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President: Mr. Hernán SANTA CRUZ (Chile).

Present: Representatives of the following countries: Australia, Belgium, Brazil, Canada, Chile, China, Czechoslovakia, Denmark, France, India, Iran, Mexico, Pakistan, Peru, Poland, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

Representatives of the following specialized agencies:

International Labour Organisation, United Nations Educational, Scientific and Cultural Organization, World Health Organization.

Plans for relief and rehabilitation of Korea (A/1435, E/1851/Rev.1, E/1851/Add.1, E/1852, E/1856, E/1858, E/1858/Corr.1, E/1859 and E/L.108/Rev.1) (*continued*)

1. The PRESIDENT called for discussion of annex II, paragraph 6 of the Australian draft resolution (E/1852).

DISCUSSION OF ANNEX I OF THE AUSTRALIAN PROPOSAL
(*continued*)

Paragraph 6 (continued)

2. Mr. WALKER (Australia) wished to reply to the objections raised by the Mexican representative at the preceding meeting concerning the distribution of supplies through private trade. He agreed that, especially in the early stages of the relief work, supplies would for the most part have to be distributed free of charge through public agencies such as the Unified Military Command and the Red Cross. Later, however, when the reconstruction period had begun, the work programmes would provide the population with some purchasing power, and goods should be supplied to absorb that through the normal machinery of distribution, including, of course, co-operative societies.

3. In the case of UNRRA the problem had been simpler, as that organization had merely established rules for distribution and then handed over all supplies to governments. The governments had distributed part of those products free of charge; they had sold the remainder to ordinary commercial enterprises, and used the profits from the sales for local currency ex-

penditure on relief and rehabilitation. There was at present no government for the whole of Korea, nor might there be for some time to come; it would be for the United Nations Commission for the Unification and Rehabilitation of Korea to represent the United Nations in the establishment of such a government.

4. At the outset, therefore, the United Nations Authorities in Korea would receive the goods and have to organize their distribution, in co-operation, of course, with the public welfare agencies. Raw materials, however, should from the beginning be distributed largely through commercial channels. The proceeds from the sales would be paid to the United Nations Authorities and could be used for the relief programme at their discretion.

5. He admitted that the text of paragraphs 6, 7 and 8 of his delegation's draft did not make that sufficiently clear, and that the remarks of the Mexican and Soviet Union representatives (421st meeting) should be taken into account. He therefore proposed that the order of the paragraphs should be reversed, so that paragraph 8, which contained a statement of principle, would come first. Then would follow a new paragraph incorporating the provisions of former paragraphs 6 and 7, along the lines of the USSR amendment, which he was prepared to accept. He felt, however, that the methods of distribution should be laid down by the administrator of the Korean programme after consultation with the appropriate Korean Authorities.

6. He proposed that paragraph 8 should be examined first, and then paragraphs 6 and 7.

7. The PRESIDENT asked the Australian representative to prepare a new draft containing the gist of paragraphs 6 and 7, taking the USSR amendment into account.

Paragraph 8

8. Mr. CHARI (India) supported the Australian representative's proposal for inverting the paragraphs. He would propose an amendment to paragraph 6 when that paragraph was considered by the Council.

9. Mr. LUBIN (United States of America) proposed that, in order to take into account the question of prices and profits which had been raised during the debate, the phrase "at reasonable prices" should be inserted

after the words "all classes of the population shall receive".

10. Mr. NORIEGA (Mexico) thought that, although the United States amendment slightly improved the text of the paragraph, the expression "reasonable prices" was much too vague. Relief supplies should not be distributed at reasonable prices, but for the most part free. If they were not distributed free, the title of the United Nations programme for relief should be changed. It would no longer be relief, if the people of Korea were obliged to pay for the goods they received. The food and consumer goods which were needed must be distributed free. Furthermore, the Australian representative had agreed that paragraph 8 would be improved by a reference to the activities of public social welfare bodies.

11. The PRESIDENT thought that the amendment proposed by the United States would complicate paragraph 8, which contained only a statement of principle. The question it raised might be taken up later during the examination of subsequent paragraphs.

12. Mr. ENCINAS (Peru) agreed with the President on that point. Agreement must be reached as to the meaning of paragraph 8, before deciding whether or not it was merely a statement of principle. If it was, it should mention the two categories of activity referred to by the Australian representative.

13. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) thought that the idea of distributing the supplies furnished for United Nations relief work at "reasonable prices" was inadmissible; it was absolutely inconsistent with the basic principles of the programme for Korea. It would be difficult to find a definition of a "reasonable price". That idea, already debatable where ordinary trade was concerned, could not be introduced in connexion with relief work. The aim of the USSR amendment was that, in so far as private trading proved unavoidable, prices and profits should be not "reasonable" but as low as possible.

14. He shared the opinion expressed by the Mexican representative the previous day on that point, and was glad that the Australian representative was prepared to amend his text accordingly.

15. Mr. ALI (Pakistan) agreed with the President that paragraph 8 should relate only to the principle of distribution without discrimination. Once that question had been settled, methods of distribution should be examined. The text of paragraph 8 as it appeared in the Australian draft should therefore be maintained.

16. Mr. LUBIN (United States of America) agreed to withdraw his amendment, reserving the right to submit it again later.

17. Mr. SCHNAKE VERGARA (Chile) was glad that the United States representative had withdrawn his amendment, since paragraph 8 was only a statement of principle. To meet the objection raised at the 421st meeting by the Mexican representative, he proposed that the words "whether relief or supply" should be inserted after the words "essential commodities".

18. Mr. WALKER (Australia) considered that that amendment would make it more difficult to apply the provisions contained in the paragraph. He thought the

objections raised by the Mexican representative might be satisfied by an explicit reference to distribution for social relief purposes.

19. He therefore proposed to add the following phrase at the end of paragraph 8: "And in addition the special needs of refugees and of other distressed groups of the population will be met through special public welfare programmes."

20. It was, however, impossible to decide at once what proportion of the goods would be sold and what proportion would be distributed free.

21. Mr. CHARI (India) thought that the proposed amendments might create confusion; paragraph 8 was intended merely to obviate discrimination. He therefore proposed that paragraph 8 should be adopted as it appeared in the Australian draft, without any additions.

22. The PRESIDENT considered that to be a logical proposal; the amendments submitted could more usefully be considered during the examination of the subsequent paragraphs.

23. Mr. CORLEY SMITH (United Kingdom) and Mr. SCHNAKE VERGARA (Chile) supported that proposal.

24. The PRESIDENT put to the vote the Indian proposal for the adoption of paragraph 8 as it appeared in the Australian draft resolution (E/1852).

That proposal was unanimously adopted.

Paragraphs 6 and 7

25. The PRESIDENT asked the Australian representative to read the text he proposed in substitution for paragraphs 6 and 7 of his original text.

26. Mr. WALKER (Australia) was prepared to accept the substitution for paragraphs 6 and 7 of his draft resolution (E/1852) of the text of the USSR amendment (E/L.108/Rev.1), provided the first phrase: "The necessary measures shall be taken by the authorities in Korea for the . . ." was deleted, and the word "to" was replaced by the word "shall"; there was no assurance that the Korean Authorities would be in a position to take such measures when they were needed. He realized, however, that that wording did not take into account the objection raised by the Indian representative with regard to the combating of inflation, and he asked the latter to read his amendment.

27. Mr. CHARI (India) indicated that the USSR amendment, which the Australian representative had accepted in substitution for former paragraphs 6 and 7, appeared to apply not to profits from the sale of supplies through private trade, but to profits made by the administrator of the relief programme, which, of course, should be used for relief work.

28. The new text also ignored the need for combating inflation and made no reference to the use which might be made of existing organs of distribution to stimulate economic activity and increase employment.

29. With regard to the remarks made by the Mexican representative, he emphasized that existing organs of distribution would have to be utilized for the distribution both of relief supplies and of goods intended for

sale; the cost of distribution would be the same for both classes of goods.

30. He therefore proposed the following amendment: "In effecting distribution of supplies the need to combat inflation and the beneficial effect of employing available normal channels of distribution on rehabilitating the economic life of the country shall be taken into account as far as possible."

31. Mr. NORIEGA (Mexico) did not think that the Council should try to provide for too many eventualities. In laying down the general policy on relief work, it should take some precautions, but it would be impossible to anticipate everything. He did not think there was any need to provide for measures against possible inflation in the text of the annex. The main point was to show clearly that what was contemplated was a humanitarian programme for relief and not a financial transaction.

32. Mr. LUBIN (United States of America) pointed out that in many respects the USSR amendment already covered the ideas just expressed by the representative of India, except that it did not recommend the use of the normal channels of distribution.

33. He proposed that the USSR amendment should be altered to read: "The distribution of supplies shall be carried out, as appropriate, through voluntary agencies, through public, co-operative and other social organizations, and through the normal channels of private trade."

34. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) was prepared to alter his amendment along the lines suggested by the representative of Australia provided that the amendment thus altered would replace the former paragraphs 6 and 7 of the Australian draft. In his opinion, the proposed changes were in fact purely a question of drafting.

35. Turning to the remarks made by the representative of India, he pointed out that they related to paragraph 6 which he himself was prepared to accept, either in the form suggested by the Australian representative or in the form proposed by India, because he did not think there was any real difference of substance between the two versions.

36. Nevertheless, if paragraph 6 were to be entirely deleted, he would not object to the alterations to the USSR amendment suggested by the United States representative. He felt, however, that the Red Cross should be mentioned because of its great importance and experience.

37. He had no objection to Mr. Lubin's suggestion regarding the wording and the order which should be used for the list of organizations.

38. Mr. CORLEY SMITH (United Kingdom) proposed the following draft for the beginning of the paragraph: "The distribution of supplies shall be carried out, as appropriate, through public and co-operative organizations, through the Red Cross and other non-profit making voluntary organizations, and through the normal channels of private trade."

39. The PRESIDENT, summarizing the discussion, observed that there was a proposal to replace paragraphs 6 and 7 of annex II of the Australian draft

resolution by a new paragraph based on the USSR amendment in the altered form just proposed by the United Kingdom representative. He therefore asked the representatives of the United States and the USSR if they were prepared to accept the version proposed by Mr. Corley Smith. Furthermore, he asked the representative of Australia if he wished the new paragraph to include the following phrase which he had proposed for insertion in the original paragraph 8: "And in addition the special needs of refugees and of other distressed groups of the population will be met through special public welfare programmes." Finally, he asked the representative of India if the proposed text met his point and whether he would agree to withdraw his own amendment.

40. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) did not object to the United Kingdom proposal provided that the second sentence of the USSR amendment dealing with the question of profit was retained.

41. Mr. LUBIN (United States of America) accepted the text proposed by the United Kingdom representative provided that it was altered to read: "The distribution . . . shall be carried out . . . through non-profit-making voluntary organizations such as the Red Cross . . ."

42. Mr. CORLEY SMITH (United Kingdom) agreed to that alteration.

43. Mr. CHARI (India) said that he was prepared to withdraw his amendment to paragraph 6 of the original Australian text, provided the whole paragraph was deleted.

44. With regard to the USSR amendment to paragraph 7, he proposed that the final sentence should be altered to read: "At the same time measures shall be taken to ensure that the cost of distribution, including the profit from the sale of supplies, is kept to the minimum."

45. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) was prepared to change his text to read: "At the same time measures shall be taken to ensure that the cost of distribution and the profit from the sale of supplies are kept to the minimum."

46. Mr. CHARI (India) agreed to that text.

47. Mr. WALKER (Australia) accepted that wording on the understanding that the administrator would be perfectly free to decide which particular organizations he would use for the distribution of supplies.

48. As for the addition of a new sentence concerning refugees and the other distressed groups of the population, he proposed the following drafting: "Measures shall be taken to ensure that the special needs of refugees and other distressed groups of the population are met through appropriate public welfare programmes".

49. Mr. DICKEY (Canada) proposed that the new paragraph 7 should start with the phrase: "Subject to adequate control . . ."

50. Mr. CHA (China) said that, since paragraph 6 of the original Australian text was apparently to be deleted, some mention of the need to combat inflation should be made in the new paragraph 7.

51. The PRESIDENT, supported by Mr. LUBIN (United States of America), recalled that the Council had already decided not to mention that question in the statement of general policy. Furthermore, Mr. Lubin had recalled that the point was covered in paragraph 9 of the original Australian text and in the United States amendments to that paragraph.

52. Mr. ARUTIUNIAN (Union of Soviet Socialist Republics) accepted the Canadian proposal regarding adequate control, on the understanding that it would apply to the operations of official agencies as well as to those of the voluntary organizations.

53. The PRESIDENT, summarizing the discussion which had just taken place, said that paragraph 8 of the Australian text would become paragraph 6, and that paragraphs 6 and 7 of the original text would be combined into a single paragraph numbered 7.

54. Mr. YATES (Secretary of the Council) read the new draft of paragraph 7:

“Subject to adequate control, the distribution of supplies shall be carried out, as appropriate, through public and co-operative organizations, through non-profit-making voluntary organizations such as the Red Cross, and through the normal channels of private trade. At the same time measures shall be taken to insure that the cost of distribution and the profit from the sale of supplies are kept to the minimum. Measures shall be taken to insure that the special needs of refugees and other distressed groups of the population are met through appropriate public welfare programmes”.

That text for paragraph 7 was unanimously adopted.

The meeting rose at 1.5 p.m.