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**President: Mr. Hernán SANTA CRUZ (Chile).**

**Present:** The representatives of the following countries:

Belgium, Canada, Chile, China, Czechoslovakia, France, India, Iran, Mexico, Pakistan, Peru, Philippines, Poland, Sweden, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay.

The representatives of the following specialized agencies:

International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Monetary Fund, International Telecommunications Union, World Health Organization.

**Report of the International Monetary Fund (E/1872 and E/1872/Add.1) (*continued*)**

[Agenda item 8]

1. The PRESIDENT invited Mr. Gutt, Chairman of the Executive Board of the International Monetary Fund, to introduce its report and to reply later to any questions put to him.

2. Mr. GUTT (International Monetary Fund) thanked the Economic and Social Council for its courtesy towards the IMF in giving its representative an opportunity of making a statement. The Executive Board of the Fund had appointed him to represent it at the session of the Economic and Social Council, as it had done at the two preceding sessions, as an indication of the importance it attached to liaison with the United Nations.

3. He did not wish to cover the same ground covered in the annual report of the Fund for the fiscal year 1949-1950 or to anticipate the report for the fiscal year 1950-1951, which had not yet been completed.

4. He was speaking for the very reason for which he had spoken the previous September at the opening of

the meeting of the Executive Board of the Fund in Paris. Although the Fund's report was dated 7 July 1950, it contained the following passage:

"Even now, the tension and uncertainty in international relations compel countries to devote to military purposes resources that are urgently needed for consumption and investment and for the restoration of better balance in international payments through an expansion of exports."

5. Since those lines had been written, military events had taken place and the tension and uncertainty of international relations had undoubtedly increased as had the military effort; those facts had had and might in future have important economic repercussions.

6. When the report had been drawn up, a far-reaching change had already taken place in the trends of international payments. The recovery and expansion of world agricultural and industrial production had enabled many countries to import from elsewhere commodities formerly imported from the United States. In some cases, assistance from the United States and other sources had contributed to that industrial and agricultural recovery. The restoration of sound budgets and credit policies had released for the export industries productive resources previously absorbed by a domestic demand expanded by inflation. Lastly, the 1949 devaluations had brought a whole series of exchange rates into line with post-war economic and monetary conditions.

7. The year 1950 had thus marked a turning-point in the economic history of recent years. For the first time since the end of the Second World War, payments to the United States by the rest of the world had become less than payments made by the United States in respect of commodities and services or in the form of capital transactions and assistance. The transfer of reserves to the United States which had proceeded without interruption from 1946 to September 1949 had been replaced by a net transfer of gold and dollars from the United States to the rest of the world. The improvement in

the payments position admittedly varied from country to country but, in general, substantial progress had been made towards a better balance in international payments.

8. The principal areas of the world had all played their part in that improvement, as a result of which the United States surplus of goods and services had been reduced from over 6 thousand million dollars in 1949 to 2 thousand million dollars in 1950. The improvement in the trading position of the countries of the Western Hemisphere in relation to the United States was mainly due to the increased value of their exports, and that of the European countries to the reduced value of their imports, while other countries had shown a similar improvement for both those reasons. The reversal was also striking in regard to non-trading international payments. Gold and dollars to the sum of 3,400 million dollars had been exported from the United States in 1950. Newly-mined gold placed in the central reserves had raised to the sum of 3,800 million dollars the increased reserves of gold and dollars, from which the rest of the world had benefited in 1950.

9. Military events and the requirements of rearmament had largely contributed to the far-reaching nature of that trend. Their influence on demand, production and prices would undoubtedly make itself felt in the future.

10. As a number of speakers had pointed out, there had been a particularly rapid and substantial rise in the price of industrial raw materials. The prices of fibres and metals in terms of dollars had fallen slightly between August and December 1949, mainly as a result of devaluations. Between December 1949 and June 1950 the business recovery in the United States had led to a slight rise. Since June 1950, however, the increase in prices, which reflected the increased demand for raw materials for manufacturing and stock-piling, had been considerable.

11. That increase had strongly affected the position of the countries exporting raw materials. Those of them which had devalued their currencies expected that operation to have an immediately favourable effect on their balance of payments, by automatically reducing their imports from countries which had not devalued and by improving their exchange relations with industrial countries, which had devalued. The future improvement of their balance of payments was to have been secured by an increase in exports. But the sharp rise in the prices of raw materials and food-stuffs had in fact already improved the balance of payments of all producing countries, whether they had devalued their currencies or not. There was an indirect as well as a direct advantage. The increased dollar income of those countries had permitted the partial restoration of the three-cornered trade of the pre-war period, in which Europe had met a substantial part of its requirements in dollars.

12. But the picture had its darker side, even for the countries producing raw materials. An increased revenue due to high prices provided a less stable basis for their economy than an increased revenue due to a genuine expansion of production and exports. The

high prices of raw materials and food-stuffs were also compelling non-producing countries to increase their exports in order to balance their payments.

13. For the majority of European countries, the payments problem had been eased, but not solved. They were still dependent on United States aid. They imposed restrictions on dollar payments and discriminations against them. Many European countries still had abnormally large deficits on their balance of payments, not only in dollars but in other currencies and they were forced to adopt a firm monetary policy. Their aim should be to balance their international payments through their own resources to the extent that those resources were not required for defence needs, while gradually removing restrictions and discriminations.

14. Where the under-developed countries were concerned, the high price of their exports might certainly help them, but their production and savings capacity was limited, and they were not in a position to meet from their own resources the cost of the development which was essential to them. If, in the absence of a flow of capital from abroad, they yielded to the tendency to finance that development by domestic loans, the consequence would inevitably be inflationary pressure. The flow of capital would, moreover, only be encouraged by a sound fiscal and credit policy.

15. In short, a problem existed which could only be solved by international action to provide the necessary capital, combined with a domestic policy designed to secure and maintain economic stability. It made no difference, therefore, whether one considered under-developed countries, countries producing raw materials or industrial countries in either hemisphere—in all cases a campaign against inflation was involved.

16. The countries which had had recourse to devaluation in 1950 had been remarkably successful in preventing it from degenerating into a steep rise in domestic prices. There had been admittedly an increase in import prices, which had had its effect on the cost of living and on the gross prices for national products. In general, however, the movement had been kept in check, thanks to the improved economic and financial position of the majority of the countries involved. While industrial and agricultural production continued to expand, investments and budgetary deficits were decreasing.

17. Today, the appearance of new inflationary forces called for a still firmer monetary policy. In addition to the rise in prices, there had been in many countries a heavy increase in expenditure on national defence, and no one knew how long that situation would last.

18. The future would largely depend on the manner in which those inflationary forces, added to the remains of previous inflations, would be opposed. If the necessary measures were adopted in good time, the problem of payments would be solved in an orderly manner; if not, the disequilibrium in international payments would again prevail, with its attendant chaos and misery.

19. The very factors which had recently contributed to an improvement in the financial position of many members of the Fund would, unless care was taken, turn

against those countries and cause them irreparable damage in future.

20. He asked permission to quote the statements he had made on that point in Paris in September 1950; they were of interest not only on account of the vital importance of the subject, but on account of the fact that what had then appeared a probability had since become a certainty.

21. He had stressed the fact that though inflation might be disguised for a time by restrictions on imports and exchange control, it would always end by destroying that artificial façade, and the longer it had been opposed, the more damage it would do. He had said, in particular, to the Governors of the Fund that the aim that should be followed and the main interest that should be safeguarded — and, he had said, it is for them to take the necessary initiative in providing that safeguard — was that of stabilizing and maintaining the purchasing power of currencies, including the United States dollar. Could inflation be completely avoided? Could all forms of control be avoided? The reply was simple. The sounder and more courageous the policy adopted from the start, the more easily could inflation and controls be avoided. Increased taxation, a restriction of investment and credit to essential purposes, a curtailment of public and private expenditure under a rigid programme of urgency and necessity — that was a hard programme. But what was the alternative? An inflation which would destroy all the progress achieved with so much effort, during a period of four years, towards economic recovery and the convertibility of currencies.

22. It might well be said that such wise counsel was sound but academic, and would not be needed in the thick of the battle. The main objective was to win the war. That might have been true a hundred or even fifty years ago. Then, the only objective was to win the war. Today, to win the war alone meant defeat; the battle of the post-war period must also be won. There was always a long, painful post-war period, fraught with economic and social danger.

23. To avoid misunderstanding, he wished to make it clear that he had used the terms "war" and "post-war" solely to illustrate his main idea, without considering whether they were applicable to the present situation and to the effort specifically directed towards preventing war. A situation existed which gave rise to substantial requirements of armaments and thereby released forces of inflation, which must be successfully combatted.

24. It was difficult to prevent inflation from arising, but it was infinitely more difficult to remove it, once it had arisen. That was why he had sounded a first alarm in Paris, which he wished to repeat on the present occasion.

25. In such a situation, the Fund must rise to the occasion and acquit itself of its responsibilities. More than ever before, it must be the guide and support of its members, who were seeking to achieve a normal monetary situation, despite conditions which were sometimes adverse.

26. When the United States trading surplus with the rest of the world had exceeded 6 thousand million

dollars a year, the rest of the world had had concrete justification for applying restrictions on imports from the dollar zone. Though unsatisfactory as a solution to the imports problem, such measures might be dictated by necessity. Once the balance of payments position had improved and price relations had been adjusted, the maintenance of unnecessary restrictions would be contrary to the interest of international trade.

27. The return to normal could only be gradual. The Fund did not wish to reduce the reserves of a country to a dangerously low level as a result of a too rapid or too complete abolition of restrictions. But it would encourage and assist, where necessary, any country which, side by side with an improvement in its balance of payments, followed a policy designed both to strengthen its reserves and reduce restrictions.

28. It would also co-operate with those of its members who wished to combat inflation to achieve the objectives laid down in the Charter. The struggle might be hard and it was in moments of difficulty that a friend's help was required. The members of the Fund faced a situation which called for energetic action. Their task was, however, less difficult at the present time than it would be later, if they proved unequal to it. To avoid inflation was to avoid the return, in a more acute form, of the payment difficulties from which the majority of countries had suffered after the Second World War; it was to avoid the inequitable distribution of income, with its attendant misery and social disorder. If the Fund helped its members to achieve that objective to the best of its ability, it could rest assured that it had fulfilled its task.

29. The PRESIDENT thanked the Chairman of the Executive Board of the Fund for his statement.

30. Mr. FREI (Chile) asked the President whether it would be possible to put questions to Mr. Gutt at the next meeting. Before putting his questions, he would like to study the written text of the speech just delivered.

31. The PRESIDENT replied to the Chilean representative in the affirmative.

**World economic situation (E/1907, E/1910, E/1910/Add.1 and 2, E/1912, E/1912/Add.1 to 3 and E/C.2/280) (continued)**

[Agenda item 3]

32. Mr. MASOIN (Belgium) congratulated the Secretary-General on his *World Economic Report 1949-1950* which he thought an excellent and thoroughly objective document. The report came at a turning-point in the development of the world situation, when rearmament was affecting not only the countries that were members of the North Atlantic Treaty, but also, by repercussion, the neutral countries and the planned economies of Eastern Europe, as might be deduced — in the absence of statistical information on several of those countries — from the disparity between the rate of development of the capital goods industry and that of consumer goods.

33. He wished to describe the situation of his country, a typical example of the small countries of Europe. Situated between great Powers, those countries had had

to undergo two wars and two occupations. Confident of peace after the war, they had almost completely disarmed.

34. Faced with new threats, they had for some time been experiencing a real feeling of terror, which was adversely affecting their economic activities and, in particular, paralyzing savings. That consequence, which affected the very economic life of the countries of the West, might well be one of the main objectives of the cold war.

35. Belgium had therefore been forced to join with other countries to ensure its security by means of rearmament; it was an essential condition of attaining the purposes of economic stability, social progress and freedom laid down in the Charter. It was necessary to ensure external security, though it was always to be hoped that one day real peace and disarmament would again become possible.

36. In the next few years, rearmament would absorb between 10 and 15 per cent of the national income of the countries signatory to the North Atlantic Treaty, or between 5 and 10 per cent more of it than at present. At first sight, those figures did not seem to explain the transformation of the world economy that had taken place in the past six months, but account should be taken of the fact that that increase in unproductive expenditure might well more than absorb the annual increase in production, which, on the average, amounted to only 4 per cent. Since it was dangerous to stop investments, consumption as a whole might have to be reduced, either directly or indirectly, owing to difficulties of supply. The problem of inflation would inevitably arise, not necessarily monetary inflation, but economic inflation, the inevitable concomitant of non-consumable production for armaments. It was necessary to ward off the dangers that might result and maintain the standard of living, particularly of the working classes and in the under-developed countries which must be able to continue their economic development. Thus, Belgium would continue to devote large sums to the development of its African territories.

37. He explained his Government's policy towards current problems. Above all, Belgium attached importance to increasing its production, not only of strategically important goods but also of consumer goods, so as to cover by an increase in production, and therefore in national income, the increase in expenditure on armaments.

38. Belgium had an unused margin of productive capacity of about 8 per cent, and had 176,000 unemployed. It was endeavouring to provide training facilities with a view to putting that man-power and equipment to work, and was planning to raise productivity by 6 per cent in two years. It hoped that by that means an increase of 8 per cent in total production would be achieved in two years, an increase which being greater than that provided for expenditure on armaments, should make it possible at least to stabilize the level of civilian consumption.

39. With regard to civilian consumption, the Belgian Government was in no way attempting to reduce the

standard of living, as was shown by the recent introduction of a wage scale adaptable to the index of prices, by the stabilization of agricultural prices at the production stage and the maintenance of expenditure on social services, which amounted to 25 per cent of the total volume of wages. The policy with regard to expenditure on consumer goods was not to reduce the total but to direct it along proper channels by encouraging the production of mass consumption goods as against luxury articles.

40. The proportion of investments, amounting to 15 per cent of the national income, would be maintained. The budgetary policy was to secure, not merely an equilibrium, but a super-equilibrium by increasing taxes and, in particular, by raising the rate of taxation applicable to company profits and introducing a surtax on exceptional profits due to the crisis.

41. With regard to monetary policy, Belgium was complying with the directions of the International Monetary Fund: maintenance of internal stability by restrictions on credit, increases in the rate of discount, increases in bankers' coverage rates, the control of credit by the National Bank and the maintenance of stability in international relations by freedom of trade. Belgium expected to maintain its exports, particularly to the under-developed countries, from which it hoped to import raw materials in return.

42. With regard to policy on prices, a country like Belgium, which imported a third of its consumer goods and exported 40 per cent of its production, could not maintain a balance of prices independently of the international market. However, it had taken a number of steps in certain sectors to secure stability in that respect. For example, it had prohibited any increase in profit margins. It had also introduced a system to control the distribution of certain scarce raw materials.

43. He stressed the importance which his country attached to international co-operation and enumerated the efforts it had undertaken in that connexion: the establishment of Benelux, the Belgian contribution to assistance under the Marshall Plan, collaboration in the Schuman Plan, participation in the Council of Europe at Strasbourg, in the North Atlantic Treaty, in the new organization set up to deal with raw materials, and of course in all the organs of the United Nations. Although it was doubtless impossible to achieve equality of sacrifice among all States, Belgium urged other countries to make their contribution to the struggle against inflation.

44. Referring to the three purposes expressed in Article 55 of the Charter, he remarked that so far as economic stability was concerned, the problem today was to combat inflation, which was an evil just as dangerous as the deflation that had been feared at the tenth session. There was a danger that social progress might be hindered by rearmament unless a gigantic effort were made to obtain an increase in production.

45. Finally, it would appear necessary to adopt as a motto: Security in a free world which must earn its freedom by an effort to achieve progress and by a freely accepted discipline of stability.

46. Mr. CABADA (Peru) recalled that the document submitted a year previously by the Secretary-General,



*Major Economic Changes in 1949*, had been an encouraging surprise to his delegation. That document had announced a return to a normal situation. Although general recovery might have had certain disadvantages for countries like Peru which were producers of raw materials, it was impossible not to be glad of it. The return to a peace economy would undoubtedly give rise to grave new problems, such as unemployment, and reduced revenue from exports but it was always possible to attempt to resolve such problems and establish equitable economic relations between the various groups in a country; particularly through the Economic and Social Council.

47. The current situation was quite different. The *World Economic Report 1949-1950* submitted by the Secretary-General noted that the problems to be faced were those of inflation and shortage of goods, the consequences of the war economy which had just been entered upon.

48. He would like first to congratulate the Secretariat on the two documents it had just issued: the *World Economic Report 1949-1950* and the *Review of International Commodity Problems 1950*. He was gratified to find that they made numerous references to problems affecting Latin America.

49. It appeared from the former document, however, that production in a number of Latin American countries not only had not increased but had decreased, and that, furthermore, the area was suffering from a lack of capital, particularly if the small resources available were compared with the abundance of natural wealth. An increase in trade between that area and Europe had been enough to exhaust the accumulated reserves of currencies such as the pound sterling and to give the latter the status of a scarce currency like the dollar.

50. That fact showed that exports from those countries were scarcely sufficient to pay for any necessary imports of manufactured goods and equipment required to ensure their economic development, even at a very slow rate. Foreign trade, therefore did not enable those countries to accumulate reserves, and there did not seem to be any accumulation of domestic savings, either. It thus followed that not only were the area's own resources insufficient to ensure its economic development, but that it was not even in a position to satisfy its growing requirements of imported foodstuffs and equipment.

51. The fragility of the economic structure in those countries explained why they were not particularly happy about the possibility, at the present time, of obtaining an exceptional increase in the selling price of their products. They were afraid, and with good reason, that that addition to their income would soon be exhausted, as had been the case after the Second World War. They also wondered whether, in organizing an internationally controlled economy, the control of prices should be total. It should extend not only to raw materials, but also to equipment and other goods imported by the under-developed countries.

52. Although the report stated that Latin America had absorbed the major part of investments originating in the United States, he quoted figures which demonstrated the relative smallness of those investments as compared

with the amounts spent on the reconstruction of Western Europe under the Marshall Plan. Moreover, those investments had not as a rule been made in the sectors most useful for the economic development of the Latin-American countries.

53. Since the end of the war and the establishment of the United Nations, there had been evidence of an altruistic spirit of international co-operation, and the need to satisfy the requirements of the under-developed countries had been recognized. The task had not yet, however, been tackled on a scale comparable to that of the efforts accomplished on behalf of Western Europe.

54. Lastly, now that the reconstruction of Western Europe had been achieved, the most important problem was the shortage of raw materials. The production of raw materials could be increased only in the under-developed countries. It was therefore essential to assist the latter to increase their production. That would help not only to satisfy the temporary needs of the world but also to improve the living conditions of a large part of the population of the world.

#### **United Nations Programme of Technical Assistance (E/1893 and E/L.149) (continued)**

[Agenda item 4]

55. Mr. LUBIN (United States of America) congratulated Mr. Keenleyside on his frank analysis of the achievements and shortcomings of the technical assistance programme. His statement was one of the frankest statements he had ever heard at the Council or in the Economic, Employment and Development Commission. As regards the Secretary-General's report on the United Nations Programme of Technical Assistance (E/1893) he said that the Secretariat was to be commended for an excellent job of factual presentation, particularly on the fellowship programme. However, he noted that little effort had been made to assess the results achieved which would enable the Council to make such an evaluation. The Secretariat seemed to be aware of that defect of the report, at any rate so far as the section relating to the fellowship programme provided for in resolution 200 (III) of the General Assembly was concerned, and it promised to give information on that subject in later reports. Since the organization had been in operation for two years helping to disseminate knowledge and techniques, and much experience had been thus acquired, the United States delegation thought the Council should now begin to form an idea of the results obtained in that field.

56. He had thought it appropriate to raise that problem because he considered that the body responsible for giving overall direction was entitled to ask how far aid had been given as a result of the programme to countries which otherwise would not have received any. The Council was also entitled to know to what extent the recipient countries had been able to take action along the lines of the advice supplied to them under that programme, and also to what extent the advice provided by missions could have been made effective only by the use of additional resources. The Council must never lose sight of the fact that the resources available for technical assistance were not unlimited; thus, if the programme was to be effective, efforts should be directed

along lines which experience had shown to be most suitable.

57. Experience had already made it possible to move ahead with the appointment of representatives of the Secretary-General dealing with technical assistance in countries where the problem of co-ordination arose. The United States delegation was glad of that development which was likely to lead to greater efficiency of operation. As for the decision to appoint technical assistance representatives to the regional economic commissions, the United States delegation had often urged that those commissions might usefully support the technical assistance programmes by assisting the United Nations Secretariat. His Government would watch that experiment with hope and interest.

58. It appeared, furthermore, that the intention was to make the Secretary-General's resident technical assistance representatives responsible to the Technical Assistance Board as a whole rather than to the Technical Assistance Administration only. That would be a wise measure. Those representatives would probably be dealing with the whole field of technical assistance, and consequently all the countries participating in the programmes ought to be able to draw on their services and take part in their selection. In some cases it might be possible to combine the functions of both a regional and a resident representative in the same person.

59. An important part of the report dealt with technical assistance in public administration, and the United States delegation was particularly glad of the plans prepared in that field, especially since it had always attached importance to that aspect of the matter.

60. With regard to the advisory welfare services he thought that before reaching any conclusions on that programme, the Council should await the comments of the Social Commission on the more detailed report which it would have at its disposal.

61. The period covered by the report had been one of much creative and useful work. It had witnessed the establishment in the Secretariat of the Technical Assistance Administration responsible for helping to improve economic and social conditions of life throughout the world. The situation described in the report augured well for the success of the technical assistance programme. In conclusion, he said that he would support the joint draft resolution submitted by India, Mexico and the United Kingdom (E/L.149).

62. Mr. INGLES (Philippines) associated himself with the representatives who had already congratulated the Director-General of the Technical Assistance Administration. The results of the work already done in connexion with technical assistance were satisfactory, particularly if account were taken of the fact that the service had been operating only for a relatively short time. He was glad to note that the TAA had been able to take action on the recommendations of the General Assembly. The achievements to its credit were an outstanding event in the life of the United Nations.

63. In the under-developed countries the Technical Assistance Programme was a concrete and tangible

reality because it represented an attempt to deal at their source with problems which were a cause of the economic inequality, if not injustice, that was responsible for the poverty in which millions of human beings throughout the world were living.

64. The Philippine delegation hoped the Council would listen indulgently to the rather critical remarks he was about to make. His delegation's attitude, however, was based solely on a desire for constructive collaboration.

65. In connexion with the Secretary-General's report on the United Nations Technical Assistance Programme (E/1893), he recalled that his delegation had already expressed, in the Technical Assistance Committee, its regret at the lack of correlation between the reports relating respectively to the regular programme and the Expanded Programme of Technical Assistance. Certain countries receiving technical assistance were mentioned in both documents, so that it was difficult, in their case, to decide under which programme they were receiving aid from the Organization. The Philippine delegation was quite aware that under the recommendations of the General Assembly requests which could not be financed from funds provided by the regular budget would be eligible for financing from the special account. It would nevertheless be useful to secure a better correlation between the reports on the two programmes.

66. Taking up that part of the report concerned with the technical assistance staff, he shared the Director-General's concern as regards the international character of the staff. Inasmuch as the whole value of the Technical Assistance Programme derived from the fact that it was applied to under-developed countries, care should be taken that persons from those countries should actually participate in the programme's administration, both at technical assistance headquarters and in the recipient countries.

67. The report showed that the sixty experts already recruited represented only twenty-two nationalities of States Members of the United Nations. He agreed with the Director-General that it would be quite possible to employ experts from other countries. Even under-developed countries had experts in some field or another; sometimes they were under-developed not precisely because they lacked experts but because they lacked capital; it might happen that their experts were as well, if not better, qualified than those of other countries, even in fields where a lack of resources precluded outstanding results. Care should likewise be taken to maintain an equitable geographical distribution among the permanent staff of the Technical Assistance Administration.

68. He did not wish to make a formal proposal to that effect, either as an amendment to the joint draft resolution of India, Mexico and the United Kingdom, or as a separate draft resolution. For the present, he would be content if the views of his delegation in this regard were put on record. In any event, he did not doubt that the Secretary-General with his characteristic fairness, would be able to find a satisfactory solution of the problem.

69. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) recalled that his delegation had already sug-

gested that the Council should take up agenda items 4, 5 and 6 simultaneously in order to facilitate and expedite the discussion. He wished, moreover, to reserve the right to speak later on the substance of the problem of technical assistance.

70. With respect to the joint draft resolution of India, Mexico and the United Kingdom, he feared that the Council was not at that time in a position to proceed with a detailed examination of the points contained in the report. For that reason, he suggested that the Council should postpone any decision on those proposals until its next session, and should confine itself for the time being to approving the first paragraph of the draft resolution, which took note of the report of the Secretary-General. He pointed out that the programme envisaged for technical training did not correspond to the terms of Council resolution 222 A (IX) and singled out for special criticism the statement in annex II of the report concerning combined resource development of an area or region. He accordingly suggested that the authors of the joint draft resolution should delete the second paragraph of their text. The Council could either consider the programme at its next session, or consider setting up a committee for the purpose of studying the matter and subsequently reporting upon it.

71. Mr. QURESHI (Pakistan) associated himself with the United States and other delegations which had complimented the Director-General of the Technical Assistance Administration for his frank, candid and discerning statement. Pakistan was well aware of the difficulties encountered by that Administration in furnishing technical assistance, difficulties which were all the more serious because requests for assistance were numerous and urgent, while resources were limited. The Pakistan delegation also fully understood that not all requests could be complied with to the extent anticipated. Nevertheless, in certain cases, the assistance furnished could be greater. That assistance was granted in accordance with certain conditions which had to be complied with by the requesting countries and in proportion to the resources available for the purpose. He nevertheless thought that countries which had a balanced budget, a relatively healthy economy and an efficient administration should enjoy a certain priority. Pakistan appeared to meet those qualifications, but he could only state that his country, which to be sure had only been in existence for three and a half years, had received no more than meagre assistance, although it had inherited a good system of administration from the United Kingdom, had a stable political situation and knew exactly what it needed in the way of technical assistance, which was not the case with all countries making requests. He could guarantee that everything his country might receive by way of technical assistance from the United Nations would be used to the best advantage.

72. The Pakistan delegation was happy to support the joint draft resolution of India, Mexico and the United Kingdom. It appreciated the value of the assistance furnished by the United Nations and hoped that the volume and extent of such assistance would be determined and increased as circumstances required.

73. Mr. DE SEYNES (France) said that he would have refrained from prolonging the debate in order not to disregard the President's wishes if he had not feared that his silence might be interpreted as a sign of indifference towards the Technical Assistance Programme and the brilliant statement of the Director-General of the Technical Assistance Administration. The French delegation would be very pleased if there was a long debate on resolution 200 (III) of the General Assembly at Santiago, in view of the very active part which the President of the Council had taken in the preparation and adoption of that resolution. He would, however, confine his remarks to a few brief observations.

74. In the first place, it seemed that it had become almost impossible to distinguish the ordinary programme from the Expanded Programme of Technical Assistance for economic development. That remark should by no means be interpreted as a criticism. It was rather an encouragement to go even further, for nothing but good could result from the amalgamation of the two programmes.

75. In the second place, the Director-General of the Technical Assistance Administration had appeared in the role of critic as well as defender when he had presented the Secretary-General's report (E/1893). The objective attitude was encouraging evidence of the sense of responsibility with which the Technical Assistance Administration intended to fulfil its task.

76. The French Government considered that there was ample reason to be satisfied, in principle, with the way in which the Secretariat was carrying out its functions with regard to the Technical Assistance Programme. Nevertheless, it was advisable to make the reservations which had already been mentioned by the Director-General. In particular, the Technical Assistance Administration had followed an excellent system of collaboration with governments. In that connexion it would be desirable if certain specialized agencies were to emulate that example.

77. As regards the advisory social welfare services, the Director-General had pointed out that during 1950 the operation of the programme had revealed certain omissions. They were obvious but they could easily be explained by the fact that the reorganization of the Secretariat services dealing with the question had no doubt slowed down and obstructed operations.

78. In the French delegation's opinion, the best way of effectively carrying out the advisory social welfare services was to grant fellowships rather than to organize conferences and seminars on a large scale. The latter should in any event be prepared very carefully and with the co-operation of the States concerned. With regard to those conferences, the French delegation deplored the fact that the United States of Indonesia had not been invited to the Conference on Physically Handicapped Children held at Jamshedpur, India, in December 1950.

79. As regards technical assistance for economic development in accordance with General Assembly resolution 200 (III), the French delegation had no comment to make at that stage of the Council's work. It would merely express its satisfaction at the establishment of

regional centres for the training of technicians. In that connexion, note should be taken of the meetings of the Asian Centre on Agricultural and Allied Projects and of the organization of the Inter-American Seminar for Biostatistics.

80. With regard to technical assistance in public administration, the French delegation wished to make certain comments similar to those of the United Kingdom and of the United States representatives. The French Government felt that it had not derived much benefit from the seminar on public personnel management which had been held from 30 October 1950 to 30 January 1951. If the other participants in that seminar had received the same impression, it would probably be wise not to repeat the experiment.

81. Mr. TSAO (China) congratulated the Technical Assistance Administration and particularly its Director-General on their report on the programme of technical assistance (E/1893). He had been favourably impressed by the fact that the principle of geographical distribution had been observed as closely as possible in the recruitment of experts and staff for the Technical Assistance Administration. Expert knowledge should be drawn on as widely as possible, and qualified experts in any given field could certainly be found in all parts of the world.

82. As far as the question of seminars was concerned, he thought, like the United Kingdom representative, that they should only be organized at the request of governments.

83. As the representative of the United States had pointed out, co-operation between the regional economic commissions and the Technical Assistance Administration should be encouraged, as the regional economic commissions were thoroughly acquainted with the special needs of States in their regions. He recalled that that question had already been raised, but that no decision had been taken with respect to it.

84. As the Secretary-General's report showed, China had not made any request for technical assistance in 1950. Everyone was aware of the difficulties China had had to face during the past two years. The Chinese Government had submitted a request for technical assistance at the beginning of 1951; he hoped that the Technical Assistance Board would give that request particularly favourable consideration.

85. The Chinese delegation would vote in favour of the draft resolution submitted by India, Mexico and the United Kingdom (E/L.149). It felt that the Council should adopt that proposal, if only to encourage the Technical Assistance Administration to continue its work in the same admirable manner in which it had begun.

86. Mr. KEENLEYSIDE (Director-General of the Technical Assistance Administration) greatly appreciated the constructive spirit of the comments and criticisms on the Secretary-General's report. The opinions expressed by the various members of the Economic and Social Council would help the Technical Assistance Administration to improve its work in the

future. He only wished to clarify some points raised in the course of preceding speeches.

87. He thought the USSR representative's suggestion was probably due to a mistaken interpretation of the expression "Combined resource development of an area or region", which appeared in annex II of the report, under "Economic development". In that expression, the word region meant part of one country and not a group of countries having similar characteristics. In that connexion, it should be pointed out that the Technical Assistance Administration was closely adhering to its instructions to help States which submitted requests.

88. With regard to the seminars organized in 1950, in particular the seminar on public personnel administration, he wished to say that the criticisms made by some members of the Council were very moderate in comparison with those made by the Technical Assistance Administration itself. It should, however, be pointed out, in defence of the Technical Assistance Administration, that it had been obliged to overcome certain difficulties, due to physical or other causes, in the organization of that seminar; moreover, participating governments had interpreted differently the level of the work proposed; some had sent very competent and experienced representatives, whereas others had sent very young ones, who might be considered as students of the subject; it had therefore been hardly possible to arrange for exchanges of views at a single level. The Technical Assistance Administration had decided that there should be no further misunderstandings of that kind.

89. The representatives of the United States and of Chile had pointed out that it would be advisable to evaluate and analyse the results obtained in the States receiving technical assistance. He pointed out that his administration was attempting to do so: for that purpose, a small group of specially qualified officials had been established, with the primary purpose of analysing the measures taken by governments as a result of activities in connexion with technical assistance, and on occasion making the necessary criticisms.

90. Moreover, the Technical Assistance Administration had decided to appoint representatives for the regions in which the regional economic commissions were carrying out their work: those representatives would be under the administration but would be detached for service with the regional economic commissions. They would spend about one-third of their time at Headquarters, in order to keep in touch with any changes in the policy of the administration, and to give an account of the experience gained in the regions to which they were appointed.

91. In addition, permanent representatives would be sent to some countries, such as, for example, Pakistan, which had grounds for complaining of the scanty technical assistance it had so far received. The representative in Pakistan would have as one of his tasks the completion of arrangements with the Pakistan Government for supplementary United Nations assistance to that country. He had already spoken in the



Technical Assistance Committee of the inadequate assistance given to the Philippine Government, a matter about which the Philippine representative had been very magnanimous in his speech.

92. With regard to technical assistance in public administration, he did not think it necessary to repeat the statement he had made to the Technical Assistance Committee. He would merely say therefore that the programme for 1951 would be four times greater than that for 1950.

93. Mr. LABBE (Chile) thought it would be advisable for all Member States without exception to be kept in touch with the work done under the head of technical assistance so that all countries might benefit as much as possible from that undertaking of the United Nations. He would therefore be glad to know whether the Council would be prepared to support a proposal to the following effect:

*"The Economic and Social Council,*

*"Decides to recommend that the Secretary-General should place at the disposal of Member States, for whatever use they may think fit, appropriate reports concerning:*

*"(1) Recommendations arising from studies on the problems of economic or any other problems arising in connexion with technical assistance development;*

*"(2) The practical results of the application of those recommendations in each country."*

94. Mr. DE SEYNES (France) said he supported the Chilean representative's proposal in principle but doubted the advisability of expressing the Council's wishes in a formal resolution. The Chilean representa-

tive's proposal would appear in the summary record of the meeting, and the Secretary-General would therefore be informed of the suggestion made.

95. Sir Ramaswami MUDALIAR (India) supported the French representative's view. He thought it unnecessary to take a decision on the Chilean representative's proposal, and furthermore, the report of the Technical Assistance Committee, which would be considered by the Council when it reached item 5 of the agenda, contained a similar proposal.

96. Mr. LABBE (Chile) accepted the opinion of the representatives of France and India and did not insist on his proposal being put to the vote.

97. Mr. CHERNYSHEV (Union of Soviet Socialist Republics) ask that the joint draft resolution submitted by India, Mexico and the United Kingdom (E/L.149) should not be put to the vote immediately. He would prefer that items 5 and 6 on the agenda should be considered before a vote was taken on that text.

98. Mr. KUNOSI (Czechoslovakia) supported the USSR representative's request.

*The Council decided not to take an immediate decision on the joint draft resolution of India, Mexico and the United Kingdom (E/L.149).*

99. Mr. DE SEYNES (France) asked whether a formal decision had been taken to discuss items 5, 6 and 7 of the agenda jointly.

100. The PRESIDENT replied that such a decision had not yet been taken but if there were no objections, he would consider it agreed that items 5, 6 and 7 of the agenda would be discussed jointly.

*It was so agreed.*

The meeting rose at 6 p.m.