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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: 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 4

Report of the International Bank for Reconstruction and Development (E/2668 and Add.1) (*concluded*)

1. Mr. NAIK (Pakistan) said that the report of the International Bank for Reconstruction and Development (E/2668 and Add.1) showed that that institution was established on a solid basis and might be expected to be even more active in the near future, when the international finance corporation was established. It was to be hoped that the corporation's activities would not be restricted to any particular geographical area and that the Bank would collaborate in the operation of the proposed special United Nations fund for economic development. The Bank should explore the prospects of helping the under-developed countries with loans to be applied to the peaceful uses of atomic energy in industry and agriculture. He hoped that the Bank would be able to stimulate the establishment of a new credit institution in Pakistan similar to the Indian corporation it had assisted. The Bank had been of political value through its economic

aid, notably with regard to a canal scheme between India and Pakistan.

2. Mr. BRILEJ (Yugoslavia) said that he had noticed with satisfaction that approximately half the loans approved had gone to the under-developed countries and that the proportion of loans approved in inconvertible currencies had increased from 10 to 16 per cent. It was to be hoped that the policy of the Bank would be to approve more loans to the under-developed countries for economic development.

3. It had been said that the resources of the Bank were considerably greater than the value of the projects submitted to it for financing. The restrictive investment policy of the Bank seemed to be determined by an interpretation of its Articles of Agreement to the effect that in approving a loan it should pay due regard to the borrower's ability to meet the obligations under the loan and to the currencies in which service obligations could be met, and that it should concentrate its lending on projects designed to contribute directly to productive capacity and would not normally finance community projects of a primarily social character.

4. Unlike private investors, the Bank was not linked directly to individual profit-bearing projects financed by it, but to the secondary profit to which the projects gave rise, and that profit had to be taken in a convertible currency. That naturally greatly limited the range of action of the Bank. Its action was further limited by the narrow interpretation given to the concept of credit-worthiness, which was defined not only on the basis of a country's economic strength, but also on that of its past debt record. As most under-developed countries had been unable to service their debt during the economic crisis, they were regarded as risky debtors. Although the Bank did not have to insist on the profitability of individual projects, it had to insist on the ultimate profit in specific currencies, which meant that it could finance only projects which directly or indirectly contributed to an increase in exports. The Governments of under-developed countries, however, often had to give the highest priority to projects which were unlikely to increase exports. Even though the capital available to the Bank was to be increased, the Bank could not, with its current investment policy, do much to solve the problem of financing economic development as a whole.

5. The international finance corporation proposed by the General Assembly in resolution 823 (IX) would to some extent complement the current operations of the Bank, especially if it was not limited to productive private enterprises, but was extended to include all kinds of non-governmental enterprises.

6. In discussing the industrialization of the under-developed countries, delegations had stressed the need for a parallel development of agriculture and industry. Agriculture was an area in which the Bank could be especially useful, but only 7 per cent of the loans approved up to the end of June 1954 had been for agriculture. Although the development of agriculture

often did not bring direct dollar earnings, it frequently replaced food imports which had to be paid for in dollars. The General Assembly had laid stress on the need for loans for agricultural development in resolutions 524 (VI), 625 (VII) and 826 (IX), and the Council had done so in resolution 512 (XVII).

7. Mr. CAFIERO (Argentina) said that the figures given in the report of the Bank (E/2668 and Add.1) showed that only a small sum had been lent annually in comparison with what was needed for a significant economic development. The inclusion in future reports of a separate chapter on the needs of under-developed countries grouped broadly by region would be very useful. The inadequate way in which those needs had been met was shown by the fact that 46 per cent of the loans approved had gone to the highly developed countries — although reconstruction loans were to some extent the explanation of that high percentage — 15 per cent to the developing countries and the remainder to the under-developed countries. He was sure that the Banks was aware of the importance of more concentration on help to the under-developed countries, especially in Latin America. Most of the loans had been made for electric power and transport projects; more attention should be paid to agriculture and industry.

8. The change in the attitude of Governments towards the international finance corporation was as welcome as it had been sudden; but that it had been so tardy was regrettable. As he had stated at the 845th meeting, in connexion with the report of the International Monetary Fund (E/2661 and Add.1), his delegation attached importance to anti-cyclical loans, for the reasons it had then given.

9. Mr. JALIL (Ecuador) observed that the Bank's collaboration had been most useful to his country in a project in 1954 to bring uncultivated land under cultivation and for its technical advice in the establishment of the Co-ordination and Economic Planning Board (Junta de Coordinación y Planificación Económica) in Ecuador. It was to be hoped that such collaboration would be increased in the future. The fact that the Bank was devoting more attention to the under-developed countries was to be welcomed.

10. Three promising developments were the increasing internationalization of the Bank, the increasing participation of international private capital and the proposed establishment of the international finance corporation. Especially welcome was the Bank's general training programme and recent developments therein. Under-developed countries lacked not only capital, but trained technical and administrative staff.

11. As the Ecuadorian delegation had indicated during the (843rd meeting) debate on economic development, Ecuador was doing its utmost to attract foreign capital and thus to merit further attention from the Bank.

12. Mr. BLACK (President of the International Bank for Reconstruction and Development), replying to observations made during the debate, said that the Bank was very anxious to develop business in the Middle East and had accordingly established a regional office at Beirut. Possible loans to Egypt, Lebanon, Pakistan and Syria were under discussion.

13. He welcomed the French representative's suggestion (846th meeting) that the international finance corporation should submit annual reports.

14. The Yugoslav representative's suggestion that the Bank's policy was to finance only projects which produced profits in convertible currencies was not correct. The projects were not required to be self-liquidating in a certain type of currency, but the Bank did require that the borrower should be able to repay in the currency in which the loan had been made. It was true that the Bank took account of a borrower's previous credit record and that defaults had to be settled before a new loan was made. Experience had shown the wisdom of that policy. Most countries had settled, and their improved credit standing had attracted private investment. He entirely agreed that agricultural development was most important. An examination of the reports of survey missions would show that the Bank had been consistent in its approach to the problem. The reason why loans to agriculture had been small was that they were required in the local currency and it was complicated to make a great many small loans. The loans for power and transport, however, were in fact for agricultural purposes.

15. The Argentine representative had stated that not enough attention had been paid to the under-developed countries; but there was no agreement on what was an under-developed country. More than half the loans had gone to areas outside Europe, to under-developed areas. The Bank certainly regarded the promotion of economic development as its main activity.

16. The Czechoslovak and USSR delegations had complained that no loans had been made to Eastern European countries. In fact three loans, totalling more than \$60 million, had been made to Yugoslavia. None had been made to other countries in that area, because they were not members of the Bank. It was interesting that the main criticisms of the Bank came from non-members. The accusation that the Bank was exploiting, not assisting, the under-developed countries for the benefit of monopoly groups in the highly industrialized countries had been fully answered by the representatives of the under-developed countries which had had experience of the activities of the Bank.

17. Mr. ULLRICH (Czechoslovakia) pointed out that Czechoslovakia, which was an eastern European country, had been a member of the Bank until certain discriminatory measures had rendered its continued membership impossible.

18. The PRESIDENT proposed that the Council should take note of the report of the International Bank for Reconstruction and Development (E/2668 and Add.1).

It was so agreed.

Credentials of representatives to the nineteenth session of the Council (E/2720)

19. The PRESIDENT informed the Council that he and the Vice-Presidents had examined the credentials of the representatives to the nineteenth session and had found that proper credentials had been communicated by the representatives of all members of the Council.

20. Mr. SOBOLEV (Union of Soviet Socialist Republics) said that his delegation maintained the view it had expressed at an earlier meeting that only a representative of the Central People's Government of the People's Republic of China was qualified to represent China in the Council.

21. Mr. ULLRICH (Czechoslovakia) said that his delegation had already protested against the presence in the Council of a Kuomintang representative who unlawfully occupied China's seat.

22. The PRESIDENT pointed out that he and the Vice-Presidents had fully discharged their responsibility under rule 19 of the Council's rules of procedure.

The Council took note of the report of the President and Vice-Presidents on the credentials of representatives to the nineteenth session of the Council (E/2720).

AGENDA ITEM 8

Slavery (E/2673 and Add.1 to 4, E/2679 and Add.1 to 4, E/2708, E/2718)

23. The PRESIDENT observed that a statement on slavery had been made to the Council Committee on Non-Governmental Organizations by the representative of the Anti-Slavery Society of the United Kingdom. A summary of the statement would be found in the record of the 152nd meeting of the Council NGO Committee (E/C.2/SR.152).

24. In its report the Social Committee had recommended to the Council for adoption a draft resolution (E/2718, para. 3) whereby the Council would be required to elect a committee to draft a supplementary convention for submission to the Council at its twenty-first session.

25. Mr. STIKKER (Netherlands) said that the draft resolution accurately reflected his delegation's position. The Netherlands was convinced that the International Slavery Convention of 1926 should be supplemented. Every effort should therefore be made to draft a supplementary convention for submission to the Council at its twenty-first session. In that connexion, he proposed that the committee to be entrusted with the preparation of the supplementary convention should consist of representatives of ten States currently members of the Council.

26. Mr. SOBOLEV (Union of Soviet Socialist Republics) said that the USSR had consistently favoured United Nations action to eradicate slavery throughout the world. It had, however, objected in principle to the Council's decision to appoint a special rapporteur instead of a committee to study the question of slavery. The report (E/2673 and Add.1 to 4) submitted by Mr. Engen, the Rapporteur, had merely served to confirm the Soviet delegation's earlier misgivings. Although directed by the Council to prepare a concise summary based on information from Member States and the International Labour Organisation, the Rapporteur had shown a marked lack of objectivity. While declining responsibility for the accuracy of the information he had received, he should nevertheless have omitted information from dubious sources. Instead, he had included data from Kuomintang sources in which the People's Republic of China was charged with the practice of slave labour. In view of the fact that the People's Republic of China was not represented in the Council because of United States opposition and was thus unable to defend itself against the slanderous charges included in the report, the USSR Government had requested the Secretary-General to publish extracts (E/2708) from the Constitution of the People's Republic of China concerning political and economic rights and guarantees of free creative labour for citizens of the Chinese nation. The

constitutional provisions thoroughly refuted the slanderous allegations in the Special Rapporteur's report.

27. During the five years which had elapsed since the formation of the People's Republic of China in 1949, the Chinese people had done a tremendous amount of work in reconstructing and developing its domestic economy. In accordance with the principles of the Constitution, 428 million peasants had been freed from the shackles of feudal servitude and had been given land which they could freely cultivate. For the first time in China's long history, over 300 million Chinese women had been emancipated and, like the men, had been given full political, economic and social rights. In 1954, the first universal democratic elections had been held throughout China; 97 per cent of all citizens of the Chinese People's Republic over 18 years of age, men and women alike, had taken part in those popular elections and had elected over 5 million representatives to local and central legislative organs, including about 1 million women. Those and many other facts bore witness to the tremendous democratic changes made in recent years in the People's Republic of China, changes which precluded all possibility of the existence of "slave labour".

28. He then cited the statements of Mrs. Lakshmi Pandit, President of the General Assembly at its eighth session, and of U Nu, Prime Minister of the Union of Burma, who, after visiting the People's Republic of China the previous year, had said that they had nowhere seen any signs of compulsory labour.

29. The USSR delegation felt that any discussion of the slanderous fabrications about the People's Republic of China contained in the report could only impair the authority of the United Nations.

30. The Soviet delegation agreed in general with the draft resolution proposed by the Social Committee (E/2718, para. 3), particularly with respect to the establishment of a committee to draft a supplementary convention. However, it could not support operative paragraph 1 of the draft resolution and asked for a separate vote on it. Should the paragraph be adopted, the Soviet Union would be compelled to abstain on the draft resolution as a whole.

31. Mr. TSAO (China) considered it out of order for the Soviet delegation to speak on behalf of China, a country which only his Government was qualified to represent. The Council should not be subjected to political propaganda.

32. The PRESIDENT invited the Council to elect the committee to draft the supplementary convention on slavery.

33. Mr. HOTCHKIS (United States of America) proposed that eleven States should be elected to minimize the risk of equal votes.

34. The PRESIDENT invited the Council to vote on the proposal that the committee should consist of representatives of States currently members of the Council.

The proposal was adopted unanimously.

35. The PRESIDENT put to the vote the amendment submitted by the United States of America.

The amendment was rejected by 11 votes to 6, with 1 abstention.

36. The PRESIDENT put to the vote paragraph 1 of the operative part of the draft resolution con-

tained in the report of the Social Committee (E/2718, para. 3).

The paragraph was adopted by 16 votes to 2.

37. Mr. LALL (India) said that he had voted in favour of the paragraph because it expressed the Council's appreciation of the Rapporteur's work. His vote should not be construed as approval of the raw material upon which the report was based, much of which was defective.

38. The PRESIDENT put to the vote as a whole the draft resolution contained in the report of the Social Committee (E/2718, para. 3).

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

39. The PRESIDENT invited the Council to elect ten States currently members of the Council to the committee to draft the supplementary convention on slavery.

At the invitation of the President, Mr. Rajan (India) and Mr. Solli (Norway) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	18
Invalid ballots:	0
Number of valid ballots:	18
Abstentions:	0
Number of members voting:	18
Required majority:	10

Number of votes obtained:

Australia	18
Ecuador	18
Egypt	18
France	18
Netherlands	18
Turkey	18
United Kingdom of Great Britain and Northern Ireland	17
India	16
Yugoslavia	16
Union of Soviet Socialist Republics	13
China	5

Having obtained the required majority, Australia, Ecuador, Egypt, France, India, the Netherlands, Turkey, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and Yugoslavia were elected to the committee to draft a supplementary convention on slavery.

AGENDA ITEM 26

Consideration of the provisional agenda for the twentieth session and of the opening date of the session (E/2680 and Add.1, E/L.659) (continued)

40. The PRESIDENT drew the Council's attention to his note on the provisional agenda for the twentieth session (E/L.659), particularly to the suggestion that the opening date should be advanced from 12 July 1955 to 5 July 1955 and that item 10, "Report of the Commission on the Status of Women" should be transferred to the resumed nineteenth session.

41. He invited the Council to take a decision on the proposal that the opening date of the twentieth session should be advanced to 5 July 1955.

The proposal was adopted.

42. Sir Alec RANDALL (United Kingdom) said that his delegation had not wanted to oppose the wishes of the majority, and had therefore reluctantly agreed to the prolongation of the summer session, with the understanding that such a departure from the agreed pattern would be made in 1955 only.

43. Mr. CAFIERO (Argentina) was opposed to the President's suggestion that item 10 should be transferred to the resumed nineteenth session. The report contained an important draft convention, which Governments needed ample time to consider.

44. His delegation regretted that at the current session some extremely important items, such as the industrialization of under-developed countries, had been examined too hastily.

45. Mr. PEREZ PEREZ (Venezuela), Mr. DIPP GOMEZ (Dominican Republic), Mr. ENGEN (Norway) and Mr. APUNTE (Ecuador) were also in favour of keeping item 10 on the agenda of the twentieth session.

46. Mr. HOTCHKIS (United States of America) and Sir Alec RANDALL (United Kingdom) thought that the item could be usefully considered at the resumed nineteenth session.

47. The PRESIDENT said that he had merely made a tentative suggestion; as there was opposition to it, he would withdraw it. No formal motion had been made to transfer item 10, so that the item would remain on the agenda of the twentieth session.

48. He suggested that the Working Party of the Technical Assistance Committee should be convened a day or two before the opening of the twentieth session; that the Council should authorize him, in collaboration with the two Vice-Presidents and the Secretariat, to put before the Council at the resumed nineteenth session proposals regarding the order and date of consideration of items at the twentieth session; and that, because it was necessary to wait for documentation, item 7, "Establishment of a World Food Reserve", should be postponed until the twenty-first session.

It was so agreed.

49. The PRESIDENT drew attention to the Secretary-General's note (E/2680/Add.1) concerning the communication from the Dominican Republic (E/2684) proposing that the Council should consider the admission of Spain to membership of the Economic Commission for Europe and the Economic Commission for Latin America at its twentieth session.

50. Mr. SOBOLEV (Union of Soviet Socialist Republics) said that, if a vote were taken on the Dominican proposal, his delegation would abstain. The abstention would, however, in no way prejudice the position of his delegation on the substance of the item.

51. Mr. AKANT (Turkey) warmly supported the proposal concerning the admission of Spain to membership of ECLA.

52. The PRESIDENT said that the matter did not appear to call for a vote. He suggested that the Council should accept the Secretary-General's view (E/2680/Add.1) that it would be proper for any delegation to raise the points covered in the Dominican proposal when item 2 was discussed.

It was so decided.

The provisional agenda for the twentieth session was approved.

AGENDA ITEM 5

Economic development of under-developed countries (E/2538, E/2604, and Corr.1 and 2, E/2655, E/2670, E/2689, E/2690, E/2691, E/2721) (concluded)

REPORT OF THE ECONOMIC COMMITTEE (E/2721)

53. The PRESIDENT stated that the representative of the World Federation of Trade Unions, who had been given permission to present his views on the question of productivity to the Economic Committee, had not been afforded the opportunity of doing so. He therefore suggested that the WFTU representative

should be asked to circulate a statement of those views in writing.

It was so decided.

54. The PRESIDENT put to the vote the draft resolution on industrialization and increased productivity in under-developed countries, contained in the report of the Economic Committee (E/2721, para. 4).

The draft resolution was adopted unanimously.

Adjournment of the session

55. The PRESIDENT declared the nineteenth session of the Council adjourned until 16 May 1955.

The meeting rose at 5.20 p.m.