



## ECONOMIC AND SOCIAL COUNCIL

Twenty-fourth Session

Tuesday, 30 July 1957

at 3 p.m.

OFFICIAL RECORDS

PALAIS DES NATIONS, GENEVA

## CONTENTS

	Page
Agenda item 6:	
Financing of economic development ( <i>continued</i> ) . . . . .	193
Agenda item 2:	
World economic situation ( <i>resumed from the 979th meeting and concluded</i> ) . . . . .	196
Agenda item 8:	
Establishment of a world food reserve . . . . .	197
Agenda item 7:	
International commodity problems . . . . .	197
Agenda item 9:	
Technical assistance . . . . .	197

*President:* Mr. M. MIR KHAN (Pakistan).

*Present:*

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

Observers from the following countries: Bulgaria, Chile, Czechoslovakia, Federal Republic of Germany, Hungary, India, Iran, Israel, Italy, Japan, Portugal, Spain, Switzerland.

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

## AGENDA ITEM 6

**Financing of economic development (E/2961 and Corr.1 and Add.1, E/2999, E/3021, E/L.764/Rev.1, E/L.767 and Add.1, E/L.768, E/R.1 and Add.1 and 2) (*continued*)**

1. Mr. CHERNYSHEV (Union of Soviet Socialist Republics), referring to the statement made by the French representative at the 992nd meeting, emphasized that he himself had never suggested that France was seeking to go back on its commitment to support the Special United Nations Fund for Economic Development (SUNFED). He had merely expressed the hope that all countries, and especially the great Powers—among whom he had included France but without singling it out for special mention—would actively support SUNFED.

2. Mr. MacKAY (Canada) said that his delegation, whose particular interest had been aroused by the expressed desire of the under-developed countries to maintain and accelerate the pace of their economic development, had hoped that during the discussion on the financing of economic development it would have been possible to preserve and intensify the spirit of co-operation and accommodation which had so far characterized the Council's debates at the current session.

3. As a result of the interesting and informative documents presented by the *Ad Hoc* Committee on the Question of the Establishment of a Special United Nations Fund for Economic Development and by the Secretariat, the Council had been able to determine the scope of the problem, the direction of current efforts and the nature of future requirements with more precision, and therefore with more authority, than ever before. The Canadian delegation hoped that the fruitful past decisions which had brought forth those reports could now be translated into continuing future initiative. It had, therefore, in company with the Argentine delegation, submitted a draft resolution (E/L.767) which requested the Secretary-General to place the report on international economic assistance for the less developed countries (E/R.1 and Add. 1 and 2) on a regular and continuing basis. It regretted the serious gaps in the present report on that subject, caused by lack of data from certain countries, and hoped that the missing information would be forthcoming.

4. The Canadian Government had given constant attention to its responsibilities under Article 55 of the Charter for promoting conditions of economic and social progress and development. It was proud of the contribution it had made towards improving conditions in the economically under-developed countries. In the light of its record in that respect, which was clearly set out in document E/R.1, it could not accept any imputation that the largely bilateral nature of its aid to such countries meant that political conditions had been attached to that aid, or that it had been given because it served Canada's own special interests. In his Government's view, it was unworthy to insinuate that those countries which were already leading the way in providing assistance for the under-developed countries were in any way less sensitive to the latter's needs than those countries which were now urging fresh initiative in that field.

5. Probably the most important fact which emerged from the reports before the Council was that almost six thousand million dollars' worth of aid had been provided in the three years under review. He would like to add that Canada ranked fifth by the magnitude of its contribution to that total.

6. It was also evident from the reports that the main source of economic development funds was no longer private commercial capital, but governmental aid. However, Canada's success in finding adequate capital resources in the private market for its own economic development suggested that there was still considerable scope for other countries to secure from private sources the capital they needed, and that they might find it fruitful to develop policies likely to encourage an increased flow of private capital investment. As evidence of the availability of foreign capital when attractive opportunities offered, it might not be out of place to note that during the past year approximately one-quarter of Canadian capital investment had been financed by foreign capital. He had been greatly interested by the Greek representative's comments in that connexion (992nd meeting). While he agreed with him that conditions in Canada had possibly been particularly favourable, he could not agree with the pessimistic conclusions the Greek representative had drawn about the availability of private capital for other countries, provided suitable investment opportunities existed.

7. Turning to the question of financing economic development under the aegis of the United Nations, he pointed out that Canada's record of support for the International Bank for Reconstruction and Development, the International Finance Corporation, the Expanded Programme of Technical Assistance and many other programmes clearly demonstrated its willingness to cooperate in multilateral as well as bilateral efforts to increase the flow of sorely needed capital assistance to the under-developed countries. However, on reviewing possible developments prior to the current session, his delegation had regretfully come to the conclusion that further examination of the proposals in the report of the *Ad Hoc* Committee (E/2961 and Corr.1) was unlikely to conduce to immediate progress in that field. The differences which still separated governments were so great as to preclude agreement at the present stage. The time was not in fact ripe for dramatic action of the type proposed in the joint draft resolution submitted by the delegations of Argentina, Egypt, Greece, Indonesia, Mexico, the Netherlands and Yugoslavia (E/L.764/Rev.1).

8. Introducing the original text of that draft resolution (E/L.764) at the 990th meeting, the Netherlands representative had contended that, regardless of the present unwillingness of many governments to participate in SUNFED, there was no reason why the majority should put off a decision any longer. He regretted that the Canadian delegation could not accept that argument. In the simplest terms, his delegation's position was based on its confidence in the integrity and willingness to cooperate of those governments which had found themselves obliged to oppose the immediate establishment of SUNFED, although they had indicated their willingness in principle to devote an increased proportion of their resources to economic development once the appropriate international conditions had been brought about. In his view, it would be prudent, having already waited so long for the inauguration of a capital aid programme under the United Nations, to wait a little longer and heed the urgent appeals of the main potential contribu-

tors for more time in which to find a mutually acceptable basis for action. If the Council took the action proposed in the joint draft resolution, the legislative organs of those States Members whose full support was so urgently required in order to ensure a sound and adequate long-term effort might well interpret it as an attempt to compel their compliance. Was it prudent to risk an unfavourable reaction which might seriously impair the chances of full agreement being reached voluntarily and willingly?

9. The present differences of opinion did not mean that there was no possibility of agreement being reached in the foreseeable future. All delegations should continue to devote their time and efforts to a search for other ideas which might permit the broadest possible co-operation in pursuit of their high objectives. Even if the ideas which emerged did not produce immediate agreement, they might at least open new vistas to the future. In the meantime, it was to be hoped that there would be sufficient relaxation of international tension to persuade governments which had so far hesitated to embark on an immediate capital aid programme within the framework of the United Nations to review their positions in the hope of finding broad and acceptable means of increasing the flow of capital resources for the development of the under-developed countries.

10. As was indicated in paragraph 5 of part I, section A, of the *Ad Hoc* Committee's report (E/2961 and Corr.1), the Canadian Government's position with regard to SUNFED was that it supported the idea of a special fund in principle, but opposed its immediate establishment, and that its final decision "would depend in large measure on whether it was satisfied that the organizational and administrative arrangements were such as to lead to efficient operation and that the fund would command sufficient support to enable it to operate effectively". Unfortunately, satisfactory organizational and administrative arrangements had not yet been agreed upon, and adequate support was still not available. The Canadian delegation was therefore unable to support the revised draft resolution (E/L.764/Rev.1) as it stood; and, convinced that its misgivings were shared by a number of other delegations, it had submitted a number of amendments (E/L.768) which, it thought, provided an acceptable way out of the difficulties that would inevitably arise if the joint draft resolution were adopted in its present form.

11. The PRESIDENT said that the general discussion on the item was now closed, and suggested that the Council defer further consideration of the revised draft resolution and the Canadian amendments thereto until the next meeting, taking up the joint draft resolution submitted by the delegations of Argentina and Canada (E/L.767) in the meantime.

*It was so decided.*

12. Mr. de SEYNES (Under-Secretary for Economic and Social Affairs) thanked the delegations which had expressed interest in the information submitted by the Secretary-General in document E/R.1 and Add.1 and 2. It had been possible to produce that document in a very short time thanks to consultations between the Secretariat and members of various permanent delegations to United Nations Headquarters; the Secretariat proposed to con-

continue such consultations in order to thrash out the methodological issues to which the French representative had very helpfully drawn attention at the 992nd meeting. In addition, it might perhaps be advisable for the matter to be discussed further in the Economic Committee and the Council with a view to helping the Secretariat to improve the presentation of information which delegations might need for the discussion of certain international problems.

13. Mr. LAWRENCE (France) expressed his delegation's interest in the material collected by the Secretariat and circulated in document E/R.1 and Add.1 and 2. It believed it to be very valuable, and thought that it should be widely distributed. Hence, he had been glad to hear from the Under-Secretary that it was the Secretary-General's intention to continue the work and to improve the quality of the information still further. The report showed exactly how much assistance had been provided or received by a particular country, and he noted with satisfaction that the proportion of the national income devoted to the fundamental task of assisting the under-developed countries was greater in the case of his own country than in that of any other in the world. That preliminary study of the assistance provided by the governments and institutions of States Members should facilitate a more judicious selection both of beneficiary countries and of the projects to be given priority in financing.

14. The French delegation had therefore added its name to the sponsors of the joint Argentine-Canadian draft resolution (E/L.767 and Add.1). He would suggest that, in the light of the dates by which government financial statistics were normally published, the Secretariat should be asked to submit the survey requested at the Council's summer session each year. The Secretariat should also try to compile a list of under-developed areas by applying such objective criteria as national income per head of population, rather than the criterion of geographical situation, which was too arbitrary. It should also try to adapt the presentation of its study of the international flow of private capital to that of the survey asked for in the draft resolution. Lastly, the French delegation hoped that in future the Secretariat would be able to provide information on the utilization of such counterpart funds as might be available in States receiving international technical assistance.

15. Mr. SCHURMANN (Netherlands) said that he could support the draft resolution on the understanding that it in no way prejudged the question of the establishment of SUNFED, and that the proposed periodical reports were not intended to be a substitute for the fund.

16. In his view, there was no need for the Secretariat to submit its survey annually as proposed in operative paragraph 2, since the arrangements regarding which information was desired did not change very rapidly. Moreover, he recalled the Co-ordination Committee's recommendation that wherever possible the Council should leave it to the Secretariat to decide when reports could best be presented. The Netherlands delegation had noted with appreciation the Under-Secretary's statement that the Secretariat would do its utmost to meet

the very heavy demands for documents made of it at the present session, which in its view was one further reason for leaving the matter to the Secretariat. He therefore proposed that the words "on an annual basis" in operative paragraph 2 be replaced by the phrase "on a periodical basis".

17. Mr. POLLOCK (Canada) assured the Netherlands representative that the Canadian delegation did not regard the proposed periodical reports as a substitute for any action the Council might decide to take on SUNFED.

18. He could readily accept the Netherlands amendment, knowing as he did that the Secretariat was well aware of the Council's desire to have the information in question as frequently as circumstances warranted.

19. Mr. DRAGO (Argentina) also accepted the Netherlands amendment.

20. Mr. de SEYNES (Under-Secretary for Economic and Social Affairs) thanked the Netherlands representative for his proposal, which would allow the Secretariat a certain amount of latitude in arranging the work. The Secretariat was proposing to publish the next survey in 1958, so as to settle any further problems of method which might arise. He hoped that when it drafted the survey, which ought obviously to be as full as possible, the Secretariat would have certain information, such as that on the technical assistance provided by the Soviet Union, which had been lacking when it prepared document E/R.1 and Add.1 and 2.

21. Mr. MICHALOWSKI (Poland) felt that the joint draft resolution fell within the category of the seemingly innocuous but not particularly helpful. While he accepted the assurance that its sponsors did not intend it as a substitute for SUNFED, he feared that it would be so interpreted by public opinion, and accordingly could not support it.

22. Mr. BRILEJ (Yugoslavia) said that his delegation had supported General Assembly resolution 1034 (XI), but had urged caution in dealing with the complex and controversial question of bilateral assistance. It was therefore glad that document E/R.1 and Add.1 and 2 was limited to factual information regarding the financial assistance received by under-developed countries, and hoped the same approach would be followed in preparing the proposed future surveys.

23. It was, however, misleading to treat the economic assistance which a metropolitan country extended to its dependent territories on the same footing as economic assistance provided by one independent State to another independent State. The former type of assistance would not, in his view, be isolated from the question of economic relations between the metropolitan country and the dependent territory as a whole, since it was largely the counterpart of the privileged position which enterprises of the metropolitan country enjoyed in the dependent territory. As the joint draft resolution proposed by the delegations of Argentina and Canada did nothing to clarify either that particular point or certain other matters which arose in connexion with document E/R.1, and Add.1 and 2, the Yugoslav delegation would be unable to support it.

24. Mr. AKBAR ADIL (Pakistan), like the Polish representative, saw no need for the joint draft resolution. Bilateral assistance concerned only the donor and the recipient countries directly concerned, and it was difficult to see what part the United Nations was called on to play in connexion with it. If it was merely a question of compiling information, there was no need for a resolution, particularly as all the relevant information was already published.

25. The PRESIDENT put to the vote the joint draft resolution submitted by the delegations of Argentina, Canada and France (E/L.767 and Add. 1).

*The draft resolution was adopted by 11 votes to none, with 7 abstentions.*

## AGENDA ITEM 2

### World economic situation

*(resumed from the 979th meeting and concluded)*

REPORTS OF THE ECONOMIC COMMITTEE (E/3029, E/3036)

26. The PRESIDENT put to the vote *seriatim* draft resolutions A to E in the Economic Committee's report on the world economic situation (E/3036).

A. — INTERNATIONAL MACHINERY FOR TRADE CO-OPERATION

*Draft resolution A was adopted unanimously.*

B. — REDUCTION OF ARMAMENTS EXPENDITURE BY STATES MEMBERS OF THE UNITED NATIONS

*Draft resolution B was adopted unanimously.*

C. — THE "WORLD ECONOMIC SURVEY" AND FULL EMPLOYMENT AND BALANCE-OF-PAYMENTS QUESTIONNAIRE

*Draft resolution C was adopted unanimously.*

D. — "THE WORLD ECONOMIC SURVEY, 1957"

*Draft resolution D was adopted unanimously.*

E. — INTERNATIONAL CONSULTATION ON WORLD ECONOMIC CONDITIONS

*Draft resolution E was adopted unanimously.*

27. The PRESIDENT invited the Council to consider draft resolutions A to C in the Economic Committee's report on the reports of the regional economic commissions (E/3029).

28. Mr. AKBAR ADIL (Pakistan) said that his delegation had abstained from the vote on the three draft resolutions in the Economic Committee, partly because the Council had previously confined itself to taking note of the annual reports of each of the three regional economic commissions, and partly because it did not think it possible for the Council in the time at its disposal to pass judgment on conclusions and recommendations of which many were the result of several months' intensive work. If his delegation now voted in favour of the three draft resolutions, that was not to be taken as indicating any change in its attitude.

29. Sir Alec RANDALL (United Kingdom) said that his delegation had been generally satisfied with the reply which the Executive Secretary of the Economic Commission for Europe (ECE) had given in the Economic Committee to certain questions which the United States and Netherlands representatives had asked about the multilateral compensation scheme for bilateral balances that had recently been adopted by certain governments members of ECE. In particular, it had been glad to learn that, for the time being at any rate, the cost of that scheme could be absorbed in the present budget without difficulty. He had instructions, however, to place on record that the United Kingdom Government hoped that the secretariat would be successful in its efforts to find a suitable agent to administer the scheme and thus divest itself of executive responsibilities which it was not suited to bear, and further hoped that arrangements would be made for participating governments to bear the cost of the scheme.

30. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) wished to place on record that in his delegation's view it was not right that the German Democratic Republic should not be represented in ECE with the same rights and on the same footing as other member governments. He thanked the President for circulating a memorandum on that subject on behalf of the Soviet Union delegation, and expressed his conviction that all Members of the Council would have taken due note of its contents.

31. With regard to the three draft resolutions in the Economic Committee's report, he agreed with the representative of Pakistan that it was inappropriate for the Council to endorse the programmes of work and priorities established by the regional economic commissions.

32. The PRESIDENT put to the vote *seriatim* draft resolutions A to C in the Economic Committee's report.

A. — ANNUAL REPORT OF THE ECONOMIC COMMISSION FOR EUROPE

*Draft resolution A was adopted by 17 votes to none, with 1 abstention.*

B. — ANNUAL REPORT OF THE ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST

*Draft resolution B was adopted unanimously.*

C. — ANNUAL REPORT OF THE ECONOMIC COMMISSION FOR LATIN AMERICA

*Draft resolution C was adopted unanimously.*

33. Mr. COSIO VILLEGAS (Mexico) had voted in favour of all three resolutions, although he was mainly interested in resolution C on the annual report of the Economic Commission for Latin America, and in particular in operative paragraph 2, in which the Council endorsed that Commission's work programme, as established at its seventh session.

34. The PRESIDENT announced that the Council had completed its consideration of item 2 of its agenda.

## AGENDA ITEM 8

## Establishment of a world food reserve (E/2996)

## REPORT OF THE ECONOMIC COMMITTEE (E/3037)

35. The PRESIDENT drew attention to the recommendation in paragraph 3 of the Economic Committee's report on the establishment of a world food reserve (E/3037) that the Council should decide:

"(a) to accept the recommendation of the Secretary-General in paragraph 2 of document E/2996 to the effect that the question of the world food reserve should be studied without the formal establishment of a working group at this time, and

"(b) to accept the Secretary-General's suggestion that the report on this subject, being prepared under resolution 621 (XXII) of the Council and 1025 (XI) of the General Assembly, should be considered at the Council's twenty-sixth session."

36. Mr. AKBAR ADIL (Pakistan) expressed his delegation's disappointment at the fact that the working group of government representatives which had been called for in the resolution adopted at the General Assembly's eleventh session (1026 (XI)) had not yet been established and that no substantial progress in the matter had so far been made. He hoped that at the twenty-sixth session of the Council the Secretary-General, in addition to submitting a comprehensive report, would present specific proposals designed to ensure some real progress.

*The Council took note of the Economic Committee's report and approved the recommendations contained in paragraph 3 thereof.*

## AGENDA ITEM 7

## International commodity problems (E/3000, E/3003, E/3012 and Add.1)

## REPORT OF THE ECONOMIC COMMITTEE (E/3038)

37. The PRESIDENT put to the vote the draft resolution in the Economic Committee's report on international commodity problems (E/3038).

*The draft resolution was adopted by 16 votes to none, with 2 abstentions.*

## AGENDA ITEM 9

## Technical assistance

## REPORTS OF THE TECHNICAL ASSISTANCE COMMITTEE (E/2938, E/2952, E/3041)

38. The PRESIDENT suggested that the Council first take note of the Technical Assistance Committee's reports on the meetings it had held between 26 November and 4 December 1956 (E/2938) and on 16 January 1957 (E/2952).

*It was so decided.*

*The Council took note of the two reports.*

39. The PRESIDENT then put to the vote *seriatim* the draft resolutions in annexes I to V to the Technical

Assistance Committee's report on the meetings it had held during the current session (E/3041).

## REPORT BY THE SECRETARY-GENERAL ON THE UNITED NATIONS PROGRAMME OF TECHNICAL ASSISTANCE (ANNEX I)

*The draft resolution was adopted unanimously.*

## EXPANDED PROGRAMME OF TECHNICAL ASSISTANCE (ANNEX II)

40. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) requested that a separate vote be taken on the last paragraph of the preamble to section A.II, since it was in his view inappropriate in connexion with a global programme to adopt decisions relating specifically to one continent, namely Europe.

*Section A.I of the draft resolution was adopted unanimously.*

*The last paragraph of the preamble to section A.II was adopted by 14 votes to none, with 4 abstentions.*

*Section A.II as a whole was adopted unanimously.*

*Section B was adopted unanimously.*

41. Mr. AKBAR ADIL (Pakistan) said that he had not requested a separate vote on operative paragraph 1 of section B as his delegation's view on the matter was reflected in the Committee's report, and the sponsors of the draft resolution had stated that it was not to be regarded as establishing a precedent.

## THE EXPANDED PROGRAMME OF TECHNICAL ASSISTANCE: A FORWARD LOOK (ANNEX III)

42. Mr. AKBAR ADIL (Pakistan) requested a separate vote on operative paragraph 3 in section A, which had been the subject of a tied vote in the Technical Assistance Committee, and which he earnestly hoped would not be retained by the Council.

*Operative paragraph 3 of section A of the draft resolution was adopted by 10 votes to 7, with 1 abstention.*

*Section A as a whole was adopted by 14 votes to none, with 4 abstentions.*

*Section B was adopted unanimously.*

## TECHNICAL ASSISTANCE TO THE TRUST TERRITORY OF SOMALILAND (ANNEX IV)

*The draft resolution was adopted unanimously.*

## INTERNATIONAL ADMINISTRATIVE SERVICE (ANNEX V)

43. Mr. AKBAR ADIL (Pakistan) proposed the deletion of the words "and to the specialized agencies" in operative paragraph 2, since the specialized agencies had already had an opportunity of expressing their views on the Secretary-General's proposal.

44. Mr. CARANICAS (Greece) supported that amendment for the reasons given by the representative of Pakistan.

45. Mr. HUSSEIN (Egypt) could not agree, since the addition of the words in question had been proposed by his delegation and accepted by the sponsor of the draft

resolution; they had therefore appeared in the text which the Technical Assistance Committee had adopted unanimously.

46. Mr. STANOVNIK (Yugoslavia) said that it was true that the specialized agencies had already expressed their views on the substance of the Secretary-General's proposal, but that the proposal had been greatly elaborated in the course of the present session and it might therefore be desirable for the specialized agencies to

have the opportunity of commenting on it again if they so desired.

*The Pakistan amendment was rejected by 9 votes to 4, with 5 abstentions.*

*The draft resolution was adopted unanimously.*

*The Council took note of the report.*

The meeting rose at 4.45 p.m.