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Eleventh Session

ECONOMIC COMMITTEE

6 OCT 1950

SUMMARY RECORD OF THE NINETY-SEVENTH MEETING.

Held at the Palais des Nations, Geneva,
on Friday, 11 August 1950, at 3 p.m.

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Present:

Chairman: Sir Ramaswami MUDALIAR (India)

Members:

Australia	Mr. WALKER
Belgium	Mr. MASOIN
Brazil	Mr. de ALMEIDA
Canada	Mr. ARNOLD SMITH
Chile	Mr. SCHNAKE-VERGARA
China	Mr. CHA
Denmark	Mr. IVERSEN
France	Mr. de SEYNES
India	Mr. ADARKAR
Iran	Mr. KHOSROVANI
Mexico	Mr. MARTÍNEZ-OSTOS
Pakistan	Mr. QURESHI
Peru	Mr. ENCINAS
United Kingdom of Great Britain and Northern Ireland	Mr. CORLEY SMITH Mr. FLEMING
United States of America	Mr. LUBIN

Representatives of specialized agencies:

International Labour Organisation Mr. DAWSON
Food and Agriculture Organization Mr. McDOUGALL
International Bank for
Reconstruction and Development Mr. LOPEZ-HERRARTE

Secretariat:

Mr. Owen	Assistant Secretary-General in charge of the Department of Economic affairs
Mr. Weintraub	Director, Division of Economic Stability and Development
Mr. Messing-Mierzejewski	Secretary to the Committee

1. ORGANIZATION OF THE ECONOMIC AND EMPLOYMENT COMMISSION AND ITS TWO SUB-COMMISSIONS (item 4 of the agenda) (continued)

Report of the Drafting Committee (E/AC.6/L.10, E/AC.6/L.10/Add.1 and 2, E/AC.6/L.16 and E/AC.6/L.16/Add.1) (continued)

Mr. IVERSEN (Denmark), continuing the discussion from the previous meeting, said that the views of the Australian representative given at that meeting were so close to those of the Danish delegation that he would confine himself to indicating his support of the joint draft resolution submitted by the Chilean and United States delegations (E/AC.6/L.16), and to associating himself with the Australian proposal that paragraphs 4 and 5 be deleted from that text. As the Ad hoc committee would shortly be reviewing the organization of the Council and its subsidiary bodies, it was desirable that for the present there should be as few changes as possible in the composition of the Commission.

Mr. MASOIN (Belgium) explained that the Belgian delegation had examined, and would continue to examine, the points at issue in the hope of arriving at a solution objectively correct from the technical angle and free of all political considerations.

It had particularly noted the fact that the groups of experts were rendering an ever-widening range of distinguished services, and placed great hopes in the development of that method as a means of improving the quality of the Council's work.

It had also been impressed, especially in connexion with the present discussion, with the value of the Economic Committee's work. It considered, accordingly, that the Economic Committee and the groups of experts were the key factors in ensuring the high quality of the Council's work.

On the other hand, the Belgian delegation was not at all clear as to what services had been rendered by the Economic and Employment Commission. Hence it was quite prepared to support the conclusion set forth in the drafting committee's report. Nevertheless, that conclusion caused it some misgiving.

The Belgian delegation, while appreciating the use made of the groups of experts, was doubtful whether the smaller countries would always be able to make their views heard in such groups to the extent to which they could in bodies made up of governmental representatives. It therefore suggested that the groups of experts be recruited with due regard for the various types of economy.

In making that suggestion, he regarded himself as speaking, not on behalf of his own country alone, but on behalf of small countries generally. He was prompted, not by a sense of national amour-propre, but by a sincere desire to give the groups of experts their full importance. In that connexion his delegation had been gratified to hear the statements by the French and United Kingdom representatives, which he hoped the Secretariat would take into consideration.

Incidentally, his delegation wondered how the recommendation made by the Economic Committee following the discussion which had taken place at a previous meeting could be reconciled with that contained in the conclusion arrived at in the drafting committee's report. The Committee had, in fact, entrusted important tasks to the Economic and Employment Commission. How could the latter carry them out if it was no longer to meet?

Mr. ADARKAR (India) thought that the arguments on both sides were well-founded. It seemed, however, to be forcing the pace of events to suspend the meetings of the Commission before the Ad hoc committee had had time to consider the question of the organization of the Council's activity. The abolition of the two Sub-Commissions would go far to meet the Secretary-General's request that consideration should be given to reducing the number of meetings. Many of the arguments adduced by the United Kingdom representative against the Economic and Employment Commission could properly be applied to the other functional commissions as well. Moreover, the obligations imposed by the Charter made it difficult entirely to suspend the meetings of the Commission. His delegation would therefore support the joint draft resolution submitted by the Chilean and United States delegations, subject to minor amendment.

His delegation had no strong objection to the proposed change of name of the Economic and Employment Commission, but doubted the usefulness of increasing its membership to eighteen. In the first place, the Ad hoc committee would shortly be considering various questions relating to the subsidiary bodies of the Council, so that a decision affecting the composition of the Commission would seem to be premature. In the second place, increasing its membership to eighteen would virtually put the Commission on a par with the Economic Committee. He thought, therefore, that such a change was unnecessary in existing circumstances. Finally, he was uncertain whether the Commission should meet more than once a year, for reasons of economy; accordingly, he favoured on the whole the maintenance of the status quo in that respect.

Mr. SCHNAKE-VERGARA (Chile) thought that it would be undesirable to lose the experience of the Economic and Employment Commission; the Ad hoc committee would in due course make its recommendations regarding that Commission, but until then there could be no good ground for suspending its activity. While he would like to accept amendments to the joint draft resolution, he could not agree to deletion of the provision which sought to increase the membership of the Commission to eighteen, as he felt that, for the sake of balance, and to satisfy the desire of many delegations that full consideration should be given to under-developed countries, there should be a proportional representation of countries on the Commission.

Mr. de ALMEIDA (Brazil) said he would vote for the draft resolution submitted by the drafting committee. His Government considered that the work of the Economic and Employment Commission was unsatisfactory, and that the reason therefor lay in the way in which it was at present organized. As an Ad hoc committee was to be set up to look into the organization of the subsidiary bodies of the Council, it seemed desirable that that committee should have a chance of considering a new system, which would probably prove more efficient than the old. The Economic Committee had gained great experience in drawing up the technical assistance programme, its work on which had been widely

praised in the General Assembly. If the drafting committee's resolution were adopted, there would be an opportunity of appraising the value of the experiment of doing without the Economic and Employment Commission.

Mr. MARTINEZ OSTOS (Mexico) supported the Chilean - United States joint draft resolution for three reasons: first the appointment of the Ad hoc committee made it, in his judgment, unwise to put into effect at that stage the changes suggested by the United Kingdom amendment; secondly, new tasks were being entrusted to the Economic and Employment Commission, and thus it was necessary to keep its present structure; and thirdly, the fact that the Commission was made up of non-governmental representatives provided for greater flexibility in the results of its deliberations.

Mr. LUBIN (United States of America) made it clear that in the opinion of his country the Economic and Employment Commission had not proved a failure. Even though, in the discussion on full employment in the Council at the present session, no reference had been made to the Commission, the instructions given to his delegation by his Government, and, he suspected, by other Governments to their delegations, had been much influenced by the debates at the Commission's fifth session. With regard to the suggestion that the Commission was wasteful, of time and effort, the ad hoc committee had been appointed with the precise object of enquiring into such matters: its task would be to assess the value of the various organizations subsidiary to the Council, and to decide which to retain and which to discard.

It was of the utmost importance that the major issues in the field of full employment and economic development should be discussed as fully as possible. The Commission, by its preparatory work, provided means of making sure that discussions in the Council remained of high standard; the discussion in the Committee, which had been highly praised even by the delegations which were now advocating the suspension of the Commission, had been rendered more intelligent by the preliminary work of that Commission.

Mr. CHA (China) supported the joint Chilean - United States draft resolution, which laid particular emphasis on problems of economic development in under-developed countries - problems in which his own country was extremely interested. There should clearly be, as the draft resolution recognized, some functional commission entrusted with the study of problems of full employment. He also supported the introduction of the word "development" into the title, as that addition would lend significance to that aspect of the Commission's work. The increase of membership to eighteen was desirable, as the Commission could only benefit from the expression of a larger number of points of view.

Mr. KHOSROVANI (Iran) supported the joint draft resolution, in view of the establishment in the near future of the Ad hoc committee. If it was decided to keep the Economic and Employment Commission in being, there was no reason why its membership should not be increased to eighteen, so as to bring in under-developed countries.

Mr. de SEYNES (France) wished to reply to the highly pertinent question asked by the Belgian representative, a question that was all the more pertinent now that the die had seemingly been cast. The Economic and Employment Commission would probably meet again, but there should be no illusion about the matter: the fact of its meeting would not save the Economic Committee and the Council from again going over a great deal of work in pursuance of the resolutions adopted at the present session. He also suggested that immediate consideration be given to the possibility that the Council and the Economic Committee would have to hold longer sessions to cover the new assignment entrusted to them.

Mr. ADARKAR (India) explained that his comments concerning the increase of the membership of the Commission were not to be taken as meaning that his delegation opposed the increase on its merits. The proposal, however, was a long-term one, and as the Ad hoc committee would in due course be

considering the question, it was desirable that any recommendation it might make should not be prejudiced by a decision taken at the present meeting.

The CHAIRMAN put to the vote the draft resolution submitted by the drafting committee (E/AC.6/L.10).

The Committee rejected the draft resolution submitted by the drafting committee by 11 votes to 4.

The CHAIRMAN asked whether there were any specific amendments to the joint draft resolution submitted by the Chilean and United States delegations (E/AC.6/L.16).

Mr. WALKER (Australia) proposed that paragraphs 4 and 5 of the joint draft resolution be deleted, for the reasons he had given at the previous meeting.

Mr. de ALMEIDA (Brazil) pointed out that paragraph 6 had already been embodied, in much the same words, in paragraph 2 of the recommendations in Section B of the draft resolution on financing the economic development of under-developed countries, discussed at the preceding meeting (E/AC.6/L.12/Rev.1, page 4). He therefore proposed that it be deleted.

Mr. ADARKAR (India) proposed that paragraph 7 be amended to read:

"Authorizes the Commission to hold more than one session at the call of its Chairman".

Mr. LUBIN (United States of America) thought that the Indian amendment amounted to much the same as the original text.

Mr. CORLEY SMITH (United Kingdom) said that his delegation had no strong views on the suggestion, made in paragraph 4, that the name of the Commission be changed to read: "The Economic, Employment and Development

Commission"; generally speaking, it regarded the word "development" as implicit in the word "economic". He opposed, however, the provision in paragraph 5 for increasing the membership, as the Ad hoc committee would be dealing with the question very soon.

Mr. WALKER (Australia) did not think that the Indian representative's amendment meant exactly the same as the original paragraph 7, as it seemed to him that if it were adopted the Commission would not be authorized to hold a second meeting unless the Chairman so desired.

Mr. ARNOLD SMITH (Canada) had the impression that paragraph 7 ruled out the possibility of the Commission's meeting more than twice a year, except in exceptional circumstances, whereas the Indian representative's amendment would not seem to have precisely that effect, and would therefore be less likely to find favour with the General Assembly. He wondered whether it had any financial implications.

The CHAIRMAN drew the Committee's attention to the statement of the financial implications of the joint draft resolution (E/AC.6/L.16/Add.1), and pointed out that two sessions could be held in 1951 within existing budgetary provisions.

Mr. de SEYNES (France) preferred the Indian representative's version of paragraph 7, which he considered to be more restrictive. He would therefore vote in favour of it.

He also felt that the proposal to increase the membership of the Commission to eighteen might serve a useful purpose, since it would make it possible to bring together a larger number of opinions. He would therefore vote in favour of paragraph 5 of the joint draft resolution.

Mr. CORLLEY SMITH (United Kingdom) thought that it would be advisable for the Committee to recommend that the Commission hold two sessions a year, as that would enable the Secretariat and delegations concerned to make their

relevant plans in advance; moreover, it would be easier to fit definite sessions into the calendar.

Mr. ADARKAR (India) noted that the Secretary-General had in fact made provision for only one session of the Commission in 1957, and had also asked that in general as few meetings as possible should be held. He did not think that the difficulties envisaged by the United Kingdom representative would arise, as adequate advance information could be given to enable a second session to be fitted in if necessary.

The CHAIRMAN put to the vote paragraph by paragraph the joint draft resolution submitted by the Chilean and United States delegations (E/AC.6/L.16).

Paragraphs 1, 2 and 3 were adopted unanimously.

Paragraph 4 was adopted by 9 votes to 3, with 3 abstentions.

Paragraph 5 was adopted by 9 votes to 6.

Mr. LUBIN (United States of America), and Mr. SCHNAKE-VERGARA (Chile) withdrew paragraph 6, in view of the Brazilian representative's comments.

The Indian amendment to paragraph 7 was rejected by 10 votes to 5.

Paragraph 7 was adopted by 13 votes to none, with 2 abstentions.

Paragraphs 8 and 9 were adopted unanimously.

The Committee unanimously adopted the Chilean - United States joint draft resolution (E/AC.6/L.16), as amended.

2. FULL EMPLOYMENT: REPORT OF THE GROUP OF EXPERTS APPOINTED BY THE SECRETARY-GENERAL UNDER COUNCIL RESOLUTION 221(IX) E, ON NATIONAL AND INTERNATIONAL MEASURES REQUIRED TO ACHIEVE FULL EMPLOYMENT; GENERAL ASSEMBLY RESOLUTION 308 (IV); AND COUNCIL RESOLUTION 267 (X) (item 3 of the agenda) (E/AC.6/11/Rev.1/Add.1, E/AC.6/L.19 and E/AC.6/L.23) (resumed from the 95th meeting)

The CHAIRMAN invited comments on paragraph 18 (enclosed in square brackets) of the revised text of the resolution on full employment approved by the Committee

at its 85th meeting (E/AC.6/L.23). He pointed out that the word "required" in the penultimate line was unnecessary, as had been pointed out, and should be deleted.

Mr. LUBIN (United States of America) proposed that the paragraph be expanded and clarified by the addition at the end of the words: "inter alia, by making fullest use of its borrowing capacity".

Mr. FLEMING (United Kingdom) said that the question of such an addition had been considered when the paragraph had first been drafted, and that at one stage words very similar to the amendment now proposed by the United States representative had been included. It had been decided later, however, to delete them, as the International Bank for Reconstruction and Development had other means of increasing its resources than by borrowing; it could, for example, make fuller use of its guarantee procedure. In the circumstances, the amendment would be restrictive, and should therefore be rejected.

Mr. ARNOLD SMITH (Canada) supported the United States amendment, as it clarified the intention of the paragraph. He was not entirely satisfied with the word "all" before the word "opportunities" in the penultimate line.

Mr. LUBIN (United States of America) thought that the insertion of the word "practicable" between the words "all" and "opportunities" would improve the phraseology and satisfy the Canadian representative.

Mr. de ALMEIDA (Brazil) supported the first United States amendment, and thought that the United Kingdom's objection to it was met by the presence of the words "inter alia". The insertion of the word "practicable", however, did not seem to be necessary, as the Bank would hardly utilize impracticable opportunities.

The CHAIRMAN put to the vote the United States amendments to paragraph 18 of document E/AC.6/L.23.

The Committee adopted the United States proposal that the word "practicable" should be inserted before the word "opportunities" in the penultimate line, by 8 votes to 1, with 5 abstentions.

The Committee adopted, by 13 votes to none, with 1 abstention, the United States proposal that the following words be added to the end of the paragraph:

"Inter alia, by making fullest use of its borrowing capacity".

The Committee unanimously adopted paragraph 18 of the resolution on full employment, as amended.

The CHAIRMAN said that he had been giving some thought to the United Kingdom representative's proposal, made at an earlier meeting, that the phraseology of the resolution be amended by the substitution of the words "all governments" for the words "Members of the United Nations". There was great force in the argument that the statistical information required should be obtained from as many governments as possible, and not from the governments of States Members of the United Nations alone. It was also extremely difficult to decide whether the substitution should be made in certain paragraphs but not in others. As there was no constitutional objection to the use of the words "all governments", he suggested that those words be used throughout the resolution.

It was so agreed.

The CHAIRMAN asked whether there were any comments on the statement of financial implications contained in document E/AC.6/L.11/Rev.1/Add.1. He pointed out that the question of the timing of the questionnaire and the reports would be taken up afterwards.

Since paragraphs 13(a) and 13(b) of the draft resolution had been revised, the estimates given in paragraph 3 of the financial implications would be reduced by some 7,000 dollars; the position would be fully described when the resolution came up for discussion in the Council.

Mr. ARNOLD SMITH (Canada) said that the Canadian delegation had been concerned about the practicability of examining long-term balance of payment forecasts. It would, however, accept the recommendation, and hoped that it would prove of value, especially by bringing in the countries of Latin America and of Asia, which did not participate in the work of the Organization for European Economic Co-operation. Should it transpire that a large number of those countries were unwilling to supply the information required, the Council should, at a later session, reconsider the advisability of proceeding with the study.

Mr. FLEMING (United Kingdom) submitted that the enquiry in question would only be justified if countries supplied answers to the questionnaire, and would not be justified unless it ultimately resulted in a valuable and outspoken report on the subject. His misgivings that the latter eventuality might materialize were greatly increased by the fact that it had been decided not to appoint a group of independent experts.

The Committee took note of paragraph 4 of the statement of financial implications.

Mr. ADARKAR (India) said, with reference to paragraph 5 which related to paragraph 23 of the resolution on full employment (E/AC.6/L.23) that the question of appointing experts was an administrative matter which lay with the Secretary-General. He hoped that when appointing the small group of experts concerned the Secretary-General would take into consideration the conditions prevailing in under-developed countries, and select experts with a knowledge, and a full and sympathetic understanding, of those conditions.

The CHAIRMAN thought that that aspect had been referred to during the Committee's discussions, and was sure that the point would be borne in mind by the Secretary-General.

Mr. LUBIN (United States of America), referring to the total financial implications set out in paragraph 6, said that he doubted whether it

would be possible to do all the work envisaged for the expenditure estimated by the Secretary-General. As a former head of a Bureau of Statistics which had also been responsible for economic analysis and which for some years had had an annual budget of as much as \$6,000,000 dollars, he felt that the Secretariat's estimates were at least 50 per cent below probable requirements.

The CHAIRMAN drew the attention of the Committee to paragraph 9, on budgetary action, and suggested that it would be desirable to add to the resolution a paragraph on full employment requesting the Secretary-General to take all appropriate measures to ensure that action under the resolution was initiated on all matters of urgency.

Mr. ARNOLD SMITH (Canada) observed that with the exception of the work entailed in sending out the special questionnaire, no additional administrative expense would be involved, and he felt that the Committee should avoid giving the impression that there was any degree of special urgency.

The CHAIRMAN said that it was the initiation of the work on the questionnaire that was urgent, and that it was that initiation that his suggestion was intended to emphasize.

Mr. OWEN (Assistant Secretary-General in charge of the Department of Economic Affairs) said that the need for implying urgency arose out of budgetary technicalities. He doubted if the undertaking proposed could be covered out of the current budget of the Department of Economic Affairs. It could most probably be met by transfers from some other section of the budget, but such a procedure was only possible with the express authority of the Advisory Committee on Budgetary and Administrative Matters, which would need some expression of the Council's views as to the urgency of the project.

Mr. ARNOLD SMITH (Canada) felt that a transfer of funds from another section of the budget would be an appropriate solution. It would be desirable so to draft the paragraph that no disproportionate priority would be given to a long-term programme. He therefore suggested the use of the words "without delay."

The CHAIRMAN accepted the suggestion, and asked the Committee whether the addition of the paragraph he had proposed, as amended, was acceptable.

It was so agreed.

The CHAIRMAN asked the Committee to turn to the question of the various dates to be inserted in the resolution on full employment (E/AC.6/L.23). He assumed there would be no objection to leaving the words "beginning in 1951" in paragraph A 1 on page 3. The first date to be examined was therefore the one in paragraph 13 relating to the special questionnaire.

Mr. WEINTRAUB (Director, Division of Economic Stability and Development) suggested that if the work were to be carried out properly, 15 October 1950 was too early a date for the issue of the special questionnaire. It might in fact be preferable simply to say that the questionnaire should be issued at the earliest possible moment.

Mr. FLEMING (United Kingdom) said that although it had been the United Kingdom delegation that had suggested 15 October 1950, he agreed with the Director of the Division of Economic Stability and Development, since he was convinced that the study could not be completed before the fourteenth session of the Council. In fact, he would be satisfied with a less stringent phrase than that used by the Director, and suggested that the words "as soon as conveniently possible" be inserted in paragraph 13.

It was so agreed.

The CHAIRMAN suggested that in the light of the preceding decision it would be preferable to replace the tentative date of 1 March 1951 in paragraph 11 by the words "within six months of the issue of the special questionnaire."

Mr. MARTÍNEZ OSTOS (Mexico) suggested that it would be better to say "within six months after receipt of the special questionnaire."

It was so agreed.

THE CHAIRMAN suggested that the words "early in 1951" should be deleted from paragraph 20.

Mr. ARNOLD SMITH (Canada) said that if the representative of the Secretary-General found it difficult to accept the retention of those words, he would not object, although he could not see where the difficulty lay.

Mr. FLEMING (United Kingdom) submitted that it was difficult to fit in the earlier dates before the date for the completion of the exercise had been fixed.

Mr. WEINTRAUB (Director, Division of Economic Stability and Development) said that when the first group of experts on full employment had been set up, the Secretary-General had been able to persuade institutions to release highly qualified experts to take part in the work. The current economic situation might, however, make it less easy for the Secretary-General to bring pressure to bear on the present occasion, and it would perhaps be preferable to leave the matter to his discretion, subject to the proviso that he select the most highly qualified experts. He therefore suggested that the words "early in 1951" should not appear in paragraph 20, and that the final words of paragraph 21 should be amended to read "if possible at its 13th session."

Mr. LUBIN (United States of America) said that, in view of the statement made by the Director, he would prefer that the Economic and Social Council should be requested to study the report to be prepared under paragraph 20 at its 14th session.

It was agreed to omit the words "early in 1951" from paragraph 20 and to insert the ordinal number "14th" in paragraph 21.

The CHAIRMAN then suggested that instead of the words "at its 13th session" in paragraph 15(c), the words "at an early session" should be used.

Mr. FLEMING (United Kingdom) submitted that there was very good reason for proposing that the Council should be enabled to consider the report

to be prepared under paragraph 13 (b) at its fourteenth session. That fitted in with his delegation's view that Ad hoc committee studies should, as far as possible, come before the Council at its winter sessions. It was admittedly desirable to aim at the thirteenth session, but unless the fourteenth session were specified, it might happen that the report would not come before the Council until its fifteenth session.

It was agreed to insert the ordinal number "14th" in paragraph 15(c).

Replying to Mr. WALKER (Australia), the CHAIRMAN confirmed that it was the intention to issue the special questionnaire only once a year.

Mr. ARNOLD SMITH (Canada) said he was impressed by the observations of the United States representative with regard to the budgetary estimates. He hoped that the Secretary-General would be in a position to provide the Fifth Committee of the General Assembly with firmer estimates, and reserved his delegation's position until such estimates were available.

Mr. WALKER (Australia) said he had just received instructions from his Government on points that had already been dealt with by the Committee. He would therefore reserve his delegation's position until the resolution on full employment came before the Council. He wondered whether it would be possible for consideration of that resolution in the Council to be deferred until 16 August, in order to give the Ministers concerned in the Australian Government time to consider it fully.

The CHAIRMAN thought it would not be possible for the Council to leave its consideration of the resolution until the last day of the session, and that it would probably be placed on the Council's agenda for 14 August.

Replying to Mr. MARTÍNEZ-OSTOS (Mexico), he said he thought it likely that items 3, 4 and 6 of the agenda would be taken by the Council on Monday, 14 August, but would have to consult the President of the Council on that point.

Mr. FLEMING (United Kingdom) observed that the discussions on economic questions had been somewhat protracted, with the result that the return of a number of representatives to their home countries was overdue. He hoped, therefore, that it would be possible to dispose of all economic questions in the Council by the evening of 14 August at latest.

The CHAIRMAN felt that items 4 and 6 of the agenda might be dealt with by the Council on 12 August, leaving item 3 until 14 August.

The Committee having taken note of the statement of financial implications (E/AC.6/L.11/Rev.1/Add.1) and of the Council's tentative programme of work, the CHAIRMAN put the resolution on full employment, as amended and completed (E/AC.6/L.23) to the vote.

The resolution on full employment, as amended and completed, was adopted by 14 votes to none, with 1 abstention.

Mr. ARNOLD SMITH (Canada) said that his vote in favour of the adoption of the resolution was subject to the reservation he had made earlier with regard to one paragraph.

3. METHODS OF FINANCING ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES INCLUDING CONSIDERATION OF THE REPORT OF THE SUB-COMMISSION ON ECONOMIC DEVELOPMENT (FOURTH SESSION) (item 6 of the agenda) (resumed from the 96th meeting):

Report of the Drafting Committee (E/AC.6/L.12/Rev.1, E/AC.6/L.12/Rev.1/Add.1, E/AC.6/L.13 and E/AC.6/L.15) (continued)

The CHAIRMAN drew the attention of the Committee to three typewritten papers that had been circulated, the first reproducing the resolution adopted on methods of financing economic development of under-developed countries, the second summarizing the suggestions by the Chilean delegation for the re-arrangement of paragraphs in Section B of the resolution, and the third containing suggestions submitted by the Indian delegation for the same purpose at the preceding meeting.

Mr. SCHNAKE-VERGARA (Chile) explained that the point of his suggestions was to place corresponding preambulatory clauses in Section B immediately before the recommendations to which they related. The only exceptions would be paragraphs 2 and 9, which would stand alone.

Mr. ARNOLD SMITH (Canada) believed that there was something to be said for all three structures proposed for the resolution, but preferred the simplest, and the traditional, arrangement of preambles followed by recommendations, that was to say, in the case in question, three separate resolutions, under the three headings A, B and C in the drafting committee's report (E/AC.6/L.12/Rev.1).

Lengthy resolutions were all right up to a point, but there were limits to such a practice, which could give rise to unnecessary complications.

Mr. SCHNAKE-VERGARA (Chile) referred to the procedure adopted in connection with the resolution on full employment, which had been sectionalized; that he found reasonable and in keeping with the resolutions put forward in the Sub-Commission on Economic Development's report. The recommendations in the resolution on methods of financing economic development of under-developed countries were inter-related, dealing as they did on the one hand with increasing the flow of international capital, and on the other with the financing of domestic expenditure in local currencies, and he felt that the Committee must accept an arrangement of Section B on the lines he had proposed.

The CHAIRMAN suggested that if the principle as to structure were agreed, the Committee could leave it to the Secretariat, under his own guidance, to re-arrange the resolution accordingly.

Mr. ADARKAR (India) agreed that preambles should be kept separate from recommendations, but felt that where recommendations were inter-related in the way in which they were in the first technical assistance resolution, the procedure followed for that resolution should be adopted. The Chilean proposal divided the resolution into four parts, the first and second being inter-related; the third dealt with untied lending, which formed part of the

international flow of investment, and should therefore be combined with parts 1 and 2. In his view, there should be three sections to the resolution, the first conveying suggestions to governments, the second to international institutions, and the third to the Commission. If such an arrangement were adopted, governments and international institutions would know exactly what was expected of them. That would be most desirable.

Mr. ARNOLD SMITH (Canada) said his delegation had no objection to lengthy resolutions, and agreed that coherence was desirable; but he felt that that could be best achieved in the case under consideration by adopting the traditional arrangement of having separate preambles, each followed by its relative recommendations.

Mr. FLEMING (United Kingdom) agreed that preambles should be directly related to their substantive recommendations, and felt that the Chilean suggestions had considerable merit. He did not, however, care for the provision of titles for each section of the resolution, nor for the implication that foreign financing of domestic expenditure in local currencies was not a way of increasing the flow of international financing for economic development. Although some recommendations would be left without any preamble at all, he would agree to the Chilean suggestion, provided the titles were omitted.

Replying to the CHAIRMAN, Mr. SCHNAKE-VERGARA (Chile) said that, although he preferred the retention of sub-paragraph (a), which he had suggested be included in the recommendations under the section of the resolution relating to increasing the flow of international capital for the economic development of under-developed countries, he would not press the point if the Committee felt the inclusion of such a recommendation to be unnecessary.

At the suggestion of the CHAIRMAN, it was agreed that the paragraphs forming Section B of the resolution on financing the economic development of under-developed countries should be re-arranged by the Secretariat under his guidance on the lines indicated by the Chilean delegation, it being understood that recommendation (a) in Section 1 of the Chilean suggestions would not be included.

The meeting rose at 5.45 p.m.