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President: Mr. ENGEN (Norway).

Present:

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

Observers from the following countries: Bulgaria, Chile, Finland, Italy, Poland, Romania, Venezuela.

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

AGENDA ITEM 2

World economic situation

(b) Consideration of the reports of the regional economic commissions (E/2821 and Add.1, E/2826, E/2868, E/2883, E/L.730, E/L.731) (*concluded*)

1. Mr. ALEEM (Pakistan) said that, having heard the statements of the executive secretaries of the three regional economic commissions, one could not fail to be impressed by their sincerity, whatever might be the shortcomings in the work of their respective bodies.
2. The Executive Secretary of the Economic Commission for Europe (ECE) had referred with justifiable pride to the extent of economic co-operation achieved under that commission's aegis, and had gone on to say that the political problems confronting the Commission had been resolved and that the prospects for the conclusion of an all-European agreement on economic co-operation were very bright. The Council had also heard the Executive Secretary of the Economic Commission for Asia and the Far East (ECAFE) say that in Asia such co-operation was no less advanced than in Europe; he had wisely added that economic co-operation was to be distinguished from economic integration, which would not be feasible until the countries of the ECAFE region had individually developed their economies.
3. In the debate on the world economic situation at the twentieth session (876th meeting), the leader of the Pakistan delegation had remarked that, despite wars and

conflicts, there was a common attitude called Europeanism, which transcended national characteristics and facilitated the pursuit of common objectives in that region. No such unity of outlook had ever existed in Asia, and the task of organizing joint economic activity there was accordingly less easy. Countries which had only recently been freed from colonial rule were naturally apprehensive of being exploited by more powerful neighbours, and it would no doubt be a considerable time before economic co-operation under the aegis of ECAFE reached the proportions of that under the aegis of ECE.

4. It was mentioned in ECAFE's annual report (E/2821) that the United Nations Technical Assistance Administration (TAA) had sought the advice of the ECAFE secretariat in dealing with country programmes and governmental requests. The Pakistan delegation, which had emphasized on previous occasions that technical assistance provided by the United Nations should not form part of ECAFE's work, did not approve of that procedure. There did not appear to be any need for TAA to consult ECAFE, since the principle of country programming had been accepted in indisputable terms both by the Council and by the General Assembly. His delegation had no objection, however, to the United Nations providing technical assistance for such projects of a regional nature as might be sponsored by the Commission.

5. The Executive Secretary of ECAFE had also suggested that those responsible for drawing up technical assistance programmes at United Nations Headquarters should visit Bangkok to consult the ECAFE secretariat about both the Regular and the Expanded Programme of Technical Assistance. The Pakistan delegation could not support that suggestion, for reasons which were well known, the main one being that with the general recognition of the principle of country programming such consultations could serve no useful purpose.

6. So far as staffing and budget problems were concerned, he would refer to the statement made by the Executive Secretary of ECE at the 939th meeting to the effect that that Commission had been able to organize twice as many meetings of its subsidiary bodies and to double the volume of its work without any increase in the size of the secretariat. The choice of the right people, and placing them in the right place, were important prerequisites for any organization. The Pakistan delegation thought that in the case of ECAFE too the specialized agencies should be asked to service meetings of experts, as was, he thought, already the practice in ECE.

7. Although the problem of collecting adequate statistical information, including that relating to eastern Europe, had been solved in ECE, there did not appear to

have been any appreciable improvement in that respect in ECAFE, as was borne out by the lack of such information in the *Economic Survey of Asia and the Far East 1955*.¹ The desirability of an adequate statistical basis for analysing the current economic situation, or for measuring the scale of existing phenomena and forecasting future trends, could not be over-stressed, and he would urge ECAFE to do much more in that direction than it had done hitherto.

8. Another question which had been well stated by the Executive Secretary of the Economic Commission for Latin America (ECLA) was that of concentrating the efforts of the regional commissions on matters of high priority, as opposed to spreading them over a number of fields. As an illustration, he would refer to the work of the ECAFE/ILO/UNESCO Inter-secretariat Working Party on Trained Personnel for Economic Development, which had met the previous year. The conclusions it had arrived at had been so general that they had made no contribution at all to the solution of the problem.

9. Turning to the economic situation in his own country, he said that 1955 had seen sustained economic progress. There had been an expansion of industrial productivity; the prices of consumer goods had fallen; those of Pakistan's exports had improved; and there had been an improvement in the balance-of-payments position. The expansion of economic activity had been reflected in a rise in the supply of money and in bank credits. The most reassuring feature had been the substantial surplus of 285.7 million rupees in the balance of payments. The improvement in the foreign off-take and in the domestic prices of jute and cotton had not only helped to ease the difficult balance-of-payments position of 1954, but had also resulted in an increase in agricultural incomes. The prices of consumer goods had fallen as a consequence of increased domestic output, the liberalization of the import policy, and the inflow of goods under the United States Commodity Aid Programme. In 1948, when the rest of the world had been recovering from the adverse effects of the Second World War, Pakistan had still been struggling to integrate the millions of refugees who had fled to Pakistan, which had left very little in the way of resources for industrial development. The past seven years, however, had witnessed substantial progress in certain sectors of industry: taking 1950 as the base year, the index of industrial production, covering seventeen major industries, had risen to 350 in 1955, the most notable increase having been in cotton textiles, which had made the most rapid progress among the consumer-goods industries, and which were expected to show a comfortable surplus for export after domestic requirements had been met. Considerable progress had been made also in the jute, cement, and various other industries.

10. The spectacular progress achieved in industrialization in recent years had raised the problem of consolidation. So far, emphasis had been placed on the development of the consumer-goods industries, in order to make the country self-sufficient in that sector. The industrial programme provided for in the new five-year plan, however, laid the main stress on consolidation—including

the improvement, modernization and balancing of existing plant—followed by a further advance on a broad front, the main objectives of both processes being to improve the welfare of the people and the foreign exchange position, and to ensure adequate supplies of the materials needed for the implementation of the plan.

11. The installed capacity at electric power plants had risen from 72,000 kW in 1947 to the present figure of 198,000 kW, not including self-producers' thermal generating capacity of 100,000 kW. Sanction had recently been given for the construction of a generating plant of 105,000 kW at Multan, to operate on natural gas. Under the new five-year plan, installed capacity at thermal- and hydro-power plants was expected to rise to 860,000 kW by the end of 1960.

12. The annual handling capacity of the ports of Karachi and Chittagong had increased from 2,184,000 and 500,000 tons respectively at the time of partition to 3,500,000 and 2,000,000 tons at the present time. Under the programme for re-equipping the railways, 120 locomotives, 389 passenger coaches and 9,409 goods wagons had been added to the rolling-stock park, and about 98 miles of new routes had been opened.

13. Although a considerable amount of land had been reclaimed, agricultural output had not shown a commensurate increase. Irrigation schemes were in progress which were expected, when completed, to provide water for 13,690,000 acres. The aim was to ensure adequate and sure supplies of food for the growing population, and to promote more diversified and more valuable agricultural production through research and extension programmes and the provision of fertilizers, equipment, pesticides and so forth. The targets envisaged in the plan included a 13 per cent increase in the production of food grain, and larger increases in that of cotton, oil-seeds, sugar-cane, fruit and vegetables.

14. Pakistan's balance-of-payments position had deteriorated in 1954, owing to the increased consumption of indigenous raw materials by local industries and increases in imported raw materials for the growing major industries. The prices of the country's exports had continued to fall, and it had been considered necessary to devalue the Pakistan rupee by 30 per cent on 31 July 1955. As a result, the balance of payments had shown some improvement during 1955. Earnings from exports of jute and cotton had risen, and total foreign exchange earnings had amounted to 1,767.7 million rupees in 1955 as compared with 1,291.2 million in 1954, foreign exchange expenditure having amounted in the same two years to 1,482 million rupees and 1,844 million rupees respectively. The lessening of the strain on the balance of payments was to be attributed, apart from devaluation, to a steady increase in the domestic production of manufactured goods and continued austerity in imports. Another source of relief had been the improvement in the terms of trade. Higher export prices had helped to offset the reduction in the volume of exports, the monetary outlay and commercial imports having remained virtually unchanged.

15. Special attention was given in the five-year plan to the improvement of the balance of payments. It was estimated that as a result of the development programmes in the various fields Pakistan's foreign exchange earnings

¹ United Nations Publication, Sales No.: 1956.II.F.1.

in the last year of the plan, 1960, would exceed essential requirements for non-development purposes by about 500 million rupees, which would thus be available for development. In succeeding years, the surplus was expected to be larger, and it might be possible at the beginning of the next plan period to provide foreign exchange from the country's own earnings for a development programme of the order of about 150 million rupees a year.

16. The improvement in the balance-of-payments position and foreign exchange reserves had to be viewed in relation to the country's development needs. The balance of payments had been under continuous strain during the past few years; to meet the increasing needs of the development programme, reserves had had to be constantly drawn upon, having on occasion fallen to a level at which manoeuvrability was virtually nil. A stable balance of payments was necessary both from the point of view of financing development and in the interests of monetary stability and the strength and soundness of the economy generally.

17. To sum up, industrial development had not radically altered either the shape or the structure of the economy. Pakistan was still predominantly agricultural, and the partial industrial development had not lessened the economy's dependence on farming. Industrial progress had been achieved despite the initial handicaps of a complex nature and violent movements in the economy resulting from the impact of world affairs and the effect of natural conditions on agricultural output. Viewed in the light of the difficult financial and economic conditions of Pakistan's infancy, the progress made might seem impressive, but the absolute volume of industrial production and *per capita* domestic production of goods were still rather low. Capital formation was still proceeding at a low rate, while consumption continued at a high level. Hence, in spite of the efforts to mobilize more savings and investment, progress was comparatively slow. The country remained a victim of the vicious circle of low productivity, low incomes and a low rate of capital formation. If Pakistan was to be cured of that *malaise*, a greater measure of international aid would have to be combined with intensified domestic effort.

18. Mr. RUYGERS (Netherlands) joined other delegations in praising the work of the three regional economic commissions. The statements made by the executive secretaries and the impressive reports placed before the Council were of great value to it in appraising the world economic situation. The figures given in tables 1 and 2 in the *Economic Survey of Latin America 1955* (E/CN.12/421) and in table 3 in the *Economic Survey of Asia and the Far East 1955* demonstrated the real progress made despite the great difficulties encountered. As his country had the privilege of participating in the work of all three commissions, he would briefly comment on each of them.

19. Starting with the oldest, ECE, he said that it had shaped economic collaboration between western and eastern Europe; but the results of that collaboration had so far been rather limited, economic possibilities having been overshadowed by intractable political differences. The situation would undergo a radical change only if

peaceful co-existence became a reality. His Government greatly appreciated the Executive Secretary's continuous efforts to persuade members of ECE to take the fullest possible advantage of any practical opening for co-operation, and once again expressed its gratitude for the annual economic surveys and for the valuable studies, summing up possibilities and difficulties, such as the last Economic Survey on Europe (E/ECE/235 and Corr.1 and 2) dealing with the investment problems and policies of European countries and of labour-market problems in western Europe. Those studies threw out a challenge to governments and should contribute to the solution of important economic problems.

20. The existence of three independent regional economic commissions might be thought to exemplify the compartmentalization of the world economy stressed in the *World Economic Survey 1955* (E/2864). He was therefore glad to note that the increased integration of the work of the regional commissions with that of other organizations disposed of any such idea. Table 29 on page 72 of the *World Economic Survey 1955* confirmed that western Europe had not been guilty of compartmentalization. He need not reaffirm the importance which his country attached to trade and payments relations on the widest possible multilateral basis.

21. The expansion of the payments system between western Europe and certain Latin American countries had been a significant development of the past year, with regional repercussions. It was an arrangement enabling a number of Latin American countries to use their balances of certain European currencies for purchases in any western European country, and while it was too early to draw any definite conclusion about its exact effects, it was undoubtedly having a beneficial influence on trade. He noted with interest from ECLA's eighth annual report (E/2883) that the secretariat of that commission had given some attention to the question.

22. The latest *Economic Survey of Latin America 1955* (E/CN.12/421) once again revealed the impressive progress made by the countries of that region, and he would like to mention among ECLA's important activities its work in connexion with the Central American Economic Integration Programme, which showed that the advantages flowing from economic integration, of which Europe was becoming increasingly aware, could be enjoyed wherever certain economic conditions obtained and the political will to integrate prevailed.

23. ECLA's able Executive Secretary would ensure that the high standards of work of its secretariat were maintained.

24. The special feature of ECAFE, which distinguished it from the other regional commissions, was the relatively large number of its members which had recently become independent, and for which a common forum in which they could discuss problems with other Asian countries was essential. It was only natural that those new nations should aspire to the greatest possible rate of economic development, in order to satisfy the needs of their population. As the Executive Secretary of ECAFE had said, Asia had emerged from a period of stagnation and was ready for a decisive march towards more rapid development. Clearly, ECAFE had a vital role to play in

fostering and co-ordinating economic development in its region, and the creation of a Working Party on Economic Development and Planning was particularly welcome. He wished to pay tribute to the energy, enthusiasm and great ability of Mr. Lokanathan who, during ECAFE's first and perhaps most difficult years, had laid solid foundations on which it could build for the future.

25. Before wishing the executive secretaries every success in the accomplishment of their important tasks, he wished to associate himself with the warning sounded by the United Kingdom representative at the 940th meeting concerning the attitude of countries attending sessions of the regional commissions in a consultative capacity.

26. Mr. BAKER (United States of America) said that the reports submitted by the executive secretaries of the three regional commissions clearly showed that those commissions were now firmly established as vital organs of the Council. By providing a meeting place for exchanges of views on the economic problems of their respective regions, they substantially complemented the Council's work in the economic field. The United States Government had taken an active part in the work of each of the commissions from its inception, and would continue to help them to discharge the important duties assigned to them by the Council.

27. Turning first to ECE, he said that one of the dangers facing any organ made up of countries of both the free world and the Soviet bloc was that the technical purposes for which it had been set up might be subordinated to the political purposes of either of the two groups. Fortunately, in the case of ECE it had been possible to limit the development of any such situation, as was evidenced by the Commission's many valuable technical achievements.

28. He would take the present opportunity to declare that no member should ever make proposals solely for the sake of propaganda, or suggest high-flown programmes in the expectation that they would be rejected. Another temptation to be guarded against was that of assuming *a priori* that every initiative taken by the other side was insincere, and of devoting every effort to the exposure of that insincerity. He could assure the Council that his country would strive to the utmost to avoid those pitfalls, and to keep ECE moving steadily towards its technical goals.

29. The work of ECE would be greatly enhanced if the eastern European countries submitted more complete statistical data and other information. His delegation had therefore been very glad to learn that representatives of the Soviet Union and other countries of eastern Europe had promised to exchange full statistical data in all ECE's subsidiary bodies, and that improvement in that respect had already become noticeable in some fields.

30. At the eleventh session of ECE, the Soviet Union had made a proposal (resolution 3 (XI)) concerning an all-European agreement on economic co-operation. It would not, of course, be possible to assess the value to the European economy of that proposal until governments had had an opportunity of studying it. With regard to the resolution the Commission had adopted on the development of east/west contacts (resolution 4 (XI)), his delegation sincerely hoped that it would be imple-

mented on a genuinely reciprocal and mutually advantageous basis.

31. Finally, under resolution 5 (XI), ECE was to consider what work it could usefully do on the peaceful uses of atomic energy. As the outcome of United States proposals, the Council had initiated, at its twenty-first session (911th and 912th meetings), a programme of work in that field. ECE would appreciate the desirability of careful preparation in the light of that programme and of others undertaken by the competent United Nations agencies, before embarking on related activities on a regional basis.

32. For its part, ECAFE had continued to explore the crucial problems of its region, and had taken important decisions relating to the more intensive study of development problems and to the proposed United Nations seminar on population problems in Asia and the Far East.

33. At the twelfth session of ECAFE, the United States representative had announced that he was authorized to invite experts from the region to visit the United States of America in connexion with the 1956 study tours arranged by TAA. One such tour had already been arranged.

34. ECLA had continued its series of studies of the economies of the Latin American countries. In pursuance of a resolution (571 (XIX)) adopted by the Council at its nineteenth session, the Commission had submitted a resolution (113 (AC.34)) asking the Council to request the Secretary-General to establish a regional centre for demographic research and training in Latin America, which would provide the region with basic economic and social data of vital importance.

35. He would like to make known his Government's views on three topics which affected to some degree all the regional commissions: the decentralization of the social and technical assistance work of the United Nations; the tendency of some of the commissions to push their activities too far; and the proposal for a programme of exchanges of staff between the secretariats of the three commissions and United Nations Headquarters.

36. The Secretary-General's proposals for decentralization of the social and technical assistance work of the Secretariat had been made on the assumption that both those activities would benefit from the specialized insight each commission had acquired into the problems of its region, and that the commissions in turn could turn the presence at their headquarters of specialists in social affairs and technical assistance matters to good account in their economic activities. There was no intention of converting the regional commissions into economic and social councils in miniature; indeed, it would be highly regrettable if the proposal resulted in the commissions being distracted from the important tasks already assigned to them by the Council. It should also be clearly understood that the commissions and their secretariats would not thereby assume operational responsibilities in the field of technical assistance. He need not explain in detail the reasons for which his delegation considered that the secondment of personnel from United Nations Headquarters should be made on a purely experimental

basis, pending a decision by the General Assembly at its twelfth session.

37. The United States delegation had noted with some concern the tendency of the commissions, especially ECLA and ECAFE, to undertake more projects than their secretariats could reasonably be expected to handle. Such a tendency imposed upon the executive secretaries the burden of allotting priorities among projects without benefit of the commissions' guidance. The situation would be improved if the secretariats would inform the commissions of the financial implications of all new work, and of the priority decisions they would have to take if such new work was approved. The record of the proceedings would then be available to the Council, which would thus be enabled to appraise better the commissions' programmes of work. It was gratifying to note that ECAFE had decided to consider at its next session the question of ensuring better results by further concentration of effort.

38. The United States delegation approved wholeheartedly of the proposed programme of exchanges of staff between the secretariats of the regional commissions and United Nations Headquarters. In view of the shortage of qualified personnel in almost all fields, the idea was to be commended as a means of broadening the experience and outlook of an important group of international civil servants.

39. In conclusion, he wished to pay a tribute to the retiring Executive Secretary of ECAFE. Mr. Lokanathan had provided the leadership under which the ECAFE secretariat had attained its high standard of performance. His whole-hearted devotion to the purposes for which the Council had established the Commission, and his wise avoidance of any attempt to force the pace—preferring to take the natural course of responding to the evolving needs of the region—had been invaluable in making ECAFE the effective organ of the Council it was at present. He was sure that all delegations would join with him in extending to Mr. Lokanathan best wishes for success in his new work.

40. Mr. CARANICAS (Greece) congratulated the executive secretaries of the three regional commissions on their achievements, and paid a particular tribute to the retiring Executive Secretary of ECAFE. The work of the commissions was of the utmost importance for the gradual integration of the world economy.

41. His delegation had been glad to see the enlargement of the membership of ECE and ECAFE, and had welcomed the presence of the new members at the eleventh session of the former.

42. The main points in the reports of ECAFE and ECLA had been amply covered by other speakers. He would therefore confine his remarks to ECE, to whose work, and that of its committees, his delegation attached great importance. It would continue to co-operate in that work to the best of its ability.

43. The authors of the *Economic Survey of Europe in 1955* expressed concern about the long-term aspects of western Europe's trade with the under-developed countries, pointing out that the growth of economic activity had brought relatively little increase in the demand for imports from most overseas countries and none at all

in that for imports of agricultural products. As it made progress in the technological field, western Europe's dependence on outside supplies would tend to decline, the pattern of its economy coming to resemble that of the United States of America, with imports from other regions constantly giving ground before growing home production. The result would be that as western Europe's export capacity grew, the expansion in its export trade would simultaneously slow down unless supported by capital exports which would sooner or later tend to take the form of grants. The Greek delegation was in full agreement with that conclusion.

44. The authors of the *Survey* recommended that western European countries should revise their traditional import policy, especially in relation to agricultural products, so as to encourage a gradual transfer of European labour to industries in which productivity was high, and still rising, since the development of such industries alone could enable the demand of European workers for steadily rising standards of living to be satisfied without the help of protectionist practices which inevitably reduced the real income of the country as a whole. A very interesting part of the *Survey* was devoted to the long-term problems of expansion and of the policies needed to maintain a high level of economic activity and investment, and it was noted that during the past year a number of countries had introduced restrictive measures to check further economic expansion, concern being expressed about their long-term effects. The Greek delegation agreed with the view that there should be more direct forms of control than general monetary or credit policy, and that when balance-of-payments difficulties were due to temporary factors they might sometimes be more satisfactorily overcome by quantitative restrictions on imports than by the more costly process of general economic contraction.

45. Although the *Survey* could be described as a document of high calibre, it might be said that its examination of the problem of anti-inflationary measures rather oversimplified the matter, while insufficient weight was attached to the question of price stability, itself a highly important factor for the maintenance of continuous economic expansion and social stability. It was a fact that in many countries governments had adopted anti-inflationary policies to cope with balance-of-payments difficulties. Such policies were used because it was felt that an imports-restriction policy was not the best under the circumstances for the correction of a temporary deficit in their payments accounts.

46. Another interesting feature of the *Survey* was the study of investment, savings and capital accumulation in eastern and western Europe respectively. The conclusion that the current western European industrial boom was giving the people of that area a rapid boost in living standards—but doing comparatively little to strengthen their basic economic equipment—was worthy of careful attention in the light of the corresponding conclusion that in the Soviet Union and some of the other eastern European countries advantage was being taken of a similar industrial boom to build up productive capacity rapidly.

47. The report of the Expert Group on the Economic Development of Southern Europe (E/ECE/233 and Add.1),

submitted to the Commission at its eleventh session, showed how, for the first time, a group of countries had attempted to draw up their long-term development plans in common. Among the recommendations made in the report was one calling for the adoption of more liberal import policies by the economically advanced countries in respect of the main products of southern Europe. The importance of outside financing to supplement the limited investment capital available in the southern European countries themselves was also stressed.

48. Later in its eleventh session, the Commission had unanimously adopted draft resolution 7 (XI), submitted by the delegations of Greece, Italy, Turkey and Yugoslavia, calling upon the Commission's committees to give every assistance to the four countries concerned in seeking appropriate solutions to the problems of their economic development, and expressing the readiness of all members of ECE to assist in facilitating the economic development of the four southern countries and in exploring ways and means of carrying out the specific projects for economic development included in the experts' report.

49. Naturally, the problems of economic development in that area would not be solved by the mere adoption of the resolution. Perseverance and patience were called for if that weak sector of the European economy was to receive due attention within the framework of the general economic expansion of Europe.

50. In conclusion, he welcomed the two joint draft resolutions before the Council, advocating—respectively—the admission of the Federal Republic of Germany to participation in the work of ECAFE in a consultative capacity (E/L.731) and that of Japan to participation in the work of ECLA on a similar basis (E/L.730). His delegation would be glad to vote for them.

51. Mr. ABELIN (France) said that, like all the other delegations which had taken part in the discussion, the French delegation had realized, when reading their reports, the growing importance of the part being played by the regional commissions. Governments were becoming more and more interested in them and were using them to make far-reaching proposals in many spheres of economic activity. Indeed, they showed such complete faith in them that they entrusted them, sometimes to an excessive extent, with many and onerous tasks which threatened to become even more burdensome in the future.

52. The work of the commissions' secretariats and the efforts of their executive secretaries to promote economic progress were also of great value. That was shown by the observations at the 939th meeting of the Executive Secretary of ECE on the disadvantages of certain forms of protectionism in Europe, of the Executive Secretary of ECAFE on the lack of capital in that region and the paucity of its exports, and of the Executive Secretary of ECLA on the far too theoretical character of economic development in Latin America.

53. He wished, in view of Mr. Lokanathan's impending departure from ECAFE, to pay a special tribute to his remarkable energy and ceaseless activity.

54. The growing success of the regional commissions was in part due to the great adroitness with which they

had adapted themselves to the needs of their members and to fluctuations in the international economic situation. Thus ECE was acting wisely in calling more and more on the services of government experts as rapporteurs for technical subjects, thus enabling itself to extend its activities without exceeding its still modest budget. ECLA had rightly preferred a method more suited to its region, having set up groups of experts rather than subsidiary bodies. It seemed that the method had already proved itself in practice, as was shown by the *ad hoc* meetings convened to deal with problems of iron and steel, and paper and pulp. It was true that at its last session ECLA had set up a subsidiary body, but only because a very thorough survey by the secretariat had revealed the inadequacy of the efforts so far made to develop trade between the various countries of the region, and because it had been thought that such a body represented the only possible means of putting the matter right. Finally, ECAFE had decided to broaden the terms of reference of its Inland Transport Committee, which would henceforth be dealing with telecommunication problems in close co-operation with the International Telecommunication Union.

55. As to the future course of the commissions' work, he thought that they should keep energy problems in the forefront of their minds; as in the past, those problems would be dealt with by *ad hoc* conferences convened by the Council. Although it was entirely proper for the regional commissions to discuss the problems created by the shortage of energy, they should do so only in so far as the problems were susceptible of regional solution. They certainly ought not to jeopardize the results about to be achieved internationally in the matter of atomic energy and water power. Already ECE had decided to draw up an energy balance-sheet for Europe, and would be dealing at its next session with the economic problems created by peaceful applications of atomic energy in Europe. He hoped that the two other commissions would also study the matter closely. ECLA had indeed put it on its list of priority projects, and was arranging an appropriate meeting of experts which, he hoped, would be held as planned in 1958. As to ECAFE, the French delegation hoped that it would study the basic problems of developing mineral resources, especially fuels.

56. With regard to the problem of increasing trade between member countries—one of the problems assigned to the commissions in their terms of reference—he noted that intra-European co-operation had already proved its worth, and welcomed the draft multilateral European payments agreement at present under discussion, which would enable east-west trade to be expanded by changing its bilateral character. He recalled that France had taken the initiative in that case, and congratulated the secretariat on having brought the work to a successful conclusion.

57. He thought that intra-regional co-operation could give good results in Asia and Latin America as well, once progress had been made in the industrialization of the countries of those regions.

58. In Europe, the French Government had welcomed with interest the Soviet Union proposal that an all-European agreement on economic co-operation should be negotiated within ECE, but, there again, co-operation

within a region must not be allowed to impede co-operation between the several regions, which could be carried on at a number of levels and could take very different forms. The visits of experts from the Asian countries to the industrialized countries had already yielded good results, and might with advantage be followed by visits of experts from Latin America. France had always supported the idea of consultations of trade experts among member countries of the various commissions, on the model of those organized by ECE. If ECAFE and ECLA approved of the scheme, such consultations could take place as soon as the Secretary-General had been able to organize them—that is, probably towards the end of 1957.

59. He would like once again to stress the part which the regional commissions would be called upon to play in the event of the establishment of the Special United Nations Fund for Economic Development. In the interim, they could probably do no more than complete the studies already undertaken in that connexion. They had already dealt with the problem of economic development from the theoretical standpoint and, in so doing, had produced very valuable studies on economic planning which, he thought, the Council should take into account when it considered item 4 of its agenda: economic development of under-developed countries.

60. In that connexion, his delegation had been greatly interested in the report of the ECAFE Working Party on Economic Development and Planning on its first session, and by resolution 16 (XII) on the subject, adopted at ECAFE's twelfth session at the instance of the Afghan and Burmese delegations. It wished to congratulate the Executive Secretary of ECLA and his collaborators for the recently issued chapters in the series entitled: "*Analyses and Projections of Economic Development*". That category included studies of the prospects of given markets, and the French delegation wished to indicate its approval of the launching of a study of timber trends and prospects in the Far East.

61. The French delegation was well aware that, for lack of the necessary staff and funds, the regional commissions were unable to carry out all the tasks which governments expected of them, and were therefore finding serious difficulty in keeping abreast of their programmes of work. It was therefore all the more gratifying to note that ECE had succeeded in arranging for government experts to study the problems peculiar to southern Europe and to propose solutions for them. It would be desirable for similar studies to be made of the problems of particularly under-privileged countries.

62. On the occasion of the tenth anniversary of the establishment of ECAFE, in whose meetings it had been his privilege to take part for several years, he wished to say how impressed he had been by the exclusion from its debates, thanks to the influence of its Executive Secretary, of all unhelpful political speeches and statements prompted by narrow and selfish interests. It was encouraging to see that men faced with practical problems of special urgency did not allow themselves to be swayed by purely propagandist statements. With that in mind, he wished to associate himself with the hope expressed by the United Kingdom representative at the previous meeting that observers would not take advantage of the

platform put at their disposal by the Council or its regional commissions to make propaganda speeches of a length incommensurate with their constructive content.

63. Finally, he wished to draw attention to the danger that effective work by the regional commissions might be endangered if the Council or the General Assembly established new bodies with terms of reference overlapping or duplicating those of the commissions. The same applied to certain moves to set up bodies outside the United Nations, the effects of which might prove unfortunate. Being convinced of the value of the regional commissions, he hoped that they would be given the maximum possible resources and the greatest possible authority to enable them adequately to discharge their function.

64. Mr. DJATIASMORO (Indonesia) said that at the 934th meeting the Indonesian representative had described the economic dilemma of the modern world, and the reasons why economic development, for which international assistance was needed, was the only solution for the problems of the under-developed countries. It was in the light of that fact that he wished to comment on the work of ECAFE.

65. It was natural that ECAFE and its secretariat should have attached special importance to various aspects of economic development such as capital formation, and stressed the significant role of external aid and foreign investment in speeding it up. He was pleased to note ECAFE's statement that the countries of the region were gaining experience and acquiring a knowledge of development techniques which would ensure that planning methods were adapted to local conditions, and that a new Research and Planning Division had been established as a result of the new emphasis now being placed on economic development and planning. There was need to consolidate and co-ordinate the secretariat's work in that domain.

66. As the links between the work of the different secretariats became closer, more integration seemed desirable, as was possibly a slight increase in staff. However, he was satisfied that no major changes in organizational structure were required.

67. Steps should be taken to improve the operation of the technical assistance programmes—so important to economic development—by using the staff available in the substantive departments of the regional commissions to a greater extent, because much technical assistance was directly related to their work and that of the Department of Economic and Social Affairs, so far as the broader aspects of development, including programme and planning techniques, were concerned. TAA, on the other hand, was concerned with specific projects. Closer contact between it and the Department of Economic and Social Affairs would ensure that the best use was made of available staff, and would help to dovetail technical assistance policies into economic development plans. Governments had for some time been asking the secretariats of the regional economic commissions for advice on technical matters, and TAA was using their services for regional projects. Nevertheless, most technical assistance activities in countries of the ECAFE region had been carried

out without the benefit of the local experience and knowledge of the ECAFE secretariat.

68. The functions of the Department of Economic and Social Affairs should include the provision of assistance and advice to the resident representatives and TAA about the experts to be recruited, and TAA should appoint to the headquarters of the regional economic commissions officers with a knowledge of its programmes, so that they could co-ordinate and expedite action on technical assistance matters referred to the regional commissions.

69. With the new emphasis on economic development, increasing attention was being given to population problems, for it was believed that a lower fertility rate might alleviate the pressure on available resources. Since the possibilities of emigration to countries outside the ECAFE region appeared to be insignificant, many of the countries concerned would have to look to economic development and such measures as family planning and re-settlement to solve the problem. There was need also for the exchange of information and experience, as well as seminars. At its twelfth session, ECAFE had adopted draft resolution 17 (XII) submitted jointly by Indonesia and the Philippines recommending that the Council "consider appropriate measures for the early organization of a seminar 'for the discussion of problems of transmigration and land settlement on the basis of field studies from demographic, economic, social and technical points of view'".

70. Agriculture and industry being inter-dependent, the Commission had noted the need for co-ordinated planning and balanced development. In addition, new or little developed resources had to be mobilized so that his delegation would welcome the joint ECAFE/FAO project for a survey of the timber resources of Asia and the Far East mentioned by the Executive Secretary and the Food and Agriculture Organization's representative.

71. Among the Commission's numerous activities and projects, he wished to mention the national rehabilitation centre in Solo because of its humanitarian character. The centre was the only institution in the region, outside Japan, providing orthopaedic surgery and nursing services for the severely handicapped. Requests from Burma and Ceylon to train staff there were proof of its potential value as a regional training institution. The grant of further technical assistance to the centre had been discussed at ECAFE's last session and his Government hoped that it would be sanctioned by the Council.

72. He was pleased to note that the *Economic Survey of Asia and the Far East 1955* provided more adequate information than its predecessors about the mainland of China, but must again express regret that such an important country with a population of 600 million was not taking part in the work of the Commission and had thus been prevented from making what would undoubtedly have been a valuable contribution to the development of the whole region. His delegation would recommend that the Council give favourable consideration to the application of the People's Republic of Mongolia for membership of ECAFE, and that it accordingly amend paragraphs 2 and 3 of ECAFE's terms of reference. For reasons given by the Indonesian delegation at the tenth session of the General Assembly, when it had, with

others, supported that country's application for membership of the United Nations, it considered that the People's Republic of Mongolia was fully qualified to participate in ECAFE's work to the benefit of the Commission and the region as a whole. The fact that the Republic had not yet become a Member of the United Nations should not prevent its admission to ECAFE, since Japan had already become a full member of the latter.

73. His delegation, together with that of Pakistan, had submitted a draft resolution (E/L.731) whereby the Federal Republic of Germany would be invited to attend ECAFE's sessions on a similar basis to that provided for in paragraph 9 of the Commission's terms of reference. That country, with its outstanding knowledge of science, technological organization and industrial techniques, would undoubtedly be able to give considerable help in improving economic conditions and in fostering development in the ECAFE region. As a member of the Commission, the Indonesian Government believed it proper to support any application from a friendly nation to co-operate in the Commission's work, thus giving it an opportunity of acquainting itself with the problems of the area at first hand. Close relations had already been established between the Indonesian and German peoples, and they were being further strengthened. With a view to creating heavy industries, German experts were investigating the country's natural resources, and further assistance by them on a substantial scale would be very valuable. In its efforts to remedy the unbalanced character of its economies the entire region could, like Indonesia, profit from Germany's knowledge and skill.

74. In conclusion, he thanked the executive secretaries and staffs of the regional economic commissions for their extremely useful reports and statements in the Council. He also wished to pay a special tribute to Mr. Lokanathan for the valuable part he had played in building up ECAFE. The peoples of Asia, though differing in mentality and material resources, had in common a love of independence and peace and a determination to improve living conditions and increase their material resources, and so give full meaning to their newly won freedom. In working towards the goal of economic betterment, Mr. Lokanathan had also been working for peace and independence.

75. Mr. LOKANATHAN (Executive Secretary, Economic Commission for Asia and the Far East), speaking on behalf of the executive secretaries of the regional economic commissions, expressed gratitude to the Council for the valuable comments made during the discussion and for the guidance given.

76. He also wished to express his personal thanks for the generous tributes he had received. Nine years' work with the United Nations had given him profound satisfaction, and no reward could be higher than that of being faced with a challenging task. Such success as had been achieved was due to the co-operation of governments and the trust they had shown towards him and his staff. He was also greatly indebted to the Council for the confidence it had had in his work, without which it could not have been done. He and his staff were also grateful for the unflinching support given to them by the Secretary-

General and the Headquarters Secretariat—support which had contributed in no small measure to their achievements. He now felt that his experience should be applied over a smaller area; but he was very conscious that he would be returning to his country with a changed attitude, that he would in future approach his problems from the international rather than the national angle.

77. The PRESIDENT, on behalf of the Council, thanked the executive secretaries of the regional economic commissions for their contribution to the discussion, and expressed its deep appreciation of the devotion with which the retiring Executive Secretary of ECAFE had discharged his duties.

78. He then declared that the Commission had concluded its substantive discussion on part (b) of item 2 of its agenda, and invited it to vote on the various draft resolutions before it, beginning with that submitted by ECE, relating to the Council's action on the Commission's annual report (E/2868, part IV, page 36).

The draft resolution was adopted unanimously.

79. The PRESIDENT invited the Council to vote on the draft resolution submitted by ECAFE, relating to the Council's action on the Commission's annual report (E/2821, part VI, page 32).

The draft resolution was adopted unanimously.

80. The PRESIDENT invited the Council to vote on the draft resolution submitted by ECLA, relating to the Council's action on the Commission's annual report (E/2883, part III).

The draft resolution was adopted unanimously.

81. The PRESIDENT invited the Council to vote on the draft resolution submitted by the delegations of Argentina, Brazil, Ecuador and the Dominican Republic (E/L.730) concerning an invitation to Japan to attend meetings of ECLA.

The draft resolution was adopted unanimously.

82. The PRESIDENT invited the Council to vote on the draft resolution submitted by the delegations of Indonesia and Pakistan (E/L.731) concerning an invita-

tion to the Federal Republic of Germany to attend meetings of ECAFE.

The draft resolution was adopted unanimously.

83. The PRESIDENT then announced that the Council had completed its consideration of part (b) of item 2.

84. Mr. CHENG PAONAN (China), invoking his right to reply to those delegations which had referred to the question of Outer Mongolia's application for membership of ECAFE, said that in considering such application, four criteria had to be applied. First, whether the applicant was an independent and sovereign State; secondly, whether it had a clean record, untainted by participation in an aggressive war against other States and the United Nations; thirdly, whether any precedent justifying its admission existed; and fourthly, whether the applicant maintained economic and trade relations with other countries in the region. With regard to the first criterion, there could be no doubt about the status of the members of ECAFE listed in paragraph 3 of its terms of reference. But although the Mongolian people had for centuries enjoyed freedom without any interference on the part of China, since the establishment of the so-called "People's Republic" Outer Mongolia had come under the absolute control of the Soviet Union Government and, to all intents and purposes, had become part of the Soviet Union, though some effort was made to keep up a fictitious semblance of independence. . .

85. The PRESIDENT intervened to rule the Chinese representative out of order, the consideration of item 2 (b) having been concluded. He had given the Chinese representative the floor, thinking that he intended to explain his vote on the draft resolutions just adopted.

86. Mr. CHENG PAONAN (China) pointed out that he had made it quite clear at the outset that he was exercising his right of reply. However, he believed that his brief statement had made clear the reasons why the application of Outer Mongolia for membership of ECAFE was out of order.

The meeting rose at 4.55 p.m.