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**President: Sir Douglas COPLAND (Australia).**

*Present:*

The representatives of the following countries: Argentina, Australia, China, Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, India, Netherlands, Norway, Pakistan, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Chile, Colombia, Indonesia, Iran, Uruguay.

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

## AGENDA ITEM 3

**Report of the International Monetary Fund (E/2661 and Add.1) (*concluded*)**

1. Mr. HOTCHKIS (United States of America) said that the report of the International Monetary Fund for 1954 (E/2661 and Add.1) was encouraging on the whole. Reserves had been strengthened, many countries had relaxed import restrictions, the international payments situation had improved and some progress towards more general convertibility had been achieved.
2. Some areas, unfortunately, had not moved forward with the rest. Inflationary pressures had persisted in a number of countries and had added to difficulties in respect of payments. The Chairman of the Executive Board of the Fund had rightly emphasized the importance of sound monetary and fiscal policies for the maintenance of a healthy economy and for the successful operation of development programmes.
3. In his comments on economic developments in the United States of America, the Chairman of the Executive Board had pointed out that the down-turn in economic activity in 1953/54 had not had the effect on the rest of the world that had been widely feared. He had also drawn attention to the fact that the down-turn had been halted before it had proceeded very far and that most of the ground lost had already been recovered. While no Government could entirely prevent fluctuations, the United States Government would continue to take whatever measures might be necessary to help to minimize instability and to maintain a strong and growing economy.
4. The United States delegation was particularly interested in the efforts made by the Fund to eliminate

exchange restrictions and in its technical assistance programme. The Fund's consultations with members which still maintained exchange restrictions served a valuable purpose and afforded an opportunity to review with each member concerned the problems which appeared to require the continuation of restrictions. With regard to technical assistance, the Fund had helped members to deal with a variety of fiscal and financial problems and had contributed further to the improvement of financial practices by continuing its training programme at headquarters for technicians from member States.

5. The Czechoslovak representative, speaking at an earlier meeting, had charged the United States with responsibility for the termination of his country's membership in the Fund. A decision of that nature could only be taken — as it had been in the case of Czechoslovakia — by the entire Board of Governors, on which all members of the Fund were represented.

6. Mr. HSIA (China) said that the situation had not changed substantially during the period covered by the report of the Fund (E/2661 and Add.1). The internal economy of the Western European nations as a group had not been affected by the inventory recession in the United States of America but had, on the contrary, been strengthened. The internal prosperity of Western Europe in 1953 had been accompanied by a simultaneous improvement in its payments position achieved in spite of rising incomes and the progressive relaxation of trade and exchange controls.

7. The Fund had placed stand-by credits at the disposal of the Western European nations to assist them in their efforts to restore full convertibility to their currencies. However, not a single Western European nation had availed itself of that facility during the financial year which had ended in April 1954. Accordingly the Fund, despite its work in Europe, was in a position to bring the whole of its strength to bear wherever danger threatened.

8. Mr. MIR KHAN (Pakistan) said that his delegation agreed in general with the recommendations the Chairman of the Executive Board had made. It appreciated the fact that the Fund was conscious of the needs of the under-developed countries and hoped that it would avoid rigidity and inflexibility in its policy of assistance to those countries. In advising and agreeing to changes in par values of currencies, the Fund should avoid the disturbing influence of changes in the exchange values of currencies which might seriously affect the stability of primary commodity prices.

9. Mr. CAFIERO (Argentina) said that, in the light of the report of the Fund (E/2661 and Add.1), his delegation maintained the view it had expressed at the Council's eighteenth session (800th meeting) that there was no valid basis for optimism concerning the world economy if viewed in its general framework and not merely from the standpoint of North America, Western Europe and a few other countries in a more favourable economic position.

10. The broad chasm which separated the highly industrialized countries from the less developed countries, to which the Secretary-General had referred at the previous session (799th meeting), remained substantially unchanged. Reference was made in the report itself to the existence of several weak spots in the world economy in 1953, only some of which appeared to have been removed, and perhaps only temporarily, by the beginning of 1954. In that respect, the chief sufferers had been the under-developed countries, in many of which the economic position had actually deteriorated.

11. The Argentine delegation maintained the view that the problem could only be resolved by a more rapid economic development of the under-developed countries. In that connexion, useful work was being done by the regional economic commissions, which deserved the Council's full support. The monetary and financial problems of the world could not be solved until the problem of economic development was dealt with in all its aspects.

12. The Fund should endeavour to devote as much attention as it could to the financial and monetary problems of the under-developed countries and to include in its future reports a separate chapter on that subject.

13. The importance of the subject was reflected in the fact that exports from the highly industrialized countries had increased from 59 per cent of the world total in 1950 to 63 per cent in 1953, whereas exports from the under-developed countries had dropped from 27 per cent to 24 per cent during the same period. Price fluctuations on the world market had contributed substantially to the decrease in exports from countries which produced primary commodities, particularly rubber, tin, cotton, sugar, lead and zinc. Another factor was the existence of large surpluses in some States. It was hardly right to encourage the under-developed countries to produce more, only to find that the States which were potential buyers of primary commodities had built up surpluses or that world prices were substantially lower.

14. The situation with respect to the balance of payments was no more encouraging. Only a very few countries had a favourable balance, and that might well prove temporary.

15. The position had improved somewhat with respect to convertibility. The Fund should make every effort to study the effects of convertibility on the trade problems of the under-developed countries.

16. The Argentine delegation attached importance to anti-cyclical loans, which served to counteract the effects of depressions in the highly industrialized countries and violent price fluctuations on the world market.

17. Mr. SAKSIN (Union of Soviet Socialist Republics) said that under its statute, the International Monetary Fund was to concern itself with eliminating currency and financial difficulties during the post-war period.

18. Many countries had become members of the Fund on the assumption that that international currency and credit organization would aid them in strengthening their currencies, improving their balances of payments and expanding international trade. Eight years had elapsed since the Fund had begun its operations, and it was clear that the Fund was still far from having fulfilled the tasks prescribed in its

statute, because from the very outset, the Fund had been transformed from an international currency and credit organization into a tool of the foreign exchange policy of United States monopolies.

19. Many countries members of the Fund continued to face foreign exchange and financial difficulties, such as adverse balances of payments and continuing inflation. That was particularly true of the under-developed countries, which had been dominated for a long time by the great colonial Powers and whose economy had not recovered from the effects of that domination.

20. Because of that situation, many countries members of the Fund were compelled to maintain currency restrictions, the use of which had been widespread during the Second World War. The currencies of many member countries were being systematically depreciated and devaluated.

21. The Fund's action to remove currency restrictions, to establish convertibility and to simplify foreign exchange systems was being carried out in the interests of the monopolies of the great imperialist countries, the United States of America and the United Kingdom. Faced with serious currency and financial difficulties, the overwhelming majority of the countries members of the Fund did not dare remove currency restrictions. The passages in the report of the Fund dealing with currency restrictions showed that such restrictions continued to exist in more than forty countries members of the Fund. The countries members of the Fund made wide use of currency restrictions as a means of defending their economies against the expansionist policy of the great imperialist countries, in particular the United States of America, and also as a means of mobilizing domestic resources.

22. He did not agree with the statement in the report of the Fund that the position of many member countries had improved during the year under review. The majority, and particularly the under-developed countries, still had exchange difficulties and adverse balances of payments, and many found that their gold reserves were being steadily depleted while the amount of paper money in circulation had sharply increased — a clear sign of inflation.

23. The Fund had extended only a limited amount of credit, and had given large loans to only three Western European countries, all active members of the aggressive North Atlantic bloc. That was another indication of its discriminatory policy. Thus the Fund was pursuing a course which had nothing in common with the purposes and principles of a United Nations organ. In that connexion, he fully supported the charge of discrimination levelled against the Fund by Czechoslovakia, one of its original founders, and noted with deep satisfaction a similar statement by the Indian delegation.

24. Mr. JALIL (Ecuador) commended the Fund for its efforts to provide facilities which could assist under-developed countries to improve their economic situation. The work of the Fund had resulted in greater freedom of trade and a reduction of restrictions in some areas.

25. The improved prospects for convertibility caused some concern in view of the risk of speculation which convertibility might entail in the under-developed countries. The Fund had referred in its report to the fact that it might be necessary to retain exchange controls for some time. It should therefore bear in mind the flexibility of currency markets in the smaller countries.

26. Mr. GINEBRA HENRIQUEZ (Dominican Republic) warmly commended the Board of Governors of the Fund for their efforts to solve some of the world's knottiest economic problems.

27. Mr. ROTH (Managing Director of the International Monetary Fund) said that, in the slight controversy on bilateral agreements which had arisen between the French and the Netherlands representatives at the preceding meeting, the Fund shared the view expressed by the Netherlands.

28. With reference to a point raised by the Yugoslav representative (844th meeting), under-developed countries formed the majority of the membership of the Fund, and the Fund therefore devoted much attention to the problem of convertibility in relation to those countries. Indeed, the Board of Governors would once more discuss the question at its next annual meeting.

29. The Fund was actively endeavouring to encourage greater flexibility in the economy of member States, precisely as the Ecuadorian representative had urged it to do.

30. The question of the membership of Czechoslovakia had been discussed at length by the Board of Governors and there was no point in re-opening it. The decision had been taken by a strong majority, there having been 42 votes in favour of the withdrawal of Czechoslovakia from the Fund, 2 against, 9 abstentions and 4 members absent.

31. He thanked the various representatives for their kind comments on the work of the Fund and said that the Fund would do its best to deserve them. In the last analysis, however, the success or failure of the Fund would depend on the degree of support it received from member countries.

32. Mr. SAKSIN (Union of Soviet Socialist Republic) said that, for the reasons given earlier, his delegation was unable to approve of the report of the Fund and would abstain in the vote.

33. Mr. PSCOLKA (Czechoslovakia) remarked that his delegation also could not approve of the report, for reasons he had explained at an earlier meeting.

34. The PRESIDENT proposed that the Council should take note of the annual report of the International Monetary Fund (E/2661 and Add.1).

*The proposal was adopted.*

#### SUPPLEMENTARY ITEM 1

#### **Representation of the Commission on the Status of Women at sessions of the Commission on Human Rights and of the Social Commission (E/2715)**

35. Begum AHMED (Pakistan) said that, in approving the request of the Commission on the Status of Women to be represented at sessions of the Commission on Human Rights and of the Social Commission, the Council would merely be following a precedent it had established in its resolution 48 (IV), by which it had authorized the Commission to be represented at sessions of the Commission on Human Rights and of the Sub-Commission on Prevention of Discrimination and Protection of Minorities. It was worth noting that, because of wise management, five years of such representation had cost the United Nations less than \$600, and she was sure that similar care to keep down

expenses would be taken in the future. The Commission on the Status of Women had wished to avoid duplication of work, and it was for that reason that it had asked the Council to allow it to send a representative to meetings of the other two Commissions at which questions of direct concern to it were discussed. Such a step would be in the interest of the United Nations, and she urged the Council to approve the request.

36. Mr. HOTCHKIS (United States of America) said that the request appeared to be prompted by a desire to achieve closer co-ordination between the three Commissions. The existing co-ordination machinery was, however, adequate, and there was no reason why the members of each Commission should not be thoroughly acquainted with the work of the other Commissions. The type of cross-representation advocated by the Commission on the Status of Women was not only unnecessary but undesirable, as it would prolong each Commission's discussions, focusing undue attention on matters of secondary importance; it would introduce confusion into the Commissions' work programmes; it would interfere with the Council's function of co-ordination; and it might constitute a dangerous precedent leading to unjustified expenditure.

37. He would therefore vote against the Commission's request.

38. Mr. SCOTT FOX (United Kingdom) associated himself with those remarks. The request ignored, and would tend to undermine, the Council's co-ordinating function. Moreover, it was a principle of good administration that no unnecessary expense, however small, should be approved.

39. Mr. PEREZ PEREZ (Venezuela) strongly supported the request. The expense incurred would be negligible, and the Commission on the Status of Women should be permitted to make what he was certain would be a worthwhile contribution to the work of the other two Commissions on subjects in which it was directly interested.

40. Mr. DONS (Norway) said that, in order to facilitate the Council's work, he would introduce the draft resolution which appeared in document E/2715 as a formal draft resolution sponsored by his delegation.

41. Mr. GINEBRA HENRIQUEZ (Dominican Republic) said that he would vote for the Norwegian draft resolution. The cost, which had amounted to only \$120 yearly for the representative of the Sub-Commission on Prevention of Discrimination and Protection of Minorities, would be negligible and would be incurred only when questions of direct concern to the Commission on the Status of Women were at issue.

42. He disagreed with the United States representative that the intervention of a representative of the Commission would tend to prolong discussion of matters of secondary importance; all items on the agenda were of equal importance. Neither could he agree that other commissions might be encouraged to make similar requests; the Council could not prejudge the future. It was true that the Council was a co-ordinating body; but the Commission had wished to assist it and to avoid duplication of discussion.

43. Mr. TSAO (China) observed that the Commission's motives were laudable, but doubted the soundness of the proposed procedure. He could not see how any one representative could speak for the Commission as a whole unless the Commission had taken a firm deci-

sion, since members of the Commission were representatives of Governments. If the Council agreed to the request, it would find it difficult and embarrassing to refuse similar requests from other commissions.

44. Mr. CAFIERO (Argentina) said that the Commission on the Status of Women was not asking for participation in all the sessions of the other commissions, but only at meetings at which questions of direct concern to it were being discussed. Similar requests would be made only in exceptional cases. The Commission had thoroughly discussed the matter and its financial implications and had adopted the resolution by 11 votes, with only 3 opposing, a majority which showed that all doubts had been disposed of. Debates would in fact be shortened, since certain matters could be decided at once, without need for special reference to the Commission. His delegation had always held out strongly against any undue expenditure; but it would not support the saving of a relatively small sum against the legitimate wishes of the Commission on the Status of Women.

45. Mr. EPINAT (France) said that he had no doubt that the participation of a representative of the Commission on the Status of Women might throw light on some points, but the disadvantages outweighed the advantages. The French delegation would not object to the request, if it were for participation at a stated session on a specific point. That a representative of the Commission should have attended the Commission on Human Rights to deal with specific sections of the draft of the international bill of human rights concerning women had been reasonable enough. But the Council was being asked to lay down a general principle; his delegation could not agree to that course.

46. Mr. KOS (Yugoslavia) observed that the Yugoslav representative on the Commission on the Status of Women had voted for the participation of a representative in the work of the Social Commission, but had abstained, for practical reasons, with regard to participation in the work of the Commission on Human Rights. Nevertheless, he could not support the draft resolution because it laid down a principle and might set a precedent. The Council was the co-ordinating body for the functional commissions and could transmit an item from one commission to another, if need be; that was a proper method of co-ordination and made the Secretariat's work easier. In any case, procedurally it would surely be more appropriate for a commission which needed the collaboration of another commission to ask for it. His objection to the principle involved did not preclude approval of a request on some specific matter. He would abstain.

47. Begum AHMED (Pakistan) said that she was sorry that the United States representative seemed to think that any point of direct concern to women might be a secondary matter.

48. She could not agree with the United Kingdom representative's view that the adoption of the draft resolution would undermine the Council's co-ordinating function, as the Council itself had adopted resolution 48 (IV), in which a similar procedure had been ap-

proved. She could not assume that it was no longer needed.

49. The Chinese representative's contention that no single member could represent the entire Commission on the Status of Women was invalid; the representative would merely explain the discussion already conducted by the Commission and attempt to bring the other Commissions over to the majority opinion expressed by it.

50. She could not agree with the French representative; the draft stated that participation would be requested only for questions of direct concern to the Commission; it was not a request for participation in the discussion of all items at all sessions. The draft resolution set no precedent; that had been set by the Council itself in resolution 48 (IV).

51. She asked for a vote by a roll-call.

52. Mr. LALL (India) remarked that he had intended to vote against the draft resolution, but the Pakistan representative had convinced him that there was something to be said for it; he would therefore abstain.

53. Mr. HOTCHKIS (United States of America) denied that he had meant that items of direct concern to women were likely to be of secondary importance. On the contrary, since almost all items were likely to be directly or indirectly of concern to them, discussion in the other Commissions would be unduly protracted.

54. The PRESIDENT put to the vote the draft resolution contained in document E/2715, and sponsored by Norway.

*A vote was taken by roll-call.*

*Argentina, having been drawn by lot by the President, was called upon to vote first.*

*In favour:* Argentina, Dominican Republic, Ecuador, Egypt, Norway, Pakistan, Turkey, Venezuela.

*Against:* Australia, China, France, Netherlands, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Abstaining:* Czechoslovakia, India, Union of Soviet Socialist Republics, Yugoslavia.

*The draft resolution was adopted by 8 votes to 6, with 4 abstentions.*

55. Mr. ROGERS (Australia) explained that he had voted against the resolution because certain salient objections had not been satisfactorily answered. The precedent set in resolution 48 (IV), paragraph 3, was not applicable to the case under discussion, as the Commission on the Status of Women had been at that time merely a sub-commission of the Commission on Human Rights. That decision had been adopted before the Council, in resolution 557 (XVIII), had redefined the responsibilities of the functional commissions and the overriding responsibility of the Council. A request such as that made in the resolution should not be granted unless the usual channels had been shown to be inadequate.

The meeting rose at 4.55 p.m.