



## CONTENTS

	Page
Economic development of under-developed countries: integrated economic development (E/2384, E/L.500, E/L.502 and E/L.503) (concluded).....	161
World economic situation (E/L.497 and E/L.499) (continued) .....	164

**President:** Mr. Raymond SCHEYVEN (Belgium).

*Present:*

The representatives of the following countries: Argentina, Australia, Belgium, China, Cuba, Egypt, France, India, Philippines, Poland, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Venezuela, Yugoslavia.

Observers from the following countries: Brazil, Chile.

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 Bank for Reconstruction and Development, World Health Organization.

**Economic development of under-developed countries: integrated economic development (E/2384, E/L.500, E/L.502 and E/L.503) (concluded)**

[Agenda item 4]

1. Mr. JUNG (India) explained that in revising their original text and proposing the amendment contained in document E/L.503, the sponsors of the joint draft resolution (E/L.500) had acted in a true spirit of compromise and had endeavoured to take into account all the criticisms and suggestions made during the discussion.

2. The Indian delegation had been surprised, however, to note that a number of representatives questioned the utility of the proposed studies or expressed reservations concerning the desirability of industrialization. General Assembly resolution 521 (VI) and Economic and Social Council resolution 416 F (XIV) were nevertheless quite explicit on the subject and there appeared to be no justification for re-opening discussion on the substance of the question. The Council was at present concerned only with putting those earlier decisions into effect.

3. The sponsors of the joint draft resolution were prepared to discuss any proposal concerning the methods to be used. In view of the complexity and the many individual aspects of the problem, they thought it would be well to consult experts. The proposed new wording gave the Secretary-General greater discretion than had the original text: under the revised draft resolution, the Secretary-General could if necessary consult one or more experts or, as the

Australian representative had suggested, (696th meeting), an existing committee or group of experts. It would be left to him to select the appropriate method in each case and, if additional expenditure appeared necessary, to deal with the matter in the usual way.

4. The diffidence displayed by several delegations was probably prompted by concern over the financial implications of the proposal. That attitude seemed over-cautious, since the expenditure involved was very small considering the importance of the task. The Secretary-General would do the best he could in the circumstances and would bear in mind the need to avoid unnecessary expenditure.

5. The sponsors of the joint draft resolution had added three new paragraphs, paragraphs 4, 5 and 6, to the operative part; the first two were in line with a suggestion made by the French delegation and the third met the misgivings expressed by a number of representatives with regard to development corporations.

6. The Indian delegation wished also to point out that it intended the words "rapid industrialization" to be given a broad definition: the proposed practical programmes should deal not only with large-scale and middle-scale industry, but also with small-scale and cottage industry.

7. Mr. STIBRAVY (United States of America) agreed that the studies with regard to integrated economic development must be continued. The important thing was to select the methods which would give the best possible results.

8. The United States delegation approved of paragraphs 4, 5 and 6 of the operative part of the draft resolution (E/L.503), since the recommendations they contained were explicit and related to particular aspects of the problem. Paragraphs 2 and 3, however, still seemed too vague. They merely re-stated the earlier general requests for studies by the Secretariat and added nothing new or positive. They might lead to disappointments similar to those caused by the first working paper prepared by the Secretary-General under resolution 416 F (XIV). It would be better, therefore, to replace the two paragraphs in question by the single paragraph given in the amendment submitted jointly by France and the United States (E/L.502).

9. Mr. STANOVNIK (Yugoslavia) challenged the United States representative's assertion that paragraphs 2 and 3 of the operative part of the revised draft resolution added nothing new. In actual fact, they dealt with a new aspect of the problem by emphasizing industrialization as a special factor in integrated economic development. Moreover, the explicit request to the Secretary-General to take into account the discussions at the fifteenth session of the Council was equivalent to telling him that the studies devoted to other specific problems were not sufficient and that after dealing with the transition from subsistence to

exchange he should take up a new and important problem, the problem of industrialization.

10. The revised text of the draft resolution took into account the French delegation's excellent suggestion concerning the earlier studies made on the question. What was asked for was a study of unquestionable importance for the future of the under-developed countries and his delegation hoped that the Council would be able to reach agreement and adopt the proposed resolution.

11. Mr. ARMENGAUD (France) wished to clarify his delegation's position. As he had already said, it was unlikely that new studies of a general nature would improve the substance of the Secretary-General's working paper. The amendment jointly submitted by France and the United States was designed to limit the task for the more effective use of the available means. It provided, moreover, for active participation by the subsidiary bodies of the United Nations and by the specialized agencies, which had already collected some useful information. The sponsors of the joint draft resolution had accepted the French suggestion of a bibliography of existing books and documents. Although there was no objection to paragraphs 4 and 5 of the operative part of the revised draft resolution, or to paragraph 6, paragraphs 2 and 3 seemed to be less satisfactory. The purpose of the United States and French amendment was to avoid an unnecessary repetition of studies and to concentrate all the efforts of the United Nations on achieving concrete results in the economic development of under-developed countries.

12. Mr. MORALES (Argentina) pointed out that the sponsors of the joint draft resolution had agreed to amend it so as to meet the criticisms made by members of the Council. Some of the objections raised during the discussion seemed likely, however, to throw the whole question open again. He would reply to those objections before dealing with the new draft resolution. He would like to point out, however, that the changes made in the original text were extensive and that the term "amendment" seemed inadequate: the document really constituted a revised version of the draft resolution.

13. It had been said that the United Nations should not concern itself with rapid industrialization programmes and that such a policy could not be imposed on governments. The intention of the sponsors of the draft resolution appeared to have been misunderstood: they had never meant to maintain that the United Nations should dictate to States what action they should take in the matter and should decide the lines on which economic development should proceed in the territories concerned. The action proposed was, on a more general plane, precisely what the specialized agencies were doing in their respective spheres. No one would think of accusing FAO, for example, of being excessively dictatorial and of interfering in the domestic affairs of States.

14. The problems at issue concerned the international community and world economic equilibrium depended on how they were solved; moreover, the effect of the general economic situation on the development of the under-developed countries was well known. It seemed proper, therefore, to study those problems at the international level, since it would certainly be to the benefit of the States concerned to receive the

co-operation of the other countries. The proposed studies appeared justified and useful.

15. The Egyptian representative had emphasized (696th meeting) the complexity of the problem of development, with its many different aspects. While that was perhaps a difficulty, it was not an insurmountable obstacle nor was it any reason for discouragement. Each aspect could be dealt with systematically in turn and the United Nations had the necessary experience for that task.

16. He agreed with the Australian representative that the conditions peculiar to each country should be taken into account. Disregard for the economic interests of a given territory had in the past led to paradoxical and dangerous situations. The international community must see to it that such cases did not recur. Co-operation was essential; it was the duty of the industrialized countries to help the others to develop, even at the cost of small sacrifices which would be more than offset by the general economic improvement. The time had come to take effective action to that end.

17. From that point of view, the amendment submitted by the United States and France seemed undesirable. Its adoption by the Council would delay achievement of the necessary results and in the final analysis endanger the programme itself. The problem required full and systematic study so that the Council would be able to submit precise and positive recommendations to the countries concerned.

18. The Argentine delegation considered that the draft resolution contained in document E/L.503 was the only proposal that met the present needs. It therefore called on all members of the Council to support it. The question of industrialization had merely been touched upon in the Secretary-General's working paper; that was why the sponsors of the draft resolution called for fresh studies. The representative of the Secretary-General had spoken of the paucity of the material available; the sponsors of the draft resolution therefore proposed that experts should be consulted.

19. With regard to the USSR representative's observations (696th meeting), the Argentine delegation was prepared to delete the words "with satisfaction" from paragraph 1 of the operative part. It considered that the new wording of the resolution met the USSR delegation's objections concerning the consultation of experts.

20. In conclusion, he again stressed the importance of the problem of industrialization. The General Assembly had recognized that importance and it was not for the Council to revoke the General Assembly's decision. All the Council was called upon to do was to determine the best methods to employ: that was the precise purpose of the seven-Power draft resolution.

21. Mr. SAKSIN (Union of Soviet Socialist Republics) stressed the importance his delegation attached to the question of the economic development of under-developed countries, which was the subject of the draft resolution under consideration. The USSR delegation had supported the first proposal which the Argentine delegation had submitted on the question, at the fourteenth session of the Council.

22. Summing up the discussion, he noted that the draft resolution contained in document E/L.503, submitted to the Council by the authors of the original draft (E/L.500), was a new version, rather than an amended text, of the original draft resolution. He thanked the Argentine representative for accepting

the USSR delegation's proposal for the deletion of the words "with satisfaction" from paragraph 1 of the operative part. That amendment was justified by the fact that several speakers had expressed the view that the study prepared by the Secretariat was inadequate. The procedure proposed in paragraph 3 of the operative part of the new draft resolution took into account the second USSR suggestion, concerning the establishment of a group of experts. That being so, he was prepared to accept the joint draft resolution (E/L.503).

23. He joined the Argentine representative in urging the representatives of France and the United States not to press their joint amendment (E/L.502), so that the Council might be able to adopt the joint draft resolution unanimously. On a question as important as that of the industrialization of the under-developed countries, it was essential that the Council should give an unequivocal decision.

24. Mr. BERMUDEZ (Uruguay) supported the remarks of the Argentine representative. The Uruguayan delegation considered that the adoption of the joint amendment would make for a dissipation of effort while what was needed was to expedite action. The Secretary-General's representative had mentioned at the previous meeting that one of the chief difficulties lay in the absence of precise instructions. Paragraph 2 of the new draft gave the Secretary-General a specific task and requested him to take into account the discussion at the fifteenth session of the Council. Although the bibliography called for in the fourth operative paragraph, far from preventing any further study that the Secretary-General might deem useful, would be extremely valuable, it should not be forgotten that the problem was to find a way to help under-developed countries draw up programmes for their rapid industrialization; the solution of such an urgent problem should not be hampered by a slow search for documents and books.

25. The Uruguayan delegation would vote in favour of the new draft resolution and for the sake of unanimous agreement, it associated itself with the representatives that had asked the delegations of France and the United States to reconsider their attitude regarding their joint amendment.

26. Mr. TANGE (Australia) recalled certain doubts that he had expressed at the previous meeting regarding the original draft resolution (E/L.500). After hearing the explanations that had been given, he was glad to be able to support the new draft which took into account the Australian delegation's apprehensions.

27. While there were still differences between his delegation's view and that of certain other representatives and although, in his opinion, no international study could take the place of the efforts of the governments themselves, he nevertheless considered that the studies which the Council was to ask the Secretary-General to prepare would be a useful contribution to the solution of the problem.

28. It would be difficult for the Australian delegation to support the joint amendment of France and the United States, for it felt that the provisions it contained were not in complete conformity with earlier decisions of United Nations bodies.

29. In adopting the new draft, the Council would be entrusting a complex task to the Secretary-General, for he would be responsible for establishing the order of priority. The Australian delegation had no doubt

that the Secretary-General would consult the specialized agencies, which would not hesitate to give him the benefit of their experience.

30. Mr. MENDEZ (Philippines) felt that the chief virtue of the text on which the Council was to decide was that it placed the problem in its proper perspective. In his opinion, the idea underlying the joint amendment was expressed adequately in paragraph 2 of the operative part of the new draft. Besides, the Secretary-General was expressly requested to take into account the discussion at the fifteenth session of the Council, and the opinion expressed by France and the United States would appear in the record. The solution provided in the new draft (E/L.503) was clearly preferable, since the text of the joint amendment lacked the force necessary for rapid action.

31. The Philippine delegation hoped that the French and United States representatives would associate themselves with the other members of the Council who favoured the adoption of the new draft resolution.

32. The PRESIDENT asked the sponsors of the joint amendment whether they were willing, for the sake of a unanimous decision, to withdraw their text.

33. Mr. STIBRAVY (United States of America) wished first to reply to certain remarks. He did not consider that the effect of the amendment proposed by France and the United States would be to steer the work into a direction that would not be conducive to the achievement of rapid results. No one would deny that a systematic study of the problem was required. The specific purpose of operative paragraphs 4 and 5 of the new draft was to provide suitable methods for the satisfactory completion of the programme of studies requested in resolution 521 (VI).

34. The United States delegation felt that the Council would be in a better position to develop a programme of work in that field when it had received all the information requested in paragraphs 4 and 5. It had therefore considered that, for the moment, it was not advisable to ask the Secretary-General to prepare a new study. The most important thing was to organize the work in such a way as to obtain the most useful results; the studies of the specialized agencies should therefore serve as the starting point of a programme on which the Secretary-General would base his future action. In short, there should be an offensive on two fronts, certain activities being carried out simultaneously. Perhaps the Secretary-General could be asked to prepare the bibliographies requested in paragraph 4 before the sixteenth session of the Council.

35. The United States delegation maintained the amendment that it had submitted jointly with the French delegation and considered that it should be the subject of a vote by the Council.

36. Mr. ARMENGAUD (France) had the impression that the sole point of disagreement was a question of method. In his opinion, the Council had to choose between the wording of the new draft resolution and that of the joint amendment.

37. Whatever the Council chose, the French delegation would vote for the text as a whole, since there was really no difference of substance.

38. Mr. STERNER (Sweden) thought that there was unanimous agreement regarding the importance to be given to the industrialization of the under-developed countries. The sole point of disagreement was the method to be used.

39. The Swedish delegation questioned whether it would serve any useful purpose for the Council which had just received document E/2384, to ask the Secretary-General to prepare a new study, without giving him specific instructions. The Council would no doubt be better able at its sixteenth session to take a more definite decision.

40. In the circumstances, the Swedish delegation was inclined to support the joint amendment whereby the Council would invite its subsidiary bodies, rather than the Secretary-General himself, to undertake preliminary studies.

41. In any case he would vote for the new draft resolution even if the Council did not adopt the joint amendment.

42. The PRESIDENT put to the vote the joint amendment of France and the United States (E/L.502).

*The amendment was rejected by 11 votes to 5, with 2 abstentions.*

43. The PRESIDENT put to the vote the draft resolution contained in document E/L.503.

*The draft resolution was adopted unanimously.*

44. Mr. MORALES (Argentina) expressed his satisfaction that the Council had reached agreement on such an important question. He wished particularly to thank the French and United States representatives for having made a unanimous vote possible.

45. Mr. HSIA (China), explaining his vote, said that the joint amendment had undoubtedly had certain interesting aspects, for there was no denying the need for more detailed supplementary studies. He had voted for the new draft resolution because the Chinese delegation shared the views of the Swedish delegation.

46. Mr. KOTSCHNIG (United States of America) hoped that the vote would demonstrate to all his country's interest in the question of the rapid industrialization of under-developed countries. The United States was prepared to assist in every way possible in the studies that the United Nations and the specialized agencies would undertake. His delegation had maintained the joint amendment because it had felt that the method which it recommended might be more effective. He hoped that the solution adopted by the Council would prove to be satisfactory.

47. Mr. DE SEYNES (France) felt that there was little to be added to the remarks of the United States representative. The differences that had existed had apparently been unduly magnified. If the French delegation had thought that there were any fundamental objections, it would certainly not have maintained the amendment. It was the first to rejoice at the unanimous vote.

48. Mr. STANOVNIK (Yugoslavia) was glad that the Council had been able to reach agreement on a question of such great concern to his delegation. Stressing the meaning and implication of the vote, he expressed the hope that the same harmony of views would prevail on other aspects of the question of economic development. He assured the Secretariat that the Yugoslav delegation would always be willing to help it in carrying out its task.

**World economic situation (E/L.497 and E/L.499) (continued)**

[Agenda item 3]

49. The PRESIDENT recalled that the Council had

before it two draft resolutions, one submitted by Uruguay (E/L.497) and the other by Argentina, Uruguay and Venezuela (E/L.499). He proposed that the Uruguayan draft should be considered first. At an earlier meeting, the Australian delegation had drawn attention (694th meeting) to the complexity of the problem and had suggested that it should be referred to the Secretariat for study; the Uruguayan delegation had, however, urged the Council to take a decision immediately on its draft resolution.

50. Mr. CHRISTELOW (United Kingdom) well understood the motives that had prompted the Uruguayan delegation to submit its draft resolution but he was not sure that he understood its exact significance. The recommendation which would be addressed to governments was far from clear and might be interpreted in various ways, as the Australian representative had already pointed out.

51. The proposed recommendation might be regarded as an attempt to legislate in a field that was essentially within the national competence of States and for a hypothetical situation which had no doubt occurred in the past but which, it was to be hoped, would not occur again. Moreover, the practice of fixing a ceiling price for primary commodities had never been widespread and it would be most unwise to contemplate such a possibility in the present circumstances.

52. From the practical point of view, to fix the ceiling price of a primary commodity f.o.b. port of shipment would mean that a country buying the same product in different regions of the world would receive that commodity in its ports at different prices. As a number of primary commodities were involved in the manufacture of a finished article, it would be extremely difficult, if not impossible, from the administrative point of view, to fix the ceiling price of the finished products.

53. In view of that consideration and of the fact that it was clearly undesirable to impose upon Member States a rigid formula for which they would have to make allowance in their domestic regulations, the United Kingdom delegation would be unable to vote for the Uruguayan draft resolution. It would have no objection, however, to the Secretary-General's submitting the question, together with the explanations furnished by the Uruguayan delegation, to the group of experts set up in pursuance of resolution 623 (VII) of the General Assembly.

54. Mr. BERMUDEZ (Uruguay) felt that he should explain the meaning of his delegation's draft resolution, since it had apparently given rise to misunderstanding. The proposed recommendation was not to cover an existing situation; its sole purpose was to provide for a hypothetical situation which might arise without warning. The adoption of the Uruguayan draft would draw the attention of governments forthwith to the fact that they should consider the repercussions that their price ceiling policies might have on countries exporting primary commodities. In the absence of such a recommendation, it would be necessary, when the situation arose, to resort to consultations and take more or less improvised decisions which might be to the detriment of all concerned; it should not be forgotten that prevention was better than cure.

55. Without repeating the arguments that his delegation had advanced at an earlier meeting, he wished to point out once more that if the ceiling price was not the price f.o.b. port of shipment, the countries

exporting primary commodities had to bear the increases in freight and insurance rates, as was also the case when they imported manufactured products the ceiling price of which was f.o.b. port of departure.

56. It was understandable that industrial countries should wish to fix ceiling prices for primary commodities as well as for manufactured products, in order to ensure price stability and equilibrium; but they should not forget that the primary producing countries were equally anxious to ensure price stability, which was impossible if they had to absorb increases in freight and insurance rates, particularly since shipping companies and insurance companies rarely had their headquarters in those countries.

57. Mr. BORIS (France) concluded from the Uruguayan representative's explanations that his proposal was basically designed to cover a hypothetical situation which it was to be hoped would never arise. The French delegation, which regarded Uruguay with the greatest cordiality and admiration, had been favourably predisposed on learning that the Uruguayan delegation was presenting two draft resolutions, one of which was at present under discussion. Upon reading the draft resolution in question it had been somewhat perplexed, but it now understood that Uruguay was referring to practices from which it had suffered. It was a complex question on which governments, including the French Government, could hardly take a decision without thorough study; it was regrettable that the Uruguayan delegation had pressed for an immediate consideration of its proposal.

58. The Uruguayan representative's explanations had at the same time reassured and surprised him: reassured him, because the danger was not immediate and there was no situation that required urgent attention; and surprised him, because the contingency anticipated was that of war, whereas a peace campaign was the order of the day. That gave rise to a paradoxical situation: he wondered whether the various representatives on returning to their respective capitals could in all conscience report that the consideration of the world economic situation—a question of paramount importance at the present time—had ended with the adoption of a resolution anticipating war?

59. If the Uruguayan delegation considered that the question was urgent, it could of course ask it to be dealt with under another item of the agenda. He himself, however, did not consider it appropriate, at the conclusion of the consideration of the world economic situation, to adopt a resolution on a specific question of limited scope. If the draft resolution was not withdrawn, the French delegation would to its great regret be obliged to vote against it; it therefore hoped that the Uruguayan delegation would consider the possibility of withdrawing it and presenting it again in more opportune circumstances.

60. Mr. BERMUDEZ (Uruguay) explained that his delegation's proposal by no means anticipated war but

was merely designed to cover any exceptional situation that might cause governments to fix a ceiling price on commodities traded in the international markets. The question was of paramount importance to all the countries exporting primary commodities, which were doing everything possible to attain or maintain a satisfactory standard of living.

61. The text of the draft resolution could no doubt be improved; the Uruguayan delegation would be glad to accept any practical suggestion that would render its proposal more flexible or precise but it could not consider withdrawing it.

62. Mr. KOTSCHNIG (United States of America) thought that the draft resolution raised a very complex and delicate problem; his delegation had studied it with sympathy, for it fully understood the reasons that had led Uruguay to submit it. The difficulties to which the United Kingdom and French representatives had referred could not, however, be overlooked.

63. In the first place, it was not a good time for the adoption of such a resolution. The world had just come out victorious from an arduous struggle against inflationary tendencies; the United States Government had recently abolished price controls and it sincerely hoped that it would never be compelled to restore it. The whole world was making praiseworthy efforts to ensure that the hypothetical situation in question would never arise.

64. In the second place, when the United States of America and other States had imposed price controls, they had done so not only to combat domestic inflation, but also to protect the economy of their allies and, in general, of all countries with which they maintained trade relations.

65. He drew the Council's attention to the practical difficulty mentioned by the United Kingdom representative: to fix ceilings for primary commodities based on prices f.o.b. port of shipment would make it impossible to fix ceiling prices for articles manufactured from those commodities; thus price control would be a complete illusion. In that connexion, it should not be forgotten that the United States had as a general rule consulted the countries concerned before fixing ceiling prices; it would obviously do likewise if it had to adopt such controls again. That statement was confirmed by resolution number 17 adopted by the Organization of American States in April 1950.

66. The United States delegation would therefore be unable to vote in favour of the Uruguayan draft resolution, because of the technical and administrative difficulties that its adoption would inevitably entail. He associated himself with the United Kingdom representative in suggesting that if Uruguay so desired, the question should be referred to the group of experts set up in pursuance of General Assembly resolution 623 (VII).

The meeting rose at 1 p.m.