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Sixteenth Session

ECONOMIC COMMITTEE

SUMMARY RECORD OF THE ONE HUNDRED AND FORTIETH MEETING

held at the Palais des Nations, Geneva,
on Monday, 3 August 1953, at 10.30 a.m.

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(concluded)

Present:

Chairman: Mr. B.R. SEN (India)

Members:

Argentina	Mr. MORALES
Australia	Mr. CORKERY
China	Mr. HSIA
Cuba	Mr. RIBAS
Egypt	Mr. ABDEL-RAZEK
France	Mr. de SEYNES
India	Mr. ADARKAR
Philippines	Mr. REYES
Poland	Mr. BLUSZTAJN
Sweden	Mr. WESTERLIND
Turkey	Mr. ISIK
Union of Soviet Socialist Republics	Mr. MOROZOV
United Kingdom of Great Britain and Northern Ireland	Mr. WARNER
United States of America	Mr. WYNNE
Uruguay	Mr. PEROTTI
Venezuela	Mr. UZCATEGUI RAMIREZ
Yugoslavia	Mr. STANOVNIK

Observers for the Governments of Member States

Indonesia	Mr. HELMI
Netherlands	Mr. van DIFFELEN

Observer for the Government of a non-Member State

Libya	Mr. ANEIZI
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Secretariat:

Mr. Dumontet	Secretary to the Committee
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ECONOMIC DEVELOPMENT OF UNDERDEVELOPED COUNTRIES (item 3 of the Council's agenda) (concluded)

- (b) Report of the International Bank for Reconstruction and Development on the question of creating an International Finance Corporation (Council resolution 416 C (XIV), General Assembly resolution 622 B (VII)) (E/2441) (concluded)

The CHAIRMAN congratulated the authors of the Indian draft resolution⁽¹⁾ and of the joint amendment⁽²⁾ thereto on having succeeded in preparing a compromise joint draft resolution⁽³⁾ which gave equal satisfaction to both sides.

Mr. ADARKAR (India) confirmed that the revised joint draft resolution commanded the full support of all its authors and suggested that as the draft was self-explanatory, the Committee might proceed to vote upon it without further discussion.

Mr. ISIK (Turkey) said that the Turkish delegation welcomed the revised joint draft resolution and would like, in view of its importance, to make one or two remarks in explanation of its vote. As it had already stated in plenary session⁽⁴⁾, the Turkish delegation was in favour of the establishment of an International Finance Corporation, believing that it would have an important part to play in the development of the under-developed countries. Since the International Bank was precluded by its articles of agreement from giving the requisite measure of assistance to investment in those countries where foreign private investors were reluctant to place their capital, it was imperative to study the possibility of setting up the International Finance Corporation.

Without wishing to belittle the work done by the International Bank since the date of its first report in connexion with the establishment of an International Finance Corporation, the Turkish delegation felt bound to point out that the Bank's latest report (E/2441) displayed certain doubts and some pessimism as to the prospects of a successful outcome of the studies bearing on the setting up of the Corporation.

With regard to the joint draft resolution, the Turkish delegation could understand the argument that the time had not yet come to set up an International

(1) For text, see E/AC.6/SR.139, Annex, part II.

(2) For text, see E/AC.6/SR.139, Annex, part III.

(3) For text, see annex to this summary record.

(4) See summary record of the 728th meeting (E/SR.728)

Finance Corporation, but it believed that the efforts undertaken with that aim in view should not be relaxed; on the contrary, the existing difficulties should act as an incentive to take up the matter with a firm resolve to achieve positive results. It hoped that the discussions at the Council's sixteenth session and the adoption of the joint draft resolution would clearly bring out the importance attached to that issue by the Council and that the Bank, fortified by such support, would pursue its efforts in that field with the energy and confidence it had displayed at the beginning.

Mr. ABDEL-RAZEK (Egypt) regarded the draft resolution before the Committee as a compromise rather than an ideal, since all it proposed was further exploration of the proposal for an International Finance Corporation, and not the establishment of such a body. Clearly there was still some doubt about the creation of the Corporation since the Bank itself in its second report (E/2441) intimated that those Powers which had capital at their disposal, while recognizing the desirability and usefulness of setting up the International Finance Corporation, were not in a position at the moment to pledge contributions for the purpose. Nevertheless, in a spirit of conciliation, the Egyptian delegation would vote in favour of the draft resolution.

Mr. HSIA (China) said that as the revised joint draft resolution represented the Chinese delegation's general view and was the best solution that could be achieved in the circumstances he would support it.

Mr. RIBAS (Cuba) recalled that during the discussion in plenary on item 3 (b) of the agenda⁽¹⁾ the Cuban representative, had welcomed the Indian draft resolution and promised that the Cuban delegation would give it close study and speak on its provisions in detail after consultation with its Government. The Indian delegation having agreed to the new compromise text, he would vote in favour of it.

The revised joint draft resolution was adopted by 11 votes to none, with 3 abstentions.

Mr. STANOVNIK (Yugoslavia), explaining his vote, recalled that, in the debate on item 3 in the Council, the Yugoslav representative⁽²⁾ had stated that his

(1) See summary record of the 726th meeting (E/SR.726, paragraphs 22-23).

(2) See summary record of the 725th meeting (E/SR.725).

delegation regarded the foundation of the Special United Nations Fund as the main method of financing the economic development of under-developed countries, and had grave doubts as to the efficacy of the technique of stimulating the flow of private capital; the proposed International Finance Corporation would, in his opinion, be only a palliative solution. However, as the revised joint draft resolution merely called for further study of that proposal, he had abstained from voting upon it in order to show that the Yugoslav delegation did not want to stand in the way of such a study being undertaken. Any action liable to promote the flow of international capital would receive its support.

(c) Question of methods to increase world productivity (Council resolution 416 E (XIV))(E/2435, E/2440) (concluded)

The CHAIRMAN observed that following the adoption at the previous meeting of the joint draft resolution submitted by the delegations of Australia, Cuba, Egypt, India, the Philippines, the United States of America and Yugoslavia⁽¹⁾, there was no draft resolution on sub-item 3 (c) before the Committee. He understood, however, that the Belgian representative, who was absent from the present meeting, might be submitting a draft resolution on the subject to the Council in plenary session.

Mr. ABDEL-RAZEK (Egypt) thought the attention of the General Assembly should be drawn to the reports of the Food and Agriculture Organization and the International Labour Organisation, which contained searching studies on world productivity. The General Assembly, which would have to discuss the world economic situation and the problem of higher productivity, ought to take those documents into account. The Council might accordingly adopt a draft resolution noting those reports with appreciation and forwarding them to the Assembly. The Egyptian delegation was prepared to submit such a draft resolution to the Council in plenary.

(1) For text, see E/AC.6/SR.139, Annex, part I.

The CHAIRMAN said that, the Committee having completed its agenda, he would like to thank members for the understanding they had shown of one another's points of view. He hoped that the high standard which had been maintained in that respect throughout the Committee's proceedings would serve as a model for the future.

Mr. STANOVNIK (Yugoslavia) expressed the unanimous thanks of all members to the Chairman for the admirable way in which he had conducted the Committee's business. It was in large measure due to the Chairman that the Committee had brought its exceedingly difficult work to a successful conclusion and managed to achieve unanimity on certain highly controversial problems.

The meeting rose at 11 a.m.

ECONOMIC DEVELOPMENT OF UNDERDEVELOPED COUNTRIES
(item 3 of the Council's agenda)

- (b) REPORT OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ON THE QUESTION OF CREATING AN INTERNATIONAL FINANCE CORPORATION (Council resolution 416 C (XIV), General Assembly resolution 622 B (VII) (E/2441))

Revised joint draft resolution
submitted by the delegations of Australia, Belgium, India,
the United Kingdom and the United States of America:

1 August 1953

The Economic and Social Council,

Having considered the further report of the International Bank for Reconstruction and Development on the proposal for an International Finance Corporation (document E/2441).

Noting that the Bank intends to continue to explore the question with its member governments,

Believing that it would be desirable to have from the Bank a further study of the IFC proposal, which would be directed toward clarifying and analysing the questions that have been raised and the different points of view that have been expressed with regard to the merits of the proposal and the basic purposes and functions of the proposed institution, so as to assist the various interests concerned in determining their attitude toward the proposal,

1. Commends the Bank for the useful contribution it has made to the study of the question;
2. Invites the Bank to present as soon as possible the results of a further study along the lines mentioned above, namely, a study with a view to clarifying and analysing the questions that have been raised and the different points of view that have been expressed, continuing at the same time further exploration of the matter with its member governments, and in so doing to take into account the comments on the Bank's further report during the sixteenth session of the Council;
3. Further invites the Bank to report on the progress made in these respects to the Economic and Social Council at its seventeenth session.