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ECONOMIC AND SOCIAL COUNCIL

Ninth Session

ECONOMIC COMMITTEE

SUMMARY RECORD OF THE SIXTY-NINTH MEETING

Held at the Palais des Nations, Geneva,
on Thursday, 4 August 1949, at 8:45 p.m.

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Present:

Chairman:

Mr. SANTA CRUZ

Members:

Australia

Mr. PLIMSOLL

Belgium

Mr. van TICHELEN

Brazil

Mr. CAMPOS

Byelorussian SSR

Mr. MAZURENKO

Chile

Mr. SCHNAKE

China

Mr. TSAO

Denmark

Mr. IVERSEN

France

Mr. de SEYNES

India

Mr. ADARKAR

New Zealand

Dr. SUTCH

Poland

Miss CZARKO

Turkey

Mr. SARPIER

Union of Soviet Socialist
Republics

Mr. MROZOV

United Kingdom

Sir Gerard CLAUSON

United States of America

Mr. THORP

Venezuela

Mr. NASS

Representatives of Specialized Agencies:International Labour
Organization

Mr. de SOTO

Food and Agriculture
Organization

Mr. McDOUGALL

United Nations
Educational, Scientific
and Cultural
Organization

Mr. TIRENZIO

International Civil
Aviation Organization

Mr. MARLIN

International Bank for
Reconstruction and
Development)

Mr. LOPEZ-HERRARTE

International Monetary
Fund)

World Health Organization

Mr. AARONSON

Secretariat:

Mr. Owen

Assistant Secretary-General for
Economic Affairs

Mr. Weintraub

Director of the Division of Economic
Stability and Development

Mr. Chalmers-Wright

Division of Social Activities

Mr. Dumontet

Secretary to the Committee

ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES (Item 9 of the Council Agenda) (Documents E/1327, E/1327/Add.1, E/1327/Add.1/Corr.1, E/1327/Add.1/Corr.2, E/1333, E/1333/Corr.1, E/1333/Add.1, E/1345, E/1345/Corr.1, E/1373/Rev.1, E/1381, E/1383, E/1383/Add.1, E/1408) (Continued)

Mr. de SEYNES (France) recalled the position taken by his delegation in the general discussion. Without wishing for the moment to touch on the financial side, he reminded the meeting that his Government's thesis was based on the principle of voluntary contributions and on the possibility for each government to contribute in national currency, goods or services. Starting from those premises, the natural result would be a method whereby separate budgets would be established for each project, so that governments might participate in the various undertakings according to the particular interest they took in them.

Moreover, such a system would be more likely than any other to induce governments to participate wholeheartedly and to yield the maximum available resources. It should not be forgotten that contributions would finally have to be voted by parliaments. It would be futile to expect members of parliament to understand as fully as a representative in the Economic and Social Council the meaning and scope of the words "technical assistance for the economic development of under-developed countries". It would undoubtedly be easier to get the taxpayers and their representatives interested in the execution of specific projects, such as a campaign against malaria, cattle plague or illiteracy.

However, the point of view expressed by the French delegation did not appear to have received the support of the majority of representatives, who had already stated that they were in favour of a system involving centralisation to a greater or lesser extent. In that connection, the Australian and New Zealand delegations had gone further than any others, and their proposals had caused the French Delegation some uneasiness.

The Australian draft, in particular, envisaged the setting-up of a small committee, with extremely wide powers. Not only would it act as arbitrator in the event of disputes between various agencies or various applicant governments; it would also have to intervene in decisions with regard to projects involving heavy expenditure. That

would mean that that small committee, which would be subordinate to the Council and would have to report to it, would be engaged in actual executive tasks and that, consequently, the Council's own function, which should be confined to the definition of principles, would be entirely distorted. As for the executive tasks to be entrusted to that Committee, it was difficult to see of what value they could be. It was easy, on the other hand, to perceive their dangers. If there were no dispute between applicant governments or specialised agencies, the decision might just as well be left to the agencies themselves, since they were infinitely more competent in the technical field. Even if there were a dispute, arbitration should not be entrusted to a small committee, as it was to be feared that the committee's decision would in that case be influenced by other than purely technical considerations. Disputes between governments could be settled much more easily within the specialised agencies themselves. They all had some political organ, on which all the participating nations were represented.

Further, the Australian draft proposed that the Committee should be serviced by a permanent secretariat. In view of the tasks which, according to the Australian delegation, would be entrusted to the committee, it was to be feared that its secretariat would assume considerable proportions, since it would certainly have to recruit technical experts capable of dealing with the main technical problems which might arise. Such a body would obviously increase the general costs of the undertaking to an alarming extent and that should be an over-riding consideration when the total budget was apparently not to exceed 15 or 20 million dollars.

For all those reasons, the draft submitted by the United States delegation was infinitely more acceptable. It reduced the scheme to very simple terms, and made a clear-cut distinction between the technical functions to be exercised by the specialised agencies, and the general guidance to be given by the Council and the Committee, which the latter would be asked to set up. It would reserve to the Council its co-ordinating function in the field of general directives, and would not tempt it to get involved in executive activities.

The French delegation would be prepared to support the draft, provided, of course, that it had the opportunity of studying the details

of the provisions which had just been submitted by the United States delegation, and subject in particular to the reservation that there should be no violation of the fundamental principles concerning the voluntary nature of the contributions and the possibility of making them in national currency, goods or services.

Mr. CAMPOS (Brazil) said that his country's views on administration which had been expressed in some detail in the Council, remained unchanged. Opinions expressed during the discussions in the Committee varied from decentralization in administration, as advocated by the French representative on the extreme right, as it were, to the complete centralization advocated by the Australian representative on the extreme left, with the United Kingdom and the United States of America holding a middle course. His country had views which might be described as "left of centre", leaning towards centralization to a greater extent than the United States of America, but to a lesser extent than Australia.

It was generally agreed that the specialized agencies should draw up the programmes of technical assistance; that those programmes should be reviewed and co-ordinated by the Administrative Committee on Co-ordination or by a technical assistance committee to be set up by the Administrative Committee; that the programme in general and the percentage allocations should be reviewed by the Economic and Social Council or by a special inter-governmental committee; and that there should be a central system for the collection of contributions. His country disagreed, however, with the United States proposal regarding the next step, namely, that all the contributions received should be immediately disbursed to the specialized agencies in accordance with their allotted shares, to be expended according to their programmes. It suggested instead that the total receipts should be allocated on the basis of an agreed programme but that only a portion, say 60 per cent, should be paid out to the specialized agencies, the remaining 40 per cent being held as a reserve fund to be allocated in the light of requests received from governments, the course of implementation of the programmes of the agencies, and of their unspent balances. The advantage of such a procedure would be not only that there would be a reserve for unforeseen contingencies, but that a higher degree of flexibility in the adjustment of the allocations to the requests made and in the management of inconvertible currencies would be achieved.

Mr. ADARKAR (India) said that for the time being the views of his country were tentative; it would reserve its final views for discussion in Council, or even until the next session of the General Assembly, or until the special conference, were one held. Such a special conference could not conveniently be convened while the General Assembly was sitting, and if it were to meet afterwards it would involve considerable expense and delay final decisions. It would therefore seem unlikely that to convene a conference for such a limited purpose would prove essential. Countries outside the United Nations might be invited to attend, but he doubted whether their presence would bring in more funds or particularly further the programme of technical assistance. Possibly, if the General Assembly reached a final decision, other countries might also be invited to participate in the programme, either as donors or as recipients.

His country was in general agreement with the views expressed during the discussion. A central organization seemed to be necessary for administrative co-ordination and, perhaps, to ensure adequate control. Most of the programmes submitted such as those relating to training, research laboratories, DDT etc., overlapped in various respects, and, although the Administrative Committee on Co-ordination or a technical assistance committee might help to reduce duplication, a central body would seem to be required to ensure proper co-ordination, to regulate the timing and to prevent the programmes of the various specialized agencies from becoming mutually exclusive. It might well be necessary to plan missions for general overall purposes, and for that purpose a co-ordinating authority would be essential. Finally, the central body would be of value in settling any conflicts that might arise between the various agencies utilizing the funds, and in ensuring that no organization should use those funds for other than the purposes laid down.

The precise functions and powers of the central body should be clearly defined, and it should be supervised by the Economic and Social Council, acting on behalf of the General Assembly. The Council should retain full responsibility, and there should be no delegation of authority to the Secretariat. While it was undesirable that the specialized agencies should compete for the support of governments by submitting independent programmes, the control exercised by the central body should not be too rigid, and the agencies interested should be allowed maximum freedom of operation in their respective spheres.

His country had no firm views regarding the scope or strength

of the proposed inter-governmental committee. The disadvantage of the New Zealand proposal that the committee should be small, was that it would vest too much power in a few countries; its advantage was that by reason of its smallness, such a committee would be able to meet more frequently and thus to exercise closer supervision. The technical assistance commission proposed by Australia could not be placed on an equal footing with other functional commissions. It seemed to him that the balance of advantage lay with a committee of the whole, which should be set up by the Economic and Social Council to meet three or four times a year during and between the regular sessions of the Council.

He agreed with the United States representative that extreme centralization and extreme decentralization were equally undesirable. Extreme centralization would give rise to bad feeling between the United Nations and the specialized agencies; while decentralization, if carried too far, would lead to chaos. The organizations concerned should, however, be granted reasonable latitude, and should fix their own relative priorities. After all, governments were for the most part represented on those agencies by representatives more familiar with the technical problems than were their representatives to the United Nations, and could therefore get an adequate picture both of the whole and of the parts.

While reserving his final views on the financing of the programme, he was in general in favour of the idea of a common central fund, and of initial allocations to enable the agencies to put their work in hand. He agreed with the New Zealand representative that there should be a reserve to provide for contingencies and to fill possible gaps. Such a reserve, however, need not amount to more than, say, 5 per cent of the total contributions. The common central fund should, on the other hand, be as large as possible, and no part should be specifically allocated by contributing Governments. Normal budgetary procedures would clearly be impracticable for dealing with the central fund, because of the many incalculable factors involved.

Throughout the discussions his delegation **has considered that** one of the obstacles to the successful implementation of the programme for technical assistance would be the restricted availability of experts. As a result of the figures given by the

various organizations, largely in reply to his own questions, his delegation was now convinced that the total number of experts required was not excessive, so that it appeared fairly certain that the specialized agencies could, at least at the outset, carry out the programme fully. Applications might be received late in the first year and would call for careful consideration, so that it would hardly be possible to take final action on them until the middle of the following year. In that way, execution might well be delayed, but that would not necessarily mean that the organizations could not carry out the programme, especially as most of them had the necessary machinery ready to hand.

He agreed in general with the United States proposals concerning programme planning and co-ordination. Any new committee set up by the Economic and Social Council should, however, have also the function of supervising and examining, after completion, the execution of the programme, as it was possible that some agency might go wrong in its implementation.

In conclusion, he hoped that there would be no mechanical approach to the problem, and that contributions would be liberal, as unspent funds could always be utilized later. No cuts should be imposed on the programme, to reduce it significantly below the present level of 36 million dollars, for otherwise the hopes and aspirations of the backward areas of the world would be disappointed. His country opposed the Australian suggestion that there should be no preliminary allocation for civil aviation projects until requests had been received; the programme of the International Civil Aviation Organization was of the greatest importance. His delegation was not opposed to adjustment of the programme, but it felt that such adjustments should not be carried out in a niggardly spirit, and that the global figure should in no circumstances be so reduced as to hamstring the special programmes. His country, which had made liberal contributions to the United Nations Relief and Rehabilitation Administration without any return in the shape of international aid, would not be in a position to make its contribution in hard currency.

Mr. SCHENK (Chile) pointed out that the beneficiary countries as well as the countries that would be responsible for carrying out the technical assistance programme, were entitled to ask for every guarantee that the undertaking would function smoothly. The best guarantee was the universality of the machinery provided. It had been asserted that the minimum membership of any supervisory body worthy of the name should be 18, that was, the number of members of the Council. It was, moreover, his understanding that each country having a vote in the Council represented not only its own interests, but also those of the whole community of nations. A smaller body would lack the moral authority needed for settling as an impartial arbiter any disputes that might arise between applicant countries or between the various specialized agencies.

If the proposed body were composed of the representatives of a few States, those States would often find it embarrassing to assume the responsibility attaching to their arbitral functions. If a new specialized agency was to be established to carry out the technical assistance plan it would be more difficult to appoint the head of that agency than to nominate a governor for the Territory of Trieste.

The idea of a kind of international parliament composed of a large number of governmental representatives would be no more happy. Nothing effective could be done by such a cumbersome body should it attempt to take part in the administration and implementation of the assistance programme.

-- The fundamental idea emerging from the discussion was that of co-ordination. The surest way of translating that idea into action was to centralize planning and decentralize implementation.

The Committee had heard in turn the Directors-General of the specialized agencies. It had been able to convince itself that they were men imbued not only with a keen sense of their responsibilities but with what might be called the United Nations spirit. The Council should repose confidence in them. Simple machinery should be set up and its working observed. If, later on, a special supervisory body was found to be necessary, there would always be time to set it up.

The first practical step towards co-ordination would be to set up an administrative committee composed of the heads of the

specialized agencies and the secretariat departments concerned. There should also be a Council committee responsible for following the work of the administrative committee and reporting thereon to the Council. The Council committee should in no case interfere in the administration and implementation of the programme.

It was the heads of the specialized agencies who should assume responsibility for implementation. The criticisms raised by any particular Member State in the Council would not have the irritating character that would be the inevitable feature of observations made by the members of a small group of countries.

Lastly, the normal United Nations machinery should be maintained. He supported the draft resolution submitted by the United States delegation, which was so designed as to avoid all embarrassing situations when the assistance programme was put into practice.

He asked the representative of the United States of America, however, how he proposed to obtain the best results in cases where certain countries requested, not the implementation of a particular project, such as a campaign against rinderpest or soil erosion, but the institution of an integrated plan for the development of the country or of a specified area. The implementation of General Assembly Resolution 200 (III) had shown that the under-developed countries were especially likely to be interested in projects of that kind.

The meeting rose at 10:45 p.m.
