1947, the General Assembly had adopted a resolution (125 (II)) embodying an appeal to all States Members to take measures to ensure, on the national plane, a co-ordinated policy for their delegations to the United Nations and to the specialized agencies to make possible full co-operation between the Organization and the specialized agencies. The same problem still

persisted nine years later. Governments still supported, in the governing bodies of the specialized agencies, measures that were irreconcilable with the attitude they adopted in the General Assembly.

65. Some governments had, however, replied to the questionnaire circulated by UNESCO and the Secretary-General some years ago with a view to collecting data on the steps taken.

66. He wished to suggest that the time had now come for the Council itself to take the initiative in arranging for a survey of the systems devised and practised by governments willing to place the result of their experience at the disposal of others. The Secretary-General might be requested to undertake such a survey, which would enable the Council to make specific suggestions to governments.

67. It was pleasing to note that some countries had taken the initiative in adapting their own planning to the plans worked out for the region in which they were situated, which plans must, in their turn, fit into the centralized United Nations programme. Such voluntary co-operation held the best promise for rewarding results.

68. As the Secretary-General had pointed out, the efforts of some governments in that direction were still being hampered by the inadequacy of their statistical services and by certain shortcomings in their public administration. The Secretary-General had mentioned the possibility of creating a new career service, under international auspices, of persons of any nationality, who would work as officials in the national administrations of countries needing them. Before expressing an opinion on that suggestion, his delegation would prefer to hear the views of governments to whose national services such officials would be attached.

69. Mr. CHISTYAKOV (Union of Soviet Socialist Republics) said that his delegation had listened attentively to the Secretary-General's statement on the development and co-ordination of the economic, social and human rights programmes and activities of the United Nations and the specialized agencies as a whole. The Secretary-General had made a series of suggestions regarding the economic and social activities of the United Nations. The Council should study those suggestions and make proposals to the United Nations Secretariat and to the specialized agencies.

70. The most important economic and social problems which should claim the Council's attention, when it considered co-ordination of the work of the United Nations and the specialized agencies, were such problems as the development of international co-operation and of world trade, raising standards of living, the development of the under-developed countries, technical assistance and the peaceful uses of atomic energy. At the same time, the Council ought to consider other important questions, such as promotion of respect for and observance of human rights without discrimination; international co-operation in the field of science, culture and technology; and the development of exchanges of information and experience concerning technical progress.

71. One of the essential conditions of success in the work undertaken in the economic and social field was the establishment of close co-ordination between United

Nations bodies and the specialized agencies. The Secretary-General had been right in stressing that it would be a mistake to try to conceal or minimize the difficulties encountered in that respect. It might be well to point out, however, that ACC, which had been in being since 1946, had not used all possible means of achieving effective co-ordination.

72. The Soviet Union delegation endorsed the observations made by the Secretary-General, in paragraph 21 of his introductory statement (E/2894/Rev.1), that the gap that had long existed as to co-operation in the field of international trade should be filled. It considered that possibilities now existed for a positive solution of the problem of setting up, within the framework of the United Nations, an international organization for trade co-operation.

73. The Soviet Union delegation also agreed with the Secretary-General that the international bodies ought to find a solution to the various questions connected with the peaceful uses of atomic energy. It hoped that the United Nations and the specialized agencies would contribute on a large scale to the development of international exchanges of experience in that field.

74. It was also important to secure co-ordination in the fields of statistics, taking account of the present development of national and international statistical activities.

75. In general, the work of the Council and of the other United Nations bodies ought to be of a more practical nature: it was not always sufficiently so at present. It would not be right to emphasize urbanization as a problem upon which the United Nations and the specialized agencies ought to concentrate their activities in a given year, without referring to other outstanding important problems.

76. Turning next to the activities of the specialized agencies, he reminded the Council that six new countries had become members of the ILO, which now had seventy-six members, compared with only sixty-two in 1950. The ILO had done useful work in studying the harmful effects of the armaments race on the workers' standard of living. At its thirty-ninth session the International Labour Conference had considered, on the Soviet Union delegation's initiative, the necessity of calling upon member States of the ILO to take steps to reduce their armed forces and military expenditure and to use the resources thus made available for the development of peaceful branches of the economy, for raising standards of living and for assisting the under-developed countries. The Conference had unanimously adopted a resolution concerning regulation, limitation and reduction of armaments, in which the hope was expressed that the work of the United Nations in the field of disarmament might be brought to a speedy and fruitful conclusion. In addition, the ILO had considered that technical progress opened new possibilities of reducing hours of work. It had also recommended governments to take the necessary steps to ensure practical application of the principle of equal remuneration for men and women for work of equal value.

77. The ILO had not, however, sufficiently studied certain important problems, including trade union

rights, prevention of unemployment, the raising of standards of living, etc. It would be desirable for the Council to recommend that the ILO should concentrate on defending the workers' interests, particularly in colonial and dependent countries. The ILO ought to create the necessary conditions for co-operation between all States, without distinction as to social system.

78. The report submitted by UNESCO (E/2867) bore witness to the diversity of its activities. At the present time there was a growing desire to extend cultural relations between nations. The Soviet Union was in favour of close international co-operation in cultural exchanges, which it regarded as a means of consolidating peace. Cultural relations between the Soviet Union and the rest of the world had developed considerably. In 1955, under the auspices of the Ministry of Culture alone, over 2,500 persons belonging to the cultural services of the Soviet Union had visited many foreign countries.

79. The Soviet Union delegation was gratified to note that UNESCO's activities in 1955 had been largely concerned with problems connected with the economic and social development of the under-developed countries. UNESCO was paying an increasingly important part in the United Nations Technical Assistance Programme, under which the Soviet Union was helping to assist the Bombay Technical University, Kabul University, etc.

80. There were many problems to be solved in the cultural field, and UNESCO should show more initiative. It should, in particular, concentrate on essential projects and measures calculated to achieve the Organization's basic objective, which was the promotion of the development of scientific and cultural exchanges between countries, the extension of mutual understanding between peoples, the promotion of the peaceful utilization of the latest scientific and technical discoveries, for the welfare of all peoples and especially for the advancement of the under-developed countries.

81. The Soviet Union would, as in the past, actively assist UNESCO to achieve those aims, in order to develop and strengthen international co-operation in the fields of culture, science and education with all countries, irrespective of their social and economic systems.

82. With regard to the International Telecommunication Union (ITU), the Soviet Union delegation stressed the value of the work of the International Telegraph Consultative Committee, the International Telephone Consultative Committee and the International Radio Consultative Committee, which were now carrying out important studies on the improvement and standardization of telecommunication equipment and rates. The development of technical resources and the increase in the number of transmitting stations called for the introduction of regulations on the use of frequencies. The States members of the Union had taken a decision relating to a new distribution of frequency bands, but that important aspect of ITU's work was not yet regulated. The International Frequency Regulation Board now published a provisional list of frequencies which did not include the frequencies used by countries such as the Soviet Union, the People's Republic of China, the Democratic People's Republic of Korea, the Mongolian People's Republic and the Democratic Republic of Viet-Nam. Thus the

Board did not take the interests of all States into account. Moreover, the representative of Chiang Kai-shek still took part in its work and registered frequencies in the name of China.

83. ITU did not pay sufficient attention to the provision of technical assistance to the under-developed countries. At the last session of its Administrative Council, for example, Egypt and other countries had pointed to the difficulty of obtaining technical assistance in that sector.

84. The World Meteorological Organization (WMO) had worked on the drafting of uniform technical regulations, the application of which at meteorological stations would greatly simplify the collection of the data required both for operating lines of communication and for scientific research. In the opinion of the Soviet Union delegation, WMO should extend its activities by concentrating in particular on the possibility of using atomic energy for meteorological purposes, and on speeding up its work on the co-ordination of the meteorological and hydrologic activities of countries, and internationally. Meanwhile, WMO had given a certain amount of technical assistance to under-developed countries wishing to set up meteorological stations. In that connexion, he noted that the United Nations Secretariat did not engage in consultations for co-ordination purposes with WMO's Executive Committee and Regional Associations when studying the requests for assistance submitted by countries. That led to bad apportionment of technical assistance funds among them. It was to be hoped that the United Nations Secretariat would take the necessary steps to end that situation.

85. The Universal Postal Union (UPU) had carried out a number of tasks that were undoubtedly important and would make it possible not only to solve concrete problems of postal communications, but also to co-ordinate technical and scientific work. Various questions had been studied, including that of containers. A point to be stressed was the positive nature of the scientific studies undertaken by UPU, whose aim was to develop the exchange of information and experience between countries in the general interest.

86. For some time, the work of the United Nations and the specialized agencies had been proceeding in a more favourable international atmosphere, which enhanced the possibilities of solving problems with the participation of all States. It was regrettable, in that connexion, that the United Nations and the specialized agencies were still without the participation of the People's Republic of China, the German Democratic Republic and other countries—a state of affairs which was contrary to the provisions of the United Nations Charter, was against the interests of the organizations themselves, and hindered the solution of problems involving international co-operation.

87. In the past, the Economic and Social Council had confined itself to taking note of the reports of the specialized agencies without making any thorough examination of them, although those documents provided detailed information on the international work being accomplished. The Soviet Union delegation considered that the observations made on that point in ACC's report to the Council (E/2884) were justified. A positive trend was

shown by the fact that some specialized agencies and United Nations bodies had begun to extend their relevant scientific and technical studies, and it was to be hoped that they would continue their efforts to spread and diffuse the scientific and technical knowledge acquired by the various countries.

88. As far as the general activity of the United Nations and the specialized agencies was concerned, his delegation thought it necessary to concentrate resources on solving the most important problems and to simplify the machinery so as to ensure a more rational utilization of funds.

89. In conclusion, he hoped that the Secretariat would take the necessary steps to see that relevant documents were distributed to delegations in time for thorough study.

90. Mr. OLIVIERI (Argentina) said that the trend towards relative normality and the stabilization of the world situation recently apparent held out prospects of international economic and social co-operation which had seemed impossible only shortly before. The best prospects for the United Nations lay in the economic and social fields and in that of human rights. The Economic and Social Council thus took on an ever-growing importance within the structure of the United Nations, as it was responsible both for planning the economic and social activities of the United Nations and for co-ordinating them with those of the specialized agencies and other inter-governmental organizations. Such organizations had greatly increased in number in the post-war period and had built up a very considerable international civil service. As the Secretary-General had stated, whatever might be the difficulty of assessing the precise influence those organizations had exerted on economic and social progress since the Second World War, there could be no doubt that their activities had been effective. It should be borne in mind, however, that the international organizations represented the collective expression of the policies and attitudes of governments, that they were and did what their member States wished, and that they often did not have sufficient resources for the activities required of them. For those reasons, and also owing to the de-centralization of international activities, there was a need for adequate administration and co-ordination in order to obtain the greatest possible return on the funds committed.

91. Much had already been done. Especially commendable had been the de-centralization of the United Nations Technical Assistance Administration (TAA), which had made closer contact possible between the staff responsible for administering the programme in Latin America and the Economic Commission for Latin America (ECLA). By transferring officials specializing in social matters to Santiago, Chile, and Mexico City a better integration of the United Nations activities in the economic and social field had been facilitated, but much remained to be done, both as regards co-ordinating the activities of the United Nations bodies among themselves and as regards co-ordination with other regional bodies and with national government departments.

92. The Argentine Government was showing a new interest in co-ordinating its domestic activities with those of the international bodies, and had established

closer contact with them, in particular with TAA and ECLA.

93. One of the matters of greatest concern, in which the Secretary-General had shown special interest, was the overlapping of the activities of the specialized agencies and the United Nations Secretariat. Although the arrangements for co-ordination had been considerably improved, they were being subjected to severe strain as a result of the constantly increasing activities. The Argentine delegation agreed with the Secretary-General that in order to minimize delay it would seem better to avoid, where possible, joint reporting and joint responsibilities, and to assign full responsibility for particular segments of work to one agency. Indeed, it would go farther and suggest that the time had come to review carefully the activities for which each agency was responsible, in order to seek greater concentration of effort.

94. The main subjects on which the United Nations and the specialized agencies had gradually come to concentrate were the financing of economic development, the review of world economic affairs, the promotion of industrialization and productivity, the use of hydro-electric resources, community development, urbanization, demographic problems, international action with regard to human rights and, most recently, the peaceful uses of atomic energy.

95. Besides the Secretary-General, several specialized agencies were at present carrying out parallel studies and investigations in that field. An international agency for atomic energy was being established. As a result, special machinery for co-ordination had been found necessary, consisting of the Advisory Committee set up by the International Conference on Atomic Energy and the special sub-committee established within ACC. The work of those two bodies was co-ordinated through the Secretary-General, who was chairman of both, but it might be desirable to concentrate international action in a single body, especially as there would have to be co-ordination with regional activities.

96. A joint study should be made, for which purpose it would be useful to have an up-to-date picture of the activities of each member of the United Nations family, with a view to better re-distribution and concentration of work. Special attention should be paid in that connexion to priorities. Priorities in the social field had been laid down in the programme for concerted practical action by the United Nations and specialized agencies. Priorities were also gradually being laid down in the economic field. It had been suggested that establishment of the International Finance Corporation should be given priority. The Corporation might certainly be of great value for the industrialization of the under-developed countries, but he would wish to see equal importance attached to other institutions, such as the Special United Nations Fund for Economic Development, or if that was still hanging fire, of less ambitious institutions that would enable international action to be taken in many important aspects of economic development which at present did not fall within the sphere of any of the existing institutions.

97. International trade also deserved a high priority. The United Nations could do a great deal to help improve

such trade by promoting exchanges on a more equitable basis and by providing better machinery for international co-operation.

98. The Argentine delegation was entirely in agreement with the conclusions reached by TAB in its study (E/2885). The funds required to carry out the proposed programmes must be found somehow, if necessary by budgetary re-adjustments. With its experience, the Technical Assistance Programme could help to alleviate the most urgent economic and social problems of under-developed countries and also contribute to the continued development of many other countries. Governments were obviously taking a greater interest in the technical assistance programmes and were drawing up their national plans on a larger scale owing to better co-ordination with the agencies responsible for putting the programmes into effect. Argentina had recently made considerable requests for technical assistance, in consultation with TAB representatives, and was likely to increase its requests under its present plans for economic development.

99. His delegation was also concerned about the lessened efficiency with which, in its view, the Council was now discharging its guiding role just when that role was assuming even greater importance. The Council's agenda had been overburdened, the same items had been repeated over and over again, and voluminous documentation was generally distributed too late for the scrutiny it deserved. That had led more and more frequently to matters receiving insufficient consideration and, consequently, to the resolutions adopted not having the scope that might have seemed desirable. The Argentine delegation did not wish to make a formal proposal at that stage, but was inclined to think that, with ten years' experience, the Council might be well advised to convene a special session to discuss the features of its present system of meetings and thoroughly consider all the aspects of co-ordination at present under discussion, as could not be done adequately at an ordinary session.

100. The Argentine delegation intended to give its views later on the annual reports submitted by the specialized agencies.

101. Mr. JENKS (International Labour Organisation) said that he wished to convey the apologies of the Director-General of ILO for his absence, and to make clear that the reason why he had failed to attend the present debate was that the Economic and Social Council had changed the date of the debate long after the Director-General of the International Labour Office had settled that organization's programme for the summer. The United Kingdom representative had raised the matter with restraint, and might be interested to know that the Director-General was in the United Kingdom on official business at a conference convened by the Duke of Edinburgh. The Netherlands representative had raised the point with less restraint. He (Mr. Jenks) accepted his assurance that no discourtesy was intended to himself, but had had the impression that Mr. Schurmann had been discourteous to the Director-General of the ILO.

102. The ILO had been submitting reports to the Economic and Social Council in much the same form for ten years. That form had served a useful purpose during

the formative stage of relations between the ILO and the Council, but the ILO was going to consider whether it was necessarily the best form for the future, and whether it might not be possible to use the same documents as part of the Director-General's report to the International Labour Conference and its report to the Council. The Council should not therefore be surprised if the ILO decided to adopt a different form in 1957.

103. The ILO keenly welcomed the Secretary-General's emphasis in his introductory statement (E/2894/Rev.1) on the progress towards universal membership of international organizations. That had been a feature of the ILO's advance for ten years. In its first report it had listed fifty-three members; in its latest, seventy-six. All the major industrial States and almost all those which had acquired independent nationhood in the past ten years were now represented. The non-metropolitan territories were represented by observers. The growth of membership was significant, but the growth in the relationship between the International Labour Office and the members of the ILO was vastly more significant. In the ILO's unique tripartite structure, with its special responsibility for industrial relations and with its problems of an equilibrium in voting power, certain peculiar problems had been thrown into prominence, particularly that of the independence of employer and worker representatives. It was only necessary to say at that stage that concern with the problem had not been allowed to interfere with ILO's normal constructive work and that it was being dealt with, in accordance with ILO's long-standing traditions, in a spirit of due process of law, tempered by reason and equity. There had naturally been acute differences of opinion, but they would be resolved, as similar difficulties had been in the past. And the task of grappling with that problem had not prevented ILO from trying to exploit the advantages of universality of membership.

104. The ILO also keenly welcomed the Secretary-General's statement emphasizing that the arrangements for co-ordination had built up a habit of co-operation through which better co-ordination was being progressively achieved. There were naturally some differences of emphasis in the views of the different organizations. The ILO fully subscribed to the Secretary-General's general position, but would place a somewhat different emphasis on certain points. The Secretary-General had spoken of de-centralization and had indicated that there were imperfections in the existing arrangements. That might well be conceded. The existing de-centralization and geographic dispersal were, however, based on decisions taken by governments at the highest levels and ratified by parliaments. There must necessarily be imperfections, but they did not seriously hamper the gradual development of working relations.

105. The Secretary-General had pointed to increased strain on the co-ordination machinery in recent years and might have given the impression that the situation had become less healthy. The ILO could not agree. Certain problems had definitely developed within the last two or three years and had not yet been satisfactorily solved, but they also must be regarded as a crisis of growth which was not unhealthy. In retrospect, however, there was

no doubt that the situation today was infinitely better than when the Economic and Social Council had first turned its attention to it.

106. The Secretary-General had intimated that there was a particular problem with regard to broad programmes in the social field. The problem was one of a difference in initial emphasis; the ILO had always adopted a cautious approach and had preferred to concentrate on well-defined subjects of relatively limited scope. It recognized that circumstances changed from time to time and that it might be useful to approach certain problems from a broader angle, but there were special dangers of duplication unless there was full consultation in the planning stages, not merely a preliminary exchange of views, but a plan of co-operation in which each agency concerned accepted responsibilities for its own part of the programme. He was confident that the arrangements for consultation between the United Nations and the specialized agencies, especially in the social field, would enable satisfactory conclusions and arrangements to be reached.

107. He shared the doubts expressed by the Director-General of WHO about the extent to which any new agency was either necessary or desirable—or indeed feasible—to deal with the strengthening of national administrations. He therefore welcomed the Secretary-General's explanation at the present meeting that although he believed that the establishment of a new agency might be usefully considered, he was not wedded to that formula.

108. The ILO accepted the role of the Economic and Social Council in co-ordination and had, in fact, been urging it to show more vigour, but it did distinguish between co-ordination and any attempt to direct the activities of international organizations without sufficient knowledge of the organization concerned or of its present practice. In his statement at the 942nd meeting, the United Kingdom representative had stated that no sustained effort had been made to conserve resources or to eliminate or defer programmes of doubtful value or urgency. It had not been clear whether he had been referring only to projects for which the Council was directly responsible or to the work of the United Nations family as a whole. If the wider application had been intended, it should be pointed out that the whole task of the ILO's Governing Body had been, and was, to do precisely what the United Kingdom representative had been asking for, and that it was doing it effectively.

109. The representative of Pakistan had suggested at the 942nd meeting that other sub-committees dealing with other questions might be established in addition to the sub-committee set up by ACC to deal with the peaceful uses of atomic energy. The ILO must reserve its position until the ACC had been consulted, but it had long believed that it would be desirable to develop further the existing arrangements for co-ordination in respect of industrialization and general economic policy. The co-ordination machinery in the economic field was not so fully developed as in the social. He could reveal, however, that consultations had been taking place during the past few days between representatives of the Secretary-General and the specialized agencies concerned, and progress had been made.

110. There had been much discussion of the peaceful uses of atomic energy; and members of the Council, especially the Netherlands and United Kingdom representatives, had urged the specialized agencies to act with a greater degree of responsibility. The United Kingdom representative had gone so far as to say that it would be inappropriate for any existing specialized agency to take any initiative without prior discussion with the Council and the General Assembly. The ILO believed that it was acting with a high sense of responsibility. Its arrangements had been reported to the General Assembly at its last session and had been endorsed by the Governing Body, and the executive bodies of other agencies had agreed that there should be full discussion before any action was taken by any one of them. That went a long way. The ILO took no decision without the unanimous backing of the International Labour Conference and the Governing Body. There were, however, certain problems which had to be faced if there was to be an effective basis for co-operation between any new agency and the existing international bodies. The problems of the peaceful use of atomic energy were no more self-contained than those pertaining to electricity or petroleum. Some questions would undoubtedly relate primarily to atomic energy and should therefore be handled by the proposed atomic agency. But there were many other aspects that could not be so handled, such as the industrial application of atomic energy; co-operation between the agencies concerned would therefore be essential and should be provided for in the new agency's statutes.

111. The Chinese representative had touched upon the question of automation. The ILO had adopted unanimously a comprehensive resolution dealing with that subject foreshadowing a programme of action. The Director-General of the International Labour Office would make that a leading theme of his report to the next session of the International Labour Conference. The manner in which the ILO had handled the subject had been an excellent example of proper co-ordination.

112. The Chinese representative had implied that undue emphasis on the problems of the peaceful uses of atomic energy and automation should not be allowed to overshadow the problems of the less industrialized countries. The ILO continued to try to keep a proper balance between countries at every stage of development, and the bulk of its technical assistance was delivered to underdeveloped countries, especially in the way of training.

113. In its studies of equal opportunities for work, one of the main problems had been discrimination with regard to admission to employment, and the ILO had been able to co-ordinate smoothly with the United Nations Sub-Commission on Prevention of Discrimination and Protection of Minorities. Equal opportunity presupposed freedom, and the ILO had always stood for the promotion of human freedom in the widest sense. That was the key to its work on forced labour and human relationships in industry. Forced labour was a question which the Council had asked the ILO to deal with. The International Labour Conference, at its thirty-ninth session, had unanimously agreed to pursue its work on a convention on the abolition of forced labour for certain purposes, and a large measure of tentative agreement had been reached, although further consideration would

be needed before the convention was concluded in 1957. Some of the questions to be considered involved problems of co-ordination in regard to which the ILO was already in touch with the Secretary-General. The joint report of the Secretary-General and of the Director-General of the ILO concerning forced labour submitted to the twenty-first Session of the Council had been of great value for the ILO Committee on Forced Labour. Fresh ratifications had been received to the 1930 Convention on Forced Labour, including those of Egypt, the Federal Republic of Germany, Hungary, Portugal and the USSR, bringing the total up to 37. There was a close relationship between forced labour and slavery, and the ILO accordingly welcomed the conference shortly to be held by the United Nations to bring the previous Slavery Convention up-to-date. The ILO was fully conscious of the importance of achieving proper co-ordination between the terms of the proposed Slavery Convention and the proposed ILO Convention on Forced Labour. The ILO was continuing to publish the reports of the Committee on Freedom of Association and making them generally available. If the Economic and Social Council approved the study carried out by the United Nations Commission on Human Rights on freedom from arrest, that would greatly assist the ILO's action on freedom of association.

114. In conclusion, he stressed that the ILO was fully prepared to co-operate with the Council in accordance with the United Nations Charter, the ILO Constitution and the Agreement between the two bodies.

115. Mr. SCHURMANN (Netherlands) said that the ILO representative had accused him of lack of restraint and discourtesy because he had commented on the absence of the Director-General. He had not mentioned any names and had not intended any discourtesy. All that he had said was that he regretted that one of the executive heads of the specialized agencies had failed to attend the meeting and had thereby failed to comply with the special invitation issued in Council resolution

557 B II (XVIII). It had been said that Mr. Morse's absence was due to the fact that the date of the debate had been changed, but everyone had known three months previously when the session and the debate were to be held. The Secretary-General, despite a very full schedule, had found it possible to fly back from the Middle East where he had been engaged in work of the utmost importance. If the Secretary-General could do so, it was not too much to ask that the executive heads of the specialized agencies should follow his example.

116. Mr. SCOTT FOX (United Kingdom) wished to clear up two points which had been misunderstood. The ILO representative had taken the United Kingdom delegation to task for suggesting that international organizations had made no sustained effort to eliminate or defer projects of doubtful value or urgency. What the United Kingdom delegation had in fact suggested was that governments had made no such sustained efforts; it had not even mentioned the international organizations in that context. The ILO representative had also suggested that the United Kingdom delegation had said that the agencies were not acting with an adequate sense of responsibility in the field of atomic energy. That was incorrect. The United Kingdom delegation had made no reference to responsibility, or lack of it, on the part of the agencies, but had suggested that it would be wise for other agencies to defer the initiation of any general programmes in the atomic energy field, not specifically requested by the Council, until the international atomic energy agency had been set up and it was possible to see more clearly what would be required. He was aware that the agencies had initiated some limited activities and had not implied that they were not useful. He had merely been voicing a word of caution against agencies embarking on unduly wide activities in the comparatively short period before the proposed agency was set up.

The meeting rose at 6.30 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Bulgaria, Finland, Hungary, Israel, Italy, Poland, Romania, Spain, Venezuela.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Civil Aviation Organization, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization, Universal Postal Union, World Meteorological Organization.

AGENDA ITEM 3

General review of the development and co-ordination of the economic, social and human rights programmes and activities of the United Nations and the specialized agencies as a whole (E/2820, E/2826 and Corr.1, E/2847, E/2867, E/2873 and Add.1, E/2874, E/2877 and Add.1, E/2878 and Add.1 to 4, E/2879, E/2884, E/2892, E/2894/Rev.1, E/2903) (continued)

1. Mr. MARLIN (International Civil Aviation Organization) said that the annual report for 1955 (E/2877) of the Council of the International Civil Aviation Organization (ICAO) gave a detailed account of ICAO's work during that period. Since the report had been written, the results of the Assembly's tenth session at Caracas had become known.

2. Chapter I in the report described certain problems which the ICAO Assembly had later discussed as matters of special urgency and on which it had decided to take certain important steps. He referred in particular to the flight equipment programmes of a number of interna-

tional airlines which intended to use jet transport aircraft. New types of turbo-propeller aircraft were also to be introduced on world air routes. Both in number of aircraft and in the volume of investment, orders for such aircraft now exceeded those for piston or compound-engine aircraft. They had been placed on the assumption that the present growth of traffic would continue. Statistics showed that if that growth were maintained at the same rate as in 1955, total traffic would have doubled by 1959, and the trend towards lowering costs would certainly contribute to such an increase. Statistics for cargo traffic and mail showed a similar expansion and so gave additional ground for optimism about the future development of civil aviation.

3. The appearance of new high-speed aircraft—particularly jet-powered—operating at various altitudes, and the growth in their number, increased the technical problems of those responsible for safety. Communications between aircraft and ground stations and between one ground station and another had to be improved, especially on such high-density routes as the North Atlantic. It was important to develop radio navigation aids to make it possible for pilots and air traffic controllers to know the exact position at any moment of all aircraft on particular routes; that would improve the utilization of air space on high-density routes. Better radar equipment would increase the capacity of terminal airfields to handle larger numbers of arrivals and departures. In addition, meteorological services, the length and strength of air strips, and visual ground aids required careful and co-ordinated study.

4. The ICAO Assembly was also aware that the implementation of some regional plans for the provision of air navigation services on certain routes lagged behind needs, and recognized that the burden imposed on States in providing facilities and services was likely to increase substantially during the coming few years owing to the increase in traffic and the more exacting requirements of advanced types of aircraft. It had therefore directed the ICAO Council to make an immediate study of air navigation problems arising from those developments and to review present regional plans in order to determine what were the essential and urgent needs as well as the best means, including international financing, to overcome difficulties in implementing those plans. To assist in that task the ICAO Assembly had recommended the establishment of a special panel consisting of a few highly qualified persons of wide competence, with the President of the ICAO Council acting as Chairman.

5. Those decisions were considered to be of the utmost significance to the safe and orderly development of international civil aviation, and showed that member States had recognized the importance of immediate plans to

deal with a problem of increasing urgency and world-wide scope, and of ICAO as the obvious instrument to use for that purpose.

6. The Assembly had also adopted a draft resolution for submission to the Economic and Social Council appealing for additional funds for ICAO's technical assistance missions—now operating in twenty countries—to improve air navigation facilities and services, as well as to develop air transport in general as a means of accelerating the economic development of under-developed countries. The steady advance in civil aviation indicated that States would continue to require aid to enable them to keep up with modern progress, and the Assembly had also proposed that the 10 per cent limit for regional projects should be raised, in view of the importance of training personnel in certain areas and of improving safety standards.

7. It was clear from the action taken at the ICAO Assembly's tenth session that that organization was entering a new and expanded phase of its work and that it was determined to continue earning the confidence of member States by its practical contribution to international co-operation.

8. Mr. NOSEK (Czechoslovakia) said that in discussing item 3 the Council was called upon to find the best way of harmonizing the programmes of the United Nations and its specialized agencies, and to ensure that they were carried out in the most effective manner. The documents presented to the Council, as well as the statements of the Secretary-General and the representatives of specialized agencies, had again demonstrated the intricate and—with the rapid developments in science and technology—increasingly complex character of the problems that had to be solved in the economic, social, scientific, cultural and other fields.

9. In the opening part of his introductory statement (E/2894/Rev.1), the Secretary-General had dealt in general terms with the problems facing the United Nations during the past decade, as well as with the results attained, and it was right that the Council should bear in mind during the present discussion the developments of the past ten years. First among them he would place the establishment of the socialist economic system in many countries; that system had become a world-wide one, and its co-existence with the other world economic system—the capitalist system—was creating new relations between countries and States not only in the political but also in the economic, social, scientific and cultural spheres.

10. Secondly, there had been a substantial increase in the membership of the United Nations and its specialized agencies, all of which he hoped would become universal in the near future. The trend towards universality would have a continuing effect on their activities, as witness the growing attention being given to the problem of economic development of under-developed countries; for, as the Secretary-General had pointed out, of the score of new States created since the end of the Second World War, almost all were economically less developed. The Secretary-General had emphasized in particular the imperative needs of the African continent, which had so far been somewhat overlooked. The scope of the work

being done on behalf of the less developed countries must be reconsidered without delay.

11. He was glad that the Secretary-General had emphasized the place which the peaceful application of atomic energy, of such paramount importance to the whole of mankind, would have in the future work of the United Nations. If that new source of energy were to be used for the general benefit and not to destroy, it could help to raise standards of living, particularly in under-developed countries, where the need was greatest. He hoped that the International Atomic Energy Agency would soon be established within the United Nations framework and would yield positive results. Its activity should also be complemented on the regional level—for example, by the creation of an all-European organ.

12. At both the 797th meeting of the eighteenth session of the Council and the 882nd meeting of the twentieth session his delegation had recommended that the United Nations should undertake a far more detailed study of the way in which international trade could be expanded and strengthened. He therefore welcomed the Secretary-General's assurance, in paragraph 21 of his introductory statement, that the promotion of international trade remained one of the Council's priority programmes. The Secretary-General had also expressed the hope that "appropriate international arrangements in this field may shortly be made so as to fill a gap that has too long existed in the machinery for international co-operation". His delegation believed that that should be one of the United Nations' primary objectives, and that careful consideration should be given to the Soviet Union draft resolution (E/L.734) submitted at the 943rd meeting, for establishment of an international organization for trade co-operation.

13. He then referred to the new prospects for international co-operation opened up by the recent relaxation of international tension as another factor which called for a careful review of the economic, social and humanitarian work being undertaken within the United Nations. Only then could the best results be obtained in carrying out the tasks laid down in Chapters IX and X of the Charter. A proper order of priority should be established, and projects of secondary or minor importance eliminated, so that the work might gain in effectiveness and the prestige of the Council, its functional commissions and the specialized agencies be strengthened.

14. In the cultural field, greater attention should be given to developing cultural relations and mutual understanding between East and West and so helping to remove prejudices and create favourable conditions for intensifying contacts between nations, whatever their social system.

15. He commended the United Nations Educational, Scientific and Cultural Organization (UNESCO) for its work in combating illiteracy, but, as stated in that organization's report (E/2867), it was not enough to teach people how to read and write; their interest in books must also be awakened. Hence the need to increase the number of public libraries, particularly in under-developed countries where illiteracy was most prevalent.

16. He again expressed his delegation's appreciation for the meritorious work of the United Nations Children's

Fund (UNICEF) which he hoped would be inspired by the principles laid down by the General Assembly at the time of its establishment in resolution 57 (I).

17. Conscious of the positive contribution which was being made by the Commission on Human Rights and the Commission on the Status of Women, his delegation would support all proposals designed to further the solution of human rights problems in general, but particularly those to improve the status of women and to achieve greater equality between men and women.

18. During the discussion on item 2 (world economic situation), his delegation had already, at the 940th meeting, expressed its appreciation of the work of the regional economic commissions, which had such an important part to play in the economic tasks assigned to the United Nations, and especially to the Council, under the United Nations Charter. He still wished to mention two points having a bearing on the present discussion. First, it was necessary to appreciate the positive attitude taken by some delegations not only towards the broadening and intensification of regional economic co-operation carried out within the framework of the regional economic commissions, but also towards the broadening and intensification of such co-operation within the inter-regional scope. The importance of inter-regional economic and trade co-operation had been stressed by the Czechoslovak delegation already in the past, and was stressed even more today. In its view, which was, it seemed, shared by the French delegation, inter-regional trade consultations could be as successful as those arranged within the framework of the Economic Commission for Europe and would contribute to a substantial increase in inter-regional trade, which still left much to be desired.

19. Secondly, he drew attention to the useful contribution which could be made by countries participating in a consultative capacity in the sessions of the regional economic commissions; in that connexion he had been surprised by the comments of the representatives of the United Kingdom, the Netherlands and even France during the discussion on item 2 (b). It was significant that a negative attitude should have been adopted towards the participation of European countries in the Economic Commission for Asia and the Far East and the Economic Commission for Latin America by countries possessing special interests in those two regions. At the 940th meeting the United Kingdom representative had sounded a warning about the extent to which some countries, when participating in the work of the regional economic commissions in a consultative capacity, sometimes exceeded the rights accorded to them by the Commission's terms of reference; he (Mr. Nosck) felt uneasy, with more justification, about the manner in which the United Kingdom representative sought to interpret the Council's rules of procedure and the regional economic commission's terms of reference with regard to the participation of Member States not members of the Council or of the commissions in the work of both. That interpretation had nothing in common with inter-regional or international co-operation and contributed nothing towards solving the problem of co-ordination in the economic field.

20. He pointed out that not only the work of UNESCO, but also that of the other specialized agencies, would have

been more successful with the participation of the Central People's Government of the Chinese People's Republic. That country, with its population of 600 million, was now an important economic and cultural factor in the world, particularly in Asia and the Far East. Yet its legitimate place in the United Nations and the specialized agencies was still being occupied by private persons who represented no one.

21. Mr. BRILEJ (Yugoslavia) said that the discussion showed that the Council was determined to discharge the responsibility placed upon it by Article 63 of the Charter "to co-ordinate the activities of the specialized agencies". He thanked the Secretary-General for his comprehensive report (E/2894/Rev.1) and enlightening statement at the 942nd meeting which had been of great assistance to the debate, but associated himself with the Netherlands representative in regretting that some executive heads of the specialized agencies had not found it possible to be present.

22. Even a brief glance at the activities of the past decade sufficed to reveal the great efforts made to attain the economic, social and humanitarian aims of the United Nations. To that end, large and complex machinery had been set in motion, statesmen, experts and members of the Secretariat had devoted much patient labour, and a vast amount of documentary material and technical literature had been published.

23. In the course of the decade new problems, needs and methods had emerged. During the immediate post-war years attention had primarily been given to the collection of data and research, but as the problems of underdeveloped countries had come to the fore the need for practical action had grown and had led, for example, to the Expanded Programme of Technical Assistance and to the assumption by UNICEF of a permanent character, with the long-term task of promoting child welfare. The work of many of the Council's functional commissions, and particularly the regional economic commissions, as well as that of numerous specialized agencies, had also become more operational.

24. Favourable international developments during the past few years had opened up new possibilities in the economic and social work of the United Nations, but the increasing role played by that organization and its specialized agencies was rendering the problem of resources more complex, and the United Kingdom representative's plea at the 942nd meeting for stabilizing budget levels deserved the most careful consideration. The Yugoslav delegation had taken every opportunity in international gatherings to advocate maximum economies and the reduction of overhead and non-productive expenditure to a minimum, so that it shared the views of those delegations which had appealed for energetic measures to check the various departments' continual increases in staff and responsibilities. It would be fatal to the ideals of the United Nations if it could be proved that international co-operation and assistance through the Organization and its specialized agencies was unreasonably expensive. Though there was no hard-and-fast limit to the contributions which governments should be prepared to pay to such important instruments of international co-operation, a more rational use of existing resources was necessary if the United Nations

were to be the channel for additional international funds.

25. With the growing expansion of international work, the problem of co-ordination was acquiring greater significance, and whereas in the past the economic, social and humanitarian work of the United Nations and its specialized agencies had been carried out in a series of more or less separate projects, a number of programmes initiated during the past year—such as those concerning the utilization of power resources, the industrialization of under-developed countries, community development and urbanization, labour productivity and the eradication of major communicable diseases—could not be efficiently and economically executed without joint planning and close co-operation.

26. He did not propose to examine in detail the various aspects of co-ordination which would be considered partly by the Co-ordination Committee and partly in the discussion of other items of the agenda, but would emphasize certain general principles which it was essential to take into account.

27. First, there was still room for greater concentration on problems of paramount importance. On close examination of the extensive range of problems covered by the United Nations and its specialized agencies, the impression was inescapable that too much time, effort and money were being devoted to matters of secondary importance. Some projects, though perhaps desirable at the outset, had now become less important or demanded an entirely new approach owing to developments in international relations, but were being continued from year to year for no better reason than inertia. He quoted the so-called problem of freedom of information as an example, on which further work along the same lines would hardly bring any positive results and could only stir up old disputes.

28. Secondly, the selection of major projects should not be formal; in other words, the tendency to include among them, in an artificial way, certain projects inherited from the past should be eliminated. As the Secretary-General had rightly argued, it would be a mistake to fit every programme into the same mould.

29. Thirdly, it was vital to define clearly the purposes of programmes and the means by which they were to be implemented.

30. Fourthly, if international efforts were not to prove fruitless, it was essential to co-ordinate all United Nations and specialized agency activities on a national plane; that was, of course, a task for each country, but it would be greatly facilitated by a rational programme of carefully prepared conferences.

31. His delegation was convinced that the Council, which had often limited itself to taking note of the various reports submitted to it under the item relating to co-ordination, should henceforth discharge its co-ordinating responsibilities with greater firmness. He was not, however, suggesting that the autonomy of specialized agencies or regional economic commissions should be impaired. The experience of the past year had proved useful, and the procedure established at the twentieth session had enabled the Council to carry out its co-

ordinating functions more efficiently. The existence of the Co-ordination Committee not only facilitated the study of the problem from the technical point of view but also made possible a broad approach. The methods thus evolved should be further developed and improved.

32. The Administrative Committee on Co-ordination (ACC) was a necessary instrument of co-ordination. However, policy should emanate from governmental bodies and should be based on the accepted principles of co-operation between governments.

33. The functional commissions could also assist the Council in its task, and as an instance of that he mentioned the Statistical Commission's conclusions at its ninth session about the need to co-ordinate the collection and study of statistical material. Similarly, it was appropriate that the Social Commission should consider and submit recommendations to the Council on such activities as those of the International Labour Organisation for the elaboration of measures to maintain family standards of living and UNESCO's priority programme for scientific research designed to contribute to the improvement of living conditions. The Commission on Human Rights could also be of considerable help to the Council by acting as a catalyst and formulating a general policy for work in the complex domain of human rights.

34. In conclusion, he emphasized that the Council should give more attention to what was primarily its responsibility—namely, the complex and continuing task of co-ordinating the numerous activities and projects, undertaken at various times and in various political, social and economic conditions, and of welding them together into a rational and harmonious programme.

35. Mr. MAHEU (United Nations Educational, Scientific and Cultural Organization) apologized to the Council on behalf of Mr. Evans, Director-General of his Organization, who was unable to be present in person to introduce the UNESCO report (E/2867) and submit certain general comments on co-ordination owing to being detained in Paris by an important meeting of the UNESCO Executive Board to discuss, *inter alia*, the Organization's programmes for 1957 and 1958.

36. The UNESCO report for 1955-1956 was a selective report drafted in accordance with the procedure adopted by the Council. The Director-General's reports to the General Conference, which were at the disposal of the members of the Council, contained fuller details of UNESCO's work.

37. The report to the United Nations was based on the following five priorities laid down by UNESCO at the eighth session of its General Conference at Montevideo in 1954: (1) free and compulsory primary education; (2) fundamental education and community development; (3) social and racial tensions; (4) protection of traditional cultures and international cultural exchanges; (5) scientific research.

38. Three of those coincided with the priorities laid down in Council resolution 451 A (XIV): primary education, fundamental education and scientific research. The other two represented work which UNESCO had been doing since its inception, and were in line with some of UNESCO's responsibilities under its Constitution. The activities relating to tensions, particularly social tensions,

and to freedom of information, which formed Chapter VI of the report, were very closely linked with United Nations work for human rights.

39. On behalf of the Director-General, he wished to add a few general comments, first on the expansion of UNESCO activities and programmes, and secondly on the problem co-ordination as UNESCO saw it.

40. The idea of major projects was the main innovation decided upon by UNESCO at the eighth session of its General Conference in 1954. By "major projects" UNESCO meant any action taken on a problem considered as a whole with all its ramifications, as opposed to the former functional method of drafting the UNESCO programme based on the different subjects which were within UNESCO's competence. Those questions were naturally chosen from amongst the priorities previously mentioned. Another characteristic of the idea of major projects was the fact that the projects were ones that would be carried out over a given period—for example, ten years.

41. The Director-General would be submitting the following three major projects to the General Conference which was to meet in Delhi next November: the training of teachers for the development of primary education in Latin America; the development of scientific research on the basic problems upon the solution of which the economic and social development of the arid zones depended; and, on the special request of the Executive Board and member States, the development of international cultural relations to improve mutual understanding of the values of East and West.

42. The first result which application of the new idea would have on the development of the UNESCO programme would be concentration of resources and a much more intense co-operative effort than in the past.

43. The concentration of resources would mean that certain activities would have to be reduced or even abandoned. The effects of concentration were still slight in the draft 1957-1958 budget, since application of the new idea had only reached the first stage, but those effects would increase as more major projects were initiated. Moreover, the Director-General had proposed only a small budget increase for 1957-1958—\$1,000,000 for the two years—and, since one-third of the UNESCO budget, corresponding to general activities, was stabilized, the effect of the major projects could be felt only by the remaining two-thirds.

44. As to the co-operative effort, it resulted from the monolithic nature of the projects: their various components were not superimposed, but integrated in an organic whole.

45. The second facet of the application of the major projects was the possibility of co-operating with other organizations. The major project for the development of the arid zone was an example, answering a question asked by the Chinese representative at the 943rd meeting. UNESCO was to undertake scientific research on the fundamental factors conditioning the economic development of the arid zone—not on that development itself—whereas the Food and Agriculture Organization (FAO) would concern itself with the practical application of the results of the research. In other words, the demarca-

tion line between the activities of UNESCO and of FAO in that field was the line separating pure and applied research. That division of labour did not lead to separation; on the contrary, it entailed close co-operation between the two organizations, as the remarks of the Acting Director-General of FAO on the project had emphasized—remarks with which UNESCO was in full agreement.

46. Another new factor in UNESCO's programme was that of technical aid services to member States within the limits of its ordinary programme. These services covered all the spheres of competence of UNESCO and were available to all member States, not only to under-developed countries, although the latter were given general priority. In carrying out that programme, UNESCO had found that States experienced certain needs which were left unfulfilled by the purely economic criterion of the technical assistance programme. It had, for example, been struck by the very large number of requests it had received in regard to social science teaching, particularly from Latin American countries, and to cultural activities: public libraries, preservation of cultural treasures, development and diffusion of arts and letters, and cultural exchanges. Those requests came mainly from the economically under-developed countries.

47. Experience showed that culture could not be regarded as a luxury, and that UNESCO's cultural activities were not without value to the under-developed countries. That affected international co-operation in three ways. First, in order to find their place on the international stage, those young States experienced the need to gain an understanding of the bases of their own civilizations. Furthermore, they often wanted to develop their cultural relations with other countries in the same region or with the rest of the world—a side of the problem which had been stressed by the Soviet Union and Czechoslovak representatives.

48. Lastly, as the United Kingdom representative had noted at the 942nd meeting, the efforts of international organizations to develop technological exchanges so as to eliminate inequalities should be accompanied by very careful study of the consequences of that development for the traditional culture of under-developed countries, so as to avoid upsetting the moral and social balance. For that purpose UNESCO had set up in Calcutta a Research Centre to study the social consequences of rapid economic and technological development. The same considerations underlay the third major project which was to be submitted to the Delhi Conference—development of cultural relations between the East and the West at three levels, those of experts, teachers and the general public.

49. On the question of co-ordination, he stated that UNESCO was fully convinced that co-ordination was indispensable if the common effort was to be effective, and was fully aware that its own work was pointless unless integrated in the complete international pattern. Its activities, whether in science, culture or education, could not be imagined in isolation and were of no practical value by themselves. Because it was anxious not only to perform its duty loyally as one member of the United Nations family but also to fulfil its own mission, UNESCO believed firmly in making co-ordination as effective as

possible, and wished to collaborate fully with the Council in doing so.

50. That desire for co-ordination had already borne fruit. For example, the Director-General of UNESCO sent its draft programmes to the secretariats of the United Nations and the specialized agencies in advance, and took part in the work of ACC and its organs. A further example was the fact that the UNESCO secretariat and the Executive Board had undertaken a methodical review of the concept of fundamental education in order to promote co-ordination in community development, and had delayed the execution of certain projects relating to atomic energy until the ACC's Sub-Committee on Atomic Energy had decided how responsibilities should be divided in that field. Furthermore, UNESCO had adapted its programme for the study of cell growth in order not to duplicate work undertaken by WHO. The Director-General was also re-examining the draft programme in order to determine how UNESCO could contribute more to teaching about human rights and about the work of the United Nations and the specialized agencies.

51. The Secretary-General had rightly drawn attention in paragraph 20 of his introductory statement (E/2894/Rev.1) to the new problems which faced those who were responsible for the work of co-ordination. Co-ordination would no longer be restricted to the drawing up of priorities; that stage was over. It would henceforward extend to the incorporation of projects within concerted programmes. The Director-General of UNESCO regarded that as a considerable step forward and was ready to collaborate fully in it.

52. It seemed, however, that two essential conditions must be fulfilled. The first was that concepts must be defined in advance. The specialized agencies must all have the same attitude towards the concepts on which the concerted programmes were based. UNESCO's experience in dealing with community development—where basic concepts had had to be revised, with great difficulty, after the work had started—should serve as a lesson.

53. The second condition, as the acting Director-General of FAO had pointed out at the 942nd meeting, was synchronization of the drafting of programmes and budgets. The problem was not easy and should be carefully examined. Some factors such as long-term planning could make that synchronization easier, and the trend in that direction in several organizations, as well as in UNESCO, was certainly healthy. In any case, the agencies concerned should avoid making general decisions and multiplying their activities without first taking part in the necessary consultations.

54. Mr. DE MARCHENA (Dominican Republic) said that the item before the Council, with its review of the development of the programmes of the United Nations and the specialized agencies over the last ten years, gave rise to the question of the exact role the United Nations family should play in bringing order into the present-day world of anxiety and unrest, hopes and ideals.

55. His delegation had been much impressed by the Secretary-General's statement, and particularly by the emphasis he had placed on education. The Dominican Republic had realized early that in education lay the very

roots of its progress, and it had accordingly devoted all its efforts to a campaign against ignorance. It would like all the countries which had not yet undertaken such a campaign to be able to enjoy the advantages of education, for only by that means could there be any progress in industrial, economic and social fields, and hence the achievement of that political stability that was the goal of every government.

56. The Dominican Republic was a member of all the specialized agencies and co-operated whole-heartedly in all their activities. It was fully aware that the time had come to establish efficient methods of co-ordination. Duplication was no friend of progress. The international community called for the most effective utilization of all efforts and resources and it would indeed be satisfactory if after ten years of experience the United Nations could find the most practical methods to administer and implement its programmes, with a view to achieving the purposes for which it had been created.

57. A general survey of the development and co-ordination of the programmes brought out the importance of two factors: techniques and personnel. The former was important for the practical implementation of the various projects, while upon the latter depended the spirit of international co-operation and understanding that was essential in the relations of the United Nations and its specialized agencies with governments and their representatives. The co-ordination and development of programmes called for a true spirit of justice and impartiality on the part of the international official. His delegation was confident that, if the secretariats of the United Nations and its specialized agencies upheld the proper standards of equity and self-discipline in their various activities, they would maintain the high level that befitted their functions in the United Nations family.

58. Looking back over the years since the creation of the United Nations, there was much cause for satisfaction, despite the disappointments suffered and the mistakes made. While the principle of the right of peoples to self-determination was universally recognized, it was the responsibility of the United Nations to ensure that no over-hasty decisions were taken. A nation must be economically viable before it could be truly independent. The Dominican Republic, which only thirty years earlier had been bound by economic ties and had not achieved true economic independence until 1930, could understand the problems of the under-developed countries and the importance of their receiving every assistance from the international community. Only through material and social well-being was it possible to achieve the peace that was necessary for study and culture, which in turn led to an understanding of human dignity and the principles of equality and respect for law and human rights.

59. His delegation approached the present debate from much the same point of view as had the Netherlands representative. The international community could not escape interdependence, nor could it underestimate the need for solidarity. The American countries had understood that and had given the world an example of co-operation for the solution of common problems.

60. His delegation felt that none of the specialized agencies need have any apprehensions about the desire for co-ordination: there was no question of controlling or cutting down their activities; it was simply a matter of achieving good co-ordination between dynamic and independent bodies, working in different fields that occasionally coincided. In view of the prospects of development in the activities of the United Nations and its specialized agencies, it might be well for the Council to consider ways and means of establishing rules for co-ordination among the various bodies.

61. It was clear that many States felt concern about the vast amount of resources that were spent on international exchanges, without tangible results. The spate of conferences and congresses that had flooded the world since the Second World War had made great inroads into national budgets, while the constant creation of agencies and organs called for further sacrifice. A day would come when many Member States, especially the smaller ones, would find it impossible to co-operate further in the numerous international programmes.

62. It should be possible to arrange a more effective exchange between the specialized agencies and the United Nations which would help to remedy that situation. The Dominican delegation would be glad to collaborate in a study of the matter.

63. The needs of the under-developed countries, with their problems of malnutrition, poverty, housing and so forth, were urgent. A way must be found to unite the efforts of the world towards one single end, without introducing political considerations. That was the problem before the United Nations and the specialized agencies. The last ten years had been years of study and orientation: the next ten should be years of planning and co-ordination of effort, with a view to removing many States Members of the United Nations from the category of under-developed countries.

64. His delegation was not pessimistic. If the United Nations could pursue its programmes and activities with vigour and enthusiasm, with full confidence in the human beings they were to benefit, it could bring about a better world, in which the principles of equality, respect for the human person and international collaboration would prevail.

65. Mr. DAVIES (Secretary-General of the World Meteorological Organization) said that he would not attempt to review the World Meteorological Organization (WMO)'s activities—as set out in its report (E/2847)—as a whole, but would mention a few aspects of its programme which might be of particular interest to the Council. At the same time he would reply to some suggestions regarding the programme that the USSR representative had made in his statement at the 943rd meeting. He would not refer to the other comments that that representative had made in regard to some of WMO's recent achievements, but would merely take that opportunity to acknowledge with appreciation his recognition of them.

66. His first point concerned the development of water resources, the importance of which in the development of many countries, particularly in arid and semi-arid

regions, was being increasingly realized. It was a subject to which the Council had given careful consideration and upon which it had adopted several important resolutions.

67. It had long been recognized that meteorology and hydrology were closely interrelated, and WMO, as also its predecessor, the International Meteorological Organization, had for many years accepted various aspects of hydrology as falling within their purview. As a result of the general guidance provided by the relevant Council resolutions and the discussions at the three inter-agency meetings following those resolutions, the role which WMO could play in the matter was becoming more clearly defined. It had been agreed, for example, that WMO should assist the United Nations in implementing the Council's request for a preliminary inquiry into national hydrologic services and plans for their extension, and certain decisions had been taken regarding technical assistance projects in that field which affected WMO. WMO's Executive Committee had considered the question earlier that year and had pledged WMO's interest and full participation in that field of activity. It had also established a panel of six experts to advise the Organization on water resource problems. At the panel's first meeting, which had just ended, important recommendations had been adopted, envisaging a programme which was fully consistent with the agreements reached at the inter-agency meetings and in complete harmony with the Council's resolutions on the subject.

68. With regard to the USSR representative's suggestion at the 943rd meeting that there was need for greater co-ordination of efforts in the fields of hydrology and meteorology, WMO's Executive Committee had reaffirmed the close relationship between hydrology and meteorology and accepted, in a rather more formal way than hitherto, the fact that WMO's activities must be concerned with certain aspects of hydrology; it had also recognized the importance of promoting full co-ordination between national meteorological services and the corresponding national hydrologic services in countries where such co-ordination had not yet been achieved.

69. His second point concerned the International Geophysical Year, which was the title given to a world-wide scientific observational programme covering the period from July 1957 to December 1958, in which most countries of the world were participating. Particular attention was to be given to tropical and polar regions and much publicity had been given to the preparations for the work to be conducted in the Antarctic region, in which several countries already had expeditions for that purpose.

70. By agreement with the special international committee established to plan the operations, WMO had accepted responsibility for the planning of the part of the programme covering meteorology and related subjects, and it had agreed to establish in its secretariat a special centre which would collect the relevant observational records from all parts of the world and would make that unique scientific information available expeditiously and cheaply to all countries of the world. That work would constitute one of the major items of WMO's scientific activities in the next three or four years.

71. The information derived from the International Geophysical Year would be of great benefit to the science of meteorology and to other scientific disciplines, with the result that workers in those fields, applying their specialized knowledge, should be able to give increased assistance to the solution of many of the world's social and economic problems. While it was thus essentially a scientific venture, it would doubtless be of great practical benefit in due course.

72. His third point related to technical assistance. WMO had no regular programme of technical assistance, but had been participating in the Expanded Programme of Technical Assistance since 1952. It had been able to help a few countries which had no meteorological services to establish them. The first requirement in such cases was the establishment and operation of a network of meteorological stations. The meteorological records which such stations accumulated constituted the sum total of a country's knowledge of its weather and climate, and that knowledge, in turn, was needed in connexion with its economic development. It could be applied, for example, to water-resource problems. An interesting trend of the WMO expanded programme was towards increased assistance with regard to those problems: a number of fellowships in hydrometeorology had already been awarded, and some experts in the subject had been appointed.

73. Meteorology was essentially a subject in which the same problems arose in more than one country, with the result that many meteorological problems were essentially regional in character. WMO felt that more attention should be given to regional projects in meteorological technical assistance in the future.

74. The USSR representative had expressed some concern about two aspects of WMO's technical assistance programme. First, he had felt that the WMO regional associations should be consulted further in the planning of the programme each year. By that he probably meant that greater use should be made of the specialized knowledge of the presidents of the regional associations, who were always directors of one of the meteorological services in their region. The Executive Committee had considered that very question earlier in the year: it had recognized that where possible the specialized regional knowledge of the presidents should be made good use of, but it had also recognized that the basis of every technical assistance project must be a request from an individual government and that the final decision in placing requests for assistance must rest with individual governments and not with regional bodies. It had, however, evolved a formula which it was hoped would take both requirements into account.

75. Secondly, the USSR representative had suggested that there was a lack of co-ordination between the United Nations and WMO on the question of assessing country target figures for the planning of technical assis-

tance projects. That suggestion was probably based on a misunderstanding of the procedure followed in arriving at the country target figures. As that matter would be discussed by the Technical Assistance Committee, he would not go into details, but would merely assure the USSR representative that the procedure applied to WMO was the same as that applied to all agencies participating in the Expanded Programme and any deficiencies the system might have were not due to any lack of co-ordination or understanding between WMO and the Technical Assistance Board.

76. It was possible that some misunderstanding had arisen from the special relationship existing between WMO and the United Nations Technical Assistance Administration (TAA). It had been agreed from the outset that the administrative aspects of WMO's technical assistance projects should be handled by TAA, leaving WMO to concentrate on the scientific and technical aspects. WMO had always received full co-operation and understanding from TAA, and he would like to place on record WMO's appreciation of the assistance it had received from the Director-General and staff of that organization. Those remarks would, he hoped, answer the point raised by the USSR representative.

77. His final point concerned the peaceful uses of atomic energy, a field in which the USSR representative had suggested that WMO should increase its activities. WMO policy on the meteorological aspects of the peaceful uses of atomic energy had recently been laid down by the Executive Committee: it provided that WMO should play its full part as a specialized agency in advising other international agencies and, of course, the States members of the Organization itself. A panel of four experts, from France, the United Kingdom, the United States of America and the USSR, had been nominated to advise WMO on those matters. One of the main preoccupations of the panel would be the use of radio-active materials to help the science of meteorology itself. There were wide possibilities for the development of valuable techniques for meteorological purposes and it was expected that when the new international atomic energy agency was established it would be able to give much assistance to WMO and the national meteorological services. WMO would also co-operate with other agencies and committees with a view to assisting in any matter that involved meteorological factors. One obvious question was the movement in the atmosphere of radioactive waste products from reactor plants, whether arising from routine or accidental discharge. The standardization of methods of measurement of atmospheric radioactivity, both on the earth's surface and at great heights, might also be facilitated by reference to existing meteorological observational procedures and possibly by the use of existing networks of meteorological stations throughout the world.

The meeting rose at 12.55 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Australia, Bulgaria, Hungary, Israel, Poland, Romania.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Civil Aviation Organization, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization, Universal Postal Union, International Telecommunication Union, World Meteorological Organization.

In the absence of the President, Mr. SAID HASAN (Pakistan), second Vice-President, took the Chair.

AGENDA ITEM 3

General review of the development and co-ordination of the economic, social and human rights programmes and activities of the United Nations and the specialized agencies as a whole (E/2820, E/2826 and Corr.1, E/2847, E/2867, E/2873 and Add.1, E/2874, E/2877 and Add.1, E/2878 and Add.1 to 4, E/2879, E/2884, E/2892, E/2894/Rev.1, E/2903) (*continued*)

1. Mr. DRINKWATER (World Federation of Trade Unions), speaking at the invitation of the PRESIDENT, said that the World Federation of Trade Unions (WFTU) wished to advance some views on the development and co-ordination of the United Nations programme in the fields under review, in which it hoped that international co-operation under United Nations auspices would be greatly intensified.

2. The general aims of the United Nations in the economic and social fields were to raise levels of living and to ensure the effective enjoyment of human rights. As the achievement of those aims called for far-reaching

economic measures, WFTU attached very great importance to the expansion of United Nations activities in connexion with industrialization, the peaceful utilization of atomic energy and economic programmes in general.

3. As WFTU had often pointed out, however, there was no direct, automatic link between increases in production and improved levels of living.

4. In his introductory statement (E/2894/Rev. 1), the Secretary-General had referred to action through international organizations as a means of bringing economic and social progress into harmony with the new forces that had emerged in the post-war world. WFTU believed that the most important of those new forces lay in the awakened consciousness and aspirations of all the peoples of the world, and that the more closely it corresponded to those aspirations, the more effective the action taken by the United Nations and the specialized agencies would be.

5. Important immediate questions were the practical implementation of the principle of equal pay for equal work, the elimination of discrimination in employment and the reduction of working hours. WFTU had suggested at the eleventh session of the Economic Commission for Europe (ECE), in April 1956, that the economic aspects of the reduction of working hours might be studied jointly by ECE and the International Labour Organisation (ILO).

6. His organization had also suggested to the Economic Commission for Asia and the Far East (ECAFE), and to the Economic Commission for Latin America (ECLA) that they should study the relationship between economic development and increases in production on the one hand and the levels of living of the workers on the other. It welcomed the setting up of a "social unit" by ECAFE.

7. With regard to the acute problem of fluctuations in the prices of primary commodities, WFTU wished to draw attention to the fact that the Committee on Work on Plantations of the ILO had under consideration the question of the employment and earnings of plantation workers. It would be most useful if a basic study could be made of the effects of fluctuations in commodity prices on the level of living of the workers concerned.

8. The problem of full employment was particularly topical. Little, if anything, would be gained if the introduction of new techniques were offset by an increase in unemployment; the main economic reserves that were awaiting full utilization in the under-developed countries—and elsewhere—were the labour of the millions still entirely or partly unemployed.

9. The Council should therefore give special attention to the problem of full employment, the promotion of which should be pursued with increased vigour.

10. WFTU attached great importance to international verification of the results achieved in raising levels of living and in guaranteeing the observance of and respect for human rights. Accordingly, the intervals at which the world social survey appeared could usefully be reduced to two years. WFTU also hoped that rapid progress would be made in the international definition and measurement of levels of living.

11. Mr. TOWNSHEND (Assistant Secretary-General of the International Telecommunication Union) explained that he was introducing the annual report of the International Telecommunication Union (ITU) for 1955 (E/2874) on behalf of the Secretary-General of ITU, who was convalescent, following a recent illness.

12. A decision had been taken in 1955 by the Administrative Council of ITU, with the assent of the majority of States members of the Union, to simplify the Union's organization at the beginning of 1957 by amalgamating the two separate international consultative committees which had been dealing with telegraph and telephone matters respectively since their establishment thirty years previously. For some years the techniques of telegraph and telephone communication had been converging, particularly with regard to long-distance land cables carrying on the same equipment both telephone calls and telegraph messages. The most modern type of line plant, when provided with appropriate ancillary equipment, could handle all types of telecommunication, including the transmission of facsimile messages and the relaying of sound-broadcasting programmes and even of television programmes. The switching technique by which telephone subscribers were connected with one another on demand through automatic equipment in telephone exchanges was now being applied to telegraphy, and there was no doubt that the combination of the study of current problems of the standardization and development of both telegraph and telephone services within one organization was a step forward. The plenary assemblies of the ITU consultative committees afforded unique opportunities for telegraph, telephone and radio experts to meet and exchange ideas. It was most probable that some countries which had hitherto been unable to take an active part in the work of the consultative committees would find it in their interests to do so.

13. Three main points stood out from the work of the consultative committees: the progress made in the standardization of equipment to permit the extension of semi-automatic and automatic working to the international trunk telephone service; the current studies on the extension of the techniques of providing direct connexion by switching between the more important public telegraph offices of different countries; and the attention given by the Radio Consultative Committee to the technical problems of television, particularly colour television.

14. The aim of making international telephone services automatic was to enable telephone subscribers in different countries to get through to one another, either completely automatically by dialling, or semi-automatically through the intervention of but one operator in the process of connexion. The problems involved were complicated, but progress was being made.

15. Many countries provided firms, on rental terms plus a call fee, with direct connexion on demand by typewriting between their offices in different towns, a service known as Telex. That was done by means of switching equipment. The service was being very rapidly extended to form an international service, and a similar development was proceeding in the public telegraph service. Several countries were now using the technique of switching in their internal telegraph service to enable important public telegraph offices to get direct connexion with one another on demand without delay. The study of the extension of that technique to the international sphere was now actively in hand.

16. The International Radio Consultative Committee was to hold its eighth plenary assembly in Warsaw very shortly. It would be dealing, *inter alia*, with the technical problems of television. Important demonstrations of colour television had recently been arranged by four countries, and had been viewed by the study group concerned. The aim was to spread information on the latest techniques and to open the way, if possible, to the establishment of international colour television standardization.

17. The International Frequency Registration Board (IFRB), a permanent organ of ITU, had been set up in 1948 to help countries to bring order into the use of the radio-frequency spectrum. The object was to minimize mutual interference by different radio services. Progress in that field, which presented difficulties which were not confined to the technical aspects, had recently been accelerated. Following a special conference in 1951, the Administrative Council of ITU had reviewed the position at each of its succeeding annual meetings, and the members of ITU had agreed in 1956, by a very large majority, provisionally to fix the date for the next ITU Administrative Radio Conference at 1959. If that date were confirmed, as was likely, a very great advance in the orderly assignment of the frequencies to radio stations of all kinds throughout the world would be in sight.

18. The Soviet Union representative had asserted at the 943rd meeting that the problem of the international distribution of wave-lengths had not yet been satisfactorily solved. That was true. Very great progress had, however, been made, particularly recently. The final solution of the problem necessarily rested with the members of ITU themselves, as the Soviet Union representative had strongly argued more than once in the Administrative Council. The recent progress towards a solution to the problem had been made possible by the fact that a very large majority had agreed on an appropriate procedure at the 1951 conference. A "final adjustment period" had then been provided for, to begin when sufficient progress had been made. A majority of the States members had recently agreed provisionally that the "final adjustment period" should begin in June 1957. The remedy for any lack of universality rested not with the IFRB, but with governments.

19. With regard to measures for ensuring the safety of life, a regional conference had been convened at Göteborg by the Swedish Government in 1955, when a number of countries had unanimously agreed upon solutions to technical problems, particularly concerning smaller ships, which used radio telephony rather than radio telegraphy. The problem was not merely that of allotting

frequencies for distress calls, but also that of standardizing apparatus so that such vessels could also communicate on business matters with port authorities and tugs. The agreement had been circulated to all members of ITU for examination, and considerable progress was expected.

20. With regard to technical assistance, ITU, a member of the Technical Assistance Board (TAB), participated in the Expanded Programme, working in close association with TAA. The programming arrangements introduced in 1955 relating to the provision of experts and the award of fellowships and scholarships had been satisfactorily got under way. The essential basis of the new arrangement—country programming—should enable governments to obtain more of the kind of assistance they required. At the 943rd meeting, the Soviet Union representative had stated that insufficient technical assistance was being provided in the sphere of telecommunications. It was true that many governments which had not so far received any technical assistance of that kind under the Expanded Programme were anxious to do so, and that some countries wanted more than they were getting at present. The new programming arrangements would help, but the basic difficulty was, of course, the inadequacy of the funds for financing technical assistance generally, including that in respect of telecommunications. The remedy, therefore, lay not with ITU or TAB, but in the hands of those governments, including that of the Soviet Union, which contributed to the Expanded Programme to the extent they deemed proper.

21. Relations between ITU, the United Nations and the specialized agencies had been as smooth as usual. ITU had recently begun to collaborate with ECAFE, which was now actively concerning itself with the development of telecommunication services in its region. At its eleventh session, the Administrative Council had adopted resolution 345, providing for such action, and in particular calling the attention of ECAFE to the advantages which its member countries might secure by participating more actively in ITU's international consultative committees.

22. With regard to the dissemination of information, ITU published a monthly journal, the *Telecommunication Journal*, in three languages—French, English and Spanish. It contained articles by experts from national administrations and from telecommunication companies and by members of the staff of ITU, and was on sale to the public.

23. It should be borne in mind that ITU was essentially a co-ordinating organization. It did not itself operate telecommunication services or carry out telecommunication equipment programmes; its position thus differed from that of some of the other specialized agencies. Telecommunication services were operated, and projects for their extension and improvement executed, by the countries concerned, either through their governmental telecommunication departments or by private operating agencies recognized by the governments. What ITU could do, and was doing, was to help the countries to help themselves, and to help them to help one another.

24. Mr. VALLADÃO (Brazil) observed that lack of co-ordination led to considerable wastage, especially in under-developed countries, which were obliged to provide counterpart services when the international organizations adopted new programmes of action, with corresponding financial implications for them.

25. The time had come to reappraise the activities of the Council and the specialized agencies. A breathing space was required. The brake could not be applied abruptly, but some fresh approach would have to be tried. At the 943rd meeting, the Soviet Union representative had made some constructive suggestions. At first sight it might be possible to agree that the Council should assume to the full its responsibilities for scrutinizing the activities of the specialized agencies, with a view to co-ordinating them. But if it was to discharge that duty conscientiously, it would need far more time at each summer session for examining the reports of the specialized agencies. The latter did an enormous amount of work, and there would be a huge bulk of material to work through before the Council started some new activity, which the agencies might in any case already be performing. It would take longer than an ordinary session for all eighteen members of the Council to comment in detail on all the material.

26. The Soviet Union representative had also raised the question of priorities, perhaps the most important aspect of the Council's work, and the Yugoslav representative had referred at the 944th meeting to the need for looking more closely into the Council's activities in the light of its functions as defined in Article 63 of the Charter. Under that Article, the Council should act more as a technical body, and less as a political body, than it in fact did. The proper place for countries to protect their interests was in the General Assembly, members of the Council and the functional commissions acting simply as representatives of the General Assembly. That procedure could not be enforced by any resolution, but only by an internal agreement among the members of the Council to keep political issues to a minimum.

27. The resolutions adopted by the Council and the General Assembly might well be consolidated to form a single document, with the object of making them more readable, without affecting their substance. Members of the Council could then peruse that document to ensure that there was no duplication. Information might also be included as to which resolutions had become obsolete, and which had not yet been put into effect.

28. The Council should be careful not to seek to establish a new commission whenever a new subject had to be dealt with. The matter should be referred to one of the existing functional commissions, to see whether it could deal with it without duplication. That should have been done, for example, in the case of commodity problems. What had in effect happened was that, several bodies having been simultaneously engaged in dealing with those problems, representatives in one had argued that no action need be taken since the problem was under consideration by another, thus setting up a vicious circle.

29. He would endorse the Argentine representative's suggestion (943rd meeting) that the possibility should be considered of convening a special meeting of the Council

to re-examine the whole problem of co-ordination; that would be very useful, provided that it did not cost too much. The work could not possibly be done adequately at an ordinary session of the Council.

30. Mr. KOTSCHNIG (United States of America) observed that the fact that the work of the Economic and Social Council was rarely referred to in the headlines of the Press was no valid ground for concluding that it was in a state of decline. The trouble lay, not with the Economic and Social Council, but with a faulty perspective. In an age when economic and social issues and issues pertaining to human rights were of paramount importance, too many people still clung to outdated concepts that gave the primacy to politics, in the narrow sense of the word, and were thus preoccupied with specific disputes and conflicts. Obsessed as they were by the psychology of crises, they tended to overlook the fact that many political issues were deeply rooted in social and economic problems. A preoccupation with symptoms was dangerous, because those symptoms could not be cured unless their roots were attacked. If the work of the Council and the specialized agencies was considered from that point of view, its importance stood clearly revealed.

31. It was evident that the work had increased very greatly in volume, but also in depth and effectiveness. The Secretariat of the United Nations and the specialized agencies had laid the foundations for a better understanding of world-wide economic and social problems. Thus, the Statistical Office for example was providing a solid basis of facts which permitted careful planning and enlightened action on the part of the United Nations and of individual countries. The Council had learned to ask the right questions. The repercussions of its work had penetrated to the farthest corners of the world. The United Nations and the specialized agencies were operating effectively in more than a hundred countries and territories. Millions of people were still alive as a result of the work, who would have perished without it; but even more important was the hope kindled by the United Nations in the poor and downtrodden.

32. Great headway had been made with regard to co-ordination and concentration of efforts, and a tribute was due to the Administrative Committee on Co-ordination (ACC), under the chairmanship of the Secretary-General. The elaboration of priorities served as a helpful guide to the various parts of the United Nations family, although priorities had perhaps not proved as helpful as had been anticipated. The respective responsibilities of the units of the United Nations network had been more clearly defined, with the result that overlapping had been eliminated and the work increasingly well co-ordinated. His delegation could not point to any major weakness, even in the technical assistance programmes, which were by far the most complicated. He had been reassured to hear the representatives of the specialized agencies state in the Technical Assistance Committee that the system was working reasonably well and that they wished for no major changes.

33. There was, however, room for improvement. More advance planning was needed. It was disappointing to find ACC stating that it was not practical for each

specialized agency to submit drafts of its annual or biennial programmes to the other agencies for advance comments. That appeared to be an essential method of co-ordination, and he would appreciate a more detailed explanation of why it was regarded as impracticable.

34. Several speakers had correctly pointed out the need for greater co-ordination in the economic field, to match the headway made in the social field. True, the economic field was broader and more difficult, but co-ordination in it must be improved.

35. Another difficulty was the tendency to "go it alone". Thus, it would appear that the activities of the ILO in the field of 'neighbouring rights' were carried on without sufficiently close co-operation with other agencies. In the past the tendency to go it alone had been particularly strong in the World Health Organization (WHO) and, possibly, in the Food and Agriculture Organization (FAO). That was quite understandable, because the work involved was highly technical and specialized and the kind of expert required was concerned primarily with his specific field. It was thus all the more encouraging to find an increasing realization in those organizations of the fact that frequently the programmes of one organization must be integrated with the programmes of all the other organizations and that a specific piece of work could find its fulfilment only within the framework of the entire activities. He had been encouraged by statements in that connexion by the representatives of FAO, WHO and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

36. A more serious development was the fact that work programmes were still being constantly enlarged and that there was thus a continual increase in budgetary requirements. General statements on priorities were of only limited value in that connexion, since they were so broad as to permit almost any extension of activities without relation to the means available. The reasons were not far to seek. One was the understandable impatience of governments faced with multiple problems which they wanted solved as soon as possible. Such impatience was self-defeating, if work programmes became so large as to be unmanageable. Another reason was the continuing competition between agencies. As the United States representative, he would be the last to suggest that competition was undesirable, but in his country the lesson had been learnt that the most successful firms were those which did not add ever new lines to their business, but concentrated on what they could do best. One agency should not pick up what another could not handle.

37. There was, of course, no simple cure for proliferation, but he might suggest some measures, which were not necessarily novel, to remedy it. He sympathized with those delegations which felt that more concentrated efforts were required to subject actual work programmes to closer and more detailed scrutiny. The Council itself might have to go further in that direction than it had in the past. To hold a special session might not be feasible, but perhaps a small *ad hoc* committee of government experts might be appointed to review the United Nations programmes, including those of the regional economic commissions, to see whether unnecessary projects could not be eliminated, and to report back to the

Council. Similar steps might be taken by the specialized agencies. Work programmes were handled in very different ways by the different specialized agencies, and some of them had only inadequate provisions for a thorough periodic review of their current programmes, which they took more or less for granted. It was therefore inevitable that parts of the programmes should be carried on even after they had lost any urgency they had ever had. In some cases, more attention might be paid to the way in which the technical assistance programmes and the regular programmes interlocked.

38. Some representatives had asked for a clearer definition of specific work projects and a clearer assignment of responsibilities for carrying them out. In attempting to reach compromises the Council itself often included various incompatible elements in its resolutions. That tended to confuse the Secretariat, which was not clear about the kind of work required of it. Clearer drafting would help to avoid false starts and jurisdictional misunderstandings, and would, to a certain extent, obviate the burden of continuous consultation between the United Nations and the specialized agencies, as everyone concerned would know his responsibility from the outset.

39. The operation of the programmes would also gain in effectiveness, and money would be saved if the work were spread more rationally over a number of years. As a corollary, determined efforts should be made to achieve a greater synchronization of the related work projects of the United Nations and the specialized agencies.

40. With reference to a better distribution of work over a longer period, he agreed with most of the Secretary-General's observations on the Council's work programme and the financial implications of its actions (E/2903), but hoped those observations would in future cover the regional economic commissions as well, since their work programmes were growing by leaps and bounds and should be assessed by the Secretary-General himself in the same way as he assessed those of Headquarters organs.

41. Rather than revise priorities continuously, it would appear more helpful to reach a formal agreement on major programmes in which the bodies concerned might pool their resources. More stress should be laid on what he might call "impact programmes", such as the elimination of malaria, where the results were almost immediately visible. Other possible "impact programmes", if jointly undertaken by the United Nations and the specialized agencies, were the promotion of public administration, which was or should be "the concern of every agency"; the development of adequate services throughout the world; a comprehensive survey of resources, both renewable and not renewable; and concerted action in the field of industrialization and the peaceful uses of atomic energy.

42. The Secretary-General was rightly giving special attention to the better selection and use of staff. In recruiting such staff some stress should be laid on multi-purpose personnel who could be shifted from one area of activity to another, while experts on specific subjects might be engaged on a consultant basis. That implied a careful selection of those privileged to become inter-

national civil servants. The principle of geographical distribution, while desirable, might, if it was overstressed, defeat its own purpose. It was essential to find the right man for the right job, irrespective of origin. Unfortunately, governments were often reluctant to release their best men and therefore to give the United Nations administration all the help that it needed and deserved. As local shortages of talent diminished, it was to be hoped that a high proportion of first-rate staff might be drafted into the international service; that was in no way intended, of course, as criticism of the existing staff.

43. The suggestions he had made would, in his opinion, go a long way towards meeting the criticisms made by the United Kingdom (942nd meeting) and other delegations, without the need to impose rigid budgetary ceilings.

44. The United States delegation had some misgivings about seconding technical assistance staff and social personnel from Headquarters to the secretariats of the regional economic commissions. That policy might shift the focus of operations from Headquarters to the regional commissions, entail successive decentralization and impede co-ordination. The complete integration of such staff in the secretariats of the regional commissions might well tend to turn those commissions into miniature economic and social councils. That would be undesirable, because they were so overburdened with work that they could not possibly cope if they attempted to duplicate the work of the Economic and Social Council in the social field or became operating bodies in the field of technical assistance. There was also some danger that the lines of responsibility between the regional commissions and the functional commissions might become blurred, and he was therefore glad that the General Assembly had agreed to the new procedure on the understanding that it should be on an experimental basis. It was to be hoped that the experiment would be carried on throughout 1957 and that thereafter the General Assembly would come to a final decision. By contrast, closer attention might be given to the possible interchange of staff between Headquarters and the regional economic commissions. That might help to establish closer contact among the staffs concerned and make for closer co-ordination of activities.

45. The Secretary-General's tentative proposal for an international technical and professional service (E/2894/Rev. 1, paragraph 22) to provide experts selected by the United Nations as a sort of infrastructure for national administrations was attractive at first sight, but raised serious questions as to its feasibility. Past experience had not been too encouraging, particularly in Latin America. It might be doubted whether the under-developed countries would be willing or eager to accept that kind of aid. At any rate, he was very doubtful whether a new agency was necessary. He might suggest as an alternative placing experts at present working for the various technical assistance programmes and, particularly, the Expanded Programme of Technical Assistance, on a more permanent basis.

46. The United States delegation had some misgivings about the pattern of conferences adopted in 1953. It would now support the suggestion in paragraph 40 of ACC's nineteenth report (E/2884) that the pattern of

conferences be retained; the practice of holding the Council's summer session in Geneva had proved its value; the executive heads of the specialized agencies could not be expected to travel to New York every summer.

47. He endorsed the suggestions made in the Annex to ACC's report for steps to give greater publicity to the economic and social work of the United Nations family. His only objection was that too much stress was laid on action by governments; a greater effort should be made to enlist the services of the non-governmental organizations, some of which were doing exemplary work in that respect. He would appeal to all non-governmental organizations, not only those in consultative status with the Economic and Social Council, to make known the United Nations economic and social work in the countries where they were active and from their own point of view. That work, though frequently tedious and arduous to those directly concerned in it, was helping to build a new, a more secure world.

48. Mr. CARDIN (Canada) said that the achievements of the United Nations and its subsidiary bodies, and the tasks which still remained to be undertaken, had been given serious examination since the tenth anniversary of the United Nations. In his delegation's view, the Economic and Social Council deserved much credit for its help to the specialized agencies, regional commissions, non-governmental organizations and governments, particularly in the field of assistance to the less developed countries in their economic development programmes.

49. While many mistakes had been made in those ten years, there had also been much progress towards ensuring that the collective effort of many governments would be felt in the areas where the need was most urgent. Priorities and criteria had been developed and institutional machinery had been set up to avoid the frittering away of limited human and financial resources. However well-intentioned programmes might be, experience had shown that wastage of vital resources was a direct result of duplication of effort and inadequate co-operation.

50. Co-ordination, the importance of which had always been clear to his Government, had two aspects: the fixing of priorities and the avoidance of duplication and waste, and the joint development of constructive programmes. In either case the interests of the underdeveloped countries should be paramount.

51. There was some cause for satisfaction in what had already been achieved in both respects. The road marked out by the Council at its twentieth session should be followed, and every effort should be made to improve the techniques and procedures adopted to achieve co-ordinated action.

52. His delegation hoped to contribute in the Co-ordination Committee to a constructive assessment of the activities being carried out by the United Nations family, and would therefore refrain from bringing up specific points of detail at present. He would, however, record his delegation's views on a number of matters of more general importance.

53. No effort at co-ordination could succeed unless the governments concerned exercised due restraint in

pressing the secretariats of the various agencies and bodies to undertake new tasks. The responsibility for the avoidance of duplication and waste rested more with governments and governing bodies than with the secretariats.

54. No effort at co-ordination could succeed, however, unless the secretariats concerned wished it to do so. That necessitated an attitude of flexibility and adaptability on the part of those most closely concerned: a talent for team-work and co-operation. The Secretary-General had correctly stressed at the 943rd meeting that personalities and attitudes of mind were often just as important in achieving true partnership and co-ordination of effort as the organizational arrangements, to which most attention was usually given. His delegation would like to add that the Secretary-General, by his presence and his contribution to the debate, well illustrated the attitudes of mind best calculated to make co-ordination successful.

55. As already pointed out excessive preoccupation with the form rather than with the substance of co-ordination could place a heavy burden on the limited resources, in both time and money, of the United Nations and the specialized agencies. The concern of the Secretary-General and of the specialized agencies at the increasing cost of liaison and co-ordination was easy to understand. His delegation was confident that the executive heads of the United Nations and the specialized agencies would recognize the importance of a proper sense of proportion in that respect, and would not yield to the temptation to substitute the more costly shadow for the less costly substance of genuine collaboration.

56. His delegation was also interested in the Secretary-General's clarification of his views on the development of an international civil service to assist governments in public administration. He believed that all members of the Council would now have a much clearer understanding of what the Secretary-General had in mind in that connexion. His delegation had been interested to note that the Secretary-General had not yet decided finally whether it was in his view necessary to set up a new specialized agency for that purpose.

57. His Government had been concerned by the administrative problems which had arisen from the need to recruit large numbers of short-term technical assistance experts for the Expanded Programme of Technical Assistance. It seemed to it desirable that consideration should be given to the awarding of more longer-term contracts, with a view to avoiding the waste of time and effort involved in the present system. Furthermore, experience had shown that technical competence was not invariably accompanied by the ability to understand and respond to the special needs and problems of those in the recipient countries with whom a technical expert would work most closely. Where, therefore, an expert showed in actual service in the field that he possessed, in addition to technical competence, that special kind of insight, it was desirable that his services should be retained longer than was necessary for a single assignment. Really suitable experts were rare; their services, when they were found, should be retained.

58. With reference to the problems inherent in decentralization, he said that his country, being a federal State

in which there was a very substantial decentralization of functions, jurisdictions and administrative arrangements, fully recognized the value of the decentralization of functions, in certain circumstances, in an international organization operating on every continent. Decentralization should, however, be planned, not haphazard.

59. He believed delegations would be surprised at the actual extent to which the United Nations and the specialized agencies had already carried out decentralization. That decentralization had, of course, been in full accordance with policy decisions taken by the competent authorities. His delegation was, however, concerned that a clear and comprehensive picture of the decentralization which had occurred should be given to the Council, so that a proper judgement could be reached on the matter.

60. In conclusion, he wished to refer to the relationship between ACC and the Council. His delegation felt that ACC was carrying out its functions in a manner justifying the Council's confidence and support. It had, however, gained the impression—perhaps wrongly—that ACC's report failed to convey fully the nature of the practical problems encountered, the methods employed and the work accomplished. It might be desirable to consider ways and means of improving communications between ACC and the Council, so that members might feel sure that ACC was sharing with the Council not only the form, but also the substance of its deliberations; not only its successes, but also its failures. A reference to the very real difficulties which existed in that field was made in the Secretary-General's statement in document E/2871/Rev.1.

61. In conclusion, he wished to endorse the Secretary-General's observation that the Economic and Social Council, in carrying out the wide variety of work falling within its purview, had already left its mark on the history of the time. His delegation was confident that the Council could make that mark brighter and more enduring yet.

62. Mr. EPINAT (France) joined in congratulating all those who had participated in the implementation of the United Nations' economic and social programmes.

63. During the past ten years the United Nations and the specialized agencies had provided practical proof that life on earth was no longer conceivable without the active presence of a spiritual element of which the peoples of the world were becoming gradually more and more aware, namely international solidarity. That awareness of the necessity of mutual aid, rendered more acute by the immensity of the needs, was causing the United Nations to extend its efforts to eliminate hunger, ignorance, poverty—all those evils that nurtured misunderstanding and discord. United Nations resources were, however, limited. Again, it must always be borne in mind that time was an essential element in any lasting and useful work.

64. There were good grounds for believing that international solidarity would take another step forward, however short, towards the international financing of economic development, which was a regular concern of the French Government in all its plans for the future.

65. With regard to the Secretary-General's proposal concerning a special international service, the French delegation appreciated the nobility of the thought and the faith behind it. The proposal merited thorough study, but, before taking any decision on it, the French delegation would like to have all the necessary facts at its disposal.

66. His delegation next wished to make some comments on the question of co-ordination proper, which, for the French administration, meant liaison between all United Nations organs concerned, in the earliest stages if possible, with a view to judicious utilization of staff and resources. His delegation had noted with satisfaction the changes in methods used and the satisfactory results obtained thereby. It particularly recognized the value of the documentation placed before the Council, which reflected the willingness of all United Nations organs to co-operate for a common end without abandoning their own personality. It nevertheless regretted that insufficient attention had been paid to setbacks.

67. It seemed to the French delegation that the Council had now acquired sufficient experience to be able to curtail its activities, eliminate what had become really valueless and avoid proliferation, overlapping and gaps.

68. It was encouraging that ACC should have decided to examine a given subject each year from the point of view of co-ordination, and to concentrate on questions of major importance.

69. If, moreover, the Council would accept its responsibilities whole-heartedly and reject political considerations whenever possible, it could limit the requests made to the specialized agencies, which increased the work and almost inevitably the expense as well. The United Kingdom representative had made a timely reference to the Council's instructions in that matter. It might be as well, without drawing up over-rigid rules, to examine carefully the methods of the Council's subsidiary organs, especially the functional commissions, and to remind them of the Council's wish that they should reconsider from time to time the relative value of current studies and inquire searchingly whether new work was worth undertaking.

70. The new distribution of staff to obtain better co-ordination was not really a measure of decentralization, because it apparently did not involve the transfer of any authority. The French delegation thought that, though the administrative decision in question was unexceptionable in principle, its results would depend on the persons who carried it out and on their unfailing devotion to the common task. His delegation would give its final opinion when it had examined the results of the present experiment. For the time being it hoped that the Council would fully understand that it regarded the undertaking, not as an attempt at decentralization, but simply as an experiment in co-ordination involving the use of advanced detachments.

71. Mr. EUSTATHIADES (Greece) said that his delegation highly appreciated the work of ACC and commended the Secretary-General alike for his speech and for his endeavours to achieve proper co-ordination of the United Nations' work.

72. It was equally satisfied with the progress made by the specialized agencies. As their reports showed, not only had their work expanded; their membership had increased and more States had ratified agreements relating to their activities.

73. Although the Council of necessity played only a minor part in the work of the specialized agencies, it should take wider responsibility for co-ordination. The Charter appointed it the chief co-ordinating organ for economic and social matters.

74. In that capacity it was obliged to co-ordinate the work both of the States Members and of the specialized agencies. In the former task co-ordination inevitably encountered difficulties, for it was limited by the will of governments. In the latter the Council had a very important role, which it had so far discharged satisfactorily, considering the obstacles in its way. That did not mean, however, that it could not have done better. Efficient co-ordination had been established in certain respects, for instance with regard to the work of UNESCO, the ILO, the Universal Postal Union and ITU. With regard to the work of other agencies the situation was not so good, and was improving very slowly. That was partly due to permanent causes, but partly also to a certain spirit of compromise. Co-ordination in the economic and social field should be a non-political work; otherwise there were bound to be delays. The Greek delegation would refer in particular to human rights and freedom of information—questions of burning topicality, in view of the position in which the population of Cyprus found itself. More courage should be shown in other spheres, too.

75. As to the technical aspects of co-ordination, might it not be possible, apart from the very high-level co-ordination established by the ACC and that provided, as need arose, by means of consultations between the organizations concerned, to set up a smaller body than ACC responsible to it? No great expense need be entailed, since the body he had in mind could be composed of the specialized agencies' representatives at United Nations Headquarters.

76. The publicity to be given to co-ordination activities also merited attention and ACC's report contained useful suggestions on that subject. He himself was in a very good position to realize the value that the support of public opinion would have in that field. Many publications existed, of course; but none gave any general idea of co-ordination efforts in particular fields. Information should be supplied not only on past achievements but also on future plans and failures recorded.

77. With regard to the peaceful utilization of atomic energy, which would mark a decisive turning-point in human history, the ILO seemed to have made a good start by initiating a study on the protection of workers against ionizing radiations. When the time was ripe—and it seemed not far distant—it would be necessary to ensure co-ordination of the activities of all the specialized agencies concerned in that field. ACC's Sub-Committee on Atomic Energy should prove valuable in that respect.

78. Co-ordination should be developed to the greatest possible extent; but it should not hamper the activities of the specialized agencies. It must necessarily have

certain limits. Within those limits the financial effort it entailed was worth-while, in view of the importance of the question.

79. Certainly the trend towards universality, in extending the opportunities for economic and social programmes, made co-ordination more difficult. It was tending to become regional. Prudence dictated a degree of caution which should not be mistaken for timidity.

80. Nevertheless, in spite of the obstacles, the results achieved justified some optimism. The problem was not only a technical one, but also a highly important human one, and its solution required patience and much assiduity.

81. Mr. ASMAUN (Indonesia) said that, as his delegation represented a country which had participated in the Council's work only in the last few years, it could not give a complete review of what had been done in the ten years since the Council's foundation. He would therefore confine his comments to a small number of subjects.

82. He wished first to express his delegation's keen appreciation and gratitude to the Secretary-General for the useful documents prepared by him and for his lucid statement to the Council.

83. When the Council had been established ten years previously it had been impossible to foresee the vast expansion that would subsequently occur in the economic and social fields and the immense numbers of bodies which would be set up to deal with such problems as poverty, ill-health, ignorance and slavery. In the ten years of its existence, the Council had influenced world thinking and aroused the world's conscience with regard to evils which had plagued mankind for centuries.

84. His delegation viewed the work of the United Nations family in the light of the well-being of the world's population, especially in the less developed countries. It was his delegation's opinion that the United Nations and the specialized agencies had not yet succeeded in making a lasting impression on the economic and social life of the people of the under-developed countries. The efforts made had not been entirely in vain, however; it had simply become clear that the problems to be tackled were of greater magnitude than had been thought.

85. The peaceful utilization of atomic energy was undoubtedly of great potential importance in that connexion. In view of the continuing exhaustion of the conventional sources of energy, atomic energy was not merely an aid to, but was an absolute necessity for, the full and rapid industrialization of the under-developed countries and the continuation and further development of civilization. The Asian and African countries represented at the Bandung Conference had realized that the peaceful utilization of atomic energy could eliminate several stages in economic development, so that a high level of economic advancement might be reached by those countries more quickly than historical experience suggested.

86. In his delegation's view, the peaceful uses of atomic energy afforded an opportunity of narrowing the gap between the prosperity of the developed and the less developed countries. His country would follow with the utmost interest the progress made under the guidance of ACC's Sub-Committee.

87. With regard to industrialization, his delegation noted with gratitude that the United Nations had now begun to deal comprehensively with the piecemeal efforts at industrialization made by the under-developed countries. Industrialization was necessary to the rapid expansion of national production and, accordingly, to the establishment of higher levels of living for the peoples.

88. For reasons of economic and social stability it had been found desirable to promote small-scale and handicraft industries, either separately or within the framework of community development. For the purposes of industrialization, however, it was also necessary to consider the establishment of large-scale heavy industries, and in that connexion he deplored the tendency of some industrialized countries to warn the less-developed countries against rapid industrialization. Industrialization should be as vigorous and as positive as was consistent with the need to establish a balanced economy. The United Nations should possess machinery—the form of which was still to be determined by the Council—which was well equipped to cope with the magnitude and complexity of the problems involved, and worked in close co-operation with the existing specialized agencies dealing with problems of economic development, including, in the financial field, the International Bank for Reconstruction and Development and the International Monetary Fund.

89. The stabilization of commodity trade constituted, in relation to the question of financing, a problem that could not be over-emphasized. That problem had also been stressed by the Secretary-General in his statement (943th meeting) on the world economic situation, and by many other representatives in the debate on agenda item 2 (world economic situation). It would find its solution through concerted action by the United Nations organs concerned, and his delegation agreed with the Secretary-General that a solution depended primarily on the understanding and benevolence of the countries whose co-operation was required.

90. The Secretary-General's statement had not referred to progress made in the field of human rights; that progress did not seem to match the expectations of the general public. Every Member of the United Nations, and every State which might become a member, should, in accepting the Universal Declaration of Human Rights as a common standard of achievement for all peoples and all nations, consider it as a challenge. The economic and social basis without which the fundamental human rights could not be achieved must be created all over the world.

91. He recalled that the communiqué of the African-Asian Bandung Conference had linked together the ideas of human rights and self-determination, thus indicating that neither could exist without the other. To suppress the right of self-determination was inevitably to suppress human rights. So long as those rights were denied to anyone, they were complete for no one. It was regrettable that no reference to that important subject had been made in the report.

92. Turning to the practical achievements of the United Nations family in the social field, he noted with appreciation the activities of the specialized agencies in the

economic and social development of the under-developed countries. Particularly worthy of mention were the co-ordinated activities of the United Nations Children's Fund, WHO and FAO in the fields of health, nutrition and welfare, and especially in the eradication of malaria, in the development of protein-rich foods other than milk and in the provision of aid in the field of maternal and child welfare.

93. Productivity was another important problem with social aspects. The main problem now facing the under-developed countries was that of raising the level of living of the population as a whole through increased productivity. The ILO, with the assistance of other specialized agencies, had done important work in that field. It had devoted increasing attention to labour-management relations and to the improvement of workers' education as a means of enabling workers to understand the problems with which they were faced.

94. FAO, WHO and UNESCO had made an increasing contribution to raising productivity in agriculture and to solving the problems of ill-health and ignorance, which hampered development in the field of productivity.

95. With regard to co-ordination between the specialized agencies themselves and between them and other United Nations organs, enough had already been said by previous speakers. He merely wished to add that his delegation regarded co-ordination not as a static, but as a dynamic phenomenon. More and closer co-ordination would seem desirable as the activities of the United Nations developed, especially in the field of regional projects. Past experience had shown that the existing machinery was adequate. ACC was well able to cope with the manifold and complex problems of co-ordination under the leadership of the Secretary-General, and his delegation was confident that it would continue its difficult work with the co-operation of the specialized agencies, which themselves would ensure that as little effort and money as possible were wasted. In his delegation's view, it was the Council's duty to ensure not so much that every dollar was well spent as that enough latitude was left to United Nations bodies to enable them to develop their activities as freely and vigorously as was consistent with the efficient use of available resources.

96. With regard to the Secretary-General's suggestion that a corps of international civil servants should be established, he felt that in principle the idea was admirable in view of the magnitude of the problem of public administration as it related to economic development; he would, however, prefer to consult his Government before commenting more fully on it. At the same time, greater efforts should be made to train public administrators who were nationals of the countries concerned.

97. The challenge that faced the Council and the United Nations in their second decade was to identify themselves with the human and social revolution of more than half of mankind and to encourage, aid and inspire their aspirations for a better life. No retreat from that course was possible.

98. The SECRETARY-GENERAL said he had followed the debate with the greatest interest. Of the many issues that had been raised there were one or two to which he would like to address himself.

99. The first was, in a sense, a marginal point that had arisen in the debate on economy. In fact, the discussion of economy and the relation between co-ordination and economy had reminded him of the debate which had taken place in the Council at its eighteenth session. At the 796th meeting he had then placed before the Council the far-reaching findings of a survey undertaken, by the Secretariat itself, on the manning and the tasks of the United Nations Secretariat. Those findings had gone so far as to cause obvious concern, not only in the Council, but also, and especially, in some of its subordinate organs. It had been felt that the cut-down of the Secretariat might jeopardize the efficiency of United Nations operations and had perhaps been rather too sharp with regard to certain social projects.

100. The broad lines of the proposals had, however, been approved both by the Council and, subsequently, by the General Assembly. Unfortunately, in later developments, part of the results had been lost, owing to the attitude taken in various United Nations organs, reflecting the majority views of Member Governments.

101. He had had in mind at that time two main kinds of savings: administrative, and the reduction of tasks and projects undertaken. On the first score, the strength of the Secretariat had been reduced by 15 per cent within two years; and, as many members would know from experience in national administrations, such a reduction could not be undertaken without certain consequences, not so much on morale as on tranquil and regular working. He would strongly advise against a speedy repetition of an operation of that kind, although, in his view, further cuts were possible both in principle and in practice. He would advise against it because it was bad economy to submit an administration to continuous reviews and surveys and studies. There must be a period in which it could work on its main tasks; and, after all, a considerable cut in the budget over two years, for the first time in the history of any of the international organizations, was something which might give cause for reasonable satisfaction.

102. With regard to work programmes and the possibility of making savings thereon, he would repeat only what some representatives had already said. It must be remembered that while the Secretariat had responsibilities in the various international organizations, the primary responsibility lay with the governments. The Council might recall what had happened when economy proposals had been put forward in the Secretariat which went further than the governments represented in the Council and in the General Assembly had been willing to accept. The fact was that the work programme of the United Nations was decided by Member Governments, and, on practically all points, represented the approval by Member Governments of proposals which themselves had been made by Member Governments. In such circumstances, it was one of the Secretariat's main functions to warn. It might be that it had not warned enough. But it might also be that its warnings had not been sufficiently heeded. For that reason, he could not but welcome most strongly the expressions in the Council of the determined will of governments to look at the matter seriously, and he hoped that would be reflected also in support for the Secretariat when it proposed cuts in the working programme.

103. He should say a word in defence of the Secretariat. There had been references in the debate to what he thought had been called the Parkinson's disease of international administration—the self-protecting, sometimes empire-building, attitude of civil servants. Nobody denied it; everybody knew it from his home field and from international organizations. There was another disease, if they were to enter upon the pathology of international organizations, the kind of schizophrenia reflected in the fact that the same governments took opposite views in different organs. That was a major complication from the point of view of the Secretariat and of co-operation among the international organizations. He hoped nobody would regard it as improper or going beyond what was justified by facts if he were to say that co-ordination began at home.

104. It had been proposed that a committee should be set up to overhaul the programme. He must strongly warn against it. A committee for that purpose would be a good thing, only if one condition were met: that it would not show the same weakness as were shown by most collective international organs, and would not tend, like them, more or less to follow the law of the highest common denominator when it came to programmes, and the lowest common denominator when it came to the budget. That put the secretariats in a position where, sometimes, frankly, it was not possible to operate in a rational way. Before embarking on such an attempt it was necessary to be quite sure that there was behind the creation of such a committee the full and unreserved willingness of all governments to put into effect the desires for a reduction or streamlining, or better selection of projects.

105. Reference had been made to ACC and to the possible contribution of ACC to co-ordination. He had already had the opportunity at the 943rd meeting to say how much emphasis should, in his opinion, be placed on the factor of personality in the development of co-ordination among the autonomous bodies which made up the United Nations family. There was one fact which was sometimes overlooked: that there were limits to the extent to which the members of ACC could establish co-ordination. Apart, perhaps, from the Secretary-General himself, all the members of ACC had behind them a governing body representing a certain number of Member Governments. They had no freedom to reach agreement in ACC which might run counter to the authority, and perhaps the wishes, of their own governing bodies. All of them must act within the limits of their constitutional competence. To change that would require a change in the constitutions of most of the international organizations, and that was something that nobody contemplated. They could, up to the precise point set by the terms of reference given them under the constitutional terms of the various organizations, achieve co-operation by further development of personal contacts, inspired by common aims; but, there again, there was a point where government responsibility came heavily into play and where co-ordination at government level was a prerequisite.

106. The Canadian and other representatives had raised the question of longer terms of office for those excellent, but not too numerous, international experts who com-

bined high *expertise* with broad background knowledge and the right kind of spirit in the field of technical assistance. That proposal indicated a direction in which much indeed could be done. He was already aware of various possibilities, which had been tried fairly fully, but certainly further improvements were possible in that direction and a hard core of more or less permanent civil servants of that type might finally be built up which would definitely meet in one way the needs to which he had referred at the 943rd meeting.

107. He would, however, like to point out again, in order to avoid misunderstandings, that there was a fundamental and definite difference between an expert placed at the disposal of a government—that was to say an expert who advised and had no executive responsibility—and a man seconded to a government, who acted on behalf of a government and with executive responsibility. It was the latter type he had in mind, and it was the latter type that was certainly needed in certain countries. It went without saying that in that, as in other cases, the demand should determine the supply. There had never been, and there certainly was not now, any idea in anybody's mind, certainly not in his own, that countries should be forced to take administrators whom they themselves did not feel that they needed.

But he was quite sure that the longer present developments continued, the more aware a number of countries would become that they could not meet their own basic administrative needs without some kind of assistance. When that point came, he believed they would rightly ask the world community for assistance of the type he had indicated, and it was to be hoped that by that time it could be supplied.

108. It would be unwise for the United Nations to shut its eyes to needs or, out of consideration for administratively desirable arrangements, to forget what was the main duty, not only of the Organization, but of the governments themselves. The test of organizations and governments alike was, of course, what they achieved, and he personally was convinced that with full and unreserved devotion to the task which was theirs, they would find that questions of co-ordination would solve themselves automatically.

109. The PRESIDENT declared that the Council had concluded its general debate on item 3 of the agenda, which would be referred to the Co-ordination Committee for further action.

The meeting rose at 6.10 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Afghanistan, Belgium, Bulgaria, Chile, Colombia, Finland, Hungary, Italy, Poland, Romania, Spain, Venezuela.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, World Health Organization.

AGENDA ITEM 14

Annual report of the United Nations High Commissioner for Refugees (E/2887 and Corr.1,¹ and Add.1) (*resumed from the 933rd meeting and concluded*)

1. The PRESIDENT recalled that when at the 933rd meeting of the Council he had closed the discussion of item 14, it had been understood that the representative of Yugoslavia reserved his right to reply to a statement made at that meeting by the Deputy High Commissioner for Refugees concerning the situation of refugees in Yugoslavia. He therefore called on the representative of Yugoslavia to speak.

2. Mr. PLEIĆ (Yugoslavia) recalled that in its statement at the same meeting on the annual report of the United Nations High Commissioner for Refugees (E/2887 and Corr.1), the Yugoslav delegation had limited itself to quoting figures relating to foreign refugees in Yugoslavia, its aim having been to bring that com-

paratively little known problem to the Council's notice, and to prevent the spreading of erroneous comments based on the High Commissioner's report.

3. The Yugoslav delegation had supplied the exact numbers of refugees who, having tired of waiting for admission to the countries of the west, had illegally crossed the frontier into Greece, Italy and Austria. It had given information regarding refugees who had opted for repatriation, and the exact numbers of foreign refugees who had emigrated under the United States Escapee Program. It had also given figures for the refugees who were still waiting for western countries to grant them immigration visas.

4. On the basis of certain information from obviously dubious sources, the Deputy High Commissioner had challenged those facts and alleged that foreign refugees in Yugoslavia were being forcibly detained and being refused permission to receive visits. He had also asserted that food and health conditions were very poor in the Gerovo camp, where some of the refugees were accommodated, that the refugees were constantly under threat of compulsory repatriation, and that some Bulgarian refugees had, in fact, been so repatriated.

5. In that connexion, he wished to refer to paragraphs 211 and 212 of the late High Commissioner's annual report to the eighth session of the General Assembly (E/2394), drafted after his visit to Yugoslavia. In paragraph 211 of that report it was stated that the Yugoslav Government was making considerable efforts to accommodate refugees who, as soon as they had been screened in one of the reception centres, were allowed to live in Yugoslavia without special refugee identity papers being given to them. In paragraph 212, it was further stated that on the whole the situation of refugees in Yugoslavia was satisfactory and, for all practical purposes, they had the rights provided in the Convention relating to the Status of Refugees of 28 July 1951, the ratification of which had at that time been on the agenda of the Yugoslav Parliament. He wished to point out that there was an obvious contradiction between the late High Commissioner's report and the Deputy High Commissioner's statement. If one was true, the other could not be.

6. In addition, the Deputy High Commissioner had gone on to raise other questions which, as members of the Council would have noted, bore no relation to the Yugoslav delegation's statement.

7. He had referred, in particular, to the reunion of refugees' families, alleging that the Yugoslav Government was withholding from members of such families in Yugoslavia permission to leave the country. The allegations had been made despite the fact—well known to the Office of the High Commissioner—that there were no

¹ The report will be submitted to the General Assembly at its eleventh session as A/3123.

arbitrary measures or discrimination concerning the issue of exit visas in Yugoslavia. Action by the Office of the High Commissioner in connexion with the issue of exit visas to Yugoslav nationals was obviously unnecessary and could only be taken for other ends. He would refrain from going into the intrigues surrounding the steps taken by the High Commissioner's Office to obtain exit visas for Yugoslav citizens who had never sought to emigrate from their country and who were, furthermore, entitled to travel abroad on their private business whenever they so desired.

8. The question of the opening in Yugoslavia of a branch of the High Commissioner's Office, which had also been mentioned in the Deputy High Commissioner's reply, was also significant. In that connexion, he would remind the Council that at the eighth regular session of the General Assembly, when the financial situation of the High Commissioner's Office had been very precarious, funds had been requested for the opening of a branch office in Yugoslavia, although there had been no prior consultation with the Yugoslav Government. That extraordinary procedure, which was at variance with the principles of the United Nations, had provoked such a reaction in the General Assembly that the High Commissioner's Office had been obliged to withdraw its request.

9. The Yugoslav delegation had not raised those questions or numerous others concerning the attitude of the High Commissioner's Office towards Yugoslavia at the Council's present session, because it had been asked, on behalf of that Office, not to discuss questions still in abeyance. However, in his conclusions regarding Yugoslavia, the Deputy High Commissioner had departed from the principles which should be observed when discussing the High Commissioner's report. He would like to emphasize the fact that when a government which was a member of the United Nations or of other international organizations supplied information and data on questions under international discussion, it was customary for all such information to be analysed carefully and objectively. In so far as the High Commissioner's Office had considered it necessary to ask for explanations and to check the information given, it had had the opportunity of doing so. Instead of conforming to those principles, the High Commissioner's Office had tried, through its representatives—who were United Nations officials—to introduce polemics into the discussion by endeavouring to fabricate a problem relating to refugees and aliens in Yugoslavia.

AGENDA ITEM 12

Report of the Commission on the Status of Women (E/2850)

REPORT OF THE SOCIAL COMMITTEE (E/2911)

10. Mr. BAKER (United States of America) said that he was glad to be able to inform the Council that the United States Government had recently replied to the Notes of 9 February and 6 June 1956, by which, in implementation of General Assembly resolution 926 (X) the Secretary-General had asked States Members of the United Nations whether they would consider sponsoring regional seminars under the United Nations programme of advisory services in the field of human rights.

11. His Government proposed that a joint United Nations/United States seminar should be held in the United States of America in the autumn of 1957 on the subject of citizenship education for women, and that participants from Asian States Members of the United Nations and of the specialized agencies, and from the United States of America itself, should be invited to attend. The seminar would lay emphasis upon civic responsibility and the increased participation of women in public life, both at the community and at the national level. The free exercise of political rights and their significance for women could also be discussed.

12. Emphasizing that basic education in citizenship was of vital importance for every voter, he pointed out that in all countries methods of stimulating general community participation in citizenship activities should be improved. One of the objectives of the seminar would be to help those taking part to plan similar projects in their own countries, and he felt that mutual benefit would accrue from the exchange of information between countries where women had recently been granted the right to vote and countries—such as the United States of America—where women had already been enjoying suffrage for some years.

13. The United States Government would be glad to co-operate with the United Nations in organizing such a seminar, but wished to make it quite clear that it did not want to stand in the way of an offer from any Asian State Member of the United Nations, or of the specialized agencies, to act as host to such a seminar in 1957. If such an offer were received, his Government would defer its offer for reconsideration at a later date. His Government would be glad to co-operate in such a seminar in an Asian country if the Secretary-General considered it desirable.

14. If the seminar were held in the United States of America, his Government would seek the active co-operation of non-governmental organizations in making arrangements, including appropriate activities, both before and after the seminar. It was hoped that it would prove possible to conduct the seminar on the workshop principle, which meant that those taking part would join in discussions and in developing materials on the problems of citizenship education. Participants should be selected on the basis of their capacity and availability for leadership in that field in their own countries, and should be well informed about citizenship education in their own countries.

15. After describing the programme suggested by his Government, he said that the United Nations Educational, Scientific and Cultural Organization had already organized meetings and published several books on citizenship education. He therefore hoped that it would help in the preparations for the seminar.

16. In view of the considerable expense that would be incurred were the seminar to be held in the United States of America, his Government would try to supplement, from private as well as public sources, such financial assistance as would ordinarily be provided by the United Nations under the programme of advisory services in the field of human rights. His Government also looked forward to consulting with the Secretary-General on the

general arrangements. The seminar would be conducted in accordance with the usual United Nations procedure, and the plans would be subject to the Secretary-General's approval.

17. His Government had consistently given strong support to the United Nations programme of advisory services in the field of human rights, was keenly interested in citizenship education, and believed that it was of far-reaching importance in the exercise of political rights by women. It had supported the relevant resolution of the Commission on the Status of Women (E/2850, para. 159), in which the Secretary-General was requested to explore the possibility of holding regional seminars to assist women in developing their understanding of civil responsibilities and in increasing their participation in the public life of their countries. His Government was therefore happy to invite formally the United Nations to organize jointly a seminar on "Citizenship Education for Women" under the United Nations programme of advisory services in the field of human rights.

18. The PRESIDENT said that the observer for the Government of Romania had requested that he might make a statement on the same subject. If there were no objection, he would call upon him to address the Council.

19. Mr. KELEMEN (observer for the Government of the People's Republic of Romania) said that the Secretary-General had asked his Government, in a letter dated 6 June 1955, whether it would agree to one of the seminars planned for 1956 and 1957 being held in Romania, in pursuance of resolutions 926 (X) of the General Assembly and 605 (XXI) of the Economic and Social Council relating to the implementation of a programme of advisory services in the field of human rights. It was a matter of organizing regional seminars to enable women who had only recently acquired political rights, or did not yet exercise them fully, to gain a better understanding of their civic duty and play a larger part in the public life of their respective countries.

20. He was happy to announce that the Government of the People's Republic of Romania, which was anxious to help carry out the United Nations programme of seminars, had agreed to a seminar being held in Romania in 1956 on the civic duties and increased participation of women in the public life of the countries where they had recently acquired political rights.

21. Mrs. TSUKANOVA (Union of Soviet Socialist Republics) was glad to note that a number of the specialized agencies had taken decisions concerning the improvement of the status of women. Some conventions on women's rights, including the International Labour Convention on equal remuneration for work of equal value, had been adopted. However, complete equality of men and women in all spheres had not yet been attained in some countries, and the specialized agencies, as well as governments, still had work to do before that important problem was settled. In that respect, the seminars to be organized by the United Nations would be of considerable importance, and she was therefore glad to announce that the Union of Soviet Socialist Republics, where the equality of rights of men and women in the political, economic and cultural fields had been guaranteed by the Constitution for nearly forty years, had decided

to hold, from 15 September to 30 September 1956, a seminar to which representatives of States members of the Commission on the Status of Women, of the specialized agencies and of international and national women's organizations had been invited. The purpose of the seminar was to make known the experience acquired by the Soviet Union in giving effect to equality of rights of men and women in all spheres. Eminent Soviet Union authorities would deal with the following subjects: participation of women in government in the Soviet Union; equality of rights of men and women; women of the Soviet Union and equality of rights in the economic field; social insurance in the Soviet Union and state maternity and child protection; rights of women of the Soviet Union in education; and cultural and scientific activities of women of the Soviet Union.

22. Every lecture would be followed by a discussion amongst all those taking part in the seminar, who would be able to visit universities, hospitals, maternity homes, crèches, collective farms, local councils of working people's deputies, trade union offices, exhibitions, and so on. The Soviet Union Government would arrange meetings between participants in the seminar and members of the Government, officials, workers and employees.

23. There would be visits to Leningrad, Stalingrad and the holiday centre of Sochi, and those attending would be able to visit the Republics of Byelorussia, the Ukraine, Armenia, Uzbekistan and Georgia, where they would see the extent to which those republics had emancipated women and brought them into every branch of public life. All the expenses of the seminar would be borne by the Government of the Soviet Union. She hoped that many members of the Economic and Social Council would be able to take part in it. The Soviet Union delegation would appreciate it if representatives to the Economic and Social Council could find it possible to do their best to help representatives of States members of the Commission on the Status of Women to take part in the seminar.

24. Miss BERNARDINO (Dominican Republic) felt that draft resolutions A and B in the report of the Social Committee (E/2911) on the report of the Commission on the Status of Women should be amended to conform with the resolutions appearing in the Committee's other reports currently before the Council. She therefore suggested that the word "Requests" in the fifth paragraph of resolution B. I and in operative paragraph 1 of resolution B. II should be amended to read "Invites", and that in operative paragraph 2 of resolution B. II the word "Invites" should be replaced by the word "Requests".

It was so agreed.

25. The PRESIDENT then put to the vote *seriatim* draft resolutions A to C in the report of the Social Committee (E/2911).

A — REPORT OF THE COMMISSION

Draft resolution A was adopted unanimously.

B — ECONOMIC OPPORTUNITIES FOR WOMEN

26. Mr. HOARE (United Kingdom) requested that separate votes be taken on parts I and II and on part III of draft resolution B.

B. I — OPPORTUNITIES FOR WOMEN IN HANDICRAFTS AND COTTAGE INDUSTRIES

B. II — WORKING WOMEN, INCLUDING WORKING MOTHERS, WITH FAMILY RESPONSIBILITIES, AND MEANS FOR THE IMPROVEMENT OF THEIR POSITION

Parts B. I and B. II of draft resolution B were adopted unanimously.

B. III — ECONOMIC RIGHTS OF WOMEN

Part B. III of draft resolution B was adopted by 17 votes to none, with 1 abstention.

C — DISCRIMINATION AGAINST WOMEN IN EDUCATION

Draft resolution C was adopted unanimously.

AGENDA ITEM 11

**Report of the Commission on Human Rights
(E/2844 and Add.1)**

REPORT OF THE SOCIAL COMMITTEE (E/2916 AND ADD.1)

27. Mr. DAVIDSON (Canada), referring to the statement of financial implications submitted by the Secretary-General (E/2916/Add.1) in connexion with draft resolution B adopted by the Social Committee, expressed his appreciation of the way in which the Secretary-General's representative had succeeded in preparing a revised statement in the short time at his disposal. The original estimate of the financial implications (E/2844/Add.1) of draft resolutions A and B submitted to the Council by the Commission on Human Rights (E/2844, Annex I) had been \$136,000, but that figure had now been substantially reduced to \$46,000 or \$52,000 a year, depending on whether publication of the summary reports or of the special studies was called for in any one year.

28. The Canadian delegation was, however, somewhat concerned at the fact that the Division on Human Rights would require eight additional staff members to carry out the work requested in resolution B. After quoting paragraphs 4 and 5 of the statement on financial implications, he said that he appreciated the fact that in the recent reorganization of the Secretariat by the Secretary-General the manning table of the Division on Human Rights had been drastically curtailed, and that the Division had been operating under somewhat severe restrictions since that time.

29. Although his delegation wished to have more time to study the relevant financial implications, it would not make such a request at the present time, but would reserve its position until the matter came up before the Fifth Committee of the General Assembly.

30. Mr. EUSTATHIADES (Greece) said that he would like to draw attention, as he had done already in the 350th meeting of the Social Committee, to the fact that Mr. Palamas, the Head of the Permanent Delegation of Greece to the United Nations, had addressed a communication to the Chairman of the Commission on Human Rights concerning the constant violation of human rights in Cyprus. In his letter, Mr. Palamas described the conditions in Cyprus, which had been transformed into

a huge concentration camp where all human rights were being systematically violated. Schoolchildren were being flogged, the political and religious leader of the Greeks, Archbishop Makarios, was in exile; unjustified arrests and detentions, summary executions, collective punishment and a long series of arbitrary acts and violations of the most fundamental freedoms were being perpetrated continually, and the situation was becoming more and more serious every day.

31. The Commission on Human Rights had not made a statement on that communication, but its Chairman had undertaken to transmit it to the Economic and Social Council. That did not seem to have been done. Accordingly, in view of the provisions of Articles 55 and 56 of the Charter concerning international economic and social co-operation and universal respect for human rights, he formally requested that the communication in question be transmitted to the Council.

32. Mr. HUMPHREY (Secretariat) said that it was true that at the twelfth session of the Commission on Human Rights the Chairman had stated that the communication from the Greek Government could be brought to the Council's attention. That statement had, however, been the result of a misunderstanding on the Chairman's part and, at the request of a certain delegation, the summary record of the relevant meeting had been corrected. It now stated that the communication in question would be brought to the attention of the Commission on Human Rights, in accordance with the procedure laid down in Council resolution 75 (V), as amended.

33. Mr. EUSTATHIADES (Greece) observed that the changes made in the Commission's records to which the representative of the Secretary-General had referred had affected the entire procedure laid down and decided on by the Commission itself. It could have taken up the question under item 3 (d) of its agenda: Development of the work of the United Nations for wider observance of, and respect for, human rights and fundamental freedoms throughout the world: "Other questions". The reason why it had not done so was that its Chairman had intimated that the communication in question would be transmitted to the Council. He was surprised that corrections could be made to records which were of such a nature as to change the procedure which a United Nations body had decided to follow. He was convinced that the members of the Council felt the deepest sympathy for the fate which had overtaken the people of Cyprus, and he called on them to devote some thought to that grave and urgent problem.

34. Mr. KOTSCHNIG (United States of America) said his delegation warmly supported the report of the Social Committee (E/2916) on the report of the Commission on Human Rights and the resolutions contained therein. Although he considered the financial implications set out in document E/2916/Add.1 to be reasonable, he reserved his right to speak on that question when the Co-ordination Committee came to discuss the financial implications of the Council's decisions.

35. Mr. LAVRICHENKO (Union of Soviet Socialist Republics) observed that the subjects covered by resolution B in the report of the Social Committee had been

under study by the Commission on Human Rights for the past five years and had led to the formulation of articles 9, 12 and 13 of the draft International Covenant on Civil and Political Rights. The financial implications of the resolution were considerable, and he reserved the right to revert to that question in the Co-ordination Committee and the Fifth Committee of the General Assembly.

36. The PRESIDENT put to the vote *seriatim* draft resolutions A to C in the report of the Social Committee (E/2916).

A—REPORT OF THE COMMISSION

Draft resolution A was adopted unanimously.

B—PERIODIC REPORTS ON HUMAN RIGHTS AND STUDIES OF SPECIFIC RIGHTS OR GROUPS OF RIGHTS

Draft resolution B.I was adopted by 13 votes to 3, with 2 abstentions.

Draft resolution B.II was adopted by 10 votes to none, with 8 abstentions.

C—CELEBRATION OF THE TENTH ANNIVERSARY OF THE UNIVERSAL DECLARATION OF HUMAN RIGHTS

Draft resolution C was adopted unanimously.

37. Mr. SUWADJI (Indonesia), explaining his vote, recalled the statement made by the Indonesian representative in the Social Committee that he doubted the wisdom of making the proposed special studies of specific rights or groups of rights. Accordingly, having studied the relevant financial implications, he had abstained from voting on part II of draft resolution B because he still doubted the value of such projects.

38. Mr. EUSTATHIADES (Greece), explaining his vote, said he had voted for part I of Resolution B, because it would help the Commission in its work. Nevertheless, his vote should be interpreted in the light of all the reservations the Greek delegation had made in the Social Committee concerning the three-year period, which was at variance with the Commission's original intentions.

39. With regard to resolution C, he had voted for it in order to show that his delegation was always eager to support the United Nations' efforts in the field of human rights. However, he wished to make reservations in case the position in Cyprus in 1958—the year in which the tenth anniversary of the Universal Declaration was due to be celebrated—was the same as it was at present. If so, the Greek delegation would be unable to take part in the proposed celebrations. He therefore trusted that a solution acceptable to the people of Cyprus would have been reached by that date.

AGENDA ITEM 13

International control of narcotic drugs (E/2891 and Add.1 and 2, E/OB/11 and Add.) (resumed from the 942nd meeting)

REPORT OF THE SOCIAL COMMITTEE (E/2912 and Corr.1)

40. Mr. LAVRICHENKO (Union of Soviet Socialist Republics) pointed out that his delegation was not yet in possession of the Russian text of the draft resolutions

in the report of the Social Committee (E/2912 and Corr.1), and was therefore unable to state an opinion on them.

41. The PRESIDENT fully understood the Soviet Union representative's difficulties; the draft resolutions in the Social Committee's report would not be discussed until the report had been circulated in Russian.

42. He then announced that the observer for the Government of Afghanistan had requested permission to make a statement in connexion with that government's request to be recognized, under the 1953 Protocol for Limiting and Regulating the Cultivation of the Poppy Plant, the Production of, International and Wholesale Trade in, and Use of Opium, as a country producing opium for export.

43. As there was no objection, he invited the Afghan observer to speak.

44. Mr. TABIBI (observer for the Government of Afghanistan) said he would first reply to some of the arguments advanced in the Social Committee by the representative of Pakistan and by the observer for the Government of Iran to justify the rejection of Afghanistan's request to be placed on the list of countries authorized to export opium under the 1953 Protocol; he would then speak on resolution G of the Social Committee. They were the same arguments as those advanced in the Social Committee (328th and 329th meetings) at the twentieth session of the Council and also at the eleventh session of the Commission on Narcotic Drugs (E/2891, paras. 245-252); on neither occasion had they been accepted.

45. The representative of Pakistan had affirmed that Afghanistan had failed to submit statistics to the United Nations. At the eleventh session of the Commission on Narcotic Drugs, however, the Secretary of the Permanent Central Opium Board had stated that since Afghanistan was not a party to the 1925 Convention it was under no obligation to submit data. Actually, Afghanistan had supplied the Board with data concerning its opium exports in recent years; and relevant statistics were also to be found in the July 1953 issue of the *Bulletin on Narcotics*, where mention was made of two grades of opium exported from Afghanistan, one with the highest percentage of morphine in the world.

46. The representative of Pakistan had also affirmed that Afghanistan was not a regular exporter of opium. In reply to that assertion, he would refer to the documents of the League of Nations and the statistics relating to opium imported from Afghanistan which had been furnished to the United Nations by a number of governments. If Afghanistan did not export opium to India, Iran or Pakistan, it was because those countries were themselves the leading exporters of opium in the world.

47. The fear had been expressed that if Afghanistan was authorized to export opium under the 1953 Protocol, the effects would be felt in Pakistan and Iran, where the cultivation of the opium poppy had been prohibited or restricted. That argument disregarded the fact that India, which was the world's leading exporter of opium, had thousands of miles of common frontier with Pakistan. Turkey, another leading exporter of opium, had a common frontier with Iran. The amount of

opium exported from Afghanistan was small, even negligible, compared with the amount exported from India and Turkey. Moreover, the Government of Afghanistan was proud to be able to say that the record of Afghanistan in the matter of illicit traffic in opium was a very clean one compared with those of other nations.

48. Some members of the Social Committee had expressed the view that, although Afghanistan's request had been supported in the past, the position had been changed by Iran's decision to prohibit the cultivation of the opium poppy. That decision, however, strengthened rather than weakened Afghanistan's case, because if such a leading exporter of opium as Iran renounced its right to produce opium, there would be more room for Afghanistan's supplies in the licit traffic. The danger of an expansion in the illicit traffic arose not from legitimate but from illicit exports. That danger would therefore be greatly reduced if Afghanistan was granted the right to export legitimately.

49. He briefly surveyed the history of Afghanistan's claim to be included among the authorized exporters of opium. Owing to an unfortunate combination of circumstances, Afghanistan had been unable to participate in the Conference of June 1953 which had led to the drafting and signing of the Protocol, though it had more right to produce opium than many of the countries whose names were included in the Protocol. It had first presented its request to be included in the list of authorized exporters at the tenth session of the Commission on Narcotic Drugs, and had then fully explained why it desired an early amendment of the 1953 Protocol. As paragraphs 155-156 of the Commission's report on the work of its tenth session (E/2768) showed, the Commission had expressed general sympathy with Afghanistan for the unfortunate situation in which it had been placed through not being represented at the 1953 Conference. The members of the Commission had advised the Government of Afghanistan that it should follow, in due course, the procedure provided for in article 22 of the Protocol. At the same session of the Commission, it had been unanimously decided that the question of Afghanistan's inclusion in the list of authorized opium exporters should be placed upon the agenda of the Commission's eleventh session. His Government had put its case before the Council at its twentieth session during the discussion of the report of the Commission on Narcotic Drugs. All members of the Council had supported Afghanistan's request and had unanimously approved a proposal by the representative of the United States of America, which expressed sympathy with the problems of Afghanistan and requested that the views of members should be called to the attention of the Commission on Narcotic Drugs. Understanding of Afghanistan's problems had also been expressed in the Third Committee (680th and 681st meetings) of the General Assembly when the Council's report on the subject was discussed at the Assembly's tenth session. Afghanistan's right to export opium had been recognized at the eleventh session of the Commission on Narcotic Drugs. The draft resolution approving Afghanistan's claim had been supported by—among others—the United Kingdom, the United States of America, the Union of Soviet Socialist Republics, India, Greece and Poland. Unfortunately,

however, Afghanistan's legitimate request and the support it had secured in the three competent organs of the United Nations had been overborne at the present session of the Council by the fallacious arguments of certain members of the Social Committee, with the result that the Council was now being asked to defer a decision on the simple course which the competent technical organ of the United Nations, after two years of consideration, had recommended it to take.

50. No new arguments had been advanced, and there was no reason why the Council, acting under Article 62 of the Charter and also under the 1953 Protocol, should not, in view of the recommendation of the Commission on Narcotic Drugs, take positive action itself, without further postponement. The Commission on Narcotic Drugs had already agreed to include Afghanistan in the draft Single Convention among the authorized producers of opium; further work on the Convention might well be impeded, therefore, until the Council took positive action on his Government's request.

51. Afghanistan had strong justification for its request. The attitude of some delegations had been influenced by Iran's decision to prohibit the cultivation of opium, but it was necessary to bear in mind the different conditions existing in the two countries. Afghanistan's need to produce opium was as great as the need to prohibit its production in Iran. While there were two million drug addicts in Iran, there was no such problem in Afghanistan. Moreover, Iran, owing to its income from oil and other sources, was not in such great need as Afghanistan, for the inhabitants of whose Northern Province the cultivation of opium was the only feasible means of livelihood. Afghanistan had been one of the first countries to consider prohibiting the cultivation of opium, and had taken steps to do so eleven years before, at a time when Iran and India, including the present Pakistan, had been big opium producers; but because of a major social and economic crisis in the Province of Badakhshan the Government had had to rescind its decision. The production of opium was, however, strictly controlled. Cultivators were licensed and had to deliver all the opium produced to authorized government agencies, which were solely responsible for export. The Afghan authorities were prepared to co-operate fully with Iranian officials to control any illicit traffic which might take place in future, though there had been none in the past. A frontier control treaty had been signed between the two Governments, and it was the earnest hope of Afghanistan that the Iranian law prohibiting the cultivation of the opium poppy would give the desired results.

52. The failure of the Afghan Government to obtain from the United Nations recognition as an exporter of opium would have serious consequences for the precarious economy of Badakhshan Province. Badakhshan was ideally suited for the cultivation of opium and, because of its high morphine content, the opium produced there had always brought a good price and had been in high demand by drug manufacturers.

53. Afghanistan had cultivated and exported the best quality opium—with 17 per cent morphine content—for years, and would continue exporting opium, because it

was its sovereign right to do so. The 1953 Protocol had not yet come into force, and Afghanistan, not being a party to it, was free to export opium, even before the Protocol was amended in Afghanistan's favour. The denial of Afghanistan's right to produce opium would not be in the best interests of the United Nations because, if the country was allowed to export opium licitly, the danger of illicit traffic would be reduced. The Economic and Social Council should always stand in defence of its principles; it should support the efforts of the Members of the United Nations to seek satisfaction of their social and economic requirements; and it should not allow its decisions and principles to be influenced by the political arguments advanced by some of its Members.

54. He had no doubt that the draft resolution unanimously approved by the Social Committee at the present session reflected the same spirit of sympathy towards Afghanistan as had characterized the Council's attitude at its twentieth session. That draft resolution did, however, run counter to previous decisions, and gave a one-sided view of the situation. By giving effect to the resolution of the Commission on Narcotic Drugs, the Council would permit the inclusion of Afghanistan in the list of producing countries embodied in the Single Convention while that Convention was still under consideration. Furthermore, Afghanistan considered that the 1953 Protocol was a United Nations achievement, and Afghanistan's adherence to it would strengthen the control of the international trade in opium. Representing as it did such a small proportion of total world production, the opium exported by Afghanistan would not upset the balance between world exports and import requirements.

55. Mr. ALEEM (Pakistan) said his Government bore no ill-will against Afghanistan and did not oppose its request on political grounds; nor had it accused Afghanistan of smuggling opium into Pakistan.

56. So far as statistics were concerned, he would point out that Afghanistan, as a party to the 1912 Hague Convention, was under the obligation to supply them. In that connexion, he also referred to resolution II B of the Commission on Narcotic Drugs (E/2891, Annex B).

57. At its twentieth session, the Council had not taken any substantive action on Afghanistan's request, but had merely endorsed the sentence in its Social Committee's report (E/2785, para. 5) reading as follows: "Members expressed sympathy with the problem of Afghanistan and requested that their views be called to the attention of the Commission on Narcotic Drugs."

58. Mr. KOTSCHNIG (United States of America) said he would like to explain in advance his vote on the Social Committee's draft resolution G concerning Afghanistan's request. His delegation had supported the draft resolution in the Social Committee, although it meant a delay in final action on Afghanistan's claim. It had done so because a number of new technical issues had been raised in the Committee. Neither the Social Committee nor the Council itself consisted of experts on narcotic drugs, and it had seemed reasonable, therefore, to refer the matter back to the competent expert body, which was the Commission on Narcotic Drugs.

59. The Commission's resolution II A supporting Afghanistan's claim (E/2891, Annex B) referred to the draft of the Single Convention which, in any event, would not be completed before the Council's next session. The 1953 Protocol itself had not entered into force. Consequently, the delay would not affect Afghanistan's position.

60. A vote for the Committee's resolution would not be tantamount to a rejection of the Commission's resolution. His Government continued to view with sympathy the needs and interests of both Afghanistan and Iran, as well as all efforts to bring the illicit traffic under control.

61. Mr. LAVRICHENKO (Union of Soviet Socialist Republics) said that, after hearing the statement by the observer for Afghanistan, he wished to remind the Council that at its twentieth session the members of the Council had favourably received the Afghan Government's request that Afghanistan should be accorded the right to produce opium for export. The Commission on Narcotic Drugs, taking into account the favourable attitude of the Council, had considered every aspect of the question and, in particular, the medical and economic aspects. After a careful and exhaustive study of the problem, the Commission had recognized the justice of the Afghan request to be included in the list of countries entitled to produce opium for export. It also adopted a resolution in which it requested the Secretary-General to amend the second draft of the Single Convention so as to include Afghanistan in the list of countries entitled to produce opium for export.

62. The observer for the Government of Afghanistan had adduced medical and economic arguments in support of his Government's request, and the Soviet Union delegation saw no further reason to fear that a decision to meet it could have harmful results. Afghanistan being a traditional producer of raw opium, its request was fully justified and should be supported. Accordingly, after voting for the draft resolution adopted by the Commission, the Soviet Union delegation felt that, in view of the explanations given by the observer for Afghanistan, it could support that country's request to be given the right to produce opium for export.

63. Mr. DAVIDSON (Canada) said that his delegation had been one of those which had voted against the Commission's recommendation to the Council concerning Afghanistan's request. It had done so, not on political grounds, but for technical reasons. The Commission's vote had been indeterminate, as was shown by paragraph 250 of the report of the Commission on the work of its eleventh session (E/2891), where it was stated that the draft had been approved by 6 votes to 3, with 5 abstentions. The vote reflected the division of opinion and the uncertainty among the members of that technical body. Consequently, a draft resolution suggesting that the matter should be referred back to the Commission was justified.

64. That was especially the case since, as had been mentioned by the representative of the United States, the delay would not prejudice Afghanistan's position, because the Single Convention was still in the drafting

stage and would not be completed while the question was under consideration.

65. The fact was that more opium was being produced than the world needed, and it was therefore advisable to restrict the production of opium for export by all fair means. The Single Convention limited the number of countries to be recognized as producers of opium for export, and the Council should think carefully before adding any country to the list. For that reason, and because Iran had announced its intention to prohibit the production of opium, the Council should support the draft resolution contained in its Social Committee's report.

66. Mr. HOARE (United Kingdom) said his delegation had been one of those which had voted for the Commission's draft resolution supporting Afghanistan's claim. It had voted for the Social Committee's draft resolution because it was of the opinion that the Council should not take a final decision on the Commission's draft resolution at the present stage. Diametrically opposing views on the matter had been expressed by the representatives of Afghanistan and Canada. Statements had also been made by the representatives of Iran and Pakistan. The United States representative had pointed out that Afghanistan's request was a highly technical matter upon which it was undesirable for the Council

to reach a decision without full and considered advice. The whole question should be re-examined by the expert body responsible for advising the Council. The draft resolution reflected an entirely neutral attitude, since paragraph 1 merely invited the Commission on Narcotic Drugs to consider the matter further.

67. The draft resolution would not interfere with Afghanistan's sovereign right to produce and export opium at the present time, since the Single Convention was still only in draft form. Furthermore, the Commission had already decided to continue its work on the Single Convention, and also to consider the situation in Iran at its next session, and the question would therefore be examined in an appropriate context.

68. Mr. PAVLIC (Czechoslovakia) pointed out that his delegation had already made known at the twentieth session of the Council and at the tenth session of the General Assembly that it took a favourable view of the Afghan Government's request. The fact that it had voted for draft resolution G in the Social Committee's report did not mean that it had changed its mind. Its vote was simply to be interpreted as expressing the hope that the Commission would be able to take appropriate action on Afghan's justified request.

The meeting rose at 12.45 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Belgium, Bulgaria, Chile, Colombia, Finland, Hungary, Israel, Italy, Mexico, Poland, Romania, Spain, Venezuela.

The representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization, Interim Commission for the International Trade Organization.

AGENDA ITEM 13

International control of narcotic drugs (*concluded*)

REPORT OF THE SOCIAL COMMITTEE
(E/2912 AND CORR.1) (*concluded*)

1. The PRESIDENT said that, before putting to the vote the various draft resolutions in the report of the Social Committee on the international control of narcotic drugs (E/2912 and Corr.1), he wished to inform the Council that the financial implications of draft resolution H, concerning the meeting of scientists on opium research, would amount to \$10,000 for the scientists' expenses, plus \$7,000 for temporary conference services. Provision for such expenditure would be included in the Secretary-General's budget estimates for 1958.

2. Referring to draft resolution F, concerning the draft Single Convention on narcotic drugs, he pointed out that the cost of prolonging the twelfth session of the Commission on Narcotic Drugs for one week would affect the 1957 budget requirements, and that the extra sum

involved—\$5,400—would be included in the revised budget estimates for 1957 which the Secretary-General would submit to the forthcoming eleventh regular session of the General Assembly.

3. He then put to the vote *seriatim* the draft resolutions A to H in the report of the Social Committee, as amended by document E/2912/Corr.1.

A—REPORT OF THE COMMISSION ON NARCOTICS
Draft resolution A was adopted unanimously.

B—REPORT OF THE PERMANENT CENTRAL OPIUM BOARD
Draft resolution B was adopted unanimously.

C—INTERNATIONAL CONTROL OF NARCOTICS AND IMPLEMENTATION OF THE TREATIES
Draft resolution C.I was adopted unanimously.
Draft resolution C.II, as amended by document E/2912/Corr.1, was adopted by 14 votes to none, with 4 abstentions.
Draft resolution C.III was adopted unanimously.

D—TECHNICAL ASSISTANCE FOR NARCOTICS CONTROL
Draft resolution D, as amended by document E/2912/Corr.1, was adopted unanimously.

E—TECHNICAL ASSISTANCE TO IRAN
Draft resolution E was adopted unanimously.

F—DRAFT SINGLE CONVENTION ON NARCOTIC DRUGS
Draft resolution F was adopted unanimously.

G—THE QUESTION OF THE CLAIM OF AFGHANISTAN TO BE INCLUDED AMONG COUNTRIES WHICH MAY PRODUCE OPIUM FOR EXPORT
Draft resolution G was adopted unanimously.

H—MEETING OF SCIENTISTS ON OPIUM RESEARCH
Draft resolution H was adopted unanimously.

4. Mr. PAVLIK (Czechoslovakia) explained that he had voted for resolution C.I, inviting the Government of the Federal Republic of Germany to adhere to the Protocol of 1948, because his delegation believed that the Protocol should be universal. It was with that consideration in mind that the Czechoslovak delegation had submitted a draft resolution (E/AC.7/L.274) in the Social Committee, similarly inviting the Government of the German Democratic Republic to adhere to the Protocol. He could only express his regret that his proposal should not have found favour with the Social Committee.

5. Mr. PLEIĆ (Yugoslavia) explained that he had voted for resolution F concerning the draft Single Convention on narcotic drugs because his delegation was still convinced that such a convention would be useful.

However, although the Yugoslav delegation approved resolution F in principle, it was not enthusiastic about the procedure proposed. While realizing the difficulties with which certain governments were faced, he would like to draw the Council's attention to the fact that much time and effort had already been expended on the Single Convention; he therefore hoped that the work would soon be successfully completed.

6. Mr. LAVRICHENKO (Union of Soviet Socialist Republics) said that his delegation had voted for resolution C.I in the belief that it was necessary to support any measure which would broaden the scope of the 1948 Protocol. The German Democratic Republic, in whose territory synthetic drugs were produced, had just as much right to become a party to the Protocol as had the Federal Republic of Germany, and the Soviet Union had therefore supported the draft resolution inviting it to do so which the Czechoslovak delegation had submitted in the Social Committee. He regretted that the majority of the Committee had not supported the draft resolution, which would have strengthened international co-operation in the control of narcotic drugs.

7. The Soviet Union delegation had voted for resolution G on the claim of Afghanistan to be included among countries which might produce opium for export, though it regretted that the Council had not taken a more positive attitude on that matter. His delegation had already been inclined to support the claim when it had first come up at the tenth session of the Commission on Narcotic Drugs; the explanations given by the observer for the Government of Afghanistan at the 946th meeting had finally convinced it. He regretted that some other delegations had not been convinced and hoped that their doubts would be dispelled in the near future.

AGENDA ITEM 10

Programme of concerted practical action in the social field of the United Nations and the specialized agencies (resumed from the 929th meeting and concluded)

REPORT OF THE SOCIAL COMMITTEE (E/2909)

8. The PRESIDENT put to the vote the draft resolution contained in the report of the Social Committee (E/2909).

The draft resolution was adopted unanimously.

9. Mr. HOARE (United Kingdom) wished to pay a tribute, on behalf of his and many other delegations, to the Chairman of the Social Committee on the way in which he had conducted the Committee's business, which had enabled it to complete the consideration of the items on its agenda with great speed and in complete harmony.

10. The PRESIDENT associated himself with the United Kingdom representative's remarks, and expressed the Council's appreciation of the efficient way in which the first Vice-President had discharged his duties as Chairman of the Social Committee.

11. Mr. TRUJILLO (Ecuador) thanked the President and the United Kingdom representative for their kind remarks. In his chairmanship of the Social Committee

he had been fortunate in having the benefit of the goodwill and experience of its members, and he was glad indeed that the discussions had been so harmonious.

AGENDA ITEM 5

Financing of economic development (E/2865 and Corr.1 and Add.1 and 2, E/2896 and Corr.1, E/2901)

12. The PRESIDENT drew attention to the Secretary-General's memorandum on taxation in capital-exporting and capital-importing countries of foreign private investment (E/2865 and Corr.1); to the report on Netherlands taxation of private Netherlands investment abroad (E/2865/Add.1); to the report on Belgian taxation of private Belgian investment abroad (E/2865/Add.2); to the interim report of the *Ad Hoc* Committee on the question of the establishment of a Special United Nations Fund for Economic Development (E/2896 and Corr.1);¹ and to the Secretary-General's report on the international flow of private capital, 1953-1955 (E/2901).

13. Mr. STIKKER (Netherlands), quoting the preamble to the Charter of the United Nations, by virtue of which, among other things, States Members must "employ international machinery for the promotion of the economic and social advancement of all peoples", said that he was sure that it was obvious to all members of the Council that his Government was determined to contribute its full share towards the accomplishment of that aim.

14. All Members of the United Nations were agreed that the problem of the under-developed countries must be dealt with effectively and urgently. Although there were differences of opinion as to how that should be done, he felt that they were not the main reason why no decisive action had yet been taken by the United Nations. The true reason was a political one.

15. It must be recognized that decisions regarding the setting up of the Special United Nations Fund for Economic Development (SUNFED) required a certain climate—an air of mutual understanding and confidence—without which it was impossible to make headway. Hasty action would not encourage such a climate; indeed, the Netherlands Government felt that it could not fail to hamper the financing of economic development. All States Members should bear in mind that they must remain within a certain pattern of relationships, which must be the basis for any discussions on the all-important subject of the promotion of economic development.

16. Referring to international tax problems, he said that his delegation had always held the view that private and public investment should play a common part in the financing of economic development. His country could not therefore accept the views of the countries of the Soviet Union bloc which had consistently shown themselves reluctant to recognize the role of private capital in economic development. That was tantamount to saying that they were only willing to promote United Nations economic co-operation provided that it was based on the

¹ This report will be submitted to the General Assembly at its eleventh session as A/3134.

economic pattern of communism. That view must clearly be unacceptable to the United Nations.

17. He was equally opposed to the view that SUNFED should be regarded as unnecessary, because it would have to operate in a field which should be reserved for private investment. Such a view was also based on political prejudice.

18. The economies of the more highly developed countries clearly showed that private capital evinced little or no interest in certain sectors, which had therefore been developed with the help of public investment.

19. There was no reason to emphasize the antithesis between private and public investment, since both forms were necessary and useful. It appeared from the Secretary-General's report (E/2901) that the border-line between them had been less clear-cut during the last few years, and that several kinds of association between the two had developed. That report also showed that, with few exceptions, there had been a general trend in capital-importing countries towards a more liberal policy. That trend, which had in some cases been reversed, had come about simultaneously with a relaxation of existing restrictions on capital exports from various European countries, following their economic recovery after the war, and strengthened balances of payments. The report did not, however, expect that the action taken would exert a strong influence on the total volume of direct investment.

20. It was well known that the promotion of private investment in under-developed countries could make some contribution to the deployment of productive resources in those countries. It must, however, be borne in mind that private investment tended to seek projects which promised the investor a fair prospect of legitimate continuity and profit. Investment which offered easy and rapid profits was not always related to projects which came high on the priority lists of the under-developed countries. Hence, if governments limited their efforts to promoting the flow of private capital to those countries, the primary needs of the latter would not be met.

21. The standard of living of the under-developed countries must be raised, but that could not be accomplished by private investment alone. The studies carried out over the past five years had clearly shown that the under-developed countries required substantial sums for carrying out projects which might not be self-liquidating, but which must be undertaken in order to release the forces of expanding economic development. He would mention in that connexion the building of roads, power stations, schools and hospitals, the establishment of efficient public administration, the introduction of technical training, and so forth. Those very different types of activity had now been reduced to their lowest common denominator—the economic and social infrastructure. He felt that everyone was agreed about the significance of infrastructure investment. A substantial number of governments, whose replies to the Secretary-General's questionnaire appeared in the interim report (E/2896 and Corr.1), had explicitly stated that infrastructure investment should be the principal aim of any United Nations fund. His delegation felt that no ingenuity need be expended on enlarging the meaning of that

concept, as that might create insurmountable difficulties when SUNFED began to operate.

22. The Netherlands Government considered it a tragic error that such a fund for financing the economic and social infrastructure should not yet have been established by the United Nations. His Government's views sprang from a sincere consciousness of international responsibility, which demanded that Members of the United Nations should not fail to do what was justly expected of them. The establishment of a special fund had been so widely discussed, and so thoroughly studied, during the past five years, that a small committee of experts could now, without too much difficulty, draw up a statute for a fund within a few months. Endless discussion of the technical merits of the problem would lead to no solution. The question whether all Members of the United Nations—both the developed and the under-developed countries—really wanted SUNFED, and were therefore prepared to make sacrifices to see it established, was a political one.

23. He did not believe that it was sound to argue that the establishment of SUNFED would impose insupportable burdens on Members of the United Nations. He realized that the financial and economic situation of many countries was far from easy, but pointed out that experts had agreed that SUNFED could start operating with an initial capital of no more than \$250 million. The leader of the British Labour Party had recently proposed that all countries should contribute 1 per cent of their national income to such a fund. He could not imagine that any economist of repute would maintain that \$250 million would be an unbearable burden for the collectivity of the Members of the United Nations. Therefore, the political issue of whether Members of the United Nations were really willing to set up such a fund had to be squarely faced.

24. In the Netherlands, social and economic development was regarded as one of the great world problems of the times. Peace and liberty could not flourish in company with hunger, poverty and ignorance. The economic development of the under-developed countries was therefore the most positive contribution the United Nations could make to a real and lasting peace.

25. Most under-developed countries recognized that they themselves bore the primary responsibility for improving their lot. Many of them had already taken measures to accelerate the rhythm of their development. However, the desired result could be achieved only if other Members of the United Nations also accepted the joint responsibility of which the Organization was the symbol, and without which it would be no more than a façade.

26. Paying a tribute to the great work accomplished through the Marshall Plan, he emphasized that the over-industrialized countries were now called upon to assume a corresponding responsibility towards the under-developed countries. The question of aid to the under-developed countries must not be allowed to become the *leitmotif* of the cold war, and he was obliged to mention in that connexion that during the past year the Soviet Union had begun to use such aid as an instrument of ideological and economic warfare.

27. It was encouraging to note that in some western countries public opinion was becoming more disposed towards the creation of a special fund, and that in others, whose governments had so far been unable to reach a decision on the question, more interest in the fund had recently become apparent.

28. By adopting the plan submitted by Mr. Pineau, Minister of Foreign Affairs, the French Government had admitted the need for creating a multilateral fund for assisting under-developed countries.

29. One of the causes of the delay in setting up SUNFED had been the fact that a number of countries wished to defer their decision until agreement on world-wide and internationally controlled disarmament had been reached. His delegation had always been opposed to that condition, and could not accept the idea that armaments should have an absolute priority over economic development in times of peace. If countries insisted on making economic development dependent on disarmament, there was little hope of progress. It was a tragedy that armaments had not yet been reduced, and that with all the technical skill and material resources available the industrialized nations should have been unable to lead the poverty-stricken millions to a life worthy of human beings.

30. Paying a tribute to the excellent work done by the International Bank for Reconstruction and Development (Bank), he emphasized the important part it had played and was still playing in the financing of economic development, and hoped that the proposed International Finance Corporation would play an equally important part. The existence of such forms of financing did not, however, render SUNFED's creation superfluous. Such a fund was intended to provide for needs not covered by other modes of financing. The infrastructure had its own place within the complicated activities designed to stimulate the growth of the under-developed countries. All activities connected with economic development would be doomed to imperfection unless an organization was set up for the sole purpose of dealing effectively with the special problem of infrastructure investment.

31. Turning to the question of grants and loans, he pointed out that the opinions expressed in the interim report of the *Ad Hoc* Committee (E/2896 and Corr. 1) seemed to be somewhat divided on the subject. It should not be difficult to reach agreement on the issue if it was treated in a business-like manner. The guiding inspiration of the Marshall Plan had been the understanding shown by the United States Government and Congress of the fact that an initial phase of foreign aid had been indispensable to the re-establishment of normal trade relations between the United States of America and Europe. In the case of the under-developed countries, too, the proceeds from trade alone would for long be insufficient to cover their needs, and would therefore have to be supplemented by various forms of aid. Hence he felt that in the initial years of SUNFED emphasis should be laid on grants rather than on loans. In that connexion, the statement made by the President of the Bank at the 163rd meeting of the Second Committee at the sixth session of the General Assembly was worthy of note.

32. His delegation was fully aware of the many positive and very constructive features of the bilateral aid being

supplied to the under-developed countries under the Colombo Plan and by the United States of America direct. It would certainly be foolish to expect the countries providing such assistance to cease their valuable efforts. But there was another side to the question. Every form of aid, even the most generous, had certain drawbacks, which, in his opinion, could best be reduced to the strict minimum by introducing the maximum degree of multilateralism into the aid supplied to the under-developed countries by establishing a truly multilateral fund operating within the framework of the United Nations. Bilateral aid, valuable though it might be in some cases, had undesirable political and economic strings attached to it.

33. Quoting from a recent speech by the Netherlands Minister for Foreign Affairs, he said that the fundamental thought underlying it was that the difference between bilateral and multilateral aid agreements did not lie solely in the number of participants: there was also the essential difference in the quality of the assistance provided. He therefore hoped that all countries would be willing to take up and share the common responsibility they had towards the less developed countries. That would really strengthen the United Nations and international co-operation in general, and the benefits obtained would many times outweigh the expenditure of effort.

34. Referring to the question of currency utilization, he felt that contributions by States Members to the Expanded Programme of Technical Assistance should be made, if not in fully convertible currencies, at least in such a form that the contributions in question would be readily usable wherever they were deemed most convenient for the implementation of the Programme. He would certainly not envy the director of SUNFED if the latter found that a substantial part of his working capital was earmarked for exclusive use in specific countries or in kind. The director should have complete liberty to use the funds at his disposal in such a way as to ensure that the most efficient aid was provided.

35. He was glad to note that the Secretary-General, in addressing the International Law Association at Montreal on 30 May 1956, had agreed that the multilateral approach in providing assistance to the under-developed countries was the best one.

36. It was hard for the under-developed countries to reconcile themselves to the fact that SUNFED had still not been created, and he emphasized that Members of the United Nations had a moral duty to perform and could no longer delay their decision.

37. The Secretary-General had referred to a "balanced growth of world economy" in his introduction to the *World Economic Survey 1955* (E/2864). However, Members should remember that hunger, disease and ignorance would have to be conquered before they could view the work accomplished by the United Nations with complacency. However important the discussions and comments on the interim report of the *Ad Hoc* Committee might prove, States Members must be prepared to take their own vital decisions. Resolutions professing generous intentions were no longer required. The time had come for the United Nations to take action and set up SUNFED.

38. Mr. OLIVIERI (Argentina) said that the discussions which had been proceeding for several years in the United Nations regarding the need to establish a special fund for economic development reflected the international community's desire, already expressed in the Charter, to resolve the fundamental contradiction of modern times, namely, the fact that part of the human race enjoyed a high standard of living while another large part of the population of the world existed in poverty. It was but right that the international organizations should study that problem, for it was the source of all the difficulties of the modern world. The elementary principles of human solidarity placed every country under the obligation to lend all possible help in furthering the economic development and raising the living standards of the economically less developed countries. Besides the international implications of the economic situation of countries in course of development and the obligation of other countries to assist them in their efforts, it was recognized that the development of such countries should be mainly the result of a national process. The assistance given at the international level should supplement efforts made at the national level, and should be integrated in the programmes launched by each country to expedite their own economic development.

39. The interim report of the *Ad Hoc* Committee set up to study the question of the establishment of SUNFED indicated that the countries which had replied to the Secretary-General's questionnaire were agreed in recognizing the need for establishing an international fund to finance economic development. International co-operation for the economic development of the under-developed countries had so far taken the form of practical measures, such as the technical assistance programmes carried out by the United Nations and the specialized agencies; there was no doubt, however, that to be truly effective such measures must be supplemented by financial support.

40. The main problem of the under-developed countries lay in the fact that their real income increased only very slowly, owing to the obstacles inherent in their economic structure and to difficulties of capital formation. In that connexion, such countries could take effective action by removing the obstacles which impeded the growth of public and private investment and were liable to divert a high proportion of investment to unproductive sectors—a common feature of their economies. In other words, those countries should take internal measures to promote capital formation and to make the investment essential to their economic development more effective.

41. However, apart from such internal measures, there was no doubt that international co-operation could further the process of economic development by supplementing domestic investment with international capital, so that real income would increase faster than the population. The economic structure of the countries receiving such aid would thus be strengthened and the standard of living of their peoples raised. It was in that way that international investment could play an essential part in laying the foundations of the economies of the under-developed countries—in setting up the basic means of production. In the case of certain backward countries which were in a precarious financial position and tem-

porarily unable to stabilize their balance of trade, international aid should take the form of subsidies. Other countries which had already reached a higher stage of development could manage with loans. Another possible solution would be to give undertakings in those countries access to international sources of finance.

42. His delegation was certain that sooner or later the idea of establishing a special fund for economic development would come to fruition. The international community was giving more and more attention to the problems raised by the economic development of the under-developed countries and much progress had been made since the end of the Second World War; it could therefore be hoped that the fund would be established in the near future and make it possible to put an end to the situation he had described.

43. Apart from the machinery needed for the operation of SUNFED, a considerable reserve would be needed to produce effective results in the economic development of the under-developed countries. For instance, to increase the gross income of Latin America by 1 per cent per annum would need an investment of about \$1,200 million, which showed that considerably larger sums than those contemplated at the moment would be required to develop all the under-developed areas of the world. Those considerations led him to the conclusion that if the community of nations wished to undertake such an extensive enterprise, certain conditions should be created to induce the economically and financially powerful countries to contribute large sums to SUNFED, provided there was a distinct improvement in international relations. Thus, General Assembly resolution 724 A (VIII) called upon States Members of the United Nations "to devote a portion of the savings achieved through . . . disarmament to an international fund, within the framework of the United Nations, to assist development and reconstruction in under-developed countries". Pending the advent of those favourable conditions, it should be possible to take less ambitious measures, which would nevertheless give concrete expression to the wish of the international community to collaborate in promoting economic development. International collaboration did not usually proceed by sensational decisions, but rather by steps which at first seemed modest, but which were calculated to promote further progress. Consequently, his delegation wondered whether it would not be possible to take certain steps immediately to ensure technical progress in the under-developed countries and a systematic survey of their natural resources.

44. Everyone knew that the natural resources of under-developed countries were generally little known and inadequately prospected. That was true of coal and iron—the basis of heavy industry—hydro-power, forest resources and so on. Regional survey centres could be set up, supported by all the countries in process of development, to undertake systematic surveys of natural resources on the basis of the knowledge already acquired by the economically more advanced countries. The centres should be regional, so that the funds necessary to finance expenditure could be centralized, and also because some resources were often divided amongst a number of countries. Such centres would enable countries of the same region to co-operate more closely, which might

subsequently lead to the joint exploitation of resources—a point of particular importance for the countries of Latin America. The regional survey centres should also be able to exchange information on their work.

45. The technical backwardness of the under-developed countries was one of the main obstacles to their economic development. The technical assistance programmes of the United Nations had been of great help in finding a partial solution to the problem, but technical assistance was often of a sporadic nature, and the experts provided often confined their duties to preparing reports without concerning themselves with teaching. That difficulty could be overcome by setting up regional technical institutes in the under-developed areas to train technicians in modern methods. Furthermore, such technical institutes would make it possible to collect first-hand information on the situation in each under-developed region—a factor essential to success, since techniques which had proved their worth in a highly industrialized country were sometimes not very well suited to the economic, financial and social situation of an under-developed country. That was a fact to which insufficient attention was paid in preparing international programmes of technical assistance. For each country, there was an optimum level of investment and an optimum return on technical assistance. Sometimes, for example, a country in process of development made better use of the advice of a technician from another under-developed country, who had already had to deal with problems peculiar to such countries, than of that of an expert trained in a highly industrialized country. Since countries in the same region were faced with similar technical problems the technical institutes should themselves be regional. It was with that in mind that the Institute for Research and Industrial Technology for Central America had been established.

46. Regional technical institutes could do useful work in many spheres. For example, they could study means of increasing the productivity of labour and of capital in each branch of economic activity. There were certain problems connected with productivity which could be settled expeditiously with the help of a technician. Those problems aside, however, the main purpose must be to increase technical opportunities for the peoples of under-developed countries, while paying close regard to the need for adapting programmes to the requirements of future economic development in each country. The regional institutes could also study the peaceful applications of atomic energy which the Council had laid down in resolution 597 B (XXI).

47. Technical progress in the under-developed countries faced special problems arising from economic, financial and social phenomena in the various regions, and the regional technical institutes should maintain close contact with each other for the exchange of information. The need for close co-operation between the industrialized and the under-developed regions had often been stressed, and there could be no doubt about its usefulness, but the importance of direct co-operation between the various under-developed regions themselves should not be underestimated. Furthermore, the regional centres for surveying natural resources and the regional technical institutes would clearly have to work in close co-operation with the regional economic commissions.

48. He did not wish for the moment to submit a specific plan for the establishment of the regional centres and institutes he had outlined, but would like to make a few general remarks about them. In view of their importance it would be better if they were allowed to operate outside the technical assistance programmes; they could be financed from a special fund for regional co-operation in the study of natural resources and technical research, to be fed by voluntary contributions from the developed countries of each region and from other States Members of the United Nations who wished to take part. The amount of money necessary would be small compared with the role that the centres and the regional institutes could play in the development of under-developed regions.

49. In conclusion, he thought that until the necessary conditions existed for establishing the Special Fund for Economic Development on a scale sufficiently large to play a part in the development of the various under-developed regions of the world, the establishment of a special fund for regional co-operation in the fields he had mentioned would provide new and effective practical means of forwarding economic development.

50. Mr. SAID HASAN (Pakistan) said that the Council had once again begun a discussion of how to finance the economic development of under-developed countries, during which they would listen to many of the arguments which had been adduced before. During the last few years the world had become obsessed with care for that wretched, ailing thing called the under-developed country, and the diagnosis of its ills and the prescription of remedies had engaged the most earnest attention of the wise men of the East and West. He had been tempted to suggest a further task for the Secretary-General of the United Nations—the compilation of a bibliography and an analysis of all that had been said, the advice given and the concern shown for the sick man of the world. He had refrained from so doing only because of a warning that the demands of the under-developed countries were becoming too numerous and that they should go slow on their development programmes.

51. He wished first to deal with the interconnected topics of the international flow of private capital and international taxation problems. The account of the international flow of private capital since 1953 given in document E/2901 supplemented the earlier United Nations study entitled *The International Flow of Private Capital, 1946-1952*,¹ which had been discussed at the Council's seventeenth session. Council resolution 512 B (XVII), defining the responsibilities and duties of the capital-exporting and capital-importing countries, had been expected to serve as a useful basis for increasing the international flow of the private capital so badly needed by the under-developed countries. It was too early to assess the full impact of that resolution, and the Secretary-General's report should be regarded merely as an indication of what might be expected to occur.

52. The report stated that, at post-war prices, recent private capital exports had been much lower than private

¹ United Nations Publication, Sales No. 1954.II.D.1.

capital exports in the 1920s and had lagged behind the general increase in international trade, world industrial production and domestic investment.

53. It was claimed, however, that that was due to a decline in foreign portfolio investments, and that in the post-war period the increase in the direct investments of foreign firms had been larger than in the 1920s. The United States of America and the United Kingdom were the largest exporters of capital, and in 1954 private long-term capital exports from those two countries had amounted to \$1,600 million and \$560 million respectively, the figure for the United Kingdom being the highest recorded for a number of years. In 1955, the United States of America had maintained its level of private capital exports, whereas in the case of the United Kingdom there had been a fairly sharp decline owing to the increased domestic demands for funds and the rise in bank rate. In recent years, the United States of America had been responsible for more than 50 per cent of the world's exports of private capital. Canada had taken most of those exports, though large amounts had also been absorbed by Latin America, western Europe, the Middle East and Africa. In the Middle East, investment had generally been in the petroleum industry, whereas in Africa the main investment had been in mineral development. There had also been some capital exports from Switzerland, Belgium, western Germany, France and the Netherlands. The inflow of foreign private capital into the countries of South-east Asia, however, had been very slight.

54. He had never believed that much foreign private capital would ever flow into Asia except for the extraction of minerals and petroleum. It was important to understand why foreign private capital might be needed by the under-developed countries, particularly in Asia. It could hardly be needed for agricultural purposes, because very few countries would allow foreigners to invest in land or agriculture. Furthermore, most countries were reluctant to allow private foreign investment in the light and consumer-goods industries. There could not be much foreign private capital investment in heavy industry, because in the under-developed countries there was very little. As for infrastructure development, it was all in the public sector, and private capital, whether indigenous or foreign, was not allowed. It was to be hoped that the International Finance Corporation would play its proper part in the financing of industrial development.

55. While living standards in the rest of the world had risen, as compared with the years before the Second World War, those in South and South-east Asia had declined. The main reason for that was the lack of adequate financial resources, especially of the foreign exchange required to finance a development programme of sufficient scope. It was interesting to note that from some countries of South and South-east Asia, which were regarded as potential capital importers, there had even been an outflow of private capital during the post-war period. The Secretary-General's report quoted Burma, Ceylon, Indonesia and India as examples of that phenomenon, though in the case of India the balance-of-payments figures might not reflect the true position, since the reinvestment earnings of foreign enterprises had

not been taken into account. On the whole, however, it could be said that there had been no considerable flow of private foreign capital into South and South-east Asia since the war, though the countries of that area had been trying to provide the greatest possible incentives.

56. In Pakistan, for example, foreign capital seeking investment for purely economic and industrial purposes had always been welcome. Adequate facilities had been provided for the remittance of a reasonable proportion of profits to the countries in which the capital originated. Capital invested after 1 September 1954 in projects approved by the Government of Pakistan could be repatriated at any time thereafter to the full amount of the original investment. Moreover, profits derived from investment and ploughed back into approved industrial projects could be treated as investment for the purposes of repatriation. Finally, the appreciation of capital investment could be treated as investment for repatriation purposes. Special incentives had been provided for the petroleum industry. As from 1 April 1955, losses on abandoned areas or due to dry holes could be adjusted or recovered from other income of the oil companies concerned. Other privileges allowed were the amortization of pre-production expenditure and substantial deductions in the form of depletion allowances before income tax was levied on the company's earnings.

57. Foreign capital was welcome, not only because it provided the much-needed foreign exchange, but also because foreign participation increased productivity through the introduction of modern technology, improved training of the workers and managerial staff and the development of local and ancillary industries. Foreign capital working in conjunction with local enterprise also stimulated the mobilization of domestic capital. It had been Pakistan's experience that where foreign capital was provided, the subscription of local capital had been three or four times as great as was needed.

58. In the view of his delegation, the main reason why South and South-east Asia were not receiving any appreciable amount of foreign private capital was that the nationals of the capital-exporting countries were not fully aware of the investment potentialities of the area. In that connexion, he would like to recall Council resolution 512 B (XVII), which recommended "continuing efforts by countries able to export capital to ensure to potential investors the availability of the fullest possible information on foreign investment opportunities and on the conditions and outlook for investment in individual foreign countries". Pakistan had tried to provide the most favourable conditions for foreign investment. Maximum security was ensured under the Constitution, which provided that no property could be compulsorily acquired save for public purposes or by due process of law, and in return for adequate compensation.

59. He would next deal with the problem of double taxation. The Secretary-General's memorandum (E/2865 and Corr.1) revealed some progress towards the elimination of that practice. There were now 350 bilateral tax agreements, which were limited to certain categories of income and to the prevention of fiscal evasion. Moreover, there were 150 bilateral income-

tax agreements, involving thirty-five independent countries and fifty other territories. That compared very favourably with the forty or so general income-tax agreements which had existed before the war, all but two of which had been between European countries. The report rightly regarded double taxation of the same income, by the country of origin and by the investor's home country, as the principal deterrent to international investment. None of the capital-exporting countries, however, had completely eliminated double taxation. To some extent the question had been resolved by means of tax concessions in selected cases rather than the surrender of fiscal jurisdiction over the income from foreign investment. The main reason for the reluctance of capital-exporting countries to free foreign investments completely from domestic taxation as a matter of principle was, he believed, their fear that foreign investment in less developed countries would thus be made more attractive than domestic investment owing to the fact that in such countries the rates of taxation were lower. As the Secretary-General had pointed out, however: "The revenue sacrifice involved for the capital-exporting countries would be more than offset by their economic gains from the development of the capital-importing countries; it would, moreover, be in line with their over-all policy of assuming financial burdens in the promotion of economic development—a policy which was already well established in their unilateral concessions for relief from double taxation". The main conclusion suggested by a study of the taxation of foreign investment in the capital-exporting countries was that the strict limitation of national fiscal jurisdiction to domestic income was accepted by only a very small number of countries, the great majority of capital-importing and capital-exporting countries claiming such jurisdiction over all or some of the foreign income earned by their residents or citizens. The international double taxation of foreign investment had nevertheless been greatly reduced through the expansion of tax credit schemes and other unilateral measures and bilateral income tax agreements.

60. Pakistan had entered into separate agreements with the United Kingdom and India for the elimination of double taxation on income, and negotiations were at present in progress for a similar agreement with the United States of America. His delegation stressed the importance of the principle of complete elimination from double taxation of all forms of foreign investment. Large amounts of foreign capital were needed for the development of under-developed areas, and any tax demand of the country of origin on foreign income was likely to discourage the flow of capital from developed to under-developed areas.

61. His delegation had carefully studied the interim report of the *Ad Hoc* Committee on the question of the establishment of SUNFED. The general pattern emerging from the replies of the forty-six governments which had answered the questionnaire sent out in pursuance of General Assembly resolution 923 (X) seemed to be as follows. As originally proposed, SUNFED would give assistance to less developed countries in the form of both grants and loans, especially long-term, low-interest loans. The assistance it provided would be specially for infrastructure development. The report noted, however,

that many replies also mentioned broader development programmes, including projects in industry and agriculture. The fund would be established and maintained by voluntary contributions, renewable annually or at longer intervals. Contributions would be made in local currency, convertible into other currencies only to the extent permitted by the governments concerned. The fund would be an autonomous body, operating independently within the United Nations framework and co-operating closely with the appropriate United Nations organs and agencies. The general structure of the proposed new body would comprise an all-member general council, an executive board, a director-general, a staff—which was to be kept as small as possible—and a general committee consisting of the Secretary-General of the United Nations, the President of the Bank and the director-general of SUNFED.

62. His delegation would have preferred SUNFED to be, rather than an autonomous body, a specialized agency of the United Nations, subject to United Nations supervision and controlled through the Economic and Social Council. It had no strong views on the matter, however, and would have no objection to SUNFED's operating independently within the framework of the United Nations and co-operating closely with the appropriate United Nations organs and agencies.

63. There were two points in respect of which there did not seem to be a general pattern of agreement. The first was the initial sum to be raised before SUNFED could begin its operations, the second being whether it should concentrate on grants-in-aid or on loans. So far as the second point was concerned, sixteen governments favoured both grants and loans, without any attempt to establish the relative proportions of the two forms of transaction. In its reply to the questionnaire, Pakistan had expressed the view that SUNFED should be primarily concerned with long-term, low-interest-bearing loans, in order to avoid becoming a charitable organization and also in order to ensure that the recipient country would have given high priority to the project in respect of which assistance was requested. Pakistan had also emphasized that the repayment of interest should be permitted in local currency for such time as its repayment in foreign exchange would strain the balance-of-payments position of the recipient country. As he had informed the Council at the eighteenth session (812th meeting), the long-term loan agreement between the United States of America and Pakistan provided that the loans should be repayable in local currency and that payments would not be convertible without the consent of Pakistan or without taking Pakistan's currency situation into account. In the view of his delegation, repayment of SUNFED loans should be on a similar basis. Once the conditions of a loan had been agreed upon between SUNFED and the recipient country, however, they should not be subject to change. The sanctity of contract should be ensured.

64. So far as concerned the minimum amount necessary before SUNFED could start operations, he would like to repeat what he had said at the twentieth session (885th meeting)—that \$250 million would be only a drop in the ocean in view of the fact that \$1,900 million would be needed to raise *per capita* income in the under-

developed countries by a mere 2 per cent. The amounts suggested in the replies to the questionnaire ranged from \$62.5 million to \$2,000 million, thus revealing considerable differences of opinion on the subject. Perhaps it would be appropriate to keep the estimate of the minimum amount necessary to start operations at the figure of \$250 million suggested by the Committee of Nine.

65. Then there was the question of whether the establishment of SUNFED should be conditional upon agreement being reached on internationally-supervised disarmament under the auspices of the United Nations, or whether, as had been affirmed by the Government of Denmark (A/2646, p. 36), it was "neither necessary nor desirable" to hold the establishment of SUNFED in abeyance pending such agreement. While the under-developed countries almost universally adhered to the latter view, the major contributing countries seemed to favour the establishment of SUNFED only after they had succeeded in making some budgetary economies as the result of the institution of an internationally supervised system of disarmament. Only Canada, Denmark, France and the Netherlands, among the prospective contributing countries, did not seem to stipulate such a condition. It therefore seemed that SUNFED might have to wait until such time as international tension was sufficiently relaxed to allow for the agreement envisaged. As suggested by the French Government, however, it would be worth while to take steps to draw up a draft statute for SUNFED.

66. In his statement to the Council at the 938th meeting, he had endeavoured to show that many under-developed countries had undertaken programmes of development and were carrying them through by cutting down on present consumption. That created hardships and strains, and the price in terms of human suffering had to be paid. He referred to a verse in the holy Koran—"God does not change the condition of a people unless the people themselves strive to change it"—which was a guiding principle for the followers of Islam.

67. The proposed establishment of SUNFED had been regarded by some as a panacea, whereas others had received it with unrelenting intransigence. He had given much thought to the question why the United States of America, for example, should be so reluctant to agree to the establishment of SUNFED. In view of the vast amounts which that country had spent on assistance to others, its lack of support for the project could certainly not be attributed to financial considerations. Perhaps some other arrangement could be agreed upon. At a meeting of the Colombo Plan countries at Simla in 1955, for example, unanimous preference had been expressed for bilateral aid arrangements. He wondered whether it might not be possible for a few representatives of the Council to discuss the matter with the United States authorities with a view to reaching agreement on suitable alternative proposals designed to achieve the same aim as SUNFED.

68. Many resolutions had been adopted at past sessions of the Council, and at the current session, deploring the inadequacy of economic development in large areas of the world and expressing the Council's concern at this situation, but future generations would no doubt

wonder that their predecessors should have contented themselves with adopting such resolutions and considering them to be adequate remedies for the ills of the vast majority of human beings.

69. In conclusion, he thought it appropriate to quote a verse in which the poet bewails:

"All my eloquence has failed to make her realise the depths of my misery and the extent of my sorrow,
Give her a new heart, O Lord, if you will not give me a new tongue."

70. Mr. BRILEJ (Yugoslavia) said that it was a matter of satisfaction to note that the world had entered upon a phase which was marked not only by an ever-increasing awareness on the part of governments of the need to accelerate the economic development of under-developed countries, but also by new political and economic conditions which allowed of a more efficient and constructive approach to the problems involved. United Nations assistance for economic development had become one of the most important subjects of discussion at international meetings. Governments were becoming increasingly aware of the need to formulate their policies on that subject. The experience gained in the course of the last ten years clearly showed that the problem of economic development lay at the roots of almost all the economic problems with which the world was faced.

71. The problems mentioned in the debate on the world economic situation were a manifestation of the growing gap between the developed and the under-developed countries. The problems of the latter had in recent years been illustrated by many studies, which had made it clear that failure to solve that fundamental problem was bound to create an increasing number of new problems. There was a general consensus of opinion, for example, that the instability of primary commodity prices on the international market was only one of the external manifestations of economic backwardness. Past experience had shown to what an extent the interests of the developed and under-developed countries were interdependent, and how the progress of the former depended upon the economic development of the latter. The best evidence of that was provided by the disequilibrium of world trade arising from the fact that, relatively to the total growth of world trade, trade between the developed and under-developed countries had been constantly dwindling. Just as, in any particular country, the purchasing power of the consumer limited the growth of production, so, in the final analysis, the low absorptive capacity of the markets represented by the under-developed countries limited the expansion of the world market. The outcome of the present economic interdependence among nations was that no country could ensure its continuing national prosperity within the framework of a stagnating world economy.

72. For that reason, the economic development of under-developed countries was bound to an increasing extent to become the basic long-range objective of international economic co-operation. Owing to the speed of technological progress, the situation was already becoming acute. The full utilization of present opportunities might be the only alternative to the chaotic conditions which would ensue if the gap, not only between the de-

veloped and under-developed countries, but also between a few leading industrial countries and the rest of the world, was allowed to grow wider and wider.

73. If the international community failed to provide financial assistance for promoting the industrialization of the under-developed countries, that process would be accompanied by serious inflation which would adversely affect not only the economies—and in some cases the very political structure—of the under-developed countries themselves, but also the world economy as a whole.

74. The international movement of private capital had some part to play in the economic development of non-industrial countries. In that connexion, he referred to the Secretary-General's report (E/2901), prepared in pursuance of General Assembly resolution 824 (IX), which revealed three dominant tendencies. First, a tendency for international private capital to flow towards a small number of highly developed countries. In 1954, for example, Canada, western Europe and Australia had received 70 per cent of the total direct foreign investments of the United States of America, and the percentage would be even higher if private portfolio investments, which were almost exclusively limited to developed countries, were included. Secondly, a tendency for foreign private capital to flow predominantly into a few specific sectors of the economy. Thus, in the period from 1952 to 1954, 60 per cent of United States private capital investment in areas outside western Europe and Canada had been in the petroleum and mining industries. Thirdly, a tendency for foreign investment to assume to an increasing extent the form of direct investment in foreign branches and subsidiaries, while long-term portfolio investments had declined considerably. In fact, the exporters of private capital were confined to a limited number of industrial and mining concerns and large financial corporations. Those tendencies were, he felt, prejudicial to the balanced growth of the economies of the under-developed countries.

75. The third part of the report provided detailed information on the measures taken by governments to regulate imports of foreign capital. The figures relating to foreign investment trends showed that the efforts of the majority of capital-importing countries which had tried to attract foreign investors by fiscal incentives and a liberal treatment of foreign private capital had, on the whole, been unsuccessful, except perhaps in Latin America. The net outflow of new foreign capital was also affected by the fact that, in the case of the main exporters of capital, the profits on foreign investments were, to an increasing extent, being repatriated. As an example of that, he quoted a passage from the *Economic Survey of Latin America 1955* (E/CN.12/421, Part I, chapter II) which ran: ". . . to grasp the full significance of the increase [of foreign capital investments] in 1955 [compared with 1954] it should be noted first and foremost that the inflow of private capital from abroad during 1954 was of limited importance in relation to such receipts in 1951 and 1952. . . . Moreover, the remittances of profits on foreign investment reached some \$750 million in 1955 and continued to be far in excess of the inflow of private long-term capital."

76. An analysis of those tendencies and data clearly pointed to the inadequacy of the classical forms of private

financing and to the need for supplementing them to a large extent by other forms and resources. For example, increasing use might be made of medium-term and long-term credit facilities to finance the export of equipment from industrial countries. As the Secretary-General's report stated, there had been a continuing growth of medium-term credits to finance exports in a number of western European countries. In the opinion of the Yugoslav delegation, the participation of foreign private capital in the provision of credit facilities for development projects would constitute a very fruitful form of international economic co-operation. In that connexion, he referred to the negotiations which his Government had recently conducted with a view to obtaining foreign credit for certain major projects connected with the production of copper, aluminium and electric power.

77. If conducted on a sufficiently large scale, such arrangements could greatly benefit the countries which exported capital goods. According to the data published in the report of the Economic Commission for Asia and the Far East for 1955-1956 (E/2821), imports of equipment had accounted for approximately one-fifth of the total imports of that region in the period 1949 to 1955. In India, during the same period, imports of capital goods had accounted for one-fourth of total imports. On the other hand, in countries which had development programmes and which pursued corresponding import policies—and most of the insufficiently developed countries were in that category—industrial equipment was one of the import items which was most inelastic to fluctuations in foreign exchange earnings and reserves. The financing of such an important item through a system of medium-term and long-term credits could therefore contribute indirectly, but to a large extent, towards stabilizing the import of less essential items into the primary producing countries, thereby exercising a favourable effect on the income of the export industries of the industrialized countries.

78. His delegation was aware of all the difficulties connected with such arrangements, and did not think they were adequate to provide a satisfactory solution of the difficult problem of financing the economic development of the countries which were short of capital. Obviously, therefore, the problem of the economic development of under-developed countries could not be solved without international public financing.

79. His delegation was firmly convinced that the efforts which the under-developed countries were themselves prepared to make constituted the basic guarantee of progress. So far as concerned the criteria to be applied in granting aid for economic development, the view was gaining ground that purely political or strategic considerations should be disregarded. The improvement of the world political situation had made it possible to direct international assistance towards areas where such assistance could be most useful from the point of view of the integral development of the world economy. The United Nations was the most suitable body to determine where assistance was needed. In that connexion, he mentioned the plan proposed by the French Foreign Minister, which realized the shortcomings and inadequacies of bilateral forms of assistance given on definite political conditions, and which advocated the multi-

lateralization of assistance through the United Nations. A similar idea was to be found in the reply of the Canadian Government to the United Nations questionnaire on SUNFED.

80. More and more responsible statesmen were coming to realize the need for channelling international financial resources through the United Nations. Whether the forms of financing were private or public, it was becoming increasingly obvious that those resources should be distributed in accordance with the needs of a balanced growth of the world economy. That made it necessary to create new international forms of financing. If certain conditions were created, private capital could play a useful part, though it no longer represented what it had in the past. He was thinking particularly of those economic projects which were not directly profit-yielding, but which constituted an essential basis for all kinds of economically sound investment in the future. Neither private capital nor the existing international credit institutions were in a position to make investment of that kind. The execution of such projects was today an imperative need in the under-developed countries. SUNFED would be the institution primarily concerned with operations of that kind.

81. He noted with gratification that all governments were giving increasing support to the idea of such a fund. There was also a broad consensus of opinion among governments as to its operation and structure. In that connexion, he would emphasize in particular that, in their replies to the United Nations questionnaire, many governments had expressed their opposition to the idea of making the establishment of SUNFED

dependent on prior agreement on an internationally controlled system of disarmament, and only one government out of forty-six had explicitly stated that SUNFED should not be set up until international disarmament was a reality. The fact that some governments, including those of the United States of America and the Union of Soviet Socialist Republics, had not yet replied to the questionnaire, must not be interpreted as reflecting lack of interest, but rather as proof that the idea of SUNFED was still at the discussion stage. His delegation therefore felt that the Council should recommend the General Assembly to extend the terms of reference of the *Ad Hoc* Committee on SUNFED, with a view to its preparing recommendations and conclusions regarding the operation and structure of SUNFED as a basis for the drafting of its statute, and reporting to the twenty-third session of the Council. The delay in establishing SUNFED was aggravating the contradictions in the world economy and making their solution increasingly difficult.

82. Repeating the statement which he had made at the 810th meeting of the eighteenth session, he said that the time had come when a speeding up of the development of the under-developed countries and the raising of their standards of living would do more to strengthen their independence than a few armed divisions, and would contribute greatly towards the strengthening of world peace. The maintenance of world peace would be even more seriously threatened if the problems of the economic development of under-developed countries were left unsolved than by failure to settle outstanding political problems.

The meeting rose at 1.5 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Australia, Belgium, Bulgaria, Chile, Finland, Hungary, Italy, Mexico, Poland, Romania, Spain, Venezuela.

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

AGENDA ITEM 5

Financing of economic development (E/2865 and Corr. 1, and Add. 1 and 2, E/2896¹ and Corr. 1, E/2901) (*continued*)

1. Mr. CHISTYAKOV (Union of Soviet Socialist Republics) said that his delegation's position with regard to the industrialization of the under-developed countries had already been explained at the Economic Committee's 201st meeting during its discussion of item 4 of the Council's agenda (economic development of under-developed countries). The obstacles in the way of economic progress in those countries could be overcome only by increased development in the fields of production, transport, agriculture and, in particular, in respect of foodstuffs, improvement in all of which would promote a higher standard of living of the populations concerned. As to industrialization, he would endorse the viewpoint of those delegations that had urged that individual economic development should be based on a country's own resources without, however, excluding the possibility of external financial aid under acceptable conditions. The Soviet Union regarded with warm sympathy the efforts of the under-developed countries to expand their national economies on a basis of strict indepen-

dence. Taking into account, on the one hand, the situation of those countries and, on the other, the highly organized systems of the industrialized countries, practical steps should be taken within the framework of the United Nations to solve the problem of the financing of economic development, in particular through the operation of the Special United Nations Fund for Economic Development (SUNFED), which was one of the most important measures devised in that respect. SUNFED should be established as an independent body with, as its main objective, assistance to under-developed countries in their economic development, to be undertaken in the spirit of the provisions of the Charter of the United Nations. It would differ from other international organizations such as the International Bank for Reconstruction and Development (Bank) which supplied credits only for economically viable projects, under guarantee that the sums advanced would be repaid. No such conditions should attach to SUNFED, the Executive Council of which should be composed of contributing and under-developed countries in equal proportion. Its activities must be characterized not only by international co-operation but by co-ordination, in which connexion the unique experience of the specialized agencies should be drawn upon. In view of the urgent needs of the under-developed countries, the establishment of SUNFED should not be deferred until agreement had been reached on international disarmament. Contributions should preferably be in kind, such as equipment, machinery and the like, but those in national currencies should also be recognized. The under-developed countries should be able to repay loans by their normal exports, thereby stimulating international trade. The Soviet Union would willingly participate in SUNFED and would supply the greater part of its contribution in the form of equipment and machinery. At that moment he was, of course, considering only the question of principle and would not touch upon details of the administration of SUNFED.

2. While appreciating the interest that the Netherlands representative had shown at the 947th meeting in the system and policy of the Soviet Union, he could only regret that his (the Netherlands representative's) remarks on that topic should have revealed both a profound misconception of the Soviet Union's policy and a very imperfect knowledge of the situation in that country. The suggestion that the Soviet Union's willingness to co-operate in the provision of aid to the under-developed countries was subject to the acceptance of the communist ideology by the countries concerned was utterly erroneous, for it was well known that his Government's relations with the under-developed countries were based on the principles of strict equality, non-interference in national domestic affairs and respect for national independence. He regretted that statements of that kind should be made

¹ The report will also be submitted to the General Assembly at its eleventh session as A/3134.

during the discussion, for they did nothing to foster the spirit of international co-operation which should illumine the Council's deliberations.

3. Mr. ASMAUN (Indonesia) said that it was a generally accepted principle that sound economic national development must be based on domestic resources and savings. That question had received considerable national and international attention, and it had been recognized that the low level of prosperity prevailing in the under-developed countries was not conducive to savings, because in such conditions populations tended to consume a good deal more than they could save. In that respect, a more hopeful outlook would depend on further progress in the economic and social fields.

4. In such circumstances, other ways and means had to be sought. In considering the problem of the financing of economic development, the Council had already paid much attention to the different fields in which investments could be made. There were three main fields: the social services—the so-called “social overheads”—the basic economic services—the “economic overheads”—and the productive sectors of the national economies.

5. Investments in the field of “social overheads”, however essential for economic development, did not in themselves give a direct yield, and the main responsibility for them fell upon the governments concerned, although a stimulus from United Nations sources was required in order to ensure the necessary pace of economic development. There was a strong case, therefore, for the prompt establishment of SUNFED, which merited earnest consideration from the highly industrialized countries.

6. To some extent, the same comment applied to “economic overheads”, and in that connexion his delegation would welcome a more progressive policy from the Bank and the International Monetary Fund (Fund), particularly in tackling the problem of the vast local currency expenditures for the financing of essential projects. He would urge the Council to give special attention to the desirability of closer co-operation in that field between other specialized agencies concerned and the Bank and Fund.

7. The investment prospects seemed to be brighter in the productive sectors, because investments in that field earned revenue. The important role which private foreign capital could play in that field had received considerable attention, which had led to the establishment of the International Finance Corporation. There were various channels for the supply of private foreign capital to under-developed countries, such as private foreign investment in Governments, private foreign investment in enterprises, and such institutions as the International Finance Corporation. The first channel was more or less blocked owing to restrictions on the movement of capital; any large movement could only take place by inter-governmental transfers. There were signs, however, of renewed interest in that field on the part of private investors. The second possibility was welcome to the capital-importing countries, provided that the capital-exporting countries appreciated the changed conditions resulting from the new status acquired by the former colonial territories as sovereign States. Foreign investment would be acceptable to those countries only in so

far as it took account of local conditions and was not made on terms which infringed their newly gained political sovereignty or threatened their economic sovereignty. The scope for foreign investment would, therefore, be more limited than in the past, although the reasonable interests of foreign capital would, of course, receive due consideration and the foreign investor should be guaranteed a reasonable profit. In that connexion, a better understanding of the basic principles of the under-developed countries, their conceptions and their way of life was very necessary.

8. From the point of view of his delegation, the role of private foreign investment in under-developed countries must be entirely independent of any links with a past era. Previously, the main incentive of the private foreign investor had been not the welfare of native peoples, but profit, and there seemed to have been little change in that attitude. What was needed, therefore, was a more responsible approach by foreign investors, who should pay due consideration to the interests of national economies in the course of progress. Private foreign investment should be regarded as temporary assistance made available in order to help carry the under-developed countries over a certain stage in their economic development.

9. If such assistance was to be effective, practical machinery for attracting and channelling it must be devised; but it should be realized that perfection was not yet within the reach of the administrations of the young countries concerned. The procedure contemplated in General Assembly resolution 824 (IX) for the negotiation of treaties in order to stimulate the flow of capital to under-developed countries was hardly practicable owing to its inflexibility. The governments of capital-exporting countries should rather assist the private investor by encouraging his spirit of enterprise.

10. The International Finance Corporation should also help to stimulate the flow of private foreign capital to the under-developed countries, and he hoped that it would come to play a more important part in the financing of the productive sectors of their economies than the Bank had so far done. It was gratifying to note that the activities of the Corporation would not be restricted to the financing of private enterprise but that due attention would be paid also to government-sponsored public and semi-public enterprises.

11. The volume of private foreign capital investments, however, would always depend upon the relative attractiveness of domestic and foreign opportunities. In recent years, the great economic expansion in the industrialized countries, by providing profitable domestic outlets for savings, had reduced the attractiveness of foreign investment. As a result, the flow of private capital had tended more towards countries already industrially well developed, such as Canada, or those that were achieving rapid progress in that direction. Indeed, in some potential capital-importing countries, such as Burma, Ceylon, India and Indonesia, the post-war period had indicated rather an outflow of private capital, although he would add that statistics were not always reliable, because they failed to reflect the growth of existing foreign enterprises through re-investment of earnings. A further

reason for the diminished attractiveness of under-developed countries to the foreign private investor was those countries' paramount need for improved transport and communications and for "social overheads"; for neither of those basic services provided much opportunity for private enterprise. There was also apparently a feeling that the governments of the under-developed countries tended to make private foreign investments subject to various kinds of restriction, the situation being aggravated by the inability to transfer profits owing to balance of payments difficulties. For all those reasons, the flow of foreign private capital was likely to remain quite inadequate to meet the present needs.

12. The financing of economic development, therefore, must look also to the possibility of public loans, and he welcomed the awareness of that necessity in the report by the Secretary-General on the international flow of private capital, 1953-1955 (E/2901). Long-term, low-interest-bearing public loans, preferably combined with technical aid, could play a more important role than private capital in the development of the economic and social infrastructure of the under-developed countries. The contribution of public lending in the more highly developed areas of the world was considerable—witness the expansion of the economies of western Europe owing to United States credits and Soviet Union assistance to the countries with centrally-planned economies. In that field, the Bank and Fund could certainly increase their activities. The former seemed already to be paying greater attention to development in the under-developed countries, and it was to be hoped, following the recommendation of the African-Asian Conference in April 1955, that a greater part of its resources would be allocated to the Asian and African countries. In that respect, the problem of local currency financing, to which he had already referred, called for particular attention.

13. It was important to bear in mind that in the last resort it was not foreign exchange as such that the under-developed countries required, but the goods that could be purchased therewith. In that connexion, private medium-term and long-term credit facilities, granted by banks or industrial concerns within the framework of existing governmental regulations, could make a valuable contribution to building up the production equipment of those under-developed countries that were sorely handicapped by balance-of-payments difficulties. Such assistance would not be a one-way traffic, for it would help to promote markets for the manufactured goods and surplus commodities of the capital-exporting countries.

14. The Colombo Plan was another useful means for solving the problem. Its scope, however, was far too limited, for it provided only about a quarter of what was required merely to prevent a fall in the standard of living of the populations of the regions concerned.

15. The domestic and foreign financial resources at present available for financing the economic and social infrastructure of the under-developed countries were in fact so inadequate that greater assistance from the United Nations and the specialized agencies concerned might seem essential. Their existing budgets, however, were too small to encourage optimism with regard to more

substantial assistance in the future. The problem could best be solved by the rapid establishment of SUNFED, the need for which was great. If it was ever intended to put a stop to the ever-widening gap between the highly industrialized and the under-developed countries, it was high time that action took the place of talk.

16. Mr. NEBOT VELASCO (Ecuador) said that there could be no improvement in the standard of life, production, employment and economic development in general except by an international contribution to the financing of projects in countries in process of development. His delegation had noted with approval the efforts in that direction made by the Bank and other credit institutions, but that assistance was inadequate since it did not take social needs into account.

17. General Assembly resolution 824 (IX) had mentioned among the steps necessary to further the economic development of the under-developed countries the encouragement of a flow of private capital to enable those countries to accelerate their rate of economic development. During its twentieth session, the Economic and Social Council had considered the official measures taken to that end but the reports submitted had not dealt with all aspects of the problem. Documents E/2901 and E/2865, which dealt with taxation of foreign private investment in capital-exporting and capital-importing countries, were valuable. In the under-developed countries, foreign private capital investment often took the form of loans or grants from national institutions or from international finance organizations such as the Bank or, in the case of Latin America, the Export-Import Bank in Washington. He hoped that the International Finance Corporation would begin to operate in the near future. The main flow of private capital was towards the industrialized countries or the Near East. In the case of Latin America, the flow of foreign private investment hardly amounted to more than the re-investment of the profits on capital already invested. To maintain an investment rate of 20 per cent, an inflow of foreign capital equivalent to 6 per cent of national income would be necessary. The American countries, except Canada and Venezuela, had benefited little from the international flow of private capital, and foreign investment had been mainly in the extracting industries and not in manufacturing industries. Ecuador had amended her legislation and currency regulations in such a way as to provide favourable conditions for foreign investment. The obstacles to the export of capital from certain countries should likewise be removed. The delegation of Ecuador had studied governmental decisions on the flow of capital and submitted them to the Government and banking institutions in Ecuador with a view to the removal of all obstacles to the admission, repayment or re-export of the capital invested.

18. The Ecuadorian Government had already expressed its desire for the earliest possible establishment of SUNFED, which would permit of more rapid economic development in the under-developed countries and of the realization of social and economic plans which could not be wholly financed by private capital or by the Bank or other credit institutions. It was essential to tackle without delay the problem of financing the economic and

social infrastructure in countries in course of development. In a world where a sharp contrast existed between the developed and the developing countries, where the continuing economic disequilibrium was becoming more and more accentuated and where the difference between the high level of life in some countries and the lower standard in others was being thrown more and more into relief, international co-operation was not a gratuitous gesture, but a moral obligation.

19. The Ecuadorian delegation was of the opinion that the work of SUNFED must be integrated with development plans in the recipient countries. Since very extensive technical studies, which many under-developed countries were unable to undertake, were needed to draw up an over-all economic programme, it would seem right for SUNFED to supplement as far as possible whatever help might be afforded by the Technical Assistance Board and the regional economic commissions in preparing the programmes. In that connexion, he supported the Argentine representative's recommendation (947th meeting) that the plan for the setting up of regional centres to study natural resources and regional technological institutes should be given further examination.

20. The establishment of SUNFED should not be made to wait on world disarmament under international control. Otherwise it might be postponed indefinitely. He agreed with the Netherlands representative's statement at the same meeting that it was inadmissible in peacetime that armaments should have absolute priority over economic development.

21. The industrialized nations must realize that by deferring to a later date the solution of present problems they could only aggravate a situation which was already very critical. It was essential that governments should enlighten public opinion on the gravity of the problem and impress on it that every year lost must compromise the attainment of the ideal solemnly enunciated in the United Nations Charter: the service of the common interest and the employment of international machinery for the promotion of the economic and social advancement of all peoples.

22. Mr. DE FREITAS-VALLE (Brazil) said that the Council's discussion of item 2—the world economic situation—showed that there were some alarming trends, especially the increasing gap between the development of the under-developed countries and that of the industrial powers. One thing seemed clear—namely, that the greater part of government and private capital flowed back into the developed areas. Indeed it was true to say of the loans of the Bank that they could only be viewed in terms of the normal commercial movement of private capital, since the Bank had to impose conditions which would provide the same guarantees as would be required by private lenders. Nevertheless, no matter what the price, his country had always been grateful for outside help in breaking down the bottlenecks which still hindered its development.

23. Other under-developed countries were not so lucky as Brazil, and had embarked upon industrialization later: if outside help could not be provided, they were called on to make almost inhuman sacrifices. On the general problem of investment, his delegation felt that it must be

studied as a whole, bearing in mind both the ends to be attained and the means available to achieve those ends which were the attainment of a rate of development permitting a gradual correction and eventual elimination of structural economic differences that tended to perpetuate the increasing disequilibrium in the distribution of the world's income. Mere development in the production of raw materials, which had sometimes been suggested as the solution, would defeat its own ends unless the structural gap between the two groups of countries could be reduced. At present, the under-developed countries—like Alice in Wonderland—had to run faster and faster in order to stand still.

24. The Council had already taken some action to promote the expansion of trade and industrialization and deal with the problem of commodity prices. His Government was grateful for those measures and looked forward to their early implementation, but he did not feel that they went far enough and it seemed certain that progress would be very slow. Investment could be domestic or international, and could also be in the public or the private sectors of the economy. When private capital was not available for important projects such as public utilities or social expenditure, the government must obviously step in; when domestic capital was insufficient, international capital could and should supplement it—inevitably, of course, at a price. Further, if private capital found a better return in the more developed countries, it was necessary that international governmental capital should take its place. If, however, neither private nor international governmental capital came to the rescue of the under-developed countries, it was clear that they must themselves attempt to bridge the economic gap that separated them from the industrialized countries, and that without delay; for the longer they delayed, the wider the gap would become. It followed that if financial help failed, domestic consumption must be reduced, and a careful choice made of the use of the country's resources. There was no other alternative. Unfortunately, one difficulty was that the people living in under-developed countries tended to imitate the habits of consumption of countries with much more diversified economic structures. The under-developed countries could not run the risk of wasting their resources by allowing their population to defeat the very purpose of economic development by using increases in income and foreign exchange on consumer goods.

25. The representative of Pakistan had said that, at the present session of the Council, some delegations were telling the under-developed countries that they were asking too much, and that they should be satisfied with what they had got because if they did not "behave" they might lose even what they were now receiving. He thought that was a penetrating analysis of the situation, which he wished to support. When outside help was solicited it should not be construed as begging. If it could not be supplied on the magnitude required, there was, as he had said, only one alternative remedy—the imposition of restrictions on consumption that would eventually entail a change in the whole social and economic organization of many countries. Brazil, for instance, was a country that strongly desired to attain the advan-

tages and enormously greater productivity available to an industrial country with an economy based on free enterprise, a system which offered a guarantee of certain fundamental individual rights. His was a country with a low *per capita* income, with one of the highest population growths in the world, but a restricted demand for its major export products. His Government believed that Brazil was on the threshold of an "industrial revolution" and that the great Powers would assist it in rapid industrialization and development. Everything was being done to attract private capital, and some success had been achieved in that direction. Nevertheless, his Government felt great concern about the over-all problem of help for under-developed countries, especially as some other under-developed countries had greater difficulties. The Brazilian Government was ready to enter any scheme of international co-operation which might help in attaining that goal.

26. His delegation was in full agreement with the representative of the Netherlands that it was a tragic error that SUNFED had not yet been established, and also with the representative of Pakistan who had expressed the view that \$250 million was no more than a drop in the ocean. However, it was necessary to be realistic, and if they waited for the ideal, much might meanwhile be lost. His Government felt sure that the logic of facts would eventually indicate the ultimate dimensions of SUNFED. Much had been said about linking SUNFED with the problem of disarmament agreements, and it was obvious that if less were spent on weapons more could be saved for other purposes, including SUNFED. But was it being argued that the under-developed countries were the cause of the existing international tension and that, as it diminished, they were to be rewarded for their better behaviour? There was another important point which he wanted to emphasize when the magnitude of the resources which might eventually be at the disposal of SUNFED was considered, and that was that the under-developed countries' own contribution in self-help should be deducted. Moreover, the benefits of SUNFED would not be confined to the under-developed countries: the flow of goods which it made possible would be a two-way traffic. Those points should all be borne in mind when discussing the size and the potential value of SUNFED.

27. Sir ALEC RANDALL (United Kingdom) wished to confine his remarks upon item 5 of the agenda first to the question of SUNFED, and secondly to the international flow of private capital. In the latter he included the International Finance Corporation, in which the United Kingdom had participated from the start and followed developments with great interest. However, if that item was referred to the Economic Committee, his delegation might wish to speak upon international tax problems.

28. He hoped that no impression had arisen that Her Majesty's Government had ceased to attach importance to the establishment of SUNFED. On the contrary, it was grateful for the efforts of the *Ad Hoc* Committee which had analysed the comments of governments and to its able secretariat, a task which had been discharged with fairness and precision. He wanted to emphasize once again the importance which Her Majesty's Govern-

ment attached to the promotion of the economic and social development of under-developed countries. Its record in that respect was eloquent; over the last five years, assistance had been given to the under-developed countries amounting to £380 million, or more than \$1,000 million. He could not altogether accept the suggestion made by the representative of the Netherlands that aid of that type or on that scale was either uncertain or incidental. On the contrary, it was responsible, planned, systematic and indeed generous, and some other countries would be justified in saying the same. The reasons why Her Majesty's Government could not contemplate an increase in the present scale of assistance were already well known to the Council and those same reasons, which had been explained in a memorandum submitted to the *Ad Hoc* Committee, determined Her Majesty's Government's attitude to SUNFED at the present stage. The suggestion had been made that if some small percentage of expenditure on defence were devoted to the economic development of under-developed countries, the problem would be solved. He felt that was an over-simplification of the problem: the United Kingdom did not spend one penny more on defence than was represented by the minimum obligation to itself and its allies in the interests of international peace and stability. The whole question of disarmament was constantly under review by Her Majesty's Government; but if limited savings on defence expenditure became possible, there were other obligations and responsibilities in the field of economic development which might take priority over SUNFED. If he wished to say no more on the subject it was only because at that stage the Council could not carry the question much further. The *Ad Hoc* Committee's report was only a provisional one, and he agreed with the representative of the Netherlands that it would be wise for the Council to wait before considering any further steps until the committee submitted its final report in 1957.

29. The representative of Pakistan had suggested that the under-developed countries had been asked not to seek, during the present session of the Council, further aid from the developed countries, and even to slow down their present rate of development. He felt that it was discouraging that such an interpretation could be placed on the words and motives of representatives who had spoken in the same sense as he himself. In saying that resources did not exist for the general, haphazard and unlimited expansion of United Nations activities, his delegation had, he thought, been stating a self-evident fact. If the Council really had the interests of the under-developed countries at heart, it must ensure that all available resources were well spent; on the other hand his delegation was most willing to see an expansion of valuable programmes and had supported, at the present session of the Council, several new undertakings by the Secretariat, which were designed to benefit the economies of the under-developed countries.

30. Turning to the financing of economic development, he felt bound to emphasize the effect of the grave events of the past week. General Assembly resolution 824 (IX), to which both the developed and the under-developed countries had subscribed, had recommended that countries seeking to attract the foreign capital essential for

economic and social development should re-examine their domestic policies, legislation and administrative practices with a view to improving the climate of investment; it recommended them to avoid discrimination against foreign investments and to make adequate provision for the transfer of earnings and the repatriation of capital. The General Assembly and the Council had adopted other resolutions in the same sense, and the truth was that if economic and social development was to be promoted, as it must be promoted, by investment and assistance from abroad, trust and confidence had to be created and maintained. The sudden action of the Egyptian Government in nationalizing the Suez Canal Company had gravely shaken that confidence, and in discussing the present item of the agenda, it was necessary for the Council to take note of that fact.

31. Mr. EL TANAMLI (Egypt), intervening on a point of order, said that the comments of the United Kingdom representative were outside the scope of the Council's discussions. The Council had already adopted its agenda and it was laid down in rule 48 of the rules of procedure that "Debate shall be confined to the question before the Council, and the President may call a speaker to order if his remarks are not relevant to the subject under discussion".

32. Moreover, the question raised by the United Kingdom representative was within the exclusive jurisdiction of the Egyptian Government. In that connexion, he would quote Article 2, paragraph 7 of the United Nations Charter. In nationalizing the Suez Canal Company, Egypt had only exercised one of the legitimate rights of a sovereign nation—namely, the right "freely to use and exploit" its natural wealth and resources, in accordance with General Assembly resolution 626 (VII).

33. The PRESIDENT ruled that the remarks of the representative of Egypt were out of order, and asked the representative of the United Kingdom to continue.

34. Sir ALEC RANDALL (United Kingdom), continuing, said that he had no intention of entering into the political or legal rights and wrongs of the matter. That was not for the Council to do, and a different forum was required, a matter at present under consideration by the governments concerned. However, the communiqué published on 2 August in London had emphasized that they were not confronted with an ordinary measure of nationalization; a great, successful and efficient organization had been placed in jeopardy, one that had served fifty or more nations using an international highway of tremendous importance to a large part of the world: indeed, many under-developed countries were vitally dependent on that highway and upon its unfettered use. A unilateral action of that kind, and especially the arbitrary and intemperate manner in which it had been carried out, were bound to affect the confidence which had been slowly and painfully built up in the years since the birth of the organization. That action must cause serious apprehension to all those nations which had been seeking to attract foreign capital and which had been at such pains to create confidence in their economic policies and to treat foreign interests with fairness and justice. He gladly acknowledged the good faith of the great majority of nations which sought to attract foreign

investment, and he trusted that the blow which had just been struck, although serious, would not be mortal. Her Majesty's Government had always been ready to reciprocate the good intentions of the nations wishing to attract foreign capital by goodwill and practical co-operation; a wide measure of agreement had been reached in the Economic Committee on many important matters, and he would therefore regret it the more if those co-operative efforts were to be seriously prejudiced. He hoped that the confidence so badly shaken could be restored, for confidence was the life-blood of international co-operation, and that was a principle which should be held high by the Council and preached with all the influence at its command.

35. Mr. ABELIN (France) said that the discussion on the world economic situation which had taken place at the current session, and also the reports of the Secretariat, showed the need for international assistance in financing the economic development of under-developed countries. The disturbing situation of the under-developed countries was due, in particular, to the fact that their resources were often insufficient to meet their over-all development needs. In that connexion, he referred to the statements made by the representatives of Pakistan, Brazil and Indonesia. The work of the United Nations and other experts had made it possible to evaluate the investment that would be necessary to raise the standard of living in all the under-developed countries. The experts estimated that to increase the income of those countries by one per cent per annum, it would be necessary to invest a capital of about \$15,000 million per year in their development.

36. Recourse to international financing was therefore an absolute necessity if economic development was to be not only maintained but also accelerated. Financing could take the traditional forms of private international investment and public financing. The reports of the Secretariat noted that progress had been made in both those spheres. That progress remained uncertain, however, as it could only be achieved in an atmosphere of confidence and respect for international conventions. During the last ten years, investments of private capital had gradually increased. That increase had been facilitated by the measures taken by a great many governments, which had given effect to the recommendations contained in General Assembly resolution 824 (IX) concerning the relaxation of exchange regulations, facilities for transfer and tax measures favouring the investment of foreign capital. However, the upward tendency remained precarious. The chief feature had been the large volume of re-invested profits but there had been no corresponding increase in the inflow of fresh capital. The attraction of such capital for investments abroad in fact depended closely not only on the economic conditions in the recipient countries (guarantees of good returns, stability and respect for contracts) but also and above all on the confidence that the capital-importing countries inspired in prospective investors. The latter were at the same time very sensitive to the international atmosphere prevailing when capital was asked for.

37. The Bank had obtained results which gave ground for satisfaction, but such success could only be maintained if holders of private capital continued to back up

the Bank's activities. The International Finance Corporation was, to an even greater extent than the Bank, influenced by the general climate of the capital market since it did not enjoy a guarantee from the borrowing States.

38. The French Government was keenly aware of the value of SUNFED. In fact, a very large part of the public capital invested by France each year in its overseas territories through the Fund for Investment and Economic and Social Development went into basic capital development similar to that which could be financed by SUNFED. Although it did much already to finance the development of the countries and territories for which it was responsible, the French Government, mindful of the need to contribute to schemes of international co-operation, had in April 1956 expressed itself in favour of a substantial French contribution to the capital of SUNFED. Furthermore, it had replied to the questionnaire annexed to General Assembly resolution 923 (X) and had studied most carefully the *Ad Hoc* Committee's interim report (E/2896 and Corr.1).

39. That report showed that once again the great majority of the replies studied by the *Ad Hoc* Committee were for the establishment of SUNFED. The reservations expressed concerned the date by which the fund could be established rather than its actual establishment, which would enable a crying need in existing international assistance arrangements to be met. It also showed almost general agreement on the amount of initial capital, on the need to replenish that capital, on the combination of grants-in-aid and loans, and, to some extent, on the idea of allowing interest. The report of the *Ad Hoc* Committee led to the conclusion that in accordance with General Assembly resolution 923 (X), SUNFED should serve primarily to finance the development of the economic and social infrastructure and should make investments which could not show an immediate profit, or useful investments which the countries concerned could not afford under present-day conditions on the capital market because the financial burdens would be too heavy. The resources of the fund should be used in the first place for the most urgent cases; priorities could be established on the basis of the amount and regularity of internal and external resources which the countries concerned were in a position to allocate to their development programmes. The conclusions of the *Ad Hoc* Committee, given in part III of document E/2896, pointed out moreover that "the Special Fund would be established and maintained by voluntary contributions, the size of which might be determined by governments on the basis of some objective criteria . . . Governments in general envisage that contributions to the Special Fund would be made in local currency convertible into other currencies only to the extent permitted by governments concerned; some governments, however, envisage fully or partially convertible contributions or contributions partly in kind" (paragraph 4). The French delegation thought those doubtful points would have to be cleared up if the fund was to be allowed to function coherently and efficiently. Finally, the report stated in the same paragraph that "The Special Fund would be an autonomous body, operating independently within the framework of the United Nations, and co-operating closely with other

appropriate United Nations organs and agencies". Such close co-ordination could only be effective in an atmosphere of practical co-operation which was as essential to public as to private financing.

40. SUNFED, for all its importance, was only part of the whole machinery intended to improve conditions in under-developed countries. The prospects it offered could not be isolated from other United Nations activities or from action undertaken outside the United Nations in the interests of international mutual aid. The representatives of the Netherlands and Yugoslavia had noted with approval the plan proposed by the French Minister of Foreign Affairs; that plan sought to bring out the general design of international aid in a manner more easily understood by the public, and also to introduce the necessary clarity into aid activities. It laid down the principle of greater fairness in distributing resources in accordance with the needs of the receiving countries. Moreover, it clearly accepted SUNFED as a highly important piece of machinery to be used in assuring the economic development of under-privileged countries. The French Government, in spite of the heavy burdens it was already bearing for its own countries and territories in the French Union, was endeavouring not only to make a material contribution but to suggest positive measures likely to create the climate of international co-operation necessary for all economic development.

41. The actions of certain governments, inspired more by considerations of domestic policy than by the needs of international co-operation, might have the most serious repercussions all over the world in the economic and social field. In the past, Egypt had enjoyed a large measure of international assistance — in particular from France, to which it had been united by traditional friendship. The decision recently taken by the Egyptian Government constituted a precedent which had incalculable implications because it showed that there was no security for either capital or persons. It might be possible to overcome all difficulties and gradually to conquer disease, poverty and ignorance; but there was a contagious disease abroad which would disarm the most competent experts of the United Nations, which would jeopardize all efforts, undermine all progress and bear most heavily on the innocent—the conviction once again gaining ground that conventions could be unilaterally annulled.

42. The work begun ten years previously by the United Nations aimed at basing international relations firmly on co-operation, confidence and mutual respect for human dignity: all countries had their part to play in the common task and none could, without harm to others, renounce its obligations. International co-operation could not be one-sided.

43. Mr. PANIKKAR (World Federation of Trade Unions), speaking on the invitation of the PRESIDENT, said the World Federation of Trade Unions (WFTU) wished to express its views on two questions—namely, the establishment of SUNFED, and the international flow of private capital. Some interesting facts had been cited in the Secretary-General's report on the international flow of private capital, 1953-1955 (E/2901). It was clear that the flow of private capital was quite insufficient to

meet the needs of the under-developed countries in financing their development. That report also showed that the major portion of private capital found its way to the industrialized countries and western Europe and Canada. What was left went primarily into the exploitation of petroleum and minerals, and a small amount to manufacturing industries in a number of Latin American countries such as, for instance, Brazil, Argentina, Chile and Venezuela. He referred in particular to the figures in tables 3 and 5 of the report.

44. Unfortunately, the flow of private capital depended solely on the profit that could be derived in any given country or area. Another reason why private capital could not make the primary contribution to the economic development of the under-developed areas was the increasing emphasis a number of under-developed countries were placing, in their development programmes, on the expansion of the public sector. Finally, investment in under-developed countries often could not provide large or quick returns. It followed that the development of under-developed countries had to be through public finance.

45. WFTU welcomed the report of the *Ad Hoc* Committee on the establishment of SUNFED, and wished to reiterate its view that the fund's establishment was an urgent matter. It was quite true that the main initiative in the economic and social development of the under-developed countries should come from those countries themselves. Such measures as land reform and increased employment would not only raise the standard of living of the people, but provide increased domestic financial resources. It was gratifying that under-developed countries which had gained their political freedom were making serious efforts in that direction. He could take his own country, India, as an example: the outlay on the first five-year plan (1951-1956) in the public sector alone had come to the equivalent of \$4,200 million, and the total outlay to about \$6,510 million. As a result of that plan, the national income had increased over the five years by 18 per cent; the production of food grains had gone up by 20 per cent, and the index of industrial production by 60 per cent.

46. However, the financing of such programmes raised serious difficulties: the average intake of food in India was still below accepted nutrition standards, and about half the population had an income of less than \$2.75 per month to spend on consumer goods. Nevertheless, his country had embarked upon its second five-year plan, which provided for an outlay of \$13,000 million, of which \$10,000 million would be in the public sector. What could be said about the problems of India applied to a greater or lesser extent to most of the under-developed countries, and underlined the importance of SUNFED. He hoped that in establishing the fund the Council would take into consideration both the actual needs of the under-developed countries and the growing trend from private to public financing.

47. His organization was emphatically opposed to the establishment of the fund being made conditional on an agreement on disarmament, urgent as the question of disarmament was. The under-developed countries had a right to expect assistance in their efforts towards economic development, especially as many of the eco-

nomically more developed countries had been able in the past to carry out their economic development by utilizing the resources of the under-developed countries. He was convinced that SUNFED would contribute to the improvement of international trade and friendly relations between nations, and that in itself would greatly help towards agreement on disarmament.

48. Mr. L'HUILLIER (International Chamber of Commerce), speaking at the invitation of the PRESIDENT, said that although the financial resources of the industrialized countries were already being drawn upon considerably in the form of public funds or private capital for the economic development of the under-developed regions, there was a real need for additional financial support. While it was still convinced that private capital, made available through purely economic motives, would always be called upon to play the principal part in the exploitation of world resources, the International Chamber of Commerce (ICC) realized that financing by means of public funds might be useful in preparing the ground for economic development. It was, therefore, generally speaking, in favour of that view of SUNFED's aims. It would, however, be advisable to avoid any overlapping between SUNFED's activities and those of the Bank and the International Finance Corporation.

49. In his view, it was important that the funds available should be used for the purpose for which they were intended—namely, economic development—and that they should not be diverted, for instance, to purely charitable uses. Only by observing that rule strictly would the fund create an atmosphere of confidence likely to promote the success of its undertakings. There would have to be a proper determination of the types of work that could be included in the concept of economic and social infrastructure. The building of roads, for instance, would certainly come within that category and in that connexion ICC had noted with interest the memorandum (E/C.2/462) submitted to the Economic and Social Council by the International Road Federation. The ICC had for its part emphasized the importance of road development in resolutions adopted at its congresses in Vienna and Tokyo in 1953 and 1955.

50. Mr. Bower, of his organization, would, with the President's permission, add a few comments on the question of international tax problems.

51. Mr. BOWER (International Chamber of Commerce), speaking at the invitation of the PRESIDENT, recalled that the ICC had collaborated for many years with the experts of the League of Nations and later with the Fiscal Commission of the United Nations in studying the problem of double taxation of income. He wished to pay a tribute to the experts of the Fiscal Division who had prepared the working paper on the subject of taxation (E/2865 and Add.1 and 2), which gave such a clear general picture of the need to avoid double taxation of income if international investment was to be increased. Progress was unfortunately slow, because there were so many competing claims upon governments, among them the ever present need for more revenue, the insistence on taxing according to ability to pay, as well as obstacles arising from the need to prevent fraud and evasion.

In the view of his organization, little further progress would be made unless the Council could recommend all governments to make that aspect of tax reform a matter of first priority in fiscal policy.

52. Turning to the general subject of international tax problems, he wished to make two constructive suggestions. The first concerned the tax laws of the investing countries, and the second the tax laws of the countries which received capital. The urgent need was for a free and secure market; there must be goods and services to buy and to sell, and freedom to undertake industrial and commercial activity. Private capital had to decide whether to invest abroad or to stay at home, and the tax laws of the investing country had a considerable influence over that decision. In general, tax laws did not encourage investment abroad, but most investing countries gave some relief in respect of foreign taxes; unfortunately, that relief was by no means complete. If private capital was to be induced to go abroad, there should be exemption from domestic taxes on income earned abroad. His organization's first recommendation in that direction was that the tax law of the investing country should grant exemption to corporate bodies for their foreign business income, leaving the exemption of individuals for later consideration. There were strong reasons for that recommendation, since the real hope of international private investment came from business corporations which alone had the available funds and could use them effectively in foreign countries: the savings of individuals were too small to be of importance. There was also a technical ground on which the recommendation was based. The principal obstacle met by the investing country in granting exemption of foreign business income was the difficulty of reconciling that exemption with the progressive scale of personal taxes. That difficulty would be avoided if the exemption was granted to corporate bodies, because they were not usually subjected to progressive taxes but to proportional taxes. In other words, the shareholders, and not the corporate body itself, would be subjected to the progressive taxes on their dividends from the corporate body.

53. Secondly, countries which received private investment from abroad must be prepared to face the fact that they were in competition with other undeveloped countries which needed capital. The tax system of each country had an important influence on the amount of capital investment which it could attract. Many new

countries were offering preferential tax regulations to investors who were willing to start new industries important to the economic development of the country. Those incentives, however, were unlikely to succeed if the general level of taxation on profits was too high to permit normal growth. Moreover, tax reliefs were temporary, although they sometimes encouraged the foundation of enterprises which could not exist without such relief. Investors who looked further ahead would consider the normal level of taxation rather than any temporary inducements. His organization was convinced that the best incentive to the establishment of new enterprises and the growth of existing business was a general low rate of taxation, especially if there was proper provision for deducting losses, including depreciation, before imposing a tax on the remaining profits. Certain under-developed countries had imposed taxes on business which would be regarded as high even in the more industrialized countries; it might be true that they offered preferential terms to selected new industries, but they were not likely to succeed in attracting serious investment if the framework of taxation was too high to permit a normal growth.

54. The ICC hoped, therefore, that the following two suggestions could be incorporated in any recommendation which the Council decided to put forward on the subject: First, as regards the investing country, the tax law should exempt from income tax the undistributed profits of corporate bodies if those profits had been earned directly from a foreign branch, or were received as dividends from foreign subsidiary companies. The dividends which were paid by corporate bodies to their shareholders who were individuals should bear the progressive taxes as if the individual had received the income direct from foreign sources.

55. Secondly, as regards the countries which received investments, it was much more important, in order to permit the normal development of new and existing industries, to keep the general rate of taxes on income at a low level than to have a high general rate of tax which had to be reduced by special tax incentives. Foreign investors did not seek better tax treatment than was granted to native industries. The ICC wished to remind countries which needed new industries and new capital that there was a stage at which high taxes could kill the development which was so urgently desired.

The meeting rose at 5.45 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Belgium, Bulgaria, Chile, Finland, Hungary, Israel, Italy, Poland, Romania, Spain.

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

AGENDA ITEM 5

Financing of economic development (E/2865 and Corr.1 and Add.1 and 2, E/2896 and Corr.1, E/2901) (*continued*)

1. Mr. CHENG PAONAN (China) said that his remarks would be confined to sub-items 5 (a)—the question of the establishment of a special United Nations fund for economic development (SUNFED)—and 5 (b)—the international flow of private capital.

2. His Government's views on SUNFED had already been stated in full in its reply to the questionnaire attached to General Assembly resolution 923 (X). The interim report (E/2896 and Corr.1¹) of the *Ad Hoc* Committee which had been set up to analyse the replies to the questionnaire showed that a wide divergence of views existed.

3. With regard to the nature of the contributions to be made to SUNFED, he noted from paragraphs 13 and 15 of Part II of the report that certain governments had suggested contributions in kind. His Government could not support that suggestion, since it gave rise to serious economic and political as well as administrative objections.

¹ The report will be submitted to the eleventh session of the General Assembly as A/3134.

4. On the economic side, it was imperative that the under-developed countries should be supplied with the best available machinery in order to offset the relative inefficiency of labour. However, if contributions in kind were made, the under-developed countries would be compelled to use the machinery supplied to them by SUNFED, whether it was suitable or not. The contributing industrial Powers might claim that the machinery which they supplied was excellent. If that was the case the under-developed countries would buy it, and there would therefore be no need for the industrial countries to contribute in kind. On the political side, one of the strongest arguments in favour of SUNFED was its international character, but its transactions might become purely bilateral if contributions were made in kind.

5. Paragraphs 23 to 26 of Part II of the report dealt with the question of the relative magnitude of loans and grants. His Government had not touched upon that question in its reply to the questionnaire, as it felt that both grants and loans should be made by SUNFED, and that self-liquidating projects should be financed by loans, while non-self-liquidating projects should be financed by grants.

6. With regard to what was said in paragraph 25 of Part II of the report about rates of interest on loans, his delegation felt that SUNFED should not commit itself to making only low-interest loans. SUNFED might have occasion in the future to increase its own resources by borrowing on the open market and lending what it borrowed to the under-developed countries. It would then have to charge a normal rate of interest, and the under-developed countries would very likely be willing to pay the normal rate of interest rather than be without the fund.

7. Turning to the question of the joint committee, mentioned in paragraph 32 of Part II of the report, he agreed that such a committee would have to be set up if SUNFED wished to make use of the staff of the United Nations and the specialized agencies. The committee should be composed of representatives of the United Nations and the specialized agencies, but it would become superfluous once SUNFED had adequate staff of its own.

8. With regard to the international flow of private capital, the conclusions reached in document E/2901 were substantially the same as those which had been reached in an earlier study, *The International Flow of Private Capital in 1946-1952*.² There had been little improvement in the situation since 1952. As was stated in chapter 1 of document E/2901, the recent exports of private capital were well below the volume achieved in

² United Nations Publication, Sales No.: 1954.II.D.1.

the 1920s and the more developed countries were the main recipients of foreign private capital. The flow of private capital to the under-developed countries of Asia and the Far East seemed to have been nil: there had, indeed, been a net outflow of capital from such countries.

9. The causes of such an irregular situation differed from country to country. He would not deal with conditions in each individual country, but drew the Council's attention to the following very disturbing statement on page 11 of the *World Economic Survey 1955* (E/2864): "It is a mistake . . . to assume from the law of diminishing returns that capital must be relatively more productive in the under-developed countries because of its relatively greater scarcity in relation to land and labour."

10. Three groups of countries were at present competing for the capital of the industrial countries—namely, the industrial countries themselves, Canada and the other petroleum-producing and mineral-producing countries, in Latin America and the Middle East, and the under-developed countries in the area covered by the Economic Commission for Asia and the Far East (ECAFE). Two conditions must be fulfilled if the last group was to compete successfully for the capital of the industrial countries. In the first place, there must be a favourable investment climate; secondly, investments must prove more profitable in Asia and the Far East than in the industrial countries or in the petroleum-producing and mineral-producing countries.

11. If it were true that capital was not necessarily more productive in the under-developed countries of the ECAFE region, then little or no direct private foreign investment in those countries could be expected save in exceptional cases. In that case, the Council should change its emphasis and direct its main efforts to reviving and securing loan capital or indirect investments. While the prerequisite for direct investments—higher profits—might well be lacking in Asia and the Far East, the basic condition for the flow of loan capital—i.e., a high rate of interest—was undoubtedly present. So far as the ECAFE countries were concerned, a favourable investment climate must, therefore, mean a favourable climate for indirect investments.

12. His delegation felt that the Council would be justified in requesting the Secretariat either to prepare a paper setting forth the factual basis for the statement he had quoted from page 11 of the *World Economic Survey 1955*, or to make a comparative study of the profitability of capital investments in the industrial countries, Canada and the other petroleum-producing and mineral-producing countries, and the ECAFE countries. The result of such a study might determine what course the ECAFE countries should follow so far as private capital was concerned.

13. More attention should in any event be paid to the international flow of private indirect investments or loan capital, since the ECAFE countries, as he had already indicated, were favourably placed in that respect.

14. Mr. DONS (Norway) said that his delegation considered the Secretary-General's report on the international flow of capital, 1953-1955 (E/2901) a most valuable document.

15. The Norwegian delegation had on previous occasions referred to the period of industrial revolution through which the world was passing; it had suggested that more resources should be devoted to investments and had pointed to the interdependence between the volume of investments and the pace of both national and international economic growth. His delegation had also denounced the tendency to regard all deficits in a country's external economy as deplorable, and had emphasized that all countries could not have balance-of-payments surpluses at the same time.

16. Turning to document E/2901, he said that Norway had a very special reason for taking a particular interest in the financing of economic development, since foreign capital had played a great part in its own development. Norway had raised its first foreign loan almost 140 years previously and, since then, railways, industrial undertakings, power plants and ships built for Norway by foreign shipyards had been to a great extent financed by public and private foreign loans.

17. Norway was still strongly interested in access to foreign capital markets, and the Government's foreign borrowing programme had had the support of Parliament and also of the Organization for European Economic Co-operation and the International Bank for Reconstruction and Development (Bank). New projects in the hydro-electric, electro-metallurgical, electro-chemical and shipping fields, where the capital component of construction cost was very high, were being continually discussed and put into effect. The present *per capita* consumption of hydro-electric power in Norway was about twice as high as in the United States of America, but only one-fifth of Norway's aggregate potential in that field had been developed, partly owing to shortage of capital.

18. Norway's economic and financial history and its actual needs made it most responsive not only to measures which would directly affect Norway's borrowing possibilities, but to any step that might help to ease the movement of capital for general and specific economic development. He referred, in that connexion, to the position taken by Norway in regard to the setting up of the International Finance Corporation, and its interest in the establishment of SUNFED.

19. There was general agreement on the need for capital in the less developed countries, and on the fact that it would benefit the world in general if the natural and human resources of those countries could be better utilized. There was also general agreement that such development depended on outside assistance. However, many countries felt that with their present defence burdens their economic resources were fully deployed, and that for the time being they could do no more than they had already done. He associated himself, in that connexion, with the statement of the Netherlands representative at the 947th meeting, and pointed out that the national economics of modern States were always strained.

20. He then briefly reviewed the three methods by which economic development was at present financed externally: bilateral grants and loans from governments and governmental agencies; private capital in the tradi-

tional meaning of that term; and, lastly, financing through international institutions.

21. The size of capital movements within each category was difficult to ascertain accurately, but it was certain that in the post-war decade the first category had been by far the most significant; capital movements falling within the second and third categories were not as lively as his delegation would wish.

22. He hoped that the nations which were working together on the solution of investment problems would succeed in establishing an atmosphere of mutual confidence and good faith. Unilateral action by individual countries in matters of vital interest to fellow Members of the United Nations would not help to achieve that atmosphere, without which neither SUNFED nor any other international arrangement for the distribution of capital could materialize or succeed. The Secretary-General had rightly stressed in his report (E/2901) the importance of avoiding deterrent action in capital-importing countries so far as expropriation and so forth was concerned.

23. He recalled the Secretary-General's previous estimate that, in real terms, the export of capital in the early 1950s had been only half what it had been thirty years earlier. The current report mentioned the revival of market flotations of dollar loans by certain countries outside the dollar area and referred, among others, to Australian, Belgian, Norwegian and South African loans. The success which some of those issues had enjoyed had depended, however, to a large extent on participation from outside the dollar area. It was easy to explain why United States capital had tended to seek employment chiefly in the domestic field. The American investor had had many disappointments in the past when he invested his money abroad, and his domestic possibilities in the last decade had probably been unprecedented. The successful efforts of the Bank to induce private capital to take part in some of the ventures sponsored by it was therefore all the more praiseworthy.

24. The fact that private capital had recently failed to play the part it had played in the past made the various international efforts all the more important. The under-developed countries must look to the Bank in particular for the main contribution to a solution of the problems which faced them. Many members of the Council would no doubt consider that the 2432 million dollars' worth of loans granted by the Bank was too modest a sum. It should, however, be borne in mind that the Bank's activities were not restricted to the granting of loans in cash. Gradually and efficiently an organization which commanded general respect had been built up, and the work of the Bank's staff was most valuable even when no immediate financial assistance ensued as the result of the studies which it made. It should also be remembered that the Bank must work within the limits of its Articles of Agreement. Some time had, however, elapsed since the Bank had floated a loan in the private capital market, and he hoped that the tendency for the Bank's lending to slow down was only a temporary one. His Government fully supported the Bank's effort to encourage Member Governments to subscribe to its capital.

25. Circumstances had prevented the International Monetary Fund (Fund) from becoming as important a factor in the world economy as had been intended when it was set up. However, the Fund's role in the sphere now under discussion could never be more than a secondary one, since it had not been established to meet the needs of long-term financing.

26. After briefly reviewing the work to be carried out by the International Finance Corporation, he pointed out that as a result of its small capital—a little more than \$90 million—it would make only moderate-sized loans, mainly for industrial purposes. It would supply only part of the capital needed for an undertaking. Private investors in capital-exporting countries or local sources would have to supply the rest. The Corporation did not contemplate making investments in agricultural enterprises or public utilities, and would not be active in fields where large-scale investments were most needed. Despite its limitations, the Corporation would complement the work of the Bank, which made industrial and other loans only to governments or with a government guarantee.

27. Turning to the interim report of the *Ad Hoc* Committee on the question of the establishment of a Special United Nations Fund for Economic Development (E/2896 and Corr.1), he said that his Government had been among the very few which in rather specific terms had indicated its willingness to participate in that project. The Norwegian Government fully realized that any final formulation of the statutes or establishment of SUNFED must await positive action on the part of those countries which it might be hoped would be the major contributors to it. In the meantime, his delegation was prepared to support any step which would help to bring SUNFED, or the idea of multilateral aid, closer to practical realization; it would therefore welcome any action by the *Ad Hoc* Committee to make the pattern of the proposed special fund more specific when it submitted its final report to the Council at its twenty-third session.

28. Mr. NOVAK (Czechoslovakia) recalled that his delegation had frequently drawn attention to the fact that the way to remedy the economic backwardness of the under-developed countries was, above all, to develop industrial and agricultural production. The mobilization of all domestic resources was the main factor, and foreign assistance would play only a secondary part. Such assistance, moreover, should be of a kind that would not impair the economic and political independence of the countries concerned. In that connexion, he also wished to point out that the statements made at the 948th meeting by various delegations concerning the nationalization of the Suez Canal had no place in the Council's discussions. That question lay within the exclusive jurisdiction of Egypt, and the decision taken had nothing to do with the world economic situation. Hence the question should not be raised before the Council.

29. In view of its own experience and of facts often cited in the Council, the Czechoslovak Government had serious doubts concerning the value to the under-developed countries of private investment. Private investors were mainly concerned with their own interests,

and they sought to derive the maximum profit from their investments and to secure a monopoly of certain raw materials produced in the under-developed countries.

30. In view of the possibilities offered them, the under-developed countries should be able to choose the form of assistance they preferred. For the Economic and Social Council, the problem was to find the most effective means of assisting them. At the 947th meeting the Netherlands representative had arrogated to himself the right to speak on behalf of certain States, but raising the spectre of Communism as he had done did not serve the ends of a co-operation calculated to solve the special problems of the under-developed countries and especially the problems raised by the establishment of the special fund.

31. In the opinion of his delegation, the establishment of SUNFED could only be one of the means of solving the problems faced by under-developed countries. It recognized, however, that if it satisfied certain conditions such a fund could help to further the development of the main branches of industry and agriculture in countries whose economic structure had not yet reached the desired stage of development, although the possibility of using the internal resources of the under-developed countries for their development must never be lost sight of.

32. The Czechoslovak Government considered that SUNFED should be partly supplied with capital resulting from disarmament and the prohibition of atomic weapons. But its establishment should not wait until the question of disarmament had been settled.

33. As regards the principles which should govern SUNFED, the Czechoslovak delegation was first of all in favour of a system of voluntary contributions. It should be possible for contributions to the fund to be made in the form of supplies of goods and services, and the debtor States should be able to repay loans in the same manner. He stressed that that system would provide a means not only of contributing to the fund, but also of promoting international trade.

34. Secondly, with regard to the operation of SUNFED, he pointed out that in the interim report of the *Ad Hoc* Committee (E/2896 and Corr.1), Czechoslovakia had been erroneously included among the countries which considered, as did the Netherlands, that once the conditions for loans were laid down no changes should be made. The Czechoslovak Government saw no reason why the conditions for loans to under-developed countries should not be changed if the situation so required. For instance, if an under-developed country was in a particularly difficult economic situation, repayment of a loan might possibly be deferred.

35. Thirdly, with regard to relations with other organs, his delegation felt it was not desirable to combine the work of SUNFED with that of the Bank, since in many cases the Bank endeavoured to make a profit, whereas SUNFED should be strictly non-profit-making. The Government of Burma, in particular, had drawn attention to the fact that the discrimination exercised by the Bank in the choice of projects for financing was a contributory reason for the establishment of SUNFED.

36. With regard to the structure of the fund, the Czechoslovak delegation considered that the executive board

should include representatives both of the contributing States and of the beneficiary States, with equal voting rights. That was a matter which had not been dealt with in the report of the *Ad Hoc* Committee. He also pointed out that Czechoslovakia had been omitted from the list at the end of paragraph 110 of the report. It was clear from the Czechoslovak Government's reply, although it had not been expressly stated, that in the opinion of that Government the composition of the executive board of SUNFED should be based on adequate geographical distribution—i.e., on the principles applied by the United Nations.

37. Subject to observance of the principles he had mentioned, the Czechoslovak Government was prepared to support the establishment of SUNFED at the earliest possible date.

38. Mr. BAKER (United States of America) said that the fallacious belief in the inevitability of progress which had existed before the First World War had been succeeded by an understanding that progress was the product of human effort. To achieve peace, increasing prosperity and human happiness, the vast and expanding store of scientific knowledge must be brought to bear on the practical task of improving standards of living everywhere.

39. There was now a universal acceptance of the view that economic development was the goal towards which all should strive. Societies which had been static for centuries were dominated by the desire to change, almost overnight, into modern diversified economies. In order to bring about economic progress as rapidly as possible, it was generally agreed that the under-developed countries must increase, not only their capital resources, but also their knowledge of the technical and managerial skills which were so necessary to a complex modern economy. Moreover, if economic development was to proceed at a satisfactory rate, domestic capital formation in such countries must be supplemented by capital from outside.

40. His Government's sympathy with the desire of the under-developed countries to achieve rapid economic progress had been amply demonstrated by its bilateral economic aid and technical assistance programmes, by the loans of the United States Export-Import Bank and by the United States participation in such multilateral undertakings as the Colombo Plan, the Expanded Programme of Technical Assistance, the Bank and the recently established International Finance Corporation.

41. While both portfolio and direct private foreign investment might contribute to economic development, direct private foreign investment had the special advantage of being the only tested vehicle for the export of managerial and technical skill in conjunction with capital. In that connexion, he recalled that, at a conference of American business men recently held at the Harvard Business School, Mr. Stanley Allyn, President of the National Cash Register Company and United States representative to the eleventh session of the Economic Commission for Europe, had set forth the principles by which his company's foreign operations were governed. Those principles, which he thought demonstrated the sense of responsibility which many American business men felt towards the communities in which they con-

ducted their business operations, were as follows: Mr. Allyn's company's investment in a foreign country was on a long-term basis; its overseas undertakings were staffed with citizens of the countries concerned; for it, service should be a more important consideration than sales; part of its profits were invested in the countries where the profits were earned; overseas employees were treated in the same way as staff employed in the home country; and, lastly, the customs, traditions and religions of the foreign countries were scrupulously respected.

42. He believed that foreign investment conducted in accordance with those principles not only contributed to economic and social progress through its direct capital contribution, the skills it introduced and the training facilities it provided, but also tended to generate additional capital both directly, by the re-investment of earnings, and indirectly, by creating conditions favourable to investment by other business men.

43. He felt that in recent years excessive emphasis had been placed on the question whether an investment would increase exports or diminish imports and whether a country's balance-of-payments position would be adversely affected by the need for transferring abroad some of the earnings on foreign investment or, in cases where the undertaking was repatriated, the capital itself. The value of investment, however, lay in its capacity to increase the total national income of the country in which the investment took place by increasing its productivity. As the economy of the capital-importing country expanded through increased capital investment and increasing skills, it would develop sources of exchange which would enable it to transfer the earnings of foreign investors many times over. While overborrowing had resulted in some defaults, experience amply demonstrated that an expanding economy would be in a position to meet the foreign exchange requirements necessary to compensate prudent investments.

44. There was unfortunately no good statistical measure of the contribution of private investment to capital-importing economies. It was of interest to note, however, that in its *Survey of Current Business* for November 1954, the United States Department of Commerce concluded that one-tenth of the value of goods and services produced in Latin America could be accounted for by enterprises owned by the United States. Similarly, about 25 per cent of total Latin American exports to the United States had been produced by undertakings which owed their development to direct investment from the United States. His Government was undertaking a statistical study of the effects of American investment on Latin American economies in the expectation of developing a more exact measure.

45. The United States itself had benefited by private foreign investment in the early days of its economic development, and it was still a major recipient of foreign investment. His country spoke from experience when it emphasized the benefit which a host country received from the import of technological and managerial skills. It was interesting to note that direct foreign investment of that kind tended to concentrate on the production of newer products, utilizing the most advanced technology. An increasing proportion of United States foreign invest-

ment in manufacturing enterprise was in such branches of industry as plastics and electronics. Under-developed countries which welcomed such investment could benefit by obtaining modern plants employing new processes and producing goods with expanding market possibilities.

46. While he did not wish to dwell on the obstacles to private foreign investment, he would emphasize, as the representative of the Netherlands had done in the 947th meeting, that confidence played an important part in creating an atmosphere favourable to the movement of capital. Investment involved the taking of risks, but those risks must be calculated risks, risks of the kind which were taken by business men who were acquainted with the conditions existing in the country of investment, and who knew that those conditions would not be subject to arbitrary change or application. In the absence of such conditions, the confidence necessary to induce investment was lacking. In that connexion, he referred to the statements made by the representatives of France and the United Kingdom at the 948th meeting, by the representative of the Netherlands at the 947th meeting, and by the President and Secretary of State of his own country, at a recent action which was causing world-wide concern.

47. His delegation was gratified at the increasing recognition by many under-developed countries of the important part which private investments could play in economic development. The Secretary-General's report on the international flow of private capital, 1953-1955 (E/2901) recounted the steps which many such countries had been taking to improve both the legal and economic conditions under which investors must operate. As the report pointed out, however, countries should not expect that those steps would automatically or at once result in a large and sustained flow of private investment. For one thing, opportunities for investment in the developed areas were so numerous and attractive that the number of private investors actively seeking opportunities for investment in the under-developed areas was not likely to be large.

48. In that connexion, his delegation welcomed the establishment of the International Finance Corporation. The Corporation was more than a financing institution. Its importance lay rather in the fact that it would work to bring together potential investors and investment opportunities. Governments had wisely avoided putting large sums of money at its disposal, and it was therefore very likely that in the great majority of cases its participation in individual enterprises would, very properly, be small.

49. It was important for governments in under-developed areas to publicize investment opportunities in them. In that connexion, they would do well to study, as an example, what the Netherlands and Puerto Rico had done. The Secretary-General might be asked to obtain from governments information as to the sectors of their economy in which they would welcome private investment, and to report thereon to the Council. His delegation was prepared to join with others in sponsoring a resolution to that effect.

50. In addition to knowledge of specific opportunities for investment, investors needed a vast amount of in-

formation about the potential resources of the countries in which they proposed to invest. His delegation had therefore supported the draft resolution proposed by Pakistan (E/L.735/Rev.1) and approved by the Economic Committee, calling upon governments to undertake surveys of their resources. He had also been glad to observe the emphasis placed by the representative of Argentina, when speaking at the 947th meeting, upon the importance of such surveys.

51. The United States Government, which already offered some tax concessions to those who invested abroad, was now considering proposals for offering definite tax advantages, described in paragraph 17 of the Secretary-General's memorandum on international tax problems (E/2865 and Corr.1). The President of the United States had recommended that Congress should enact legislation extending to non-incorporated foreign branches the privilege—so far limited to foreign subsidiary corporations—of deferring payment of income tax until the income was withdrawn from the country where it was earned. In his message to Congress on foreign economic policy, on 10 January 1955, the President had also proposed that the further use of tax treaties should be explored, with a view to the possible recognition of tax concessions made to foreign capital by other countries. Under proper safeguards, credit could be given for foreign income taxes which were waived for an initial limited period, as credit was now granted for taxes which were imposed.

52. No substantive action on SUNFED was called for at the Council's current session. All that was required was to note the report of the *Ad Hoc* Committee and forward it to the General Assembly. The success of SUNFED depended on genuine multilateral support, and on confidence. Genuine multilateral support would be possible, and confidence would be restored, only when international agreement had been reached on disarmament. His delegation therefore disagreed with those who, like the representative of Brazil at the 948th meeting, contended that the establishment of SUNFED should not be conditional upon the reaching of agreement on disarmament.

53. He thanked the Secretary-General for his report on the international flow of private capital, 1953-1955 (E/2901). Any contribution to knowledge on that subject was useful to the governments both of capital-importing and capital-exporting countries.

54. Mr. CARDIN (Canada) said that perhaps the most marked of the many changes in world outlook that had taken place in the post-war period was the change in opinion regarding the assistance which the more advanced countries could and should give to promote the economic development of the less developed countries. In a speech the previous year, Mr. L. B. Pearson, the Canadian Secretary of State for External Affairs, had included among the reasons for providing assistance the recognition that the more quickly other peoples' standards of living rose the better off everyone would be, the conviction that economic and social progress were essential to a durable peace, and the evident effort which the peoples of the less developed countries were themselves making to improve their situation. The world

also owed a great debt of gratitude to the United States of America for its willingness to share not only its technical knowledge but also its prosperity on a co-operative basis with less fortunate people throughout the world. As time went on, more and more of the advanced countries seemed ready and willing to follow the United States' example.

55. One of the best ways in which the less developed countries could promote the financing of their economic development was to adopt measures that would encourage the investment of private capital from abroad. In chapter 1 of his report on the international flow of private capital, 1953-1955, the Secretary-General had pointed out that foreign enterprises had contributed to increases in productivity through the transfer of modern technology, the training of local labour, the development of managerial techniques and the stimulation of local ancillary industries, and that they had also served to an increasing extent to stabilize domestic savings for joint investment with foreign capital in productive ventures. That report, like other United Nations reports, had emphasized that less developed countries could attract more private capital than would otherwise be available to them if they developed sound internal fiscal policies, equitable and effective tax systems, reasonable provisions for the transfer of income and repatriation of capital, well-considered development programmes and, in particular, a reputation for fair and equitable treatment of foreign-owned enterprises.

56. Such a reputation was difficult to build, but all too easy to destroy by hasty, arbitrary or ill-considered unilateral actions. Capital was invested in productive enterprises on a long-term basis and would not be available unless there was confidence in the future. Moreover, adverse changes in the climate for private investment in one country tended to discourage investment in other countries. It was obviously in the interests of all, both the industrialized and the less developed countries, that an atmosphere of confidence should be maintained and extended.

57. It was gratifying to note from the Secretary-General's report that many of the less developed countries had made some progress in that direction in recent years. The measures adopted had generally taken the form of reducing specific obstacles to the inflow or outflow of capital resulting from previous governmental action, providing special incentives to private investors and widening the scope for new investments. The report went on to say, however, that such measures must not be expected to produce immediate results.

58. While believing that the main responsibility for attracting private foreign investment must rest with the less developed countries themselves, the Canadian Government also recognized that the more economically advanced countries could help, for example, by making sure that their tax structures did not impede investment abroad. The Canadian tax laws could not be criticized in that respect. Moreover, Canada had concluded reciprocal tax conventions with other governments for the avoidance of multiple taxation.

59. There were now two international bodies largely concerned with investment in under-developed countries

—the Bank and the newly established International Finance Corporation. Canada had made its entire 18 per cent capital subscription to the Bank (approximately \$60 million) available for lending and had authorized the Bank to obtain additional capital by the sale of its bonds in Canada to the extent of \$48.7 million. It had also actively supported, and made its initial contribution to, the International Finance Corporation, which should, it believed, be of material assistance in guiding under-developed countries towards sound projects of industrialization and in finding the necessary private capital for such projects.

60. There was a tendency at that time to deprecate, if not denounce, co-operative measures undertaken on a bilateral basis. It was sometimes suggested that such measures were adopted because the so-called donor wished either to get some undeserved credit or to exercise some pernicious influence. He did not think that reproach could be levelled against Canada's efforts to promote the economic development of under-developed countries under the Colombo Plan, to which the Canadian Government had so far allocated \$162 million. The projects to which it had contributed included, first, co-operation with India in the provision of an atomic research reactor which was to be available for use by scientists of the region. Secondly, the experience acquired in making aerial surveys of its own resources had enabled Canada to co-operate with three other countries in carrying out extensive surveys of a similar nature. Thirdly, years of work on the research and development of Canadian fisheries had enabled Canada materially to assist the development of that industry in Ceylon, thereby helping to provide a more balanced diet for the population of that country. Canada would like to do more along those lines, but its decisions must be related to the continuing high level of defence expenditures, the heavy capital demands of its own developing economy and the fact that it was a large net importer, not exporter, of capital.

61. His Government had reached no final decision on the question of participation or non-participation in SUNFED. That would largely depend on whether the organizational and administrative arrangements were conducive to efficient operation and whether the fund would command sufficient support to enable it to operate effectively. Within those limits, however, his Government had tried to adopt a constructive approach to the proposal. In its reply to the questionnaire on SUNFED, it had suggested that the fund should collect and disseminate, perhaps on an annual basis, information about all types of aid to under-developed countries, whether technical or economic and whether provided bilaterally, regionally or multilaterally; and that countries providing and receiving aid under bilateral programmes should, in certain circumstances and by joint agreement, be allowed to call on SUNFED for guidance or administrative assistance. In that way, the sharp distinction between bilateral and multilateral aid would tend to disappear, and it might become possible to see more clearly how different forms of aid could best be handled.

62. If SUNFED was to do the things that most needed doing in the places where they should be done first, the currencies contributed to it should be as fully convertible

as possible. Countries able to contribute convertible currencies should be obliged to do so.

63. While his Government had no objection in principle to aid in kind, it did seem that it could best be provided on a bilateral basis. There were four important objections to contributions in kind through an international fund. First, they would greatly complicate the administration of the fund. Secondly, their acceptance and disposal would tend to disturb normal marketings and possibly make the problems caused by surpluses even more impracticable. Thirdly, if surplus commodities came to be regarded as an acceptable or usual form of contribution, the operations of the fund might become geared to the disposal of those surpluses rather than to meeting the development needs of under-developed countries. Lastly, if the fund readily accepted contributions in the form of commodities, particularly surplus commodities, it might well find difficulty in obtaining contributions in other more useful and versatile forms.

64. His Government did not exclude the possibility of using food surpluses to promote economic development. It had carefully studied the report on the Food and Agriculture Organization's relevant pilot study in India, and believed that further studies might indicate how such surpluses should be used without interfering with normal world trade. It did not, however, think that such activities should be conducted by an international fund.

65. Though the replies of a number of governments, including his own, had been ably summarized in the *Ad Hoc* Committee's interim report, that document might be somewhat misleading, despite the warnings it contained. The concluding paragraphs correctly stated that some general pattern emerged from the replies that had been received, but it must be remembered that almost half the Member Governments, including both large and small countries, had not replied at the time the report was drafted, and that most of the governments which had replied had drawn heavily upon the proposals put forward previously by the two United Nations committees of experts which had dealt with the subject. As a result, the appearance of unanimity was perhaps exaggerated. In those circumstances, he doubted whether the statutes of a possible international fund could be usefully prepared at the present time. It would be disastrous if draft statutes were prepared only to be rejected when put to the practical test of approval by governments and legislatures.

66. International economic aid should, in his view, be the increasing concern of the United Nations, whether the aid was provided by the United Nations itself, or bilaterally or regionally. In that way the United Nations could help to avoid international aid becoming a source of competition amongst some and a cause of suspicion amongst others, and enable it rather to make its proper contribution to economic progress, political harmony and world peace.

67. Mr. EL TANAMLI (Egypt) said that the Egyptian delegation regretted that the United Kingdom and French delegations had chosen to use the Council for propaganda purposes; he had expected more wisdom and justice from those two delegations.

68. It was primarily the responsibility of the under-developed countries themselves to exploit their resources and finance their programmes of economic and social development. That process involved sacrifices, which should be accepted with dignity. The surveys submitted to the Council showed that in the under-developed regions, with the possible exception of the Non-Self-Governing Territories in Africa, economic development plans had been drawn up and the governments concerned were doing their best to finance the plans out of national savings. That source of finance was inadequate because national incomes were low and populations were increasing rapidly. As a consequence, the gap between the levels of living of the developed and under-developed countries was widening, though it should not be forgotten that the original cause of the gap was the long period of foreign rule under which the under-developed countries had lain. The political subjugation had been reflected in economic affairs, and the dependent countries had been subjected to an economic policy which worsened the terms of trade and reduced their income from foreign exchanges; the economies of the ruling countries had developed at the expense of the economies of the dependent countries. Similarly, the dependent countries had been denied sovereignty in fiscal matters; they had not been allowed to tax the income which foreign individuals and corporations had obtained from exploiting their resources, whereas the metropolitan countries had levied taxes on such income. Lastly, monetary policy had been administered in the interests of the metropolitan country. In time of war unrestricted use had been made of the dependent country's material and human resources.

69. That summary of the economic history of the under-developed countries explained why the peoples of countries which had won their political liberty were now facing enormous economic difficulties. The governments of those countries, which so justly mistrusted the intervention of foreign capital, were today seeking to carry out economic and social development under the auspices of the United Nations. For that reason, Egypt had endeavoured, ever since becoming a member of the Council, to bring the idea of a special United Nations fund for economic development to fruition. It had urged consistently that, in the management of the fund, the principle of the equality of States Members should be respected, and it continued to believe that the fund should be established immediately, without waiting for disarmament under international control. His delegation naturally realized that some of the governments most able to finance the fund had vast military burdens, and it was not for him to say to what degree acceptance of the principle of the equality of peoples might affect the burden of military expenditure in the case of certain of them.

70. The Economic and Social Council was an instrument of international co-operation for the purpose of accomplishing the objectives of the Charter in the economic and social fields; it was regrettable that the delegations of the United Kingdom and France should have chosen to use it as an instrument of political propaganda. They had, at the 948th meeting, described the nationalization of the Suez Canal Company as an illegal act and as a violation of international agreements.

With reference to their statements he felt bound to say that the Council could not deal with a matter which was within the domestic jurisdiction of the Egyptian people. The General Assembly had recognized the right of peoples "freely to use and exploit their natural wealth and resources" (resolution 626 (VII) of 21 December 1952). The representative of France, while referring to the traditional friendship between his own country and Egypt, had declared that Egypt had broken an international agreement by nationalizing a company described as "international". Perhaps certain facts should be brought to the French representative's attention.

71. First, there was only one international agreement on the Suez Canal, the Convention of Constantinople, ratified in December 1888, which dealt strictly with freedom of navigation in the Canal. When nationalizing the Suez Canal Company, Egypt had stated that it would respect the principle of freedom of navigation and hence had not broken the international instrument of 1888.

72. Secondly, the replacement of the private Suez Canal Company by another private company, or by a government agency, could not be considered as a denunciation of the 1888 Convention, for the Company's concession would have expired in any case in 1968 and the Egyptian Government would then have taken the Company's place. Furthermore, the Company had never been concerned with the freedom of navigation in the Canal, since under the 1888 Convention that was Egypt's responsibility.

73. With reference to the international character of the Suez Canal Company, he said that the concession agreement of 1866 and the *firman* ratifying it stipulated that the Suez Canal Company, being Egyptian, was governed by the law and custom of Egypt. The agreement also provided that any disputes between the Egyptian Government and the Company should be submitted to the local courts and adjudicated according to Egyptian law. In other words, the Company was an Egyptian company, and in nationalizing it Egypt had only followed the example given by the United Kingdom, where most of the natural resources formerly in private ownership—and whose capital was international—had been nationalized. France too had nationalized credit institutions. The right of a country to nationalize its own resources had also been confirmed by the International Court of Justice.

74. In reply to the French representative's statement that Egypt had forced foreign employees of the Suez Canal Company to submit to a form of forced labour, he said that any Company employee was at liberty to resign and leave his work, in the manner laid down by Egyptian labour legislation, by giving the necessary notice. The sole object of the measures taken by the Egyptian Government was to avoid sabotage and to ensure the proper operation of the Canal.

75. It was stated in the American Press that it was odd that the sharpest attacks on the Egyptian Government's action should come from a socialist Government, which should in principle support nationalization measures, particularly when, as in the case of the Suez Canal Company, shareholders were to receive full compensation. The rights of shareholders were safeguarded and

they would be compensated according to the closing market quotations on the Paris Bourse on the eve of nationalization. The funds of the nationalized company would naturally be used to pay such compensation.

76. The Canal had been dug by Egyptian workers; the initial capital of the Suez Canal Company had not been more than 200 million French francs of that date, and Egypt, in consideration for the amendment of certain clauses in the concession agreement of 1866, had had to contribute 84 million francs. It was from Egypt that the Company, when meeting financial difficulties, had obtained finance which it had been unable to procure on the international market.

77. He recalled the sacrifices borne by the Egyptian economy during the Second World War. After the war, Egypt's sterling balances had been blocked and the country had thus been deprived of a considerable amount of capital which could have been used for economic development. Egypt had had to agree to the release of its balances being spread over a long period, a circumstance which had hardly contributed to international confidence. Furthermore, under the terms of General Assembly resolutions, the investment of foreign capital should not be accompanied by any intervention in the domestic affairs of the capital-importing countries. The military measures and the threats echoed in the Press hampered the development of friendly relations between peoples and created distrust of foreign capital. As the Indonesian representative had said at the 948th meeting, the under-developed countries could not accept foreign capital on terms that compromised their sovereignty. The military demonstrations he had mentioned showed a regrettable return to the colonial methods condemned by the United Nations Charter.

78. Sir Alec RANDALL (United Kingdom) said that he had no intention of making the Council a forum for discussing the rights and wrongs of the Egyptian Government's action vis-à-vis the Suez Canal Company. As he had said at the 948th meeting, a quite different forum was required for that purpose, and it was in such a forum that arrangements were now being made to discuss it. He would not allow it to go on record, however—and there was nothing in his speech to support the idea—that he had accused the Egyptian Government of illegality or of anything that constituted a violation of international agreement.

79. Mr. JURKIEWICZ (Observer for the Government of the People's Republic of Poland), said that, despite considerable efforts by many of the less developed countries to build up their national economies and develop their industries, the gap between them and the industrialized countries had continued to widen.

80. The economic development of the economically less developed countries depended primarily on those countries themselves. It was a complicated and long-term process closely connected with the changes which must take place in their social and economic structure and in their relations with the industrialized countries. Industrialization should be regarded as the main factor in every economic development plan, and should therefore be given priority in financing economic development.

81. The United Nations had undoubtedly achieved some results in its efforts to assist the economically less developed countries—for instance, through the technical assistance programmes, in which Poland had played an active part. The United Nations could also help as regards measures of financing. Its functions in that respect might be performed by the Bank, but so far the part played by the Bank had been exceedingly small. Much had been said about financing economic development through private capital, but the international flow of private capital had not only failed to reduce the gap between the industrialized and the less developed countries, but had actually widened it. Some of the reasons for that had been given by the representative of Yugoslavia, at the 947th meeting, and by other speakers. They were as follows. First, as the documents before the Council showed, an overwhelming proportion of private capital exports had been directed, not towards the less developed countries, but towards industrialized, or at any rate economically developed, countries. Secondly, that portion of private capital exports which had flowed into the less developed countries had been directed towards the production of raw materials and had therefore been unable to ensure their harmonious economic development. Thirdly, such capital had been made available almost exclusively to undertakings which in one form or another were the subsidiaries of foreign companies. Lastly, the inflow of foreign capital was largely illusory, because it was offset by repatriated profits. It was understandable, therefore, that the economically less developed countries were now requesting the establishment of a new agency—i.e., SUNFED.

82. Poland's attitude towards that proposal had been clearly stated at the 350th meeting of the Second Committee at the tenth session of the General Assembly and in its reply to the questionnaire concerning the establishment of the fund. Like most of the governments which had replied to the questionnaire, his Government considered that SUNFED should start its operations immediately. It also felt that the fund could begin operations with a minimum of resources, on the understanding that the scope of its operations would be gradually enlarged as additional funds became available. SUNFED should be very closely connected with the United Nations, and none of the specialized agencies should have a privileged position with regard to the use of its services. So far as concerned such problems as the relative proportion of loans and grants-in-aid, the structure of SUNFED and the appraisal of projects, his delegation would supply more detailed views in due course.

83. The financing of economic development by international means could not be the only solution of the problem. Wide economic co-operation amongst all countries, and particularly expansion of international trade through the agency of the United Nations, was also necessary. In that connexion, the functions of the regional economic commissions, the Commission on International Commodity Trade and other international bodies should be taken into account. The organization of inter-regional trade consultations was also of interest.

84. Mr. ABELIN (France) said that he had listened to the Egyptian representative's statement with some

surprise. In his speech at the 948th meeting he had not discussed the Egyptian Government's right to carry out nationalization in the same way as nationalization had taken place in other countries, but, as the United Kingdom representative had said at the same meeting, the Egyptian Government's decision went much farther than a simple act of nationalization. It involved, in fact, the arbitrary and unilateral seizure of an international agency responsible for maintaining an essential means of communication.

85. The Egyptian representative had stated that the Suez Canal Company's employees could obtain release by handing in their notices to the Egyptian Government or to the authority responsible for administering the Canal. With reference to that statement, he (Mr. Abelin) would draw attention once again to the fact that the Egyptian Government had created a precedent with unforeseeable implications: the security of the person was threatened on Egyptian territory to the point of disregard for fundamental human rights. The truth was that at the moment the Company's employees were being compelled to work under threat of sentences of imprisonment for terms up to fifteen years. Perhaps the Egyptian representative was in a position to say whether the provision of the nationalization decree relating to that vital point had now been repealed by the Egyptian Government.

86. The Egyptian Government's unilateral decisions and the statements accompanying them would have

lasting consequences for the future of international co-operation; they might have particularly adverse effects on the future of the under-developed countries, in which the French and other governments represented on the Economic and Social Council were most keenly interested.

87. He would not speak in the Council on the substance of the Suez Canal question; other bodies formed the proper forum for that purpose. Nevertheless, he thought that the Council should hear what various governments, particularly those of France and the United Kingdom, had to say on a subject of such vital importance.

88. Mr. EL TANAMLI (Egypt), replying to the French representative, said that the 1954 agreement between Egypt and the United Kingdom declared unequivocally that the Canal formed part of Egyptian territory. Hence, in enacting the nationalization decree the Egyptian Government had done no more than exercise its right of sovereignty over its own territory.

89. With reference to the rights of the Company's employees, he repeated that his Government was in no way denying them the right to resign in the manner prescribed by the legislative provisions in force governing the period of notice.

The meeting rose at 1 p.m.



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President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Bulgaria, Chile, Colombia, Finland, Hungary, Israel, Italy, Poland, Romania, Spain.

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

AGENDA ITEM 5

Financing of economic development (E/2865 and Corr.1 and Add.1 and 2, E/2896 and Corr.1,¹ E/2901) (*continued*)

1. Mr. CARANICAS (Greece) said that the Council's discussion on the world economic situation could be summed up in the words "the economic development of under-developed countries". That had been the case for a number of years, and the Council well knew why it should be so. Considerable progress had been achieved by the highly developed countries; the centrally planned economies had raised the standard of living also, though less than the level of output, as they had given the highest priority to investment in heavy industry.

2. Unfortunately, there had been no corresponding rise in living standards in the economically under-developed countries. In spite of full employment and rapid economic growth in the industrial countries, the under-

¹ The report will also be submitted to the General Assembly at its eleventh session as A/3134.

developed countries' balance of payments had deteriorated. It had been made clear by the statements of many members of the Council that the vast majority of the human race still earned its living by producing primary products; and their standard of living was very low, indeed pitiful. A poignant description of the present situation had been given in the report of the Committee of Nine (E/2757), of which Mr. Scheyven had been Chairman, and it was impossible to exaggerate the dangers to which the existing disparities between the economies of developed and under-developed countries must lead. Some members of the Council had talked of bridging the gap, but in fact it was widening. Another factor, which had sometimes been forgotten, was the rapid rate of population increase in the areas labelled "under-developed". The *United Nations Demographic Yearbook* had shown that the population of the world was growing more rapidly than ever before—in fact, it had reached 2,652 million in 1954, as compared with 2,504 million in 1950. And the increase was greatest in those areas which could afford it least. The alarming situation of the under-developed countries had its origin in their limited resources. They would never be able to attain by themselves a rate of progress enabling them to correct the basic economic disequilibrium in the world's distribution of income or eliminate the differences of structural character between them and the highly developed countries. In the face of that situation, it was clearly essential that the Council should take decisive action.

3. Thus far all members of the Council were agreed, and differences of opinion were mainly about methods and timing. In his report on the international flow of private capital, 1953-1955 (E/2901), the Secretary-General had referred to the difficulties in the movement of private capital and had said that the net exports of private long-term capital by the United States and the United Kingdom—the two main capital-exporting countries—averaged only \$2,300 million during the last few years, including the profits of foreign enterprises which had been re-invested in the under-developed countries. The outflow of capital from the United Kingdom fell sharply in 1955. This fall continued during the first six months of 1956. There was no clear pattern and there were no exact figures, but the amount both of private and of public capital coming from the United States and the United Kingdom had undoubtedly fallen. It was true that the flow of international private capital to some of the more highly developed areas (Canada, western Europe, Australia) had increased during recent years; and it was also true that there had been investment in a few, highly profitable sectors of the under-developed countries' economies (mainly oil and mining). On the other hand, more and more remittances of profits on foreign invest-

ments tended to equalize or even to exceed the inflow of private long-term capital. Yet on the whole it must be confessed that there was little hope of the under-developed countries' being given the means of developing their economies through the aid of private capital investment. Money, unfortunately, went where it could bring the highest and surest return.

4. During the last few years there had been a substantial increase in action on the part of governments, designed to increase the flow of private capital, and sometimes indeed to produce special incentives for foreign investors. His Government had made a thorough investigation of the best means of attracting private investors, and legislation to that end had been enacted in 1954 and subsequently improved. In many countries, special tax measures had been adopted, designed to stimulate private investment, both domestic and foreign, and there had been a widening network of bilateral treaties relating to private investment between the United States and various capital-importing countries. The scope of the United States measures to guarantee private American investments abroad had also been enlarged. No one would deny the important role that direct private investment could play in the financing of the economic development of under-developed countries, especially if managerial ability and techniques were part of foreign investment. Generous economic aid received from the United States had given Greece—among other countries—an encouraging perspective of what disinterested aid could offer. Nevertheless, the report of the Secretary-General had left no doubt that the under-developed countries could not look for a rapid increase in private investment in the near future. Inflationary forces had to be controlled and the balance of payments had to be corrected before there could be any real progress towards economic development.

5. It was obvious that every country had to put its own house in order, before international capital could be expected to supplement domestic resources and accelerate the process of industrialization. Severe and often unpopular measures had to be taken in order to achieve economic stability and encourage private investment from abroad. Such measures could not be maintained in the long run if the economic stability thus achieved did not produce an influx of capital. He felt that the memorandum prepared by the Secretary-General (E/2865 and Corr.1) was timely and could help governments to understand the nature of a very complex question. More studies were needed in that field, in order to improve the legal and economic conditions for the investment of funds in enterprises in the under-developed countries, and he believed that the suggestion made at the 949th meeting by the United States representative that the Secretary-General should obtain more information from governments on the sectors of their economies in which they would welcome private investment was sound. The Greek delegation would gladly support a draft resolution to that effect. An exchange of information about investments in different countries and sources of private capital would bring together prospective investors and those in search of capital. The Greek Government had already carried out investigations in connexion with potential investors in the United States and the best way to attract them.

6. It was also essential that the governments of the under-developed countries should make adequate surveys of their material and human resources and needs. That was the aim of the draft resolution (E/L.735/Rev.1) which had already been approved by the Economic Committee on the proposal of the representative of Pakistan; and the Argentine representative seemed to have much the same object in mind in calling for the establishment of regional centres to undertake systematic surveys of the under-developed countries (947th meeting).

7. It was, however, already perfectly clear from all the economic reports which had been presented to the United Nations that the classic forms of private financing were inadequate to meet the need and that it was essential to turn to international sources of capital. The International Finance Corporation, which had recently appeared on the scene, had more significance on account of its potential ability to bring private investments to countries with a low capital formation than on account of its own investments. He hoped the Corporation would not hesitate to invest in enterprises of a mixed character and that it would show more flexibility than the International Bank for Reconstruction and Development (Bank) had done in interpreting its Articles of Agreement and in weighing the facts and the borrowing capacity of countries.

8. But all delegations now appeared to recognize the important role which could be played, within the framework of the United Nations, by a special fund for financing the non-profit-yielding infrastructure for economic development. If there were any differences, it was only a matter of how and when such a fund could be established, and there were many indications of an approaching new era of international economic co-operation.

9. The representative of the Netherlands had reminded the Council (947th meeting) of the revolutionary concept embodied in the Marshall Plan, and all countries would indeed be living in a happier and more secure world if the USSR and the countries of eastern Europe, which had originally been urged to take part in the Marshall Plan, had done so. Now the tasks were different and a reappraisal of the aims of foreign economic policy was necessary. Now it was clearly the responsibility of the United Nations to take the lead in providing a multi-lateral approach, as the United States of America had done at that time in rendering bilateral assistance. The United States, however, could again show the way, working through the United Nations. During 1956/57 about \$250 million, exactly the amount which the Council had in mind as an initial target for the Special United Nations Fund for Economic Development (SUNFED), had been spent by the United States on economic aid as a result of bilateral agreements unrelated to military problems, and the programme for 1957/58 called for the expenditure of \$467 million in economic programmes for Asian countries, in addition to \$300 million for Korea. Nevertheless, the latest figures of the United States Department of Commerce showed that the American people had raised their gross national product to the colossal figure of over \$400 thousand million a year. It was therefore clear that, at least in the case of the United States—the greatest industrial nation

in the world—participation in the creation of SUNFED was not an economic question, but a question of general foreign policy.

10. The representative of the Netherlands had described the Council's failure to bring SUNFED into being as a "tragic error". There were hopeful indications that that error might soon be righted. Only three months previously the United States representative to the United Nations, Mr. Lodge, asked about the current reappraisal of his country's foreign aid programme, had said that the present world situation required the United States to channel a larger part of its foreign aid through the United Nations. In his words, "multilateral aid offered a way to prevent the so-called race which some are trying to promote between the United States and the USSR as to which will spend the most in an under-developed country". Two weeks later, speaking at Atlantic City, Mr. Gaitskell, leader of the British Labour Party, had urged all countries to give one per cent of their national incomes to economic aid through the United Nations. And at the present session of the Council a number of representatives of the industrial countries had given their support to the creation of SUNFED.

11. The problems of the under-developed countries were deep-seated. Some of their governments were inexperienced and occasionally unstable, and not always able to judge requirements with the minds of professional planners. Thanks to the quiet but effective work of the specialized agencies and the technical assistance programme, however, it was at last possible for private investors to anticipate better conditions in countries, both young and old, which needed capital. It was true that investment had been held back by restrictions and risks, as well as by the under-developed countries' fear of outside economic domination. For that reason alone the United Nations should be made responsible for all programmes of technical and economic assistance. Bilateral aid was always tinged with some kind of suspicion of political motives. East and West could work peacefully together in bridging the widest gap in the economic structures of the United Nations' Member States. There might still be the fear of western domination or colonialism in Asia and in Africa, but there was also the fear of communist imperialism. A special United Nations fund for economic development to which all Member States subscribed would be warmly welcomed by all countries in need, and would be devoid of the overtones of cold war. The creation of SUNFED would revive the hopes and faith of a worried and cynical world.

12. His Government felt that the confidence factor was of primary importance in creating a favourable climate for private investment in the under-developed countries. At the same time, it considered that a number of delegations had exaggerated the effect that the action of the Government of Egypt with regard to the Suez Canal might have on international confidence. When the dust had settled, and the situation was viewed in its proper economic perspective, he did not believe that the incident would affect the flow of capital to the under-developed countries or their economic development, in accordance with the principles of the United Nations Charter.

13. The PRESIDENT announced that the observer for the Government of Chile desired to submit his Government's point of view.

14. Mr. DONOSO-SILVA (Observer for the Government of Chile) said that in 1953 his country had granted the following facilities in order to attract foreign capital: (a) exemption from customs duty; (b) return of capital after five years, in annual sums not exceeding 20 per cent of the principal; (c) annual return of interest for ten years; (d) freezing of tax levels for ten years; (e) annual revaluation of assets for ten years; (f) ten years' exemption from freezing, regulation, control or blocking operations.

15. As a result of those measures, the Chilean Foreign Investments Committee had approved 72 requests from the United States of America, Italy, the United Kingdom, Germany, Panama, France, Argentina, Venezuela, Uruguay, Belgium, Switzerland, Bolivia, Ecuador, the Dominican Republic and Colombia. The investments authorized represented a total sum of over \$32 million, spread over: (a) agriculture, forestry, fisheries and hunting; (b) mining (excluding copper) and quarrying; (c) industry (foodstuffs, textiles, paper, leather, rubber, chemicals, non-metallic mineral products, metal products, machinery, electrical machinery); (d) construction; (e) transport and communications.

16. The Chilean Government had also authorized in 1955/56 investments totalling \$94,627,000 in copper mines. Thus private capital was mainly—but not exclusively—going into the extractive industries.

17. Chile had endeavoured to make the best possible use of the technical assistance it had received, but had been unable to go forward with certain projects owing to the inadequacy of its economic and social infrastructure. For example, Chile possessed immense forest resources, but had been unable to work them properly for lack of roads, port installations and so forth. Similarly, it wished to promote the immigration of agricultural settlers, but so far had been unable to take many Europeans for lack of sufficient equipment, housing and the like.

18. The contribution which private capital could make was extremely useful, but ought to be accompanied by assistance in developing the country's economic and social infrastructure. The Chilean Government had been one of the first and most enthusiastic supporters of the proposal for SUNFED, and had replied to the questionnaire sent to it. It considered that the speedy establishment of the fund was vital, and still stood by all the replies it had made to the questionnaire, with one exception: it now thought that \$200 or \$250 million would not be sufficient initial capital.

19. Miss HERREN (International Federation of Christian Trade Unions), speaking at the invitation of the PRESIDENT, admitted that the under-developed countries' own resources were quite insufficient to meet their present needs, and that only international co-operation in financing could really solve the problem. Valuable steps of that nature had been taken through the Expanded Programme of Technical Assistance and a number of international financing bodies. The real need of the under-developed countries was, however, first and fore-

most to develop their economic and social infrastructure. That was essential to any substantial economic development.

20. The International Federation of Christian Trade Unions (IFCTU) had expressed on several occasions the hope that the great Powers would stop their armaments race and set about promoting economic and social progress in the world with the funds that would be available to them if expenses on armaments were reduced. As several great Powers had announced substantial reductions in their military forces, IFCTU hoped that they would be prepared to announce at once their willingness to participate in SUNFED. IFCTU supported wholeheartedly the forthright declaration made by the Netherlands representative at the 947th meeting, and formally requested the Economic and Social Council to make categorical proposals for the immediate establishment of SUNFED at the next session of the General Assembly.

21. As for "the international flow of private capital", the private capital at present being placed abroad was not sufficient to finance at a satisfactory speed the development of the territories requiring assistance, and was moreover invested mainly in industries likely to provide regular incomes, avoiding sectors unlikely to do so but in greater need. IFCTU recommended the governments of under-developed countries to do more to create a climate favourable to investments. It was of primary importance that the available domestic capital should be invested in local productive industries in order to promote the country's economic activity and social prosperity. It was also regrettable that the governments of industrialized countries had not adopted a more positive attitude during the last few years, and the Council ought to renew the recommendations it had formulated in resolution 512 B (XVII). The large business undertakings holding commercial and industrial concessions in under-developed countries should devote a considerable part of their profits to the creation of local manufacturing industries and to the training of the technical staff needed to operate them.

22. Private capital tended to be invested in countries which possessed abundant natural resources; that tendency was detrimental to other countries and to other economic sectors which nevertheless had considerable resources of manpower, and whose urgent needs were manifest. The Council should adopt resolutions to put an end to the present lack of balance in investment by directing United Nations economic development programmes towards the most impoverished parts of the under-developed countries' economy.

23. Mr. ENNALS (World Federation of United Nations Associations), speaking at the invitation of the PRESIDENT, said that the World Federation of United Nations Associations (WFUNA) wished to limit its comments to the report of the *Ad Hoc* Committee on SUNFED (E/2896 and Corr.1). The organization which he represented believed that the question of establishing SUNFED was the most important item on the Council's agenda at its present session. Governments and non-governmental organizations had had the question under serious consideration during the past year and, at its

tenth assembly, held at Bangkok, WFUNA had given the proposal for SUNFED the unanimous support of United Nations associations throughout the world.

24. WFUNA believed that abundant evidence had now been offered that that proposal met an urgent need in a practical manner which would fit into the general programme of the United Nations for helping the under-developed countries. The *Ad Hoc* Committee's interim report was encouraging. Out of the forty-six governments which had replied to the questionnaire, forty were in favour of establishing the fund without delay. It was particularly gratifying that a number of new Members of the United Nations, such as Cambodia, Ceylon and Nepal, wished to participate in the work of the United Nations in that way. The replies had shown that there was general agreement on the type of organization envisaged and upon its administrative structure. His organization believed that the time had come to draw up the statutes, and further delay would be a blow not only to the hopes of the under-developed countries but to the prestige of the United Nations as a whole.

25. WFUNA was convinced that it would be a serious mistake to make the fund dependent on savings resulting from an agreement upon disarmament. It believed that efforts in the political and in the economical fields should be pursued simultaneously, and that the establishment of SUNFED would help to create conditions which would make disarmament easier. In the final paragraph of resolution 923 (X), the General Assembly itself had expressed the hope "that savings from internationally supervised world-wide disarmament will provide additional means for financing the economic development of under-developed countries". Stress was on the word "additional", because collection of the proposed initial sum of \$250 million was not beyond the present financial ability of Member States—in fact, it amounted to the equivalent of one packet of cigarettes per head from the developed countries. The sum was small compared with government and private expenditure when it was a matter of helping to raise the living standards of two-thirds of the inhabitants of the world.

26. WFUNA believed that the taxpayers of the more industrialized countries would respond generously if they were asked to contribute to SUNFED and would be prepared to make sacrifices for the less fortunate sections of the community of nations. No arguments had been advanced against establishing the fund; certainly none were to be found in the report of the *Ad Hoc* Committee. It was true that one or two members of the Council appeared to be concerned at the present level of United Nations expenditure, but the United Kingdom representative had emphasized, in replying to the representative of Pakistan, that Her Majesty's Government was only opposed to "the general haphazard and unlimited expansion of United Nations activities" (948th meeting) and had emphasized that it had shown its willingness to support worth-while activities. He did not believe that the proposal for SUNFED was a haphazard one, since it had been before the Council for many years and was the result of the expert work of successive representative committees.

27. It was clear that the majority of Member States wanted to establish SUNFED immediately. His orga-

nization believed that it should be established even if some Member States were not yet ready to participate; after all, some of the specialized agencies had started without the universal support which they now commanded. He was convinced that any further delay would do grave damage to the prestige of the United Nations throughout the world. The League of Nations had collapsed because it had failed to establish collective security in the military sphere; the United Nations was in serious danger of losing the support of public opinion and of the majority of its Member States if it failed to recognize the imperative need for collective security in the economic sphere. Prosperity was no less indivisible than peace, and if the seventy-six Member States of the United Nations shrank from the task of raising \$250 million to promote economic development they would be abrogating the task assigned to them by the peoples of the world eleven years before.

28. Mr. PATTEET (International Confederation of Free Trade Unions), speaking at the invitation of the President, said that the International Confederation of Free Trade Unions (ICFTU) had already expressed its view of the inadequacy of existing United Nations assistance in the financing of economic development and had been tireless in urging international aid for the under-developed countries through the establishment of a fund for the provision of grants-in-aid and low-interest loans in order to lay the foundations of an economic and social infrastructure in those countries.

29. The need for SUNFED had been generally recognized, and the Indian Government had rightly pointed out that, whereas a larger flow of international capital to under-developed countries had been promoted through United Nations activities, there was no international machinery for the provision of grants-in-aid for social and economic development. It was true that grants-in-aid were available to a number of countries on a bilateral basis but, all in all, that assistance was sadly inadequate. Aid given by the United Nations would increase the volume of such assistance and the number of countries providing and receiving it. Moreover, United Nations assistance would have great moral value as practical evidence of the belief of the contributing countries in the ideals of the United Nations Charter. The United Nations and the specialized agencies should be the chief channel of aid for economically under-developed countries.

30. In the view of the free trade unions, the sum of \$250 million required to initiate SUNFED should be regarded as only a starting point, and ICFTU intended to launch a campaign for an increased programme of assistance which would bridge the ever-widening gap between the economically under-developed and the industrially advanced countries. The establishment of SUNFED, however, was a prerequisite to any such campaign.

31. The free trade unions, although disappointed at the failure of the Council and the General Assembly to take positive action with regard to SUNFED, were not disheartened, for they discerned a growing awareness that United Nations action in that respect could not be long delayed. In the United Kingdom, in the United

States and in France, there were welcome signs that the Governments were coming to appreciate the need for large-scale international assistance for the under-developed countries.

32. He would urge the Council to recommend the immediate establishment of SUNFED, and would appeal to the delegations of those countries that could be expected to make the largest contributions to the special fund to state the readiness of their governments to do so. If they gave a lead, their example would be widely followed.

33. He could not agree with the view that the setting up of SUNFED must wait on international disarmament, for the amount of money required for SUNFED was insignificant compared with the sums spent on armaments. Moreover, despite the lack of agreement on disarmament, there had been a certain decrease in defence expenditure in some countries. He doubted the wisdom of linking the two questions in such a way as to imply that increased assistance to under-developed countries and expenditure on defence were incompatible alternatives. The battle for freedom was not dependent upon armaments exclusively, and it was no less important to win human minds. The question of disarmament undoubtedly had a bearing on the problems of the financing of economic development. Agreement on world disarmament should release substantial additional funds. The millions who were living in misery could not, however, be left waiting indefinitely until agreement on large-scale international disarmament was concluded.

34. The PRESIDENT announced that the debate on agenda item 5 was closed and that the item would be referred to the Economic Committee.

AGENDA ITEM 7

Establishment of a world food reserve (E/2855) (resumed from the 931st meeting and concluded)

REPORT OF THE ECONOMIC COMMITTEE (E/2914)

35. The PRESIDENT put to the vote the draft resolution submitted by the Economic Committee and contained in its report (E/2914).

The draft resolution was adopted by 16 votes to none, with 1 abstention.

36. Sir Alec RANDALL (United Kingdom) explained that his delegation had voted for the resolution in order to conform with the majority view that work in that field should not be completely dropped. Her Majesty's Government, however, considered it inadvisable that resources should be devoted to the production of the report requested in operative paragraph 4, for there were many more urgent problems with a prior claim on United Nations resources. Moreover, it would be difficult for the Secretary-General to avoid finding himself in fields that were already under examination. He hoped that the Secretary-General would be able to indicate in his report what tangible contributions the governments concerned would be willing to make towards the use of food surpluses for any of the objectives set out in General

Assembly resolution 827 (IX). If that could be done, it was possible that some benefit might derive from the report. His delegation's support of the draft resolution had been influenced also by that consideration.

37. Mr. SAID HASAN (Pakistan), demurring at the previous speaker's statement, urged that consideration of a world food reserve was one of the most important items on the work programme and should be given high priority. Could the Council conceive of any more urgent task than to go to the aid of a country in distress caused by some natural disaster the recovery from which would draw heavily on its foreign exchange resources? He was not alone in holding such a view, for his feeling was shared by a majority in the Economic Committee.

AGENDA ITEM 8

Report of the Statistical Commission (E/2876 and Add.1)

REPORT OF THE ECONOMIC COMMITTEE (E/2915)

38. Mr. de SEYNES (Under-Secretary for Economic and Social Affairs) suggested that the second part of paragraph 2 (a) of the first resolution contained in the Economic Committee's report (E/2915): "and to advise the Executive Secretary of the regional economic commission concerned on how best this can be done" should be deleted, as it seemed to suggest that the secretariat was not a fully co-ordinated body.

39. Mr. DE MEIRA-PENNA (Brazil) endorsed that suggestion.

The suggestion was adopted by 16 votes to none, with one abstention.

40. The PRESIDENT then put to the vote the first draft resolution submitted by the Economic Committee, as amended.

The draft resolution, as amended, was adopted by 15 votes to none, with 2 abstentions.

41. Mr. CARDIN (Canada) said that, although his delegation was in full sympathy with the substance of the proposal, he had abstained from voting on the procedural ground that no resolution of a predominantly financial character should emanate from the Economic and Social Council.

42. Sir Alec RANDALL (United Kingdom) said that his delegation had abstained from voting on the first resolution for the reasons already given in the Economic Committee. He was in no way unsympathetic towards the aims of the proposal, but was sceptical of the wisdom of the procedures suggested.

43. Mr. BAKER (United States of America), explaining his vote in favour of the resolution, noted that the financial implications were under consideration in the Co-ordination Committee.

44. The PRESIDENT put to the vote the second draft resolution submitted by the Economic Committee.

The draft resolution was adopted unanimously.

AGENDA ITEM 4

Economic development of under-developed countries (E/2895)

REPORT OF THE ECONOMIC COMMITTEE (E/2917)

45. The PRESIDENT put to the vote the draft resolution on industrialization, submitted by the Economic Committee and contained in its report (E/2917).

The draft resolution was adopted unanimously.

46. Mr. BAKER (United States of America), explaining his vote, noted that the financial implications of the resolution were under consideration in the Co-ordination Committee.

47. Sir Alec RANDALL (United Kingdom) said that his delegation had voted for the resolution as a whole because it considered that the work of the United Nations in that field could have important and beneficial results. Although the programme contemplated was a modest one, that approach was wise and he was confident that the experience in implementing it might well lead to its subsequent expansion.

48. His delegation had made certain reservations on matters of detail during the discussion in the Economic Committee. As to operative paragraph 6, however, he was of the opinion that it was inappropriate to include a paragraph of that type in resolutions submitted to the General Assembly. Arrangements for financing programmes were a matter for the Fifth Committee of the General Assembly, advised by the Advisory Committee on Administrative and Budgetary Questions, and it would not be desirable for the Council to take any action prejudicing the freedom with which those bodies discharged their functions. It was also undesirable for the Council to prejudice, even by implication, the source or the amount of funds for any programme. He hoped that in the case in point it would be possible to finance the programme to a large extent from savings elsewhere. Despite those reservations, his delegation warmly welcomed the resolution as a whole.

49. Mr. EL TANAMLI (Egypt) said that once the Council had decided, in a plenary meeting, to recommend the General Assembly to authorize the necessary credits for the execution of the programme, the Co-ordination Committee surely could not re-open discussion on that point. If the United States delegation had wished to draw the Co-ordination Committee's attention to the point in question, it should have done so before the question was submitted to the Council in plenary session.

50. The PRESIDENT thought that the United States representative had had in mind item 17 of the agenda—Financial implications of actions of the Council—which was still before the Co-ordination Committee.

51. Mr. CARDIN (Canada), associating himself entirely with the statement of the United Kingdom representative, said that, although his delegation had voted in favour of the resolution, he would reserve its position with regard to operative paragraph 6 in the discussion in the General Assembly.

52. Mr. STANOVNIK (Yugoslavia), supported by Mr. CARANICAS (Greece), said that his vote in favour of the whole resolution had naturally covered operative paragraph 6, the provisions of which were a prerequisite for the implementation of the programme. Any reservation on that point would change the whole purport of the resolution. His understanding was that any recommendation for action made by the Council to the General Assembly assumed that the necessary financial resources would subsequently be provided. If that were not so, the Council would find itself in an anomalous position. Such a decision, moreover, should be regarded as valid, not only for that particular resolution, but as a general principle of guidance for the Council. It was inconceivable that the United Nations could finance all new programmes from existing savings. In such a case, any new activities would inevitably entail restriction of the existing programmes. The very important task which the United Nations had to perform in the industrialization of the under-developed countries was certainly one that called for the provision of additional funds.

53. Mr. SAID HASAN (Pakistan), endorsing the viewpoint of the two previous speakers, said that in recommending any specified activity the Council obviously issued an implicit invitation to the General Assembly to vote the necessary funds to carry it out. He failed to see

how such a decision could prejudice the freedom of the Fifth Committee or of the Advisory Committee on Administrative and Budgetary Questions.

54. Sir Alec RANDALL (United Kingdom), in clarification of his previous statement, said that he had naturally not wished to imply that in recommending a course of action the Council would not expect the necessary funds to be provided. Neither, of course, had he stated that all United Nations activities should be financed from savings. The point he wished to make was the constitutional one that the matter was properly one for consideration by the Fifth Committee of the General Assembly, after advice from the Advisory Committee on Administrative and Budgetary Questions, and his criticism was directed purely to the procedure proposed.

Report on credentials (E/2919)

55. The PRESIDENT said that, as was stated in document E/2919, he and the Vice-Presidents, in accordance with rule 19 of the Council's rules of procedure, had examined the credentials of the representatives to that session and had found that proper credentials had been communicated by the representatives of all members of the Council.

The meeting rose at 12.35 p.m.



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Organization, World Meteorological Organization, Interim Commission for the International Trade Organization.

AGENDA ITEM 16

Calendar of conferences for 1957

REPORT OF THE INTERIM COMMITTEE ON PROGRAMME OF CONFERENCES (E/2920)

1. The PRESIDENT called on the Chairman of the Interim Committee on Programme of Conferences to present the Committee's report (E/2920).

2. Mr. BROWN (United Kingdom), speaking as Chairman of the Interim Committee on Programme of Conferences, explained that the report and the proposals it contained had had to be framed in the absence of any certain indication of the dates on which the General Assembly would meet. The coming session of the General Assembly would be later than usual, and the Committee's recommendations had been based on the assumption that the Assembly would reconvene after Christmas between 14 January and 22 February 1957. If that assumption proved to be incorrect, the Committee might have to hold a further meeting to make some changes in the programme. The Committee regretted that, because of the special situation which would prevail at Headquarters in the early months of 1957 as a result of the postponement of the eleventh session of the General Assembly, it had not been possible to accede to the request of the Sub-Commission on the Prevention of Discrimination and Protection of Minorities to hold a four-week session in 1957: it had only been possible to arrange a session of three weeks and two days, but the Committee wished to stress that it was fully mindful of the importance of the Sub-Commission's work.

The report of the Interim Committee on Programme of Conferences (E/2920) was approved.

AGENDA ITEM 2

World economic situation

(*resumed from the 941st meeting and concluded*):

- (a) Survey of the world economic situation, including the question of full employment and of the expansion of world trade (*resumed from the 939th meeting and concluded*)

REPORT OF THE ECONOMIC COMMITTEE (E/2918 and Corr.1)

3. The PRESIDENT invited the Council to vote separately on resolutions A to D contained in the report of the Economic Committee (E/2918 and Corr.1).

President: Mr. ENGEN (Norway).

Present:

The representatives of the following countries: Argentina, Brazil, Canada, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, Netherlands, Norway, Pakistan, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Observers from the following countries: Bulgaria, Colombia, Finland, Italy, Poland, Romania, Spain, Venezuela.

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

A—MEASURES FOR THE DEVELOPMENT OF TRADE CO-OPERATION

Draft resolution A was adopted unanimously.

B—TRADE AND PRODUCTION POLICIES IN RELATION TO THE ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

Draft resolution B was adopted unanimously.

C—RESOURCES AND REQUIREMENT SURVEYS

Draft resolution C was adopted unanimously.

D—SURVEYS OF THE WORLD ECONOMIC SITUATION

Draft resolution D was adopted unanimously.

4. Mr. BAKER (United States of America), explaining his vote on resolution A, said that the resolution invited Member Governments "to submit at an early date to the Secretary-General comments concerning the international machinery for trade co-operation", in order that he might make a further report on that matter for consideration at the twenty-fourth session. His delegation had felt that, given existing and projected organizations in that field, no further action was necessary, but since some delegations considered that a further examination of the matter was desirable, it had agreed that it would be helpful for the Council to have the considered observations of Member Governments. He wished to emphasize that in his Government's view Member Governments had in the General Agreement on Tariffs and Trade (GATT) an effective instrument of international co-operation in the trade field, an instrument that had been evolved through years of international negotiation and experience and which now provided the principal machinery for enabling countries accounting for a very large proportion of international trade to consider problems of mutual interest.

5. Mr. PAVLIC (Czechoslovakia) said his delegation had voted for resolution A because it was convinced that the growing development of trade relations between States belonging to different economic systems, as well as with the under-developed countries, helped to strengthen international co-operation. The Czechoslovak delegation, however, adhered to the view it had expressed in supporting the draft resolution submitted on that subject by the delegation of the USSR at the 938th meeting (E/L.734). It believed that the establishment of an international organization for trade co-operation within the United Nations would help to develop economic and trade relations throughout the world.

6. Mr. CHISTYAKOV (Union of Soviet Socialist Republics) said his delegation had voted for resolution A, although it went less far than the draft resolution it had itself submitted. It had however voted for the former resolution to meet the wishes expressed by the representatives of other countries and in the hope that steps would be taken within the framework of the United Nations to establish an international trade organization in the near future.

7. Mr. EL TANAMLI (Egypt), explaining his delegation's vote on resolution B, recalled that the Egyptian delegation had submitted a draft resolution (E/AC.6/

L.153) urging that the financing of economic development could be adequately ensured only by means of international trade. With that end in view, it had asked the industrial countries, *inter alia*, to "review their trade and production policies with a view to promoting free movement of the products of the under-developed countries".

8. The resolution which had been adopted represented a compromise, and he expressed the hope that the developed countries would do all they could to translate it into action.

9. Mr. SAID HASAN (Pakistan), speaking as Chairman of the Economic Committee, said that the draft resolutions had been prepared in a spirit of compromise and had been the result of many hours of arduous work by small informal working groups; in every case all concerned had shown understanding of the different points of view.

AGENDA ITEM 6

International commodity problems

REPORT OF THE ECONOMIC COMMITTEE (E/2922)

10. The PRESIDENT invited the Council to vote on the draft resolution contained in paragraph 6 of the Economic Committee's report (E/2922).

11. Sir Alec RANDALL (United Kingdom) said it was with regret and only after the most careful consideration that his delegation had decided to vote against the draft resolution. It had been clear, as soon as the Economic Committee had begun its discussion of item 6 of the Council's agenda, that the majority of delegations wished to maintain the *status quo* among the three United Nations bodies mainly concerned with commodity problems—namely, the Food and Agriculture Organization (FAO), the Interim Co-ordinating Committee on International Commodity Arrangements (ICCICA) and the Commission on International Commodity Trade. Nevertheless, one of the principal features of the draft resolution was the recommendation that action should be set on foot which might well lead to considerable reorganization: in his delegation's view such was the intention behind the resolution. If its purpose had been merely to prevent overlapping among the three bodies concerned, the United Kingdom could have supported it warmly. Unfortunately, there was no such clear intention: quite the contrary.

12. An essential feature of the *status quo* had been that the Council had specifically recognized that proposals on commodity problems at present being discussed by the Contracting Parties to GATT were likely to have an important bearing on the future of the Council's own bodies concerned with commodity problems. Her Majesty's Government attached the highest importance to maintaining that understanding, since it had enabled it to explore, with other governments, the possibility of linking their general trade and commercial policies in an international instrument (GATT's draft Special Agreement on Commodity Arrangements). That instrument included carefully drafted provisions for links with United Nations organs. Since discussions on it were

only in an intermediary stage, the Economic Committee had not, of course, been able to study in detail the possible effect of that development upon the *status quo*. That was why his delegation had felt that the general understanding on what, although a limited matter, was nevertheless a vital one, should not be tacitly undermined by reason of any wording in the resolution. There appeared to be some danger of such a development in the words contained in operative paragraph 5 of the draft resolution, which sought to ensure the co-ordination of the functions of FAO, the Commission on International Commodity Trade and ICCICA "within the framework of the United Nations". ICCICA had adopted the commodity-by-commodity approach which was embodied in the draft agreement that was being developed by the Contracting Parties to GATT. Therefore, any suggestion that ICCICA could not appropriately undertake functions outside the United Nations challenged the whole basis of the understanding upon which the *status quo* rested. He felt that the words "within the framework of the United Nations" were ambiguous and supererogatory. They struck a new note in the Council's approach to the organizational question, and he had been unable to obtain from the sponsors any assurance that the damaging implication which he had drawn from them was incorrect. In those circumstances his delegation had no option but to oppose the draft resolution. He need hardly add that that did not imply any indifference on the part of the United Kingdom to any and all well-conceived actions directed to minimizing excessive fluctuations in commodity trade.

13. Mr. STANOVNIK (Yugoslavia) said that his delegation would vote in favour of the draft resolution because its underlying purpose was the maintenance of the *status quo* among the bodies concerned with international commodity problems. ICCICA was a body of experts set up by the United Nations and responsible to the Secretary-General; it was an interim body, but any alteration in its functions would affect the *status quo*.

14. The PRESIDENT put to the vote the draft resolution in paragraph 6 of the Economic Committee's report on international commodity problems (E/2922).

The draft resolution was adopted by 16 votes to 1, with 1 abstention.

AGENDA ITEM 20

Elections (E/2913 and Add.1 and 2)

15. Mr. BAKER (United States of America) called attention to footnote 5 in the note by the Secretary-General (E/2913), which explained that his Government was not seeking re-election to the Commission on International Commodity Trade. The views of his Government had not altered, and he expressed the hope that some other country would be elected to the Commission in place of the United States.

16. Sir Alec RANDALL (United Kingdom) wished to explain, before the ballot, why the United Kingdom was not seeking re-election. He recalled that at the seventeenth and eighteenth sessions of the Council his delegation had expressed its conviction that a commodity-by-commodity approach was the only known and

tested technique in dealing with the important and intricate problems of international commodity trade. Accordingly, it could not see why the Council should attempt either to supersede or to supplement the work of ICCICA; in particular, it doubted the practicability of any multilateral approach to the problem. Nevertheless, his Government had felt that, if other governments wished to examine alternative techniques, it would be prepared to consider them, and it still preserved an open mind if constructive and practicable proposals could be put forward. Her Majesty's Government had felt some doubt whether the mere creation of new machinery was likely to bring governments any nearer to effective and comprehensive action such as that offered by the commodity-by-commodity approach; in particular, it did not believe that machinery set up independently of GATT—which covered four-fifths of the world's trade—would come near enough to the realities of international trade. In its view, it would have been preferable at least to await the outcome of the discussions among the Contracting Parties to GATT.

17. The Council had nevertheless decided to set up the Commission on International Commodity Trade and the United Kingdom had been elected as one of its initial members. Her Majesty's Government had tried to play a constructive part and to assist the work of the Commission in every possible way. The United Kingdom was vitally interested in promoting the effective action of any body established to reduce excessive fluctuations in commodity trade, for it was the second largest importer of primary commodities and the prosperity of the sterling area depended upon a high and stable level of trade in primary products. His delegation had always felt that it must suspend judgment as to whether the Commission could in fact play an effective part in that respect; in any case it was convinced that the work undertaken under the auspices of GATT might well have a bearing on the future both of the Commission's activities and of the interim work of ICCICA. In his view the resolution just adopted under item 6 of the Council's agenda (E/2922) had destroyed that premiss, and his Government had therefore regretfully concluded that its further participation in the Commission's activities would not be helpful. In standing aside, in order to allow some other governments which might have constructive ideas of their own to take its place, his Government did not feel that either the work of the Commission or the close interest which his country had in commodity problems would be jeopardized. If those governments which were convinced that a new approach to commodity problems was feasible had particular schemes in mind, Her Majesty's Government would always be prepared to examine them. His delegation felt that the United Kingdom's continuing concern for the satisfactory solution of commodity problems was sufficiently demonstrated by its active membership of various international commodity study groups and councils, as well as by the leading part it had played in the work developed under the auspices of the Contracting Parties to GATT.

18. The PRESIDENT said that the election would be held by secret ballot, and invited Mr. Tettamanti (Argentina) and Mr. van Braam Houckgeest (Netherlands) to act as tellers.

A vote was taken by secret ballot.

Number of ballot papers	18
Invalid ballots	0
Number of valid ballots	18
Abstentions	0
Number of members voting	18
Required majority	10

Number of votes obtained:

Brazil	17
Indonesia	14
Poland	14
Uruguay	12
Greece	10
Canada	9
Italy	9
Dominican Republic	8
Spain	5
Austria	3
United Kingdom of Great Britain and Northern Ireland	3
United States of America	2
Yugoslavia	1

Having obtained the required majority, Brazil, Indonesia, Poland, Uruguay, and Greece were elected members of the Commission.

In accordance with rule 69 (paragraph 2) of the Council's rules of procedure, a further vote by secret ballot was taken to decide whether Canada or Italy should fill the remaining place on the Commission.

Number of ballot papers	18
Invalid ballots	0
Number of valid ballots	18
Abstentions	0
Number of members voting	18
Required majority	10

Number of votes obtained:

Canada	14
Italy	4

Having obtained the required majority, Canada was elected a member of the Commission.

AGENDA ITEM 3

General review of the development and co-ordination of the economic, social and human rights programmes and activities of the United Nations and the specialized agencies as a whole (resumed from the 945th meeting and concluded)

REPORT OF THE CO-ORDINATION COMMITTEE
(E/2925 and Corr.1)

19. The PRESIDENT invited the Committee to consider the report of the Co-ordination Committee (E/2925 and Corr.1) and draft resolutions A to E annexed thereto.

20. Mr. KOTSCHNIG (United States of America) said that his delegation supported the report and the draft resolutions. He did, however, wish to ask two questions before they were formally approved. Was his delegation

correct in assuming that paragraphs 15 to 21 of the report, to which it attached great importance and which had been voted upon in the Committee, would be included textually in the *Annex* to the *Official Records* of the current session relating to the agenda item in question; and secondly, that the attention of the General Assembly, the Administrative Committee on Co-ordination, the specialized agencies and the Commission on Narcotic Drugs where appropriate would be drawn by the Secretary-General to the Committee's recommendations?

21. The PRESIDENT said that both assumptions were correct. On that understanding he would put the draft resolutions A to E to the vote, one by one.

Draft resolution A I was adopted unanimously.

Draft resolution A II was adopted by 15 votes to none with 3 abstentions.

Draft resolution B was adopted by 15 votes to none with 3 abstentions.

Draft resolution C was adopted unanimously.

Draft resolution D was adopted unanimously.

Draft resolution E was adopted by 15 votes to none with 3 abstentions.

22. Mr. ASMAUN (Indonesia) explained that he had been unable to vote in favour of resolution A II, because his delegation considered that co-ordination at the national level in respect of matters concerning the United Nations, its bodies and the specialized agencies was the continuing responsibility of governments and that they could discharge that responsibility without assistance at the international level. As, however, the resolution had been adopted by a large majority, he would add that his delegation shared the expectations of the majority with regards to the benefits that might be reaped from the proposed survey and it looked forward to the eventual improvement of co-ordination at the national level.

AGENDA ITEM 17

Financial implications of actions of the Council (resumed from the 926th meeting and concluded)

REPORT OF THE CO-ORDINATION COMMITTEE
(E/2926)

23. The PRESIDENT put to the vote the draft resolution on the financial implications of actions of the Council contained in the report of the Co-ordination Committee (E/2926).

The draft resolution was adopted unanimously.

AGENDA ITEM 9

Technical assistance

REPORTS OF THE TECHNICAL ASSISTANCE COMMITTEE
(E/2810 and Corr. 1, E/2923)

24. The PRESIDENT invited the Chairman of the Technical Assistance Committee (TAC) to introduce that Committee's reports.

25. Mr. BANNIER (Netherlands), speaking as Chairman of the Technical Assistance Committee, explained that the report in document E/2810 and Corr. 1 was that of the TAC session held in November 1955. In accordance with Council resolution 542 B II (XVIII), TAC held a session each year in November for the purpose of reviewing and approving the Expanded Programme for the following year and authorizing the allocation of funds to the participating organizations. As the question of technical assistance was included on the agenda of the Council's summer session only, the report had not been considered at the twenty-first session. The Council could, he suggested, simply take note of the report, as it dealt mainly with the Expanded Programme for 1956, which was already in operation.

26. The report of the TAC session that had just closed appeared in document E/2923. He would draw the Council's attention not only to the five resolutions in the two annexes to the report but also to one particular resolution adopted by the Committee itself, which did not need the Council's confirmation: the resolution on the evaluation of the Expanded Programme, reproduced in paragraph 34 of the report. Operative paragraph 6 of that resolution contained certain recommendations to the Council; he would therefore suggest that when the Council approved the report, it should do so on the understanding that it endorsed those recommendations.

The Council took note of the first report of the Technical Assistance Committee (E/2810 and Corr. 1).

27. The PRESIDENT then asked the Council to consider draft resolutions A to C contained in annex I to document E/2923 and draft resolutions A and B in annex II.

28. Mr. ASMAUN (Indonesia), referring to draft resolution A in annex I, in which the Council took note with appreciation of the eighth report submitted by the Technical Assistance Board (TAB) to TAC (E/2842), protested against the consistent use in that report of the name "Netherlands New Guinea" for the territory which was an integral part of the Republic of Indonesia under the name of West Irian. The territory in question was a disputed area and the United Nations was supposed to be completely impartial in the matter.

29. Mr. SCHURMANN (Netherlands) said that all were aware of the claims of Indonesia to that territory, but it was common knowledge that Netherlands New Guinea was a sovereign part of the Netherlands and that the use of that name was perfectly correct.

30. The PRESIDENT then put to the vote draft resolutions A to C in annex I and A and B in annex II of document E/2923.

A (annex I)—REPORT OF THE TECHNICAL ASSISTANCE BOARD TO THE TECHNICAL ASSISTANCE COMMITTEE

Draft resolution A was adopted unanimously.

B (annex I)—WORKING CAPITAL AND RESERVE FUND

Draft resolution B was adopted unanimously.

C (annex I)—CURRENCY UTILIZATION

Draft resolution C was adopted by 14 votes to 2, with 2 abstentions.

A (annex II)—REGULAR UNITED NATIONS PROGRAMME OF TECHNICAL ASSISTANCE

Draft resolution A was adopted unanimously.

B (annex II)—TECHNICAL ASSISTANCE IN PUBLIC ADMINISTRATION

Draft resolution B was adopted by 16 votes to none, with 2 abstentions.

The Council approved the report of the Technical Assistance Committee (E/2923), endorsing the recommendations in paragraph 6 of the resolution on evaluation of the Expanded Programme.

31. Mr. CHISTYAKOV (Union of Soviet Socialist Republics) explained that his delegation had voted against resolution C in annex I, since there appeared to be no specific difficulty about the utilization of non-convertible currencies for technical assistance and it therefore saw no reason for the resolution. On the contrary, as the resolution urged governments to make that portion of their contribution exceeding the equivalent of \$500,000 in the form of readily usable currencies, it might have a serious effect on the future of technical assistance funds, since it might well prevent governments from increasing their contributions over \$500,000. Moreover, in view of TAC's almost unanimous recognition that an increase in technical assistance funds was needed to meet the increasing needs of the under-developed countries, the Secretary-General's decision to reject the contribution offered by the German Democratic Republic (E/2923, paragraph 17) was unjustifiable and should be reversed.

32. Mr. SVEC (Czechoslovakia) said that his delegation had always considered the Technical Assistance Programme, which had been conceived as a means of pooling technical experience and skill in order to assist the economic development of the under-developed countries, deserved full support. Resolution C in annex I introduced a concept of convertibility of currency which was not in keeping with the fundamental principles of the Programme. It was essential that the Programme should grow, in order to keep pace with the growing needs of the under-developed countries, and the Czechoslovak delegation was opposed to any measure that would discourage such growth. Furthermore, it deprecated the negative attitude adopted by the Secretary-General with regard to the contribution offered by the German Democratic Republic and expected the matter to be reconsidered.

33. Mr. BAKER (United States of America) said that his delegation had voted in favour of resolution C in annex I. It was regrettable that certain delegations had reopened the question of the Secretary-General's rejection of the German Democratic Republic's offer to participate in the Expanded Programme. As his delegation had made clear in TAC, the United States supported the Secretary-General's action in the matter and considered that he had made a wise and proper decision.

AGENDA ITEM 5

Financing of economic development (*concluded*)

REPORT OF THE ECONOMIC COMMITTEE (E/2924)

34. Mr. BORIS (France) recalled that in a statement he had made at the 949th meeting, the text of which had been circulated and reproduced in Press Release ECOSOC/941, the Egyptian representative had said that 120,000 Egyptian workers had died during the digging of the Suez Canal. The French delegation was aware that when the canal had been cut the Egyptian authorities had stipulated that four-fifths of the labour employed should be of Egyptian nationality, but, so far as it knew, the total number of workers had never been so high as the number which the Egyptian representative quoted as having died. It was also aware that at that time, as throughout the nineteenth century, a cholera epidemic had carried off many persons throughout Egypt, including workers engaged in digging the Canal; but for that epidemic the Canal Company could hardly be held responsible.

35. The French delegation had been amazed by the figure mentioned by the Egyptian representative and had tried to find its source. It had learned that the figure did not appear in any official document, but had been quoted in a sensational speech some days previously and reproduced in a French newspaper, an organ of the Communist Party. He had found an explanation of it, however, in the *Encyclopaedia Britannica*. It was there stated that one of the Pharaohs had begun to dig a canal in 609 B.C.; the canal had not been finished, but, according to Herodotus, 120,000 workers had died in the attempt. It would be regrettable if the Egyptian representative's statement misled persons who had listened to him in good faith and did anything to fan dangerous passions.

36. The Suez Canal enterprise had been conceived by socialists, followers of Saint-Simon, far-sighted men who had carried out a feat designed to serve the general interest and peaceful purposes.

37. Mr. EL TANAMLI (Egypt) recalled that he had already stated at the 949th meeting that the colonialist Powers were trying to use the Council as a propaganda tool for the defence of their own interests. The French representative's statement strengthened that conviction.

38. The French representative had consulted documents emanating from a colonialist Power and had failed to look up the statements of the Chairman of the Company which, although biased, did not deny that an epidemic had broken out in the Suez Canal Zone during the digging of the Canal, an epidemic due to the fact that the workers lived under deplorable conditions.

39. They had received no wages until the Egyptian Government had made a claim on their behalf; the claim had been submitted to Napoleon III for arbitration, and Egypt had been compelled to pay out 30 million francs to make up the balance. No socialist principles had been involved in the Canal project, as the French representative asserted, but rather colonialist principles. With regard to the French representative's reference to a Communist

Party newspaper, he was sure that the French workers did not endorse the French representative's statements and realized that the defence of colonialist principles by the French Government would lead to war.

40. The PRESIDENT said that consideration of that point was now closed. The statements of the French and Egyptian representatives would appear in the summary record.

41. He asked the Council to vote on draft resolutions A to C contained in the annex to the Economic Committee's report (E/2924).

A—QUESTION OF THE ESTABLISHMENT OF A SPECIAL UNITED NATIONS FUND FOR ECONOMIC DEVELOPMENT

Draft resolution A was adopted unanimously.

B—INTERNATIONAL FLOW OF PRIVATE CAPITAL

Draft resolution B was adopted by 14 votes to none, with 4 abstentions.

C—INTERNATIONAL TAXATION PROBLEMS

Draft resolution C was adopted unanimously.

42. Mr. BAKER (United States of America) explained that, owing to developments in the Economic Committee with which all delegations were familiar, it had become impossible for the United States delegation to support resolution A, on the establishment of a special United Nations fund for economic development, when it had been put to the vote in that Committee. Thanks mainly to the efforts of the Canadian delegation and the general desire of the Council to reach unanimity, the difficulties in the way of United States support of the resolution had been resolved to a degree which had made it possible for the United States delegation to vote in favour of it. In so doing, it wished the Council to understand the significance it attached to operative paragraph 4.

43. The United States delegation assumed that the kind of special United Nations fund contemplated by the resolution was one which would be truly international and would include the United States as a contributor. Hence the steps which would help to promote the establishment of such a fund were steps which would bring nearer the day when the United States might find it possible to participate in its financial support. The circumstances in which its support might be forthcoming had been defined many times in the Council. That definition was embodied in General Assembly resolution 724 A (VIII). It was well known to the Council and had not changed. His delegation hoped that the action which that resolution envisaged would lead to what it would regard as realistic and useful conclusions.

44. Mr. EL TANAMLI (Egypt) recalled that his delegation had proposed an amendment to operative paragraph 4 of resolution A. It had felt, like other delegations, that in order to further the ideal of the Special United Nations Fund for Economic Development (SUNFED) and eventually to get it established it was necessary to prepare draft statutes. The amendment had not been accepted and, in the interests of unanimity in the Council, his delegation had agreed to withdraw it, asking

however that it should be mentioned in the report. Subsequently his delegation had withdrawn that request and had supported the text appearing in the report of the Economic Committee. It still, however, felt that the General Assembly ought to convene a committee of experts to prepare draft statutes for SUNFED.

45. With regard to resolution B, on the international flow of private capital, the Egyptian delegation had considered the text proposed by the Brazilian and United States delegations (E/AC.6/L.172) to be unacceptable. However, after the amendment proposed by the Indonesian delegation—by virtue of which reference would be made not only to the obligations of capital-importing countries but also to those of capital-exporting countries—and the four Egyptian amendments had been accepted, his delegation had felt in a position to vote for the draft resolution (E/AC.6/L.172/Rev.1) in the Economic Committee. It had not altered its attitude in the plenary meeting, despite the regrettable incident which had occurred there.

46. There were other reasons, of a substantive nature, why his delegation had eventually voted in favour of resolution B, notwithstanding the fact that it considered it to be inadequate. Its reasons had been, first, that the resolution emphasized the obligations of capital-exporting countries, in accordance with the principle of the Charter which proclaimed the sovereignty of peoples and indicated peaceful means of settling disputes arising between Member States; and, secondly, that the resolution explicitly referred to Council resolution 368 (XIII), which recognized the undeniable right of capital-importing countries to take any appropriate safeguards necessary to ensure that foreign investment was not used as a basis for interference in their internal affairs or national policies.

47. Mr. CARDIN (Canada), explaining his vote in favour of resolution A, said that, as he had already pointed out, Canada's chief contribution to the financing of the economic development of under-developed countries had so far been made on a bilateral basis, under the Colombo Plan. From the Canadian point of view, the bilateral approach had seemed useful and constructive.

48. The Canadian Government had recently noted a growing desire that international aid should take on a more multilateral character. With that in mind it had participated actively in the work of the *Ad Hoc* Committee whose report (E/2896) had been before the Council.

49. His Government, however, had not yet made a final decision regarding the proposed special fund. Its decision in due course would be based on its financial position at the time, with particular regard to the continuing high level of defence expenditure. Its decision would also depend on the administrative and organizational arrangements of the proposed fund and on whether the fund would command adequate financial support.

50. Mr. BORIS (France) said that by voting in favour of resolution A, the French delegation had sought both to mark its approval of the concept of international co-operation in the field of economic development by means of a fund-in-aid, to which the French Government was ready to contribute, and to endeavour to further the idea of SUNFED by gradually inducing public opinion to accept it.

51. He thought that resolution B was an excellent one and did credit to its sponsors. The French delegation was particularly glad that that resolution referred expressly to resolution 368 (XIII), in the drafting of which it had played a large part. That resolution made it clear, in fact, that countries seeking to attract foreign capital should provide adequate assurances with respect to the treatment to be accorded to foreign investors in the protection of their persons and property. To the French delegation that reference had seemed particularly opportune.

52. Mr. SCHURMANN (Netherlands) said that his delegation did not think that the adoption of resolution A had done anything to advance the establishment of SUNFED; indeed, the resolution did little more than take note of the *Ad Hoc* Committee's interim report and the Council's deliberations. His delegation had voted in favour of the resolution because it felt that in the political circumstances it would not prejudice the establishment of the fund. It hoped to find in the General Assembly a better atmosphere for further action and it would do its utmost there to promote a decision to establish SUNFED.

53. Sir Alec RANDALL (United Kingdom) said that, for reasons that had already been sufficiently explained, his delegation had abstained in the vote on resolution A in the Economic Committee but had felt able to vote in favour of it in plenary. The views of the United Kingdom Government with regard to operative paragraph 4 of the resolution were already on record in the summary record of the 214th meeting of the Economic Committee; they had been repeatedly made clear in various meetings of the Council and the General Assembly and he could only say that his delegation stood by them completely.

54. He was grateful to the representative of France for his statement on resolution B and associated himself fully with all his comments.

55. Mr. STANOVNIK (Yugoslavia) said that his delegation had voted in favour of resolution A, although it was not satisfied with the results achieved. He fully agreed with the Netherlands representative that the resolution did not represent a step forward.

56. His delegation had abstained in the vote on resolution B, for reasons which it had already explained at the 215th meeting of the Economic Committee.

57. Mr. EUSTATHIADES (Greece) said that he had been one of the sponsors of draft resolution A. He and his co-sponsors had felt that the wording of operative paragraph 4 did not adequately express the urgency of the problem, but it represented the maximum acceptable to certain delegations and the minimum acceptable to others.

58. The General Assembly would no doubt have a full discussion of the question and he hoped that at that time more understanding would be shown and practical steps taken.

59. Mr. CHISTYAKOV (Union of Soviet Socialist Republics) said that his delegation had abstained in the vote on resolution B, because it considered that private

capital should be the basis for mutual advantages and not used in accordance with political or military requirements.

AGENDA ITEM 18

Arrangements regarding the report of the Council to the General Assembly (E/L.725)

60. The PRESIDENT drew attention to paragraphs 2 and 3 of the Secretary-General's note (E/L.725) and asked the Council if it authorized him to prepare its report to the General Assembly, in consultation with the two Vice-Presidents and the Secretariat.

The Council approved the contents of the Secretary-General's note and authorized the President to prepare its report to the General Assembly.

Adjournment of the twenty-second session

61. The PRESIDENT said that, as usual at the Council's summer sessions, the emphasis during the present session had been on economic matters. While it was gratifying to note the extraordinary advances in world production and trade, in employment and levels of productivity, in increased consumption and investment, it was disappointing that so large a share of output had had to be set aside as the cost of world dissension; while it was encouraging that the under-developed countries had, in many cases, laid foundations for more rapid development, it was a matter for universal dissatisfaction that their share in the world's economic growth had not been greater. Although the grave problems of internal and external disequilibrium which had arisen in the early post-war years had been overcome, milder forms of those problems still remained; and although the resources of the developed countries had been stabilized to a far greater degree than had seemed feasible before the Second World War, those of the under-developed countries continued to suffer from serious instability in commodity markets. Yet even in those areas where progress had been least visible, there had been a considerable advance beneath the surface. Progress was not to be measured in physical and statistical terms alone. It also lay in the less tangible but surely no less significant social sphere of learning to live together in mutual understanding as member nations of a world community.

62. The increasing gap between the standards of living in the developed and under-developed countries had led the Council to pay greater attention than ever before to the problems concerning natural resources and industrialization, and to questions of the financing of economic development. Although the decision taken in the latter respect did not go as far as many delegations would have wished, or as far as the debate itself seemed to justify, that was perhaps partly due to the feeling that the Council should await a more conclusive expression of views by governments in response to the request made to them. One important step forward, however, had been the recent establishment of the International Finance Corporation. He felt it his duty to express the Council's appreciation to all countries which, in one way or another, had helped to bring the Corporation into existence.

63. TAC had had a particularly busy session. As a result of its work a resolution had emerged which, in the Council's view, should safeguard the multilateral character of the Expanded Programme of Technical Assistance and ensure full assimilation of all contributions made in currencies in which funds were at present being made available. The Expanded Programme was perhaps the Council's most important practical achievement, and it was not without significance that, after considering the experience so far acquired and the future prospects of the Programme as set out by TAB in its "Forward Look" study (E/2885), the Committee had unanimously reaffirmed its confidence in the Programme "as an effective instrument for promoting the economic development of the less developed countries and strengthening the foundations of a prosperous and peaceful world".

64. The Council also appeared to be fairly satisfied with the progress made in the social field, especially on such programmes as that for the eradication of mass diseases. It had agreed that the United Nations and specialized agencies should continue to render joint assistance in connexion with the new national community development programmes, and it had by unanimous decision at its 947th meeting requested the Secretary-General to present to it at its twenty-fourth session a long-range plan of action in that field. It should then be possible to hold a more comprehensive discussion on such related questions as urbanization and the balance of social and economic factors in national development planning.

65. It was his earnest hope that governments would respond generously to the Council's appeal to them (resolution E/L. 729) to support the United Nations' work on behalf of refugees in the spirit in which it had been carried forward by the late High Commissioner before his untimely death.

66. Much credit was due to the Co-ordination Committee for the fact that the discussions on co-ordination had been more fruitful and concrete than ever before. He thanked the representatives of the specialized agencies for the contributions they had made, and was sure they would agree that such discussions on matters of common concern were of benefit to their agencies as well as to the governments represented on the Council.

67. Although in certain important respects the present session had perhaps been characterized by pausing and reflection rather than by decisive action, a pause of that kind was sometimes a prerequisite to further progress. To the extent that factors of an internal, organizational nature acted as a brake on the Council's activities, however, every effort must clearly be made to remedy them and so enable the Council to develop into an ever more useful and efficient instrument for international co-operation in the economic and social field. It would indeed be surprising if, after only ten years' existence, the Council had found the perfect method of discharging its duties. He, for his part, did not believe that its procedures and methods could not be improved.

68. In conclusion, he expressed his gratitude to all members of the Council and the secretariat for helping to bring the session to a successful conclusion. In particular he thanked the two Vice-Presidents and the

Chairmen of the various committees for the invaluable services they had rendered him and the Council as a whole.

69. Mr. SAID HASAN (Pakistan), speaking on behalf of the three members of the British Commonwealth who were represented on the Council, thanked the President and the Committee Chairmen for their able conduct of the Council's proceedings, and all members of the secretariat for the way in which they had helped in the Council's work.

70. Mr. EL TANAMLI (Egypt) and Mr. SCHURMANN (Netherlands) associated themselves with the previous speaker's remarks.

71. Mr. TRUJILLO (Ecuador), on behalf of all the Latin American delegations, associated himself with the tributes paid to the President, the other officers of the Council, the Committee Chairmen and the secretariat.

72. The United Nations was growing, and every day the work of the specialized agencies and the regional commissions became more fruitful as a result of better co-ordination. Although very serious problems continued to arise, the friendship and cordiality to be observed in the conference rooms showed that the United Nations was a means of establishing justice and enthroning truth.

73. Mr. CHISTYAKOV (Union of Soviet Socialist Republics) endorsed the congratulations to the President on his success in guiding the Council's discussions. He fully shared the President's opinion that the session had been devoted to reflection rather than action but that there was no need for pessimism, since the discussions had been animated by a magnificent spirit of international co-operation. Furthermore, the ideas and suggestions made during the session would enable the Council to take more practical decisions in the future for resolving important international economic and social problems.

74. Mr. EUSTATHIADES (Greece), on behalf of his own country and also on behalf of Yugoslavia, which was linked with Greece by a long tradition of friendship and co-operation, warmly thanked the President for the admirable way in which he had directed the discussions. He also thanked the Committee Chairmen and all members of the secretariat for the great contribution they had made to the success of the session.

75. Mr. BAKER (United States of America) said that the twenty-second session of the Council might be described as a quiet session, but it had reached some important basic decisions which would bear fruit in the years ahead.

76. Perhaps the most important progress that had been made was in the matter of working together. The Council had learned how to ask the right questions and it was coming nearer to solving the problems with which all countries were faced.

77. All members of his delegation were grateful to the President, the two Vice-Presidents and the Chairmen of the various Committees for the judicious way in which they had exercised their functions. The Council had indeed been fortunate in having such an outstanding President at its twenty-second session.

78. Mr. PAVLIK (Czechoslovakia), after associating himself with the tributes paid to the President, the Committee Chairmen and the secretariat, said the present session clearly showed that international co-operation was possible. The discussions had taken place in an atmosphere of understanding, and positive efforts had been made to extend mutual help. On a number of matters decisions had been adopted unanimously. He believed that the results obtained made it possible to say that there were no problems that could not be solved by intelligent and sincere co-operation. Some questions still remained to be settled, but what had been achieved, and in particular the very special attention which had been given to the problem of the under-developed countries, showed that the Council was advancing towards the goal it had set itself in the economic and social fields.

79. Mr. BORIS (France) congratulated the President on the skill and fairness he had displayed in the performance of his duties. He thanked him more particularly for not having followed the customary practice of saying, at the end of the session that "everything is for the best in the best of all possible worlds," but for having tactfully warned the Council of the risk of stagnation. The problems which had to be solved were very difficult and very complex. It was not enough to define and explore them; action was also required.

80. He also thanked the two Vice-Presidents, the Chairmen of the Committees and the members of the secretariat, whose skill and devotion had never been found lacking.

81. Mr. ASMAUN (Indonesia) praised the able leadership of the President, and joined with him in expressing gratitude to all those who had contributed to the success of the session.

82. The PRESIDENT thanked the Council for its expressions of appreciation and declared the twenty-second session of the Council adjourned.

The meeting rose at 1.50 p.m.