

United Nations
GENERAL
ASSEMBLY

TWENTY-FIRST SESSION

Official Records

FOURTH COMMITTEE, 1645th
MEETING

Monday, 28 November 1966,
at 3.15 p.m.



NEW YORK

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Chairman: Mr. FAKHREDDINE Mohamed
(Sudan).

AGENDA ITEM 67

Question of Territories under Portuguese administration: report of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples (continued) (A/6292, A/6294, A/6300/Rev.1, chap. V; A/6335/Rev.1, A/6337, A/6340)

GENERAL DEBATE (continued)

1. Mr. FOUM (United Republic of Tanzania) said that the whole international community had condemned Portugal's colonialist policies. Since the question had first come before the United Nations several objective decisions had been taken with a view to correcting the situation, but Portugal had ignored them; even the historic Declaration on the Granting of Independence to Colonial Countries and Peoples had fallen on deaf ears. The Portuguese colonialists remained the enemies of Africa and of freedom everywhere.

2. Such a poor country as Portugal would be unable to defy the peoples of the world and launch a genocidal military campaign against the people of Angola, Mozambique and so-called Portuguese Guinea were it not for the support of international imperialism. The racist régimes in South Africa and Southern Rhodesia and the Portuguese aggressors served as tools of the giant financial monopolies of such Western countries as the United States of America, the United Kingdom and West Germany, for the ruthless exploitation of the resources of those Territories.

3. The experience of his country, which gave refuge to the victims of Portuguese aggression, confirmed the heart-rending testimony of the petitioners from Mozambique who had appeared before the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Inde-

pendence to Colonial Countries and Peoples. Among the testimony reproduced in that Committee's report (A/6300/Rev.1, chap. V, paras. 254 *et seq.*) was that of Mr. Chipenda, who had said that the imperialist countries' assistance to Portugal took two principal forms: direct assistance to Portugal in its policy of repression, and sabotage of the national liberation movement; and that the war matériel came from the Federal Republic of Germany, the United States, the United Kingdom, France and Belgium, and was provided in part through the North Atlantic Treaty Organization (NATO) and in part under bilateral agreements between Portugal and its allies. Those countries could therefore be justly accused of helping Portugal to continue to defy the world and to commit crimes against humanity. Mr. Chipenda's testimony had been borne out by that of Mr. Ervedosa (*ibid.*, paras. 296-320), who had served in the Portuguese armed forces. All the members were familiar with the case of the seven bombers which were to be exported from the United States to Portugal. The export of those military planes was definitely contrary to the provisions of General Assembly resolution 2107 (XX).

4. An account of the inhuman exploitation of African lands and peoples by foreign monopolies appeared in the annex to chapter V of document A/6300/Rev.1. The practices followed by those forces of exploitation had resulted in the dispossession of the African people, who had been forced into slave labour, and the disruption of the fabric of African society.

5. A pamphlet entitled Portugal's African "Wards", by Marvin Harris, told how Africans in Mozambique were forced to grow cotton wherever they were directed to do so by twelve private companies which had received monopolistic concessions in vast areas. They were then forced to sell the cotton to the concessionaires at prices far below world rates; in 1956 they had received an average of \$11.17 per person as the family's reward for an entire year of work. In order to protect their huge profits, subsidiaries of the Anglo-American Corporation of South Africa, the Union Minière du Haut-Katanga, Krupp and others paid direct contributions to sustain the Portuguese colonialists in their war against the indigenous inhabitants.

6. Another aspect of the situation that had to be taken into account was the aggression and provocation by the Portuguese colonialists against neighbouring African States. Only a few weeks earlier the Democratic Republic of the Congo, had been compelled to come before the Security Council^{1/} to expose Portugal's aggressive designs. The continuation of that policy would have most serious consequences.

^{1/} Official Records of the Security Council, Twenty-first Year, 1302nd meeting.

7. The collusion between Portugal and other racist régimes was well known. Portugal, for example, had been the first to accord diplomatic recognition to the Smith régime in Southern Rhodesia. As the petitioner, Mr. Ervedosa, had reported, as long ago as 1962 meetings had been held in Salisbury and Luanda between the military authorities of the two countries to exchange operational information and study methods of co-ordination, the sole purpose of which had been the repression of nationalism in both Territories. The alliance of the Portuguese colonialists, the racist white minority in Southern Rhodesia and the apartheid régime in South Africa constituted one of the most serious threats to the freedom, peace and security of that part of Africa and, consequently, a threat to international peace and security. That Portugal was able to constitute such a threat was due to the support it received from its allies of the Western countries within NATO and from the financial companies exploiting the area's resources.

8. The study of the financial monopolies had shown that their activities in the Territories were a direct impediment to the people's attainment of freedom and independence. The situation might be the same or worse in other colonial territories and his delegation felt that a similar study covering all the territories still under colonial subjugation should be undertaken. It had proposed such a study in Sub-Committee I of the Special Committee and it now proposed that the item should be placed on the agenda of the next session of the General Assembly. It would in due course submit a draft resolution to that effect.

9. His delegation was prepared to support any measures to induce the countries that were still aiding Portugal to halt their assistance so long as Portugal failed to renounce its atrocious policies against the peoples of Angola, Mozambique and so-called Portuguese Guinea. In view of the valuable experience gained by the Special Committee in its visits to Africa, his delegation considered that the Security Council should make arrangements as soon as possible to hold a session in Africa in order better to appreciate the true situation there.

10. In conclusion, he paid a tribute to the valiant people of the Portuguese Territories, who in opposing the Portuguese colonists were helping to bury the system of colonialism and to end the exploitation of man by man.

11. Mr. MAHMUD (Nigeria) said that, while the United Nations continued to debate the issue of Portugal's colonial policy in Africa, Portugal maintained a policy of open defiance, with the active support of certain major Powers. The African freedom fighters in the Portuguese Territories were giving their blood for their freedom. Unless steps were taken to curb Portugal's excesses, its policy of repression could plunge the whole continent into armed conflict, with untold consequences.

12. While Portugal was obviously impervious to reason, its allies should be urged to make it reconsider its colonial policy. Perhaps it could be persuaded to emulate the honourable course which France had taken in Algeria.

13. The United Nations had abundant evidence of the atrocities committed by the Portuguese forces of repression. It was known that Portugal was maintaining at least 40,000 troops in Africa; as it was unable to maintain those troops itself, it was obviously receiving assistance for the purpose. It was common knowledge that it formed an unholy tripartite alliance with the racist régimes in South Africa and Southern Rhodesia.

14. His Government had taken steps to implement General Assembly resolution 2107 (XX) and it urged other Member States to do likewise.

15. Because Portugal had continued to defy the resolutions of the General Assembly and the Security Council and to wage its colonial wars in Africa, the Assembly of Heads of State and Government of the Organization of African Unity had unanimously adopted a resolution at its third ordinary session, held at Addis Ababa from 5 to 9 November 1966, calling upon all States to implement the provisions of Security Council resolution 218 (1965). It had also condemned the attitude of States which continued to supply weapons and military equipment and related supplies to Portugal.

16. Mr. STEFL (Czechoslovakia) said that the problem of Portuguese colonialism was especially serious in that one fourth of the population of all territories under colonialist régimes lived in the Portuguese colonies. In its efforts to strengthen its rule, the Salazar Government was steadily increasing the number of white settlers in Angola, Mozambique and so-called Portuguese Guinea and enacting legislation vesting them with greater authority. That strategy, which Portugal justified as "constitutional progress" went hand in hand with increased violence designed to crush the growing resistance of the African population. More than 100,000 soldiers armed with modern weapons were stationed in the Portuguese Territories, additional units were being flown in and military facilities and bases were being built. In their war against the local population, the Portuguese mercenaries did not hesitate to use the most modern techniques, including napalm. Indeed, their methods had much in common with those employed by the Nazis in the occupied countries during the Second World War.

17. At the same time, the Portuguese colonialists were co-operating closely with the racist Government of South Africa and the Smith régime in Southern Rhodesia. Angola was being used as a base for training mercenaries who were violating the boundaries and air space of Senegal, the Republic of the Congo, Zambia and other peace-loving African States and threatening the Democratic Republic of the Congo. Those actions constituted a crime against humanity and a threat to peace and security in Africa.

18. Although Portugal was economically weak, it had been able to maintain its vast colonial empire because it enjoyed the economic, financial and military support of its NATO allies, in particular the United States, the United Kingdom and the Federal Republic of Germany. The testimony of petitioners had refuted the claim of those countries that weapons supplied to Portugal under NATO were not used in its African Territories. Nevertheless, the national liberation forces were successfully resisting Portuguese mili-

tary forces and had begun to build an independent State in liberated areas. As recently as 7 November 1966, *The New York Times* had reported that nationalist guerrilla activity was spreading in Angola.

19. In the African Territories Portugal was the guarantor of Portuguese and foreign capital, which earned tremendous profits by exploiting the people and the natural resources of those Territories. The diamond mines in Angola, for example, were operated by United States, United Kingdom and Belgian companies, the oil in Mozambique was being extracted by United States companies and the West German Krupp complex held decisive positions in the economy of the Portuguese colonies. The colonial system of forced labour enabled them to earn yearly profits ranging from 20 to 45 per cent of invested capital. According to the study made by Sub-Committee I of the Special Committee^{2/} on foreign economic and other interests in the Portuguese colonies, in 1962 the Angola Diamond Company, operating under United States, United Kingdom and Belgian management, had paid a special tax of 88.6 million escudos at Portugal's request "for the protection of Angola". Moreover, now that opposition to Portugal's colonial policy had been intensified, the Portuguese colonialists were inviting a large-scale invasion of their African colonies by international capital for the further "protection" of their interests. The studies undertaken by the Special Committee on foreign economic and other interests in the Portuguese colonies and in Southern Rhodesia and South West Africa were of great value. They confirmed that foreign monopoly interests constituted one of the principal obstacles to the full implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. The United Nations should continue to concern itself with that aspect of Portuguese colonialism.

20. The assistance given to Portugal by certain Western States was a violation of Security Council and General Assembly resolutions, in particular Council resolution 218 (1965) and General Assembly resolution 2107 (XX). Since without that aid Portugal could not continue its repressive policy in Africa, it was important that the United Nations should isolate Portugal economically, politically and militarily from its allies by adopting mandatory sanctions, binding on all Member States under Chapter VII of the United Nations Charter. Czechoslovakia strongly supported the struggle of the Portuguese colonies for freedom and independence and had never granted Portugal assistance of any kind.

21. Mr. ISMAIL (Malaysia) said that his delegation categorically rejected the Portuguese thesis that its African colonies constituted overseas provinces of Portugal and that the Portuguese Government was therefore not obliged to furnish information on them under Article 73 of the Charter. Mozambique, Angola and so-called Portuguese Guinea came within the definition of Non-Self-Governing Territories and Article 73 was applicable to them. He quoted from statements by the five permanent members of the Security Council indicating their concurrence in that

view. His own country's representative in the Security Council, replying to certain assertions by the Minister for Foreign Affairs of Portugal regarding the nature of Portugal's relations with its African colonies, had demonstrated that what Portugal regarded as altruistic "colonization" was actually colonial exploitation, a view supported by all Member States with the exception of Portugal and South Africa. Moreover, a speech made by the Portuguese Foreign Minister in Mozambique on 24 July 1966 revealed that the Portuguese mentality concerning its African colonies was still identical with that of the seventeenth century Portuguese adventurer.

22. Portugal regarded all those who held that Article 73 was applicable to the Portuguese Territories as enemies and it continued to deny the realities of the situation in those Territories. The testimony of the petitioners, however, the thousands of refugees from the Portuguese colonies in the neighbouring independent African States and the recurring reports of uprisings and repressions could not be ignored. In the face of those facts, Portugal's retort to the Western Powers, which charged it with supplying the Soviet Union with anti-Western arguments and impeding the economic, social, and cultural progress of Africa, was that they themselves sought to dominate those Territories. Its retort to the United Nations was that the Organization was not competent to discuss its "overseas provinces" and that the vast majority of States advocating sanctions against Portugal lacked the military and economic power to implement that policy and were themselves constantly violating the Charter. To the African States, Portugal retorted that they had not the power to frustrate Portugal's policy, that some of the great Powers favoured that policy and that African unity against Portugal was an artificial construction. In the meantime, by persisting in its colonialist policy, Portugal was sickening its Western allies, disturbing the conscience of the United Nations, infuriating the African States and causing untold suffering to the indigenous people of the Portuguese Territories.

23. There was ample evidence that there existed in the Portuguese colonies an élite capable of leading the people towards self-determination and that the people were eager to participate in governing their own nation on the basis of majority rule. As the Bolivian representative had told the Security Council at its 1256th meeting on 11 November 1965, the African population of the Territories was united in a great anti-colonialist movement supported by all the free peoples of the world. The Western Powers should recognize that Portuguese colonialism represented a real threat to peace in Africa and should impose economic sanctions to bring Portugal to reason. The African States should co-ordinate and intensify their efforts to exert pressure with the same objective in view. The United Nations should include in the agenda of its next Assembly session the question of the activities of foreign economic and other interests which were impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in Southern Rhodesia, South West Africa, the Territories under Portuguese administration and other colonial territories.

^{2/} Official Records of the General Assembly, Twentieth Session, Annexes, addendum to agenda item 23, document A/6000/Rev.1, chap. V, annex I, para. 91.

24. Mr. SY (Senegal) said that, in his statement at the 1414th plenary meeting of the General Assembly, the Minister for Foreign Affairs of Senegal had deliberately refrained from discussing Portugal, partly because there were no new elements in the situation and the views of the two sides remained diametrically opposed, and partly to test the good faith of Portugal for the benefit of those who tried to find justification for Portugal's position in the intransigent attitude of the Africans. He recalled that, some months earlier, Portugal had proposed a meeting between the United Nations Secretary-General and the Portuguese Minister for Foreign Affairs; a date had been fixed for the meeting, and the Portuguese Foreign Minister, if his information was correct, had not even kept his appointment. That was an illustration of the delaying tactics used by Portugal in the hope of postponing the liberation of its colonies.

25. The Government of Senegal had always recommended the accession of colonies to independence through negotiations. The President of the Republic of Senegal, speaking to the Governor of the State of Guanabara, Brazil, in 1964, had expressed his hope that the people of the Territories under Portuguese administration, once the principle of self-determination was recognized, would negotiate new ties of friendship with Portugal, and he had appealed to the Brazilians to help by reminding Portugal of the happy example provided by Brazil. That was hardly an intransigent attitude. Yet Portugal remained stubborn: Mr. Salazar, in a statement of 4 August 1965 reproduced in the Special Committee's report (A/6300/Rev.1, chap. V, para. 11), had said that Portugal could not agree to self-determination for the "Overseas Territories" because, as a result of the integration which had been a principle of Portugal's overseas policy for centuries, those Territories as a whole already formed a nation and a sovereign State. That argument did not stand up to analysis. If self-determination could not be applied because Portugal and its "Overseas Territories" constituted a single nation, what had happened to the former Portuguese possessions throughout the world? They had become independent, in spite of the so-called integration policy. That policy would not succeed in Africa any more than elsewhere, and events taking place in the Portuguese colonies in Africa proved that the people of those colonies rejected the Lisbon Government's concept. It was significant that even the Portuguese government party, the National Union, recognized that a "political" solution to the problem of the "Overseas Territories" would lead inevitably to their secession from Portugal (*ibid.*, para. 26). The National Union also spoke of the war in Africa as defence against "outside aggression" (*ibid.*, para. 25). Since the struggle was in fact being waged by the inhabitants of the Territories concerned, that assertion seemed to contradict the notion of an undivided Portuguese nation. The fact was that the only foreign aggression against the Territories was Portugal's aggression. The United Nations should take action to put an end to that aggression. Colonialism, as Pope Paul VI had said, was a source of war. Only through the abolition of the colonial system could peace be brought about in Angola, Mozambique, so-called Portuguese Guinea and Cape Verde. If Portugal would not decolonize, it must be destroyed as a colonial Power.

26. He wished to assure the freedom fighters in the Territories under Portuguese rule of the sympathy of the Senegalese Government and of its continued assistance. If Portugal did not recognize that colonialism was dead and the phenomenon of decolonization irreversible, so much the worse for it.

27. Mr. NKAMA (Zambia) said that the time had come for those who held the cause of freedom dear to translate declarations into reality and to help to speed the victory of the oppressed peoples of Angola, Mozambique and Guinea (Bissau). Zambia held that it was certain foreign monopolies which were impeding the achievement of self-determination and independence by the indigenous people of those Territories. It also considered that Portugal was able to behave as it did partly thanks to assistance which it obtained from various international organizations, in particular the International Bank for Reconstruction and Development (IBRD). The Bank had recently granted Portugal a loan amounting to millions of dollars, supposedly for the construction of an electric power project in Portugal; often, however, such loans were diverted to the war against the African people in the Portuguese colonies. Portugal would certainly be unable to sustain its colonial war in Africa if it were not for such loans. He had data showing that Portugal devoted over 40 per cent of its budget to the colonial war. He hoped that the representatives of IBRD would be kind enough to give some explanations regarding those loans.

28. There were certain countries which spoke loudly of freedom and democracy but seemed to forget that they were no longer in the nineteenth century, when it had been possible for Africa to be divided up among European Powers. The Africans had learnt from bitter experience that the only way to attain their rights was by armed struggle. They knew that the road to victory would not be easy, but they had triumphed against more formidable colonial Powers than Portugal in the past.

29. The NATO countries which provided weapons to Portugal shared responsibility for Portugal's oppression of the African people in its colonies, since Portugal would not be able to carry on its war without their assistance. The arms provided were used not only to suppress the African people in the colonies but for aggression against independent African States, including the Democratic Republic of the Congo, Senegal, Mali, Guinea and his own country. On 15 July 1966 a Portuguese military aircraft had bombed several villages on the western border of Zambia. The people had fled from the village and fortunately no lives had been lost. As Zambia had pointed out in a note of 25 July 1966 circulated in the Security Council,^{3/} there was irrefutable evidence that one of the shells used was of British manufacture and two others had United States markings. It was thus proved beyond reasonable doubt that, despite Portugal's assurances to the contrary, the weapons provided under NATO were used both in the colonial war and to intimidate independent African States.

30. He appealed to all countries that valued freedom to continue to support the Africans in the three coun-

^{3/} Official Records of the Security Council, Twenty-first Year, Supplement for July, August and September 1966, document S/7430.

tries occupied by Portugal, for their assistance was urgently needed. The Africans would not give up the struggle. Independent Africa was with the people of Angola, Mozambique and Guinea (Bissau) in their struggle. Zambia, within the limits of its resources, would continue to help. He was happy that two freedom fighters had been able to appear before the Committee as petitioners and provide it with information. It was clear that the struggle was not the work of a few "agitators", as Portugal claimed, but that the mass of the people in the Portuguese colonies had risen up to demand their rights. He could assure the petitioners that Zambia regarded the assistance which it offered to the people of the Territories and to the thousands of refugees who had fled to Zambia as no more than its duty.

STATEMENT BY THE REPRESENTATIVE OF THE
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

31. Mr. BROCHES (International Bank for Reconstruction and Development), speaking at the invitation of the Chairman, said that, in connexion with the discussion on the question of Territories under Portuguese administration, several delegations had suggested, both from the floor and in informal consultations, the desirability of participation by a representative of IBRD and had expressed the wish to have an explanation by that representative of the lending policies pursued by the Bank vis-à-vis Portugal. He was present in response to that wish. Other representatives of the Bank had followed the earlier debates.

32. The Bank welcomed the opportunity to participate, since the deliberations of the Fourth Committee would cover matters dealt with in the reports of the Special Committee and would presumably extend to the resolution adopted by the Special Committee on 15 September 1966 (A/6300/Rev.1, chap. I, para. 261), in which the Special Committee expressed its "deep disappointment" at the granting of new loans to the Governments of South Africa and Portugal by the Bank and urged the Bank to co-operate in the implementation of General Assembly resolutions 2105 (XX) and 2107 (XX) by refraining from rendering any financial or other assistance to the Governments of Portugal and South Africa until they had renounced their policies of colonial domination and racial discrimination.

33. The Bank regarded that invitation to participate as a first step towards consultation by the United Nations with the Bank regarding recommendations to be addressed to the Bank. He referred in that connexion to article IV of the Relationship Agreement between the United Nations and the Bank;^{4/} it was entitled "Consultation and recommendations" and read in part:

"1. The United Nations and the Bank shall consult together and exchange views on matters of mutual interest.

"2. Neither organization, nor any of their subsidiary bodies, will present any formal recom-

mendations to the other without reasonable prior consultation with regard thereto...".

He would add that, in the Bank's view, the provision for prior consultation had much more than merely formal significance. In such consultations the parties had an opportunity to test the appropriateness of proposed recommendations against the respective constitutional provisions under which they operated, and thus to avoid recommendations which ran counter to the constitutional limitations of the organizations or were open to criticism for being contrary to existing agreements between the respective organizations.

34. Before explaining the Bank's lending policies vis-à-vis Portugal—and for that matter South Africa—he thought it would be useful for the Committee to have on record the lending operations in which the Bank had engaged in those countries.

35. With regard to Portugal, the Bank had, to date, made five loans for projects in metropolitan Portugal, aggregating \$57.5 million. All those loans had been made to private power companies and carried the guarantee of the Portuguese Government. The total outstanding amount of those loans, including the portions not yet disbursed, was \$55.9 million, and he would like to repeat that all loans had been made for projects in metropolitan Portugal. The Bank had not made any loans for projects in the African territories, nor had it sent any missions there. He emphasized those facts because the report of the Special Committee in document A/6000/Rev.1, chapter V, recorded a number of completely untrue statements to the contrary.

36. The representative of Zambia had suggested that loans to Portugal made for a specific project were often diverted to military purposes. He could assure that representative that the Bank's procedures were such that loan proceeds were only disbursed against proof of actual expenditure for the project to be financed.

37. He might add that the facts about Bank loans in Portugal, as was the case for all Bank loans, were matters of public record. All Bank loans and guarantee agreements entered into by the Bank with Members of the United Nations were registered with the United Nations Secretariat as international agreements pursuant to Article 102 of the United Nations Charter and the Regulations issued thereunder by the General Assembly.

38. With regard to South Africa, loans made for projects within South Africa over the past twenty years had amounted to \$241.8 million. The projects for which loans had been made were in the transport, railways and electric power sectors. The total amount outstanding on those loans had naturally varied over the years, being reduced by repayments and sales on the one hand and increased by new loans on the other. The highest point had been reached in 1959, when total loans outstanding had amounted to \$126.4 million. At 30 September 1966, the amount outstanding, including amounts not yet withdrawn, had been \$47.3 million. He had in his possession more detailed statements concerning loans for projects in Portugal and South

^{4/} United Nations, Treaty Series, vol. 16 (1948), No. 109.

Africa which he would make available to the Secretary of the Committee.

39. Early in 1966 the Bank had been informed of the adoption by the General Assembly of resolutions 2105 (XX) and 2107 (XX), appealing to specialized agencies to withhold assistance from Portugal and South Africa. It was a matter of public record that the Bank had made loans for two projects in metropolitan Portugal and one project in South Africa after those resolutions had been adopted and brought to the Bank's attention. That action by the Bank had been criticized in various United Nations organs. He thought that that criticism might stem from an inadequate understanding of the provisions of the Bank's Articles of Agreement,^{5/} which constituted its charter and which had been signed by the vast majority of the Members of the United Nations.

40. The relevant provision of the Bank's Articles of Agreement, article IV, section 10, was headed "Political activity prohibited" and read:

"The Bank and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes stated in Article I."

41. He drew attention to the fact that the provision was addressed to "the Bank and its officers". The "officers" were the President and the other senior members of the staff. The words "the Bank" referred to the institution as such and to its organs, the Board of Governors and the Executive Directors. The Board of Governors consisted of one representative of each member and was the supreme organ of the Bank; however, it might delegate to the Executive Directors, and had in fact delegated to them, most of its powers. The Executive Directors were responsible for the conduct of the general operations of the Bank. There were twenty Executive Directors, five of whom were appointed by the five members holding the largest number of shares of the Bank's capital and the other fifteen elected by the remaining members.

42. On being informed of the adoption of resolutions 2105 (XX) and 2107 (XX), the President of the Bank had sent copies of those resolutions to the Executive Directors for their information. Since at about the same time the Bank had been engaged in the study of loan applications for projects in Portugal and South Africa, Mr. Woods, President of the Bank, had made a statement to the Executive Directors on 29 March 1966 acquainting them with that fact and referring to the General Assembly resolutions. Mr. Woods had stated, *inter alia*, the following: "The Bank's Articles provide that the Bank and its officers shall not interfere in the political affairs of any member and that they shall not be influenced in their decisions by the political character of the member or members concerned. Only economic considerations are to be relevant to their decisions. Therefore, I propose to continue to treat requests for loans from these coun-

tries in the same manner as applications from other members". Mr. Woods had thus indicated that, by virtue of the Articles of Agreement, that was the only course open to the Bank. He had also said: "I am aware that the situation in Africa could affect the economic development, foreign trade and finances of Portugal and South Africa. It will therefore be necessary, in reviewing the economic position and prospects of these countries, to take account of the situation as it develops". Mr. Woods had thus clearly indicated that, while the Bank could not be prompted by political considerations, it would obviously have to take account of the economic impact of political development.

43. Some months later, the economic and project studies having been concluded, Mr. Woods had presented the loan proposals to the Executive Directors and they had been approved.

44. In so acting, the Bank had done no more than pay heed to the constitutional provisions by which it was governed. He hoped that his statement had answered the questions put to the Bank. He would be glad, however, to answer any supplementary questions.

45. Mr. DIALLO Seydou (Guinea) said that he was grateful to the representative of IBRD for the information he had provided, although his delegation did not find the explanations given very convincing. He would like to ask the representative of IBRD what conditions had to be present for the Bank to refuse a loan, or whether the Bank had an obligation to all who requested them. Secondly, he thought that the Bank must take into account developments in the world. The representative of IBRD had stressed the importance of consultations between the United Nations and the Bank. Surely the Bank accepted the general goals of the United Nations. If that was so, how could it ignore the majority decisions of the United Nations?

46. He asked those questions because the activities of certain specialized agencies were beginning to interest the African countries very much.

47. Mr. BROCHES (International Bank for Reconstruction and Development) said, in reply to the first question, that the Bank was naturally not under any obligation to provide loans to all members which requested them, but in deciding whether to grant loans it was instructed in clear terms by its charter to be guided by economic considerations alone. Such considerations might relate to credit-worthiness in the narrow sense, or the ability to repay a loan in accordance with its terms, or an assessment of the economic performance of a country and the way in which it managed its resources. As all would realize, that left considerable room for the exercise of judgement. The investigations were made by the technical staff of the Bank, and, if approved by the management, their recommendations went to the Executive Directors. The only criterion that the Bank was specifically instructed not to consider was the political criterion. The Bank's officers considered themselves bound by article IV, section 10, of the Articles of Agreement.

48. With regard to the second question, it was certainly the Bank's duty to consider the wishes of the majority of the Members of the United Nations. He thought that the Bank was one of the specialized agencies which co-operated most closely with the United

^{5/} United Nations, *Treaty Series*, vol. 2 (1947), No. 20(b).

Nations, particularly in connexion with the United Nations Development Programme and the United Nations Conference on Trade and Development. Such co-operation often took place at the staff level, but it was very active. There might, however, be constitutional limitations on the extent to which the Bank could meet particular wishes expressed by United Nations Members.

49. Another provision of the Articles of Agreement was article V, section 8. He would recall, in parenthesis, that the Articles of Agreement had been drafted in 1944, before the adoption of the United Nations Charter. Article V, section 8(a), read as follows:

"The Bank, within the terms of this Agreement, shall co-operate with any general international organization and with public international organizations having specialized responsibilities in related fields. Any arrangements for such co-operation which would involve a modification of any provision of this Agreement may be effected only after amendment to this Agreement under Article VIII."

The Bank was thus to co-operate with other international organizations, but subject to the limitation that the provisions of the Agreement should not be modified except by the established procedures. That was relevant to the question of taking into account political considerations in the granting of loans.

50. The provision which he had quoted was one which differentiated the relationship Agreement between the Bank and the United Nations from the agreements between some of the other specialized agencies and the United Nations.

51. Mr. NKAMA (Zambia) asked if the Bank was aware that 40 per cent of Portugal's total budget was devoted to what that country called defence, but which was in reality aggression in Africa. He suggested that it was wasteful for the Bank to grant loans to the Salazar régime.

52. Secondly, he asked whether it was not true that, although, as Mr. Broches had said, the Bank could not take political considerations into account, loans were only granted after careful scrutiny of a country's economic and political policies. He had heard of countries applying for loans which had not been forthcoming because of alleged extravagance, corruption or bad planning. The Portuguese Government was, to say the least, extravagant. He wondered whether, if Zambia had been engaged in a costly war somewhere in the world and had applied to the Bank for a loan, that loan would have been granted.

53. Thirdly, he asked how the Bank ensured that the amount of a particular loan was used on the project for which it was intended and was not misused. What guarantee was there, for instance, that Portugal was not using the loans to finance its colonial war in Africa?

54. Mr. BROCHES (International Bank for Reconstruction and Development) replied that he personally was not aware of what percentage of Portugal's national income was spent on defence, but he was not one of the Bank's economists. If the percentage quoted was correct, he felt sure that the Bank was aware of

it. That factor must have been taken into account and the staff of IBRD must have reached the conclusion that it did not necessitate a refusal of the loan. Many of the conclusions reached by the Bank's staff might be open to debate since they were a matter of judgement, on which differences of opinion were always possible.

55. While the Bank could not be prompted by political considerations, it must always take into account any possible economic repercussions of political events and situations. The extravagance mentioned might have been caused by a policy of national or military prestige, or might have been merely a way of life. Corruption would, of course, cut down on the use of resources. Some countries could obviously afford to sin a little, economically, and still progress, while others were forced to make the most, in every sense, of what they had. The situation was that all factors were taken into consideration and a judgement reached with which an observer was then free to agree or disagree.

56. Concerning the possible misuse of Bank funds, the procedure for the disbursement of loan funds gave complete guarantees against misuse. It was true, however, that funds were interchangeable and that, when a loan was granted for a particular project, an equivalent sum need not then be used on that project from the country's own resources.

57. Mr. KANAKARATNE (Ceylon) said that the statement made by the representative of IBRD was important since it referred to the principles on which the Bank granted loans and to constitutional matters concerning the agreement between the United Nations and the Bank. As had been pointed out, the Bank's Articles of Agreement had been drawn up in July 1944 and he suggested that that was a matter which some delegations might wish to consider in view of the changed circumstances in international affairs since that time. He therefore proposed that the opening statement made by the representative of the Bank should appear in extenso in the record of the meeting.

58. The CHAIRMAN said that, if there were no objections, he would take it that the Committee agreed to that proposal.

It was so decided.

59. Mr. KANAKARATNE (Ceylon) asked whether the statement which had been made by the President of IBRD to the Executive Directors of the Bank in March 1966, which had presumably been approved by the latter, had been officially forwarded to the Secretary-General of the United Nations, since it had been as a result of a letter from the Secretary-General that the President of the Bank had been led to make that statement.

60. Secondly, referring to a question which the representative of Zambia had raised in a different form, he asked whether, in considering a country's management of its own resources in order to decide whether an application for a loan should be granted totally, in part, or not at all, the Bank took into account the percentage of the Government's national revenue set aside for legitimate military or defence purposes and whether it had ever taken a decision on whether such

expenditure was reasonable or not and whether it was used for good or evil purposes, and whether the Bank had ever refused a loan on such grounds. He asked whether the Bank had queried the disproportionate amount set aside for military purposes by Portugal. It was especially pertinent since the United Nations had drawn attention to the military activities of that country which, in the view of the majority of States, were directed towards the continued suppression of a colonial people, contrary to the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV).

61. Mr. BROCHES (International Bank for Reconstruction and Development) said that only a formal acknowledgement had been sent to the Secretary-General of the United Nations, or to his representative who had forwarded the text of the resolutions in question to the Bank, stating that the Bank had taken note of the contents. The President of the Bank had brought the matter up for discussion and had made the statement which had been referred to, since at about that time proposals concerning loans for Portugal and South Africa were pending.

62. The Bank had not informed the Secretary-General that it could not act on the resolutions because of its Articles of Agreement and for reasons connected with the relationship Agreement between the United Nations and the Bank. It had not seemed to the Bank that Assembly resolutions 2105 (XX) and 2107 (XX) were formal recommendations within the meaning of that Agreement. The Agreement between the United Nations and the Bank differed substantially from similar agreements concluded between the United Nations and other specialized agencies, particularly in relation to recommendations. He thought that the majority of those agreements stipulated that whenever a recommendation was addressed to the specialized agencies they were to consider it with reasonable promptness and, at the request of the United Nations, enter into consultations concerning it and report to the United Nations concerning the action taken to implement it. The Bank was in a different situation, however. Article I of the Agreement between the United Nations and the Bank stated that the latter was a specialized agency within the meaning of Article 57 of the Charter of the United Nations, and that, by reason of the nature of its international responsibilities and the terms of its Articles of Agreement, it was an independent international organization and required to function as such. Article IV, paragraph 2, of the Agreement stated that neither organization, nor any of their subsidiary bodies, would present any formal recommendations to the other without reasonable prior consultation and that any formal recommendations made by either organization after such consultation would be considered as soon as possible by the appropriate organ of the other. The Bank had not regarded the references to the Bank in the two resolutions—implicit in one case and explicit in the other—as formal recommendations since there had been no prior consultation. Article IV, paragraph 3, of the relationship Agreement stated that the action to be taken by the Bank on any loan was to be determined by the independent exercise of the Bank's own judgement in accordance with its Articles of Agreement. The Agreement further provided that

the United Nations recognized, therefore, that it would be sound policy to refrain from making recommendations to the Bank with respect to particular loans, and the Bank had recognized that the United Nations and its organs might appropriately make recommendations with respect to the technical aspects of reconstruction or development plans, programmes or projects. He was, incidentally, happy to have been given the present opportunity to consult with the Committee on what might be a formal recommendation. Article VI, paragraph 1, of the Agreement stated that the Bank took note of the obligation assumed, under paragraph 2 of Article 48 of the United Nations Charter, by such of its members as were also Members of the United Nations, to carry out the decisions of the Security Council through their action in the appropriate specialized agencies of which they were members, and that the Bank would, in the conduct of its activities, have due regard for decisions of the Security Council under Articles 41 and 42 of the United Nations Charter. It would seem that, because of the special provisions of the Bank's own Articles of Agreement, it had been deemed right to vary the normal format of the relationship Agreement and to give a special place to the action of the Security Council under Articles 41 and 42 of the Charter, which had not been the case in agreements between the United Nations and other specialized agencies. The intention must have been to take account of the fact that members of the Bank would wish to comply with Article 103 of the Charter, which provided that in the event of a conflict between the obligations of the Members of the United Nations under the Charter and their obligations under any other international agreement, their obligations under the Charter should prevail. The Bank had taken note of that obligation and of the fact that some of its members, despite their obligations under the Bank's Articles of Agreement, might be bound by superior obligations.

63. The Bank had therefore not considered it proper to reply to the Secretary-General concerning what it could or would do concerning the implementation or non-implementation of the recommendations in the two resolutions mentioned, which the Bank had not considered to be formal recommendations. He was sure, however, that the Executive Directors of the Bank, who represented the 105 member Governments, had transmitted copies of the President's statement to their respective Governments, so that all the member Governments of the Bank must have been aware of it and have had the opportunity to instruct Executive Directors on the matter.

64. In reply to the second question put by the representative of Ceylon, he said that the staff of the Bank had been disturbed for some time over the increase in military expenditure throughout the world. Even when the amount of such expenditure was known, however, they had felt that it was such a delicate subject that it should not be discussed with the members of the Bank. The President of the Bank had sometimes been tempted to raise the question, but had felt that members would consider it an infringement of their sovereignty and that they would be too sensitive to criticism on that point. The Bank had therefore not been involved in assessments of that kind.

65. Mr. APPIAH (Ghana) said that he felt sure that the Executive Directors and officials of the Bank could not claim to live in isolation and to be restricted by the terms of the Bank's Articles of Agreement. It was a question of how those Articles of Agreement were interpreted. With regard to the two United Nations resolutions which had been mentioned, the Bank might have been expected to use the golden rule, namely, to interpret the rule or regulation in such a way as to enable that rule or regulation to achieve the maximum good. There was no such thing as a purely political matter: economics and politics were like Siamese twins and neither could be divorced from the other. He was surprised that the Bank had taken the attitude it had.

66. He asked whether the Bank considered itself absolved from any responsibility to heed world public opinion and help to put an end to acts of genocide which were being committed by Portugal and South Africa. Genocide was not a political or economic, but a criminal, matter.

67. Secondly, he asked whether the Bank's action in granting loans to those two countries was consistent with its fundamental and ultimate objective, namely, to enhance the welfare of mankind through economic development.

68. Thirdly, he asked what practical steps could be taken to effect the necessary changes in the present Articles of Agreement of the Bank so as to take into account world public opinion concerning Portugal and South Africa.

69. Fourthly, he asked why the Bank, knowing of the resolutions adopted by the United Nations against Portugal and South Africa, had not left the decision concerning their implementation to the members of the Bank rather than to the Executive Directors. The latter must have known that the matter was causing some uneasiness and they should have passed on the responsibility for taking a decision.

70. Mr. BROCHES (International Bank for Reconstruction and Development) said, in reply to the first question, that the Bank had to live within the limits imposed by its Articles of Agreement and that, although there might be differences of opinion concerning interpretation, the Bank had felt that those Articles of Agreement clearly made it impossible for the Bank to heed world public opinion in the instance mentioned.

71. Because of the limitations or a lack of clarity in its Articles of Agreement, the Bank might perhaps be considered to have fallen short of its fundamental objectives. Short of amendments to the Articles of Agreement to remove such obstacles, the Bank could do nothing.

72. When any question arose between the Bank and a member, that question was decided first by the Executive Directors, who represented all the members. An appeal could then be made to the Board of Governors, which consisted of one representative from each member State. If any member of the Bank wished to raise the question of the interpretation of the Articles of Agreement, the way was open for it to do so. The Bank did not merely consist of the President and officers with the Executive Directors; the Board of Governors

was the supreme organ of the Bank. Members could determine the Bank's policy in accordance with their understanding of the Articles of Agreement and they could amend the latter if they so wished, provided that three fifths of the members, having four fifths of the total voting power, agreed.

73. Mr. HATTINGH (South Africa), referring to the Ghanaian representative's statement, rejected the accusation that his country was practising genocide.

74. Mr. APPIAH (Ghana) said that it did not take much intelligence to know that South Africa practised genocide.

75. Mr. MWASHUMBE (Kenya), referring to the statement by the representative of the Bank that loans had been given to private power companies in metropolitan Portugal and not for projects in the African colonies, asked whether the Bank would grant loans for projects in those colonies. Loans had been granted for the development of electric power in both Portugal and South Africa. Electric power was the life-blood of industrial economy and if Portugal developed its power capacities it would be able to manufacture its own weapons and military equipment. He asked whether the Bank was aware of the fact that the United Nations resolutions had been adopted because of Portugal's colonial policies, which were directly contrary to the United Nations Charter and General Assembly resolution 1514 (XV) requiring that Portugal should grant independence to its colonies and that South Africa should put an end to its policy of apartheid.

76. Mr. BROCHES (International Bank for Reconstruction and Development) said that approximately one third of all the loans granted by the Bank to all countries were for power projects. Most Bank loans were devoted to developing the infra-structure of a country's economy, through power, transport and agricultural projects. There was no special significance in the Bank having granted loans for power projects in Portugal and South Africa. The basic question raised by the representative of Kenya was whether the Bank could properly take part in implementing economic sanctions. From the Bank's point of view, it could not do so as an organization, because of its Articles of Agreement, although its members individually could carry out decisions of the Security Council and the General Assembly. At its sixth session the General Assembly, on the basis of the report of the Collective Measures Committee of the United Nations, had recommended (resolution 503 (VI)) that Members should seek to obtain through the specialized agencies all possible support for collective measures undertaken by the United Nations. It had been recognized, however, that the charters of several of the specialized agencies, especially those concerned with financial matters, might present certain obstacles. The Committee had recognized that each specialized agency must be responsible for deciding the nature and extent of its participation in collective measures. The Bank considered that it was unable to participate in such collective measures but that did not mean that it was not ready at any time to be questioned, to consult and to answer suggestions made to it. The answer he had given was the answer he had been compelled to give under the Bank's Articles of Agreement.

77. He had stressed that the loans granted to Portugal had been granted to private power companies in metropolitan Portugal because document A/6000/Rev.1, in the appendix to chapter V, had referred to statements made by petitioners who had appeared before the Special Committee or the Fourth Committee to the effect, if he remembered correctly, that the Bank had granted loans to Portugal for settlement schemes in Angola for white farmers and for financing a huge hydroelectrical scheme in Mozambique. It was impossible to say what effect loans granted for purely local projects in Portugal might have on conditions in Africa.

78. Mr. MENDELEVICH (Union of Soviet Socialist Republics) asked the representative of the Bank whether it was true that the Bank's position in respect of General Assembly resolutions 2105 (XX) and 2107 (XX) differed from that of other specialized agencies such as the International Telecommunication Union, the World Health Organization and the United Nations Educational Scientific and Cultural Organization, which had heeded the General Assembly's appeal.

79. Mr. BROCHES (International Bank for Reconstruction and Development) replied in the affirmative and explained that his organization's position differed from that of other specialized agencies because of the express provisions of the Bank's Articles of Agreement.

80. Mr. MENDELEVICH (Union of Soviet Socialist Republics) said that under article II, paragraph 1, of the Agreement between the United Nations and the Bank representatives of the United Nations were entitled to attend, and to participate without vote in, meetings of the Board of Governors of the Bank. That article also provided for representatives of the United Nations to be invited to participate without vote in meetings especially called by the Bank for the particular purpose of considering the United Nations point of view in matters of concern to the United Nations. He asked whether the Bank had called such a special meeting in connexion with the loans to Portugal and had invited United Nations representatives.

81. Mr. BROCHES (International Bank for Reconstruction and Development) said that the Bank had not called a special meeting to consider the General Assembly resolutions in question, since it had not regarded them as formal recommendations addressed to it. The President of the Bank had merely made a statement at a regular meeting of the Executive Directors. If a special meeting had been called, it would have been a meeting of the Board of Governors and United Nations representatives would have been invited, as was the case at all meetings of the Board of Governors.

82. Mr. MENDELEVICH (Union of Soviet Socialist Republics) said that he was surprised at the reply given by the representative of the Bank. As the Bank could not have been unaware of the fact that it had been considering a matter of concern to the United Nations, it should have invited representatives of the United Nations to attend its meetings.

83. Mr. BROCHES (International Bank for Reconstruction and Development) agreed that the matter

was of concern to the United Nations. He pointed out, however, that the Bank had not called a meeting for the specific purpose of considering the United Nations point of view because it had not thought that the United Nations had addressed a formal recommendation to it.

84. Mr. MENDELEVICH (Union of Soviet Socialist Republics) said that by referring to article IV, section 10, of the Bank's Articles of Agreement, which provided that the Bank and its officers should not interfere in the political affairs of any member or be influenced in their decisions by the political character of the member or members concerned, the representative of the Bank had tried to show that the United Nations appeal regarding Portugal was not relevant. The Soviet Union delegation agreed that the Bank should not be influenced by such political considerations. The United Nations had, however, expressed its view on a particular question, and he would like to know whether there was any legal basis for the Board to consider it possible to disregard the United Nations appeal.

85. Mr. BROCHES (International Bank for Reconstruction and Development) said that it was only by accident that the Bank had learned of the Special Committee's meeting at which a specific recommendation to the Bank had been discussed. That fact showed that there was a need to improve the machinery for consultation between the Bank and the United Nations.

86. The legal basis for the Bank's action was to be found in the second sentence in the section part of which had been read out by the USSR representative, namely, that only economic considerations were relevant to the decisions of the Bank. That provision was binding on the Bank.

87. Mr. MENDELEVICH (Union of Soviet Socialist Republics) said that the matter had a moral aspect, too. The General Assembly had adopted a moral and political decision and his delegation had wanted to know why the Bank had disregarded it.

88. Article V, section 4 (b) (i), of the Articles of Agreement provided for the appointment of five Executive Directors, one by each of the five members having the largest number of shares. He asked which were the five members that had the largest number of shares.

89. Mr. BROCHES (International Bank for Reconstruction and Development) replied that the five members were the United States of America, the United Kingdom, France, the Federal Republic of Germany and India.

90. Mr. MENDELEVICH (Union of Soviet Socialist Republics) asked the representative of the Bank whether he could tell the Committee the amount of the loans which Portugal had not yet received and whether there was any procedure by which the United Nations could make sure that the balance was not paid to that country.

91. Mr. BROCHES (International Bank for Reconstruction and Development) said that the exact figure of loans outstanding was \$55.9 million, which was somewhat less than the gross amount of \$57.5 million.

He did not know the exact undisbursed portion but it might be as high as \$25 million.

92. With regard to the second question he found himself in a difficult position because he did not consider himself qualified or that it was appropriate for him to give advice to the United Nations on the subject. All he could do was to refer to his comment that under certain decisions of the Security Council and the General Assembly members of the Bank would be obliged to take certain action. The Soviet Union representative had, he thought, given a lucid explanation at the 1643rd meeting of the difference between General Assembly resolutions, which were voluntary, and decisions of the Security Council under Chapter VII of the Charter, which were mandatory.

93. Mr. MENDELEVICH (Union of Soviet Socialist Republics) said that he was sure that the General Assembly would find some machinery to put an end to such actions by the Bank which were of benefit to the Portuguese colonialists who were waging a war against the African people.

94. Mr. BRUCE (Togo) said that his delegation supported the Ceylonese proposal that the statement of the representative of the Bank should be reproduced in extenso. That statement had focused on two things: consultation between the Bank and the United Nations, and the Bank's independence in respect of the United Nations.

95. He asked firstly—if there was consultation between the Bank and the United Nations as had been pointed out—did the representative of the Bank agree with him that consultation meant acceptance of the views of the other party?

96. Secondly, since the principle of consultations existed, he asked how the representative of IBRD—which, as a specialized agency of the United Nations, was a creation of the latter—explained the independence of the Bank towards the United Nations, independence going to the degree of the Bank's ignoring, in particular, General Assembly resolutions 2105 (XX) and 2107 (XX).

97. He asked, thirdly, whether General Assembly resolutions did not have to be considered by the executive board of IBRD as laws superior to those ruling the charter of the Bank.

98. Mr. BROCHES (International Bank for Reconstruction and Development) said that the consultations referred to dealt with general matters and not with decisions concerning loans. According to the Agreement between the United Nations and IBRD, the action to be taken by the Bank on any loan was a matter to be determined by the independent exercise of the Bank's own judgement. He did not agree with the representative of Togo that consultation meant that one party must accept the opinion of the other. In his view, consultation was an exchange of views animated by a desire to reach an agreement.

99. The Bank was not a creation of the United Nations, since the Bank's Articles of Agreement had been drawn up before the establishment of the United Nations. The ties that existed between the Bank and the United Nations were based on Articles 57 and

63 of the Charter and on the Agreement concluded between the United Nations and the Bank.

100. The Bank did not necessarily consider its own charter to be superior to General Assembly resolutions. It was his understanding, however, that Assembly resolutions, with certain exceptions, were not regarded as legally binding on Member States.

101. Mr. MALECELA (United Republic of Tanzania) observed that General Assembly resolutions 2105 (XX) and 2107 (XX) had been adopted in December 1965 and communicated to the Bank. Yet the Bank had decided to grant the loans in question in June 1966. The Special Committee had subsequently adopted a resolution in which it had recalled the relevant Assembly resolutions and appealed once again to the Bank to refrain from granting Portugal any financial assistance.

102. His delegation wished to know whether the Bank should not have written a letter to the Secretary-General explaining why it had decided to ignore the General Assembly resolutions. The reply which the Bank had sent had been vague and had given no explanation of the Bank's action.

103. Mr. BROCHES (International Bank for Reconstruction and Development) replied that the Bank had not thought it necessary to give an explanation in its letter to the Secretary-General. He recalled that he had already given the reasons for the Bank's action at some length. The Bank had not regarded the resolutions in question as formal recommendations within the meaning of article IV, paragraph 2, of the Agreement between the United Nations and the Bank, since they had not been preceded by consultations of any kind. According to the Agreement, any formal recommendations made by either organization after consultation were to be considered as soon as possible by the appropriate organ of the other.

104. The Bank had received no notice of the Special Committee's meeting to which reference had been made. He pointed out that that the Bank had received notice of the current meeting and that he was quite prepared to answer questions put to him.

105. Mr. MALECELA (United Republic of Tanzania) said that the representative of the Bank had still not indicated what constituted consultations. The fact was that the Secretary-General had transmitted the relevant General Assembly resolutions to the Bank immediately after their adoption.

106. Mr. BROCHES (International Bank for Reconstruction and Development) said that consultation should take place before and not after the decision. The importance of consultations became apparent in the light of the current discussion in the Committee. Consultation might have avoided a situation in which the Bank appeared to be flouting United Nations decisions. It was well known that the Bank co-operated with the United Nations in many fields such as pre-investment activities and supplementary financing. He therefore regretted that resolutions had been adopted which had created the false impression that there was a conflict between the Bank and the United Nations.

107. Mr. MALECELA (United Republic of Tanzania) said that there was indeed a disagreement between

the United Nations and the Bank. The United Nations had adopted certain resolutions and the Bank had not heeded them. The only way in which the United Nations could request other bodies or Member States to take certain action was through resolutions. He asked whether the representative of IBRD could tell members what the Bank's position would be if the General Assembly adopted another resolution on the same subject.

108. Mr. BROCHES (International Bank for Reconstruction and Development) said that it was difficult to answer that question because there were many factual variables which must first be determined. If, however, the situation remained unchanged and the General Assembly adopted a resolution similar to resolutions 2105 (XX) and 2107 (XX), he thought that the Bank would be unable, under its Articles of Agreement, to reconsider its decision. He could not say what the members of the Bank would do in such an event. It was his understanding that decisions taken under Articles 41 and 42 of the United Nations Charter were binding on Member States. If such a decision was adopted, members of the Bank would presumably be obliged to act accordingly.

Mr. Kanakarathne (Ceylon), Vice-Chairman, took the Chair.

109. Mr. MALECELA (United Republic of Tanzania) said that, in the light of the reply given by the representative of the Bank, he failed to see the purpose of prior consultations.

110. He recalled that the Ghanaian representative had asked whether the Bank thought that it was promoting its aims of improving the well-being of mankind by granting loans to a country that practised genocide.

111. Mr. BROCHES (International Bank for Reconstruction and Development) said that in the last analysis it was for the members of the Bank to decide on the actions of the Bank. It was true that the limitations of the Articles of Agreement prevented the Bank from taking certain facts into consideration in making its decisions.

112. Mr. MALECELA (United Republic of Tanzania) regretted that his questions had not been fully answered. He proposed that the questions put to the representative of the Bank and the replies thereto should appear *in extenso* in the record of the meeting.

113. Mr. DIALLO Seydou (Guinea) supported the Tanzanian proposal.

114. The CHAIRMAN said that, if he heard no objection, he would take it that the Committee adopted the Tanzanian proposal.

It was so decided.

115. Mr. ESFANDIARY (Iran) said that the representative of IBRD had given members valuable information on the reasons why the Bank had so far been unable to comply with the General Assembly resolutions. The Bank was not prompted by political considerations although it might take political consequences into account in deciding to grant a particular loan. The representative of the Bank had pointed out that only decisions taken by the Security Council and

the General Assembly under Articles 41 and 42 of the Charter were binding on Members.

116. The representative of the Bank had said that specialized agencies came under Article 57 of the Charter. That Article, however, must be read in conjunction with Article 55. His delegation wished to know whether in examining applications for loans in connexion with the specific cases under consideration the Bank took account of the fact that such loans might not promote respect for human rights and fundamental freedoms.

117. Mr. BROCHES (International Bank for Reconstruction and Development) said that there was no question of the Bank's attitude so far as the importance of the various aims of the United Nations was concerned. The United Nations, however, had aims other than those of respect for human rights and fundamental freedoms, such as the maintenance of international peace and security. The Bank's aims were more limited and it was not free to pursue the aims of the United Nations if in doing so it would come into conflict with the Articles of Agreement. In some cases, therefore, the Bank was obliged to take certain criteria into account and to exclude others. That was not strange; members would recognize that some institutions had limited aims.

118. Mr. ESFANDIARY (Iran) pointed out that the limited aims of the Bank surely came under Article 55 of the Charter. Moreover, under Article 103, in the event of a conflict between the obligations of Members under the Charter and their obligations under any other international agreement, their obligations under the Charter prevailed. In a sense, therefore, Article 55 superseded the Agreement between the United Nations and the Bank.

119. Mr. BROCHES (International Bank for Reconstruction and Development) said that it was true that Article 103 provided that the obligations of Members under the Charter prevailed over their obligations under other international agreements, but those were obligations of Member States. It was therefore for Members to decide what their obligations were under the Charter. Under the Agreement between the United Nations and the Bank, the Bank was to take note of those obligations under Articles 41, 42 and 48 of the Charter. Indirectly, therefore, it might be said that the Charter superseded the Articles of Agreement in certain cases. It was not proper for him to tell Member States what their obligations were under the Charter.

120. Mr. DE MIRANDA (Portugal), speaking in exercise of his right of reply, said that some of the questions which had been put to the representative of the Bank had insinuated that Portugal was practising genocide in Africa. He rejected that accusation, which was quite without foundation. Portugal was not conducting any war against the population of its overseas provinces, but was watching over their security and protecting them from raiders sent from other countries.

121. Mr. APPIAH (Ghana) said that the voice he had just heard was a lone cry in the wilderness, representing a piece of the Iberian peninsula which believed that it was still the fifteenth century. That country

should wake up to the realities of the twentieth century. It was indeed practising genocide in Africa.

122. He thought that the Committee, having heard the legal expert of IBRD, should also hear the views of the Legal Counsel of the United Nations. He therefore suggested that the latter should be invited to make a statement in that connexion.

123. Mr. FOUM (United Republic of Tanzania) supported the suggestion made by the representative of Ghana.

124. With reference to the statement made by a representative of international imperialism who had spoken before the representative of Ghana, his delegation considered it to be a reflection of infantile disorder in that part of the Iberian peninsula. He

wished to inform that representative of a fascist régime that his country was not living in reality and that it would inevitably be pushed out of its colonial Territories. The Territories of Angola, Mozambique and so-called Portuguese Guinea were African soil which were temporarily under the inhuman and illegitimate control of foreign aggressors.

125. The CHAIRMAN said that the Secretariat had taken note of the suggestion made by the representative of Ghana and would bring it to the attention of the Secretary-General. He also hoped that a representative of IBRD would continue to be present until the Committee had completed its discussion of the item.

The meeting rose at 8.5 p.m.