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ECONOMIC AND SOCIAL COUNCIL

Ninth Session

ECONOMIC COMMITTEE

SUMMARY RECORD OF THE SEVENTY-EIGHTH MEETING

Held at the Palais des Nations, Geneva
on Friday, 12 August 1949, at 10 a.m.

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Present:

Chairman:

Mr. SANTA CRUZ

Members:

Australia

Mr. WALKER

Belgium

Mr. van TICHELEN

Brazil

Mr. CAMPOS

Byelorussian SSR

Mr. MAZJRENKO

Chile

Mr. SCHNAKE

China

Mr. P. C. CHANG

Denmark

Mr. IVERSEN

France

Mr. de SEYNES

India

Mr. ADARKAR

New Zealand

Dr. SUTCH

Peru

Mr. TORRES-BELON

Poland

Miss CZARKO

Turkey

Mr. SARPER

Union of Soviet Socialist
Republics

Mr. KOLPAKOV

United Kingdom

Mr. LELWARD

United States of America

Mr. STINEBOWER

Venezuela

Mr. MIRALLES

Representatives of Specialized Agencies:

International Labour
Organization

Mr. RICHES

Food and Agriculture
Organization

Mr. McDOUGALL

United Nations Educational,
Scientific and Cultural
Organization

Mr. BERKELEY

International Bank for
Reconstruction and
Development

Mr. LOPEZ-HERRARTE

International Monetary Fund

Mr. WILLIAMS

World Health Organization

Miss HOWELL

International Refugee Organization

Miss BROWN

Secretariat:

Mr. Weintraub

Director of the Division of
Economic Stability and
Development

Mr. Chalmers-Wright

Division of Social Activities

Mr. Dumontet

Secretary to the Committee

1. 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/1345, E/1345/Corr.1, E/1373/Rev.1, E/1381, E/1383/Add.1, E/1408, E/AC.6/39, E/AC.6/40, E/AC.6/41, E/AC.6/W.52, E/AC.6/42, E/AC.6/47, E/AC.6/47/Corr.1, E/AC.6/48, E/1356, E/AC.6/51, E/AC.6/52, E/AC.6/53, E/AC.6/54, E/AC.6/56) (Continued)

The CHAIRMAN announced that the joint draft resolution, agreed by the delegations of Australia, Chile, New Zealand and the United States of America, was now ready, and would be circulated later in the meeting. In the meantime, there remained the question of percentages; he announced the revised figures arrived at on the basis of the discussion at the preceding meeting, and the averages derived therefrom, pointing out where they differed from the original figures.

Mr. IVERSEN (Denmark) was surprised to observe that the new percentages seemed to indicate a contraction of the original range, and asked whether delegations had been required to hand in fresh figures the previous evening.

Mr. WEINTRAUB, Director of the Division of Economic Stability and Development, said that where delegations had not submitted new figures it had been assumed that the old average was valid.

Mr. P. C. CHANG (China) had understood that the new percentages were to be calculated on the basis of written amendments; if the intention had been to take into account the oral suggestions made casually during the previous meeting, that should have been made clear to delegations; he would then have been careful to submit round figures.

The CHAIRMAN said that if the feeling of the meeting was that the new figures should take into account only the percentages submitted in writing, further revised figures could be available later that morning. The figures were in any case submitted only as a basis for discussion, and did not commit the Committee in any way.

Mr. van TICHELEN (Belgium) said that his delegation's somewhat reserved attitude during the discussion on percentages should be interpreted as active, rather than passive, participation therein.

The figures just announced by the Chairman did not differ substantially from those which had resulted from the confidential submissions, which had subsequently been the subject of an open discussion lasting for three hours.

In view of the fact that that dual procedure might evoke comments on the part of governments the specialized agencies and, perhaps, the public also, his delegation insisted that the results calculated from the secret submissions should be put to the vote in due form.

The CHAIRMAN pointed out that he had ruled at the preceding meeting that a vote could not be taken on his original proposal, since amendments had been proposed hereto, and further amendments might be submitted later. It was, however, always open to representatives to challenge his ruling.

Mr. P. C. CHANG (China) proposed that the discussion of percentages be deferred until figures based on the written estimates alone were received from the Secretariat, and that the meeting proceed to the discussion of the Report of the Sub-Committee on Principles.

Mr. de SEYNES (France) supported the proposal of the Chinese representative.

The Committee adopted the Chinese proposal by 8 votes to 2 with 6 abstentions.

Mr. WEINTRAUB, Director of the Division of Economic Stability and Development, stated that apart from the twelve written proposals submitted a week earlier, he was in possession of only one further written proposal, submitted by the delegation of Peru. He asked the Australian and Brazilian representatives to be good enough to submit in writing the percentages they had already indicated orally.

After a lengthy discussion, in which Mr. LEDWARD (United Kingdom) and Dr. SUTCH (New Zealand) took part, and the latter expressed the opinion that it would be better to discuss questions of organization before those of principle.

The Committee decided to proceed to the discussion of the Report of the Sub-Committee on Principles (Document E/AC.6/54), as that was the only complete text before the meeting.

Mr. CAMPOS (Brazil), who had acted as Chairman of the Sub-Committee, introduced the Report; he commented on the degree of unanimity that had been reached, and drew attention to the reservations entered by certain delegations.

The document of which the report was, in the main, a condensation and reformulation, was Document E/AC.6/42, the proposed draft report submitted by the United Kingdom delegation. The other views which had been taken into account had been based largely on the Secretary-General's Report (Document E/1327/Add.1). The observations contained in Document E/AC.6/W.52 (Observations on Part II of the Plan) had not been discussed in detail, since the majority of the Sub-Committee had felt that it would be difficult to arrive at any conclusion before the magnitude of the percentage allocations became known. One question, that of indirect responsibility for the programmes of specialized agencies (set out under paragraph 4 of Document E/AC.6/42), had been left in abeyance pending a decision on organization.

Dr. SUTCH (New Zealand) moved that the Report be adopted and annexed to the resolution to be adopted by the Committee, and that it be given the title already communicated to the Secretariat. He proposed, however, that the word "provisional", within brackets, in the first line of the Preamble, which was one of the points on which the Sub-Committee had not reached agreement, be deleted, since the main resolution made it clear that all proposals related to the first year of the programme only.

Mr. LEDWARD (United Kingdom) said that his delegation had entered two reservations in respect of the report, the first of which was a general one. He thought that it should have been made clearer in the Report that the Council, while assuming, pending the approval of the General Assembly, provisional responsibility for the technical assistance activities to be carried out by the United Nations, could assume no such direct responsibility for the related activities of the specialized agencies, and could therefore only recommend principles for their guidance. There should be no suggestion that the Council was laying down rules for the specialized agencies.

His second reservation concerned the emphasis to be placed on the avoidance of supply programmes. As a drafting change, he formally proposed the replacement of the word "may" in Section VI, paragraph 4 of the Report, by the words "should only" (Document E/AC.6/54, page 5).

Mr. WALKER (Australia), while supporting the general approval expressed of the report, was uncertain as to the precise meaning of the word "projects" in the title of Section VI ("SELECTION OF PROJECTS"), and thought it might be advisable to use some such alternative title as

"Requests for approval".

A more important objection related to paragraph 1 of Section VI, in which, he thought, more emphasis than had really been intended was laid on the social aspects of technical assistance. The impression might be created that the United Nations was undertaking specific social improvements on behalf of the various under-developed countries, whereas it was in fact offering only technical assistance to the governments of those countries. Sub-paragraph (b) of paragraph 1 might more suitably read "Request for technical assistance from governments which desire to provide specific social improvements should be included among other requests for services."

Mr. IVERSEN (Denmark), after suggesting a minor textual modification to Section I, pointed out that paragraph 6 of Section II, to which he wholeheartedly subscribed, had been adapted from page 16 of the Secretary-General's Report (Document E/1327/Add.1). On the same page of the Report, attention was drawn to universities and technical schools as valuable sources of experts who might be invited to undertake research in connection with the technical assistance schemes. He therefore proposed the addition of a seventh paragraph under Section II, to read:

"Universities, technical schools, foundations and research institutions should be encouraged to release experts for full assignment under the programme and to undertake special research projects on problems related to economic development."

Mr. KOTIAKOV (Union of Soviet Socialist Republics) proposed that the Report of the Sub-Committee on Principles be dealt with paragraph by paragraph.

Mr. P. C. CHANG (China) thought that the misgivings of the United Kingdom delegation with regard to the relationship between the Council and the specialized agencies was covered, in part, by paragraph 1 of Section IV, which gave some indication of constitutional relationships.

He supported the amendment proposed by the Danish representative.

With regard to the objection raised by the Australian delegation to the use of the word "project", in the title of Section VI, he pointed out that that word was used with a specific meaning, and could hardly be

/bettered.

bettered. The services offered by the United Nations became, with the co-operation of the governments concerned, a "project".

He agreed that too much stress should not be laid on the social aspects of technical assistance, but thought that the last sentence of paragraph 1 of Section IV, which mentioned "an early increase in national productivity of material and human resources", redressed the balance by indicating that attention should be paid only to those social conditions capable of producing a direct effect on technical assistance. It might perhaps be specifically stated that the United Nations was only offering its "services".

With regard to the United Kingdom reservation concerning paragraph 4 of Section IV, the Chinese delegation was in favour of the text as given in the Report, as it felt that there should be no question of using imperative language in respect of countries requesting assistance.

The CHAIRMAN, replying to the suggestions made by the representatives of the Union of Soviet Socialist Republics and of New Zealand, suggested that it would be preferable to take the six sections of the report of the Sub-Committee on Principles one by one, in each case first holding a short general discussion, and then proceeding to a vote.

Mr. STINEBOWER (United States of America), before proceeding to detailed examination of the Report, wished to touch on a general question, namely, the problem of what use should be made of Document E/AC.41.50, in which the Secretariat had sought to embody the essence of the discussions of the Committee in respect of the types of priority to be observed. The document was good so far as it went, but his delegation felt keen disappointment that certain aspects of the problem had been neglected. To judge by a recent decision taken by the Council, members appeared to be moving towards an arrangement whereby a certain part of the fund would be allocated immediately, and the remainder held back for subsequent distribution. In view of that fact, it became double important to establish certain principles which would indicate to the Policy Committee of the Council and the Technical Assistance Committee the types of priority they should observe. He, therefore felt some misgivings at the fact that the Report on Principles now under discussion contained no reference to the question of priorities.

/He appreciated,

He appreciated, however, that that topic had not been included in the terms of reference of the Sub-Committee.

With regard to the actual text of the Report, he warmly supported the proposal of the representative of Denmark that a seventh paragraph be inserted in Section II, urging that universities and similar institutions be encouraged to release experts for work on the programme. He suggested, however, that as experts on particular subjects, and especially on industrialization, were more likely to be found in private employ, some reference should also be made to that source.

If those proposals were adopted, he trusted that the principle enunciated in paragraph 6 of Section II with regard to continued employment on return would apply equally to experts covered by the proposed paragraph 7.

With regard to paragraph (d) of Section III, he was also in favour of substituting the words "substantial part of" for the words "some part of" in the first line. His delegation, on the basis of his own country's experience in the operation of similar programmes of assistance, regarded one-third of the total cost as the contribution which the recipient country could reasonably be expected to make.

He found sub-paragraph (h) of Section III a little too weak, and suggested the following alternative wording: "give publicity to the programme both within their countries and by co-operation with the informational media of other members of the United Nations". Such a clause would not commit governments to a grand publicity campaign in other countries, but merely invite them to co-operate in securing publicity for the programme of technical assistance elsewhere than on their own territory.

He was not in entire agreement with the re-drafting of parts of sub-paragraph 1 of Section VI proposed by the Australian representative, although he fully agreed with the latter that the suggestions were couched in too mandatory a style. Clearly what the Committee desired to say was that projects of a type calculated to provide specific social improvements might well fall within the range of the programme.

/He fully

He fully concurred with the proposed United Kingdom amendment to sub-paragraph 4 of paragraph VI.

The CHAIRMAN did not consider it possible to take any decision on the question of priorities until the problem of percentage allocations had been solved. He still believed that it was necessary for the Council to adopt a specific resolution on the question of priorities. When the Committee had completed its consideration of the general principles to be applied, the Sub-Committee, the previous terms of reference of which had not included the problem of priorities, could take up that question, unless any delegation preferred to submit a draft resolution on the matter to serve as a basis for discussion in the Committee.

He suggested, therefore, that the Committee discuss and vote on the Preamble to the principles (page 1, Document E/AC.6/54). The New Zealand representative had moved the deletion of the word "provisional" from that text.

Mr. ADARKAR (India) pointed out that, although a number of very important principles which obviously applied to Governments were laid down in the document, for example in Sections II and III, the Preamble appeared to refer to organizations of the United Nations only.

Mr. P. C. CHANG (China) suggested that the well-founded objection raised by the representative of India could be met by inserting at the appropriate places the words "All Governments should be invited to", or some similar formula.

The Committee adopted by 9 votes to 4 with 4 abstentions the New Zealand proposal to delete the word "provisional" from the Preamble.

Section I.

Mr. KOLPAKOV (Union of Soviet Socialist Republics) observed that paragraph 1 of Section I had been introduced at the suggestion of his delegation. With a view to achieving a more explicit statement of primary objectives, he proposed that the following text be substituted for paragraph 1 as it stood in Document E/AC.6/54:

"The participating organizations should, in extending technical assistance for the economic development of under-developed countries, be guided by the principle that such assistance should be directed towards developing the internal resources of those countries and territories and their national industry and agriculture. Such assistance should also promote national development and reinforcement of the economic independence of those countries and territories, and should not be conditional on demands for political, economic or military privileges for the countries rendering assistance.

The plan for affording technical assistance should comply with requirements for the maximum all-round development of the national economy of the under-developed countries and territories, and particularly national industry, in the primary interests of increasing the prosperity and raising the cultural level of the local population."

He was prepared to perfect that text if necessary.

Mr. WALKER (Australia) remarked that the General Assembly had already reached agreement on most of the points referred to in the amendment proposed by the representative of the Union of Soviet Socialist Republics, having laid down those principles in Resolution 200(III), which was quoted in full in paragraph 2 of Section I.

Mr. KOLPAKOV (Union of Soviet Socialist Republics) replied that his version of paragraph 1 was somewhat more complete than that before the Committee; in particular it laid added emphasis on the need for giving priority to the principle of promoting the economic independence of under-developed countries. He would therefore like to maintain his amendment, but was in favour of quoting General Assembly Resolution 200(III) as well.

/Mr. CAMPOS

Mr. CAMPOS (Brazil), speaking as Chairman of the Sub-Committee on Principles, stated that the matter had been amply discussed by the Sub-Committee, which, at his suggestion, had adopted a summary rather than a long statement of the basic objectives. It had been felt that a detailed statement of them would not be appropriate in the shape of a preamble to the programme of Technical Assistance since it would apply equally well to other aspects of economic development, including the financing of economic development; moreover, the Soviet Union draft would, in any case, raise certain difficulties connected with the definition of the terms used. For example, there was some risk that the term "economic independence" might be interpreted as implying some form of self-sufficiency; and it was not quite clear what was meant by "national industry". The formulation that he (Mr. Campos) suggested, while embodying the basic idea of the Soviet draft - the strengthening of national economies - steered clear of those definition difficulties.

The CHAIRMAN ruled that, in the absence of a written text, the Committee could not for the moment take a vote on the Soviet Union amendment. He suggested, therefore, that the Committee pass to the examination of Section II.

Section II.

The Committee adopted unanimously the Brazilian proposal to delete the word "other" from the phrase "or any other activities" in paragraph 4 of Section II and the Chinese proposal to substitute the words "All Governments should be invited to co-operate...and to facilitate ... for the words "All Governments should co-operate ... and facilitate" in paragraph 5.

The Committee adopted by 14 votes to 0 with 3 abstentions the joint proposal of the Danish, United Kingdom and United States delegations to add to Section II a further paragraph to the effect that:

"Universities, technical schools, foundations, research institutions and other non-governmental sources of experts should be encouraged to release experts for full assignment under the programme and to undertake special research projects on problems related to economic development."

The CHAIRMAN ruled that Section II as amended had been adopted.

Mr. ADARKAR (India) said that, in addition to the amendments to Section III already proposed, he wished to move the deletion of paragraph (d). He was not opposed on principle to the idea of recipient countries paying part of the costs of technical assistance in their own currencies, but considered that the paragraph constituted a financial provision, and should therefore be left for adoption by the international conference if convened.

Mr. de SEYNES (France) said that the United States representative in his amendment to paragraph (h) of Section III, had used terminology which coupled two objects of a different nature; subject to consent on the part of its author, he (Mr. de Seynes) proposed that it be amended to read as follows: "give publicity to the programme either through their own organizations or by co-operation with ..."

The original United States text seemed to imply, in fact, that countries receiving technical assistance would be precluded from publicising the assistance programme abroad through the medium of their own information services.

Mr. CAMPOS (Brazil), speaking as Chairman of the Sub-Committee on Principles, explained that paragraph (d) referred to the financial responsibilities of governments receiving assistance, and had no connection with the general financing of the programme of technical assistance by contributions from governments.

His Government had some reservations on the subject of paragraphs (g) and (h), and would be unable to accept the amended version of the latter proposed by the United States representative, which, he felt, might be interpreted as imposing an obligation to co-operate with foreign news agencies on governments which might not be willing to do so.

Mr. KOLPAKOV (Union of Soviet Socialist Republics), referring to paragraph (d), said that the cost of technical assistance could and should be met by the recipient countries themselves. That assistance, expressed in terms of cost, would be insignificant and could be paid for. It was essential to establish the independent status of the recipient country. If it was desired to ease the position of backward countries, the inequality of exchange in foreign trade should be

liquidated and the export of profits reduced. He objected to any suggestion of charity in the programme, and was sure that any under-developed country would be only too pleased to obtain the technical assistance and to pay for it. He also considered that the introduction of two strict a regimentation in the operation of the programme was intended to promote. He therefore proposed that paragraph (d) be re-drafted to read as follows:

"normally assume responsibility for the costs of technical assistance with which they are provided."

Mr. MAZURENKO (Byelorussian Soviet Socialist Republic) considered that the provisions of paragraphs (f), (g) and (h), referring to the exchange of information and the giving of publicity to the programme, should not be made mandatory. He thought that when a particular country received technical assistance from another country as a result of a bilateral agreement, it should not be obliged to supply detailed information thereon to a third country. He therefore moved the deletion of paragraphs (f), (g) and (h).

Mr. P.C. CHANG (China) suggested that the term "services" be substituted for the word "assistance" in the second line of paragraph (d), on the grounds that the provision dealt with specific instances of concrete assistance.

Mr. STINEBOWER (United States of America) considered that, in view of the fact that governments would be applying for technical assistance to an international secretariat and not to an inter-governmental committee, the Committee must lay down certain conditions relating to the participation in the programme of requesting governments. The phrase "the requesting governments should be invited to ..." was, therefore, not sufficiently strong.

With regard to the remarks of the Indian representative, he could assure him that paragraph (d) was not connected with the question of the financial arrangements to be made concerning the contributions of governments to the programme, or with the use of local currencies in such cases. It was important to establish a clear distinction between

/the principle

the principle announced in paragraph (d), that a requesting government should pay for part of the services provided in its own territory. and the totally different question of that government's contribution to the programme of technical assistance for the benefit of other countries, even though that contribution would often be made in the country's own currency. Many governments would be both contributors and recipients under the programme.

Mr. ADARKAR (India) reminded the Committee that he had no objection to the principle enunciated in paragraph (d).

It could be assumed, however, that contributions in hard currencies would be largely supplied by the United States of America, and certain other countries whose currencies were in that category; in view of that fact he could not see to what use contributions made by governments in their own currencies of limited convertibility could be put, except for providing technical services in the contributing country itself. There was thus little effective difference between the two categories established by the United States representative.

He still maintained, therefore, that paragraph (d) was, in the final analysis, a financial provision, and that its inclusion in a statement of general principles was, in consequence, a trifle premature, since many members might prefer to decide the question themselves, either in the General Assembly or at the proposed international conference.

Mr. STINEBOWER (United States of America), amplifying his previous explanation, declared that the distinction between the two types of payment was a fundamental one, and must be kept clear. He objected to the idea of adopting a statement of principles without a reference to the participation of recipient governments in the costs of services they received.

Mr. P.C. CHANG (China), to meet a previous objection of the United States representative, suggested the substitution of the phrase "should be expected to agree to" for "should be invited to".

/Mr. SCHNAKE (Chile)

Mr. SCHNAKE (Chile) proposed a minor alteration to the amendment submitted by the United States to paragraph (d). The text would thus read: "normally assume substantial responsibility for the local costs of technical assistance ..."

A country which had requested technical assistance might possibly receive the help of foreign experts. The greater part of the costs of that mission should obviously be borne by the country making the request.

Mr. STINEBOWER (United States of America) said that paragraph (d) as it stood said substantially what the Chilean representative desired, whereas the new wording suggested by that representative would raise certain difficulties.

Experience had already shown, in connection with the financing of the Social Welfare Advisory Services, that it was extremely difficult to establish what expenses should be regarded as local expenditure. It was therefore far better to refer to costs which could be paid in local currencies, rather than to "local costs".

In any case, paragraph (d) did not lay down a hard and fast rule, since it was prefaced by the word "normally". He was sure that certain countries required help in finding experts, rather than actual financial assistance, and would be quite prepared to pay, even in dollars, for the services rendered.

Mr. SCHNAKE (Chile) accepted the United States representative's explanations and withdraw his amendment.

Mr. ADARKAR (India) would have preferred a definite reference to, say, a proportion of 50 per cent of the costs, to the vague term "substantial part of the costs", since the Policy Committee or the Technical Assistance Committee should not be given the invidious task of estimating the percentage to be paid by a recipient government according to whether that government was considered rich or poor.

The Committee adopted by 13 votes to 0 with 4 abstentions the Chinese proposal to substitute the words "The requesting governments should be expected to agree to ..." for the phrase "The requesting governments should:" at the beginning of Section III.

The Committee rejected by 12 votes to 1 with 4 abstentions the proposal of the Indian representative to delete paragraph (d) of Section III.

The Committee rejected by 13 votes to 3 with 1 abstention the proposal of the Soviet Union representative that paragraph (d) should be re-drafted to read as follows:

"normally assume responsibility for the costs of technical assistance with which they are provided."

The Committee adopted by 9 votes to 3 with 5 abstentions the United States proposal to substitute the words "substantial part of the costs" for the phrase "some part of the costs" in paragraph (d).

The Committee adopted by 9 votes to 3 with 4 abstentions the Chinese proposal to substitute the word "services" for "assistance" in paragraph (d).

The Committee adopted by 12 votes to 0 with 5 abstentions the Brazilian proposal to substitute the words "can be paid" for the words "may be paid" in paragraph (d).

The Committee adopted by 14 votes to 0 with 3 abstentions the Brazilian proposal to delete the words "or programmes" from paragraph (e).

The Committee rejected by 13 votes to 3 with 1 abstention the proposal of the representative of the Byelorussian Soviet Socialist Republic to delete paragraphs (f), (g) and (h) of Section III.

Mr. de SEYNES (France), in view of his failure to obtain the United States representative's concurrence, withdrew his amendment but announced that his delegation would vote against the proposed United States amendment to paragraph (h).

/The Committee rejected

The Committee rejected by 12 votes to 1 with 4 abstentions the United States proposal to amend paragraph (h) of Section III to read as follows:

"give publicity to the programme both within their countries and by co-operation with the informational media of other members of the United Nations."

The CHAIRMAN ruled that Section III, as amended, had been adopted.

The meeting rose at 1.25 p.m.
