



## CONTENTS

	<i>Page</i>
Agenda item 2:	
World economic situation:	
(b) Consideration of the reports of the regional economic commissions ( <i>continued</i> ) . . . . .	129

*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, Cuba, Hungary, Italy, Poland, Romania, Spain, 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/2868, E/2883) (*continued*)

1. Mr. DE ALMEIDA (Brazil) was glad to be able to state that his Government, after its original misgivings about the advisability of setting up the Economic Commission for Latin America (ECLA), was now able to give the Commission its full support. The experience of the past few years had dispelled any fears of overlapping between ECLA and the Council's functional commissions or other United Nations regional bodies; the functional commissions' economic activity had steadily given ground to that of the regional commissions, with their more realistic approach.

2. The Latin American governments had been calling upon the services of the ECLA secretariat to an increasing extent, chiefly in the sphere of economic development and programming, but also in connexion with studies of individual economic sectors. Co-operation between ECLA and his country's National Bank for Economic Development, for example, had been most fruitful. The statement of the Executive Secretary of ECLA at the 939th meeting, explaining the role and scope of the Commission's programming technique, must

have dispelled any misgivings still entertained on that score. By providing a clear conspectus of the available resources in relation to specific objectives, the Commission's programming activities helped private enterprise to provide the necessary incentives, and governments to improve their planning of basic overhead investment, without recourse to measures of a political or social character.

3. It was gratifying to learn, therefore, that a report on general problems of economic development and the technique of programming, as applied to Brazil and Colombia (E/CN.12/365/Rev.1), had already been completed; that similar surveys were being, or were shortly to be, undertaken in respect of Bolivia, Chile and Argentina; and that several other countries also had asked for studies of the same kind.

4. The successive economic surveys of Latin America had immensely improved the economic information available on the region, and the forthcoming *Economic Bulletin* would be most valuable in providing up-to-date information between sessions of ECLA itself.

5. The series of industrial studies organized by ECLA had been of great value. Those on steel were apparently to be carried forward by a new Latin American Meeting of Experts on Steel Making and Transforming Industries, which was to meet in October. Steel studies were particularly important in Latin America because the sub-continent was not favourably placed for producing steel, both for technological reasons and because of its relative lack of raw materials and of a developed local market for the finished products.

6. The economic growth of the region was dependent in part on economic co-operation with other countries, both inside and outside it. Accordingly, the creation of the Trade Committee of ECLA, which was likely to give a strong stimulus to trade, was to be welcomed. The Commission's reports on Latin American trade (E/CN.12/369/Rev.1 and Add.1 to 3) had been of great value, and his Government looked forward to future reports dealing with the vital problem of payments as well. The possibility of establishing a system of compensation of balances, designed to establish or stimulate trade relations, ought to be explored. By increasing markets and thereby allowing basic industries to operate on a more productive scale, such a system would accelerate the slow process of industrializing Latin America. The pressing need to expand Latin American exports, in view of the general trend towards a deterioration of the countries' terms of trade, made it particularly desirable.

7. Expansion of trade within the region might, by providing a greater geographical variety of markets, offset the effects of the low elasticity of demand for Latin

American exports in their traditional markets. Further geographical diversification of export markets could be achieved by closer co-operation between ECLA and the Economic Commission for Europe (ECE), through schemes designed to secure greater flexibility in the regional use of accumulated trade balances. An example of such a scheme already in existence was the "Hague Club", membership of which comprised Brazil on the one hand, and the Federal Republic of Germany, the Benelux countries, the United Kingdom and the Netherlands on the other, with the prospect of more European countries joining later: balances accumulated by Brazil in any of those European countries could be freely used in the markets of the others, while the European members were totally exempted from discrimination through exchange rationing in the Brazilian market.

8. The value of ECLA's past and present activities relating to individual sectors of the economy, to Latin America as a whole and to Brazil in particular, could hardly be overrated. Special mention should be made of the pulp and paper studies, which might have an important effect on the development of the Amazon region, and of the studies on coffee, livestock production and agricultural prices, in the preparation of which excellent co-operation with the Food and Agriculture Organization had been established. The Commission had also, in the field of energy, done preliminary work on water resources and electric power, and it was to be hoped that its activities would eventually be extended to less conventional forms of energy, including the peaceful uses of atomic energy.

9. All possible means of increasing the efficiency of the technical assistance programmes should be utilized. One such means was closer integration of the United Nations Technical Assistance Administration (TAA) with the economic services of the Secretariat, especially the regional commissions. His Government hoped that an experiment would be made in gradually de-centralizing TAA and making greater use of the advice and assistance of the secretariats of the regional economic commissions. The field experience of the commissions' economic officers could be of great value in planning technical assistance in their respective regions. The object of technical assistance was economic development, and, particularly in view of the fact that the frontier between technological and economic problems was but poorly defined, closer co-operation between TAA and the commissions would be likely to promote the purposes of both. The regular work of the commissions ought not, however, to be interfered with on that account.

10. His delegation was prepared to vote in favour of the draft resolution submitted by ECLA's Fifth Committee of the Whole, in which the Council was invited to approve the Commission's work programme and its allocation of priorities to individual projects. The programme struck a just balance between the needs of the various countries in the matter of speeding up studies relating to their development. It was a pity that lack of resources should make such a drastic system of priorities necessary, but the experience gained during its years of poverty would enable ECLA to use any increase in its funds to maximum effect.

11. Mr. NOSEK (Czechoslovakia) said that the Czechoslovak delegation had given very close attention to the annual reports of the three regional commissions, which, in its opinion, could greatly assist the Council in its efforts to develop economic relations between States, and thereby contribute to the consolidation of world peace.

12. Referring first to ECE, of which his country was a member, he said that there could be no doubt that the work of that body and its secretariat was of the greatest value for the development of economic co-operation between the countries of Europe and, in particular, between the countries of eastern and those of western Europe.

13. ECE's eleventh session had been extremely important—more so than any other. The extension of its membership, which now included all the European countries with the exception of the Democratic Republic of Germany, had enhanced the Commission's prestige, and enabled it to act as the official spokesman of nearly all Europe in economic affairs.

14. Moreover, the Commission's eleventh session had been marked by a sincere desire for collaboration, which had favourably affected the results achieved. For example, at the proposal of the Soviet Union, the Commission had adopted a resolution (3 (XI)) concerning the consideration, within ECE, of an all-European agreement on economic co-operation. It was clear that the conclusion of such an agreement would be a noteworthy contribution to the furtherance of European co-operation in all economic fields, and thus also to the development of peaceful relations between nations.

15. The Commission had also adopted a resolution 4 (XI), submitted jointly by France and the Soviet Union, concerning the development of contacts between countries of eastern and western Europe, the implementation of which would likewise help to bring the European nations nearer together—whether or not they were Members of the United Nations—and to lessen international tension.

16. Lastly, the decision (resolution 7 (XI)) taken by the Commission at the instance of the French and Czechoslovak delegations to reaffirm its interest in inter-regional trade consultations, was also an important step favourable to the development of international economic co-operation.

17. The field of action now open to ECE was much broader than in the past. The aim was, in fact, to extend co-operation among European countries to all economic fields in order to enable those countries to benefit equally by the most recent advances in science and technology. The need for such co-operation was particularly evident in the harnessing of nuclear energy for peaceful purposes. It was from that point of view that the proposal (resolution 5 (XI)) to set up, within the framework of ECE, a body to study that problem should be considered.

18. While its opinion of the work of ECE was generally favourable, the Czechoslovak delegation thought that attention should be drawn to a number of defects. In the first place, it was a pity that so important a body as the Industry and Materials Committee should not have

met in spite of Europe being a highly industrialized continent.

19. In the second place, it was most regrettable that at the eleventh session the majority should not have thought fit to support a Czechoslovak proposal which affected the very principle of European co-operation, in that it was designed to settle satisfactorily the question of the legal status of the Democratic Republic of Germany in ECE. It should be emphasized that, following the decisions taken by the General Assembly at its tenth session and by the Council at its twentieth, the German Democratic Republic was the only European country that was not a member of ECE. The German Democratic Republic had, however, established normal diplomatic relations with a whole series of States Members of the United Nations and of ECE, and had normal economic dealings with the majority of European countries and many countries outside Europe. Furthermore, the German Democratic Republic was already taking an active part in the work of nearly all the committees and other subsidiary bodies of ECE. The Czechoslovak delegation therefore recommended that the Council should study that problem and support those members of ECE who were in favour of admitting all European countries without exception to its membership.

20. Czechoslovakia was not a member of the Economic Commission for Asia and the Far East (ECAFE) or of ECLA, but because it was trying, as part of its policy of peace, to normalize and strengthen its relations with all countries of the world—irrespective of their political or social system—it followed the work of those two regional commissions with interest and was glad to be able to take part in their sessions in a consultative capacity. In his opinion the work of ECAFE would be much more effective, especially in the essential sphere of economic development of the under-developed countries, if the rightful place in that body of the People's Republic of China were no longer filled illegally. The absence of representatives of the People's Republic of China was all the more regrettable because that country had achieved striking successes in its economic and social development. The Czechoslovak delegation likewise supported the application of the People's Republic of Mongolia for admission to ECAFE, in the desire to ensure that the regional commissions were really comprehensive in their membership, which was an essential condition for the effectiveness of their work.

21. Mr. BRINCH (Norway) was addressing the Council in the present debate because the Norwegian delegation had for the past two years occupied the Chair of the ECE Working Party responsible for drafting the Commission's annual report. It was gratifying that the present report (E/2868) had been adopted by the Commission unanimously, although it was not in itself a very impressive document. He hoped the Commission would be able to produce a more satisfactory report in future.

22. Although political conditions had hampered ECE, a certain amount of co-operation in the economic field had nevertheless been achieved. That was largely attributable to the leadership of the Executive Secretary, who had with reason followed the realistic approach of starting with the smaller issues.

23. The economic studies made by the ECE secretariat were most useful, and it was particularly to be commended for not having hesitated to tackle controversial issues, such as that of investments and savings, dealt with in the *Economic Survey of Europe in 1955* (E/ECE/235 and Corr.1 and 2). In addition, the Commission's technical committees had, despite many difficulties, made valuable contributions through the exchange of information and through their work on problems of definition, of international standards and classifications and the like, which, though they might not seem important in themselves, had helped to create a basis for further co-operation. Other useful achievements had been the work on the Yougel-export scheme, that on the economic development of southern Europe, and in particular that on east-west trade within Europe.

24. Although the basic problem of intra-European east-west trade had not been solved, the Executive Secretary had performed a valuable service by bringing the parties together to discuss trade and payments problems, such trade having probably already reached a stage of development at which those two aspects could not be dissociated from one another. Accordingly, the Norwegian Government was prepared to give full support to ECE's activities in connexion with payments, being itself in favour of a multilateral payments scheme.

25. It was encouraging to see that the countries of eastern Europe had recently made available a larger amount of statistics and other information to the ECE secretariat. That development was one of a number of signs of more active co-operation in European affairs by the eastern European countries. His delegation was glad that the Soviet Union considered that ECE should refrain from any action likely to compromise the work of other international organizations; that revealed an unexpectedly realistic attitude towards international co-operation.

26. In all probability, the time was not ripe for any further rapid progress towards economic integration in Europe. Only like-minded countries could hope to harmonize their economic policies to the degree that would be necessary, and the countries of eastern and those of western Europe were not like-minded. To draw up on paper integration schemes which could not be put into effect could serve no useful purpose. The realistic approach advocated by the Executive Secretary was what the situation called for at the present stage; it might be possible to reach agreement later on the outstanding problems.

27. Mr. OLIVIERI (Argentina) congratulated the regional economic commissions on the studies made by them concerning the economic situation of different areas. He would devote his remarks to the *Economic Survey of Latin America 1955* (E/CN.12/421). In that survey, ECLA had again put to excellent use the tools of economic analysis which it had forged in preparing previous studies. Attention had again been drawn to the close relationship between capacity for external payments and the rate of investment within Latin America. The authors also emphasized the great effect of external demand on total demand in Latin America. Those two relationships explained the great influence which factors of external origin

exerted on the process of development and on the economic stability of the Latin American countries.

28. The economies of those countries had developed historically under the stimulus of external demand, but that stimulus had gradually waned. The ratio of exports to gross national product of Latin America had diminished from 26.9 per cent in 1925-1929 to 17 per cent in 1946-1952. That meant that, had the Latin American countries not taken their first steps in search of new forms of economic activity during that period, but confined themselves to responding to the stimulus of external demand, their gross national income would have risen even more slowly than it had in fact.

29. The slow growth of Latin American exports had been due mainly to the inelasticity of the demand for primary products on the world market as a result of the historical tendency for such demand to grow less rapidly than that for industrial products and services as real income expanded and the standard of living of the population of the industrialized countries improved.

30. The *World Economic Survey 1955* (E/2864) and the views expressed in the debate revealed the international community's concern with those problems, so significant because of their effects on the structure of the world economy and the international division of labour. That also explained why Latin America would have to resign itself to a slower rate of growth than the industrialized countries if it persisted in specializing in primary production, which in turn would gradually widen the gap between living standards in Latin America and those in the large industrial areas of the world.

31. The growth of population and the desire of the masses to achieve decent living standards had made it necessary to find alternative forms of economic activity, which expanded at a much faster rate than did primary activities. That was why with the course of history the industrialization of Latin America had become inevitable.

32. ECLA, however, had been careful to point out that such industrial development must be accompanied by the simultaneous expansion of primary activities in response to the growth of domestic demand and the prospects of placing primary commodities on the world market. Economic development demanded a balanced advance in both primary and industrial activities. Argentina had already experienced the results of industrialization unco-ordinated with the expansion of agriculture and stock-breeding, which had caused a crisis which could be overcome only by a course of difficult readjustment.

33. The new type of realistic economic development in Latin America again brought up the basic problems, and called for an intensive review of traditional economic principles with the object of developing new concepts capable of giving a clearer picture of the new circumstances. ECLA had done, and was doing, invaluable work along those lines.

34. One of the main problems on which light was needed was the part which savings and private investment must play in the development of Latin America. The authors of the *Economic Survey of Latin America 1955* had pointed out that in recent years private savings had grown solely in absolute terms as a result of larger

incomes, having declined in relation to the total of goods and services available. The fact that the acceleration of the rate of development of Latin America called for a growing accumulation of capital goods led to the conclusion that that trend in the development of private savings was an extremely serious matter. There were two reasons for that trend: first, the prevailing low standard of living in Latin America, which meant that almost all increases in real income were spent on consumption; and second, the way in which the high-income groups in particular tended to spend too much on consumer goods, which meant that they did not save enough to finance economic growth.

35. The trend towards a slow increase in private savings, coupled with the inevitable need for carrying out basic capital works, was one of the reasons for which public investment had increased so rapidly, both relatively and in absolute terms, in Latin America. Another reason was the general low yield from such basic capital investment as that in the electric power, transport and irrigation sectors, and the fact that the money invested was tied up for very long periods. Thus, such works did not attract private capital, and the State was left to carry them out.

36. In the essay on government income and expenditure, 1947-1954 which formed Part II of the *Economic Survey of Latin America 1955*, it was correctly pointed out that in the last few decades public financing had finally moved away from the traditional principle that its true purpose was to balance the budget. The serious problems with which the large industrial countries had been faced as a result of the depression at the beginning of the 1930s had provoked a thorough review of the principles and purposes of public finance. The new theory of public finance, based on the thinking of Lord Keynes, had thus arisen; its basic purpose was no longer to balance the budget, but to act as a stabilizer of economic activity through its action on the volume of effective demand.

37. In Latin America, a number of factors had caused orthodox principles in the practice of public finance to be abandoned. It should, however, be pointed out that the thinking of some Latin American economists was unduly influenced by the new doctrine developed in the older industrial areas, which applied to conditions quite different from those prevailing in Latin America, and that the part to be played by public finance in Latin American economic development must therefore be analysed anew. ECLA's essay was the first important contribution to that process, and it was to be hoped that the Commission would continue to work on the subject as efficiently and thoroughly as it had done hitherto.

38. One matter on which revision of the part to be played by public finance in development should be focused was the theory in regard to its important role in the distribution of income. The essay on government income and expenditure emphasized the retrograde nature of Latin American taxation systems. A tax structure of that kind might have been justified in European countries in the course of industrialization in the nineteenth century, because it might be argued that manufacturing had expanded largely as a result of the growth of foreign demand, which made an expansion of effective domestic demand commensurate with the growth of production

unnecessary; and because the main object of private enterprise had been to accumulate more capital. That being so, the wide inequalities in the distribution of income among the various productive sectors had not hampered the expansion of markets, and the increase in the rate of accumulation of private capital had speeded up economic growth.

39. Latin American development was at present proceeding under conditions which differed entirely from those which had prevailed in the nineteenth century. It was a well known fact that the process of economic growth was closely bound up with the expansion of markets, which made possible specialization in productive activities, and thus led to an increase in productivity. That in turn generated the spiral of expansion: greater productivity—greater income—greater investment—greater productivity. The creation of reciprocal markets in Latin America for manufactured goods had a great part to play in the industrialization of that area, but it was also an incontrovertible fact that in the last analysis the economic growth of the countries of that region depended upon the expansion of the domestic market, which was possible only if the masses enjoyed a growing share of the real national income.

40. Thus, the growing demand for finished consumer goods would father an expanding and profitable market which would stimulate business men to make more and larger investments. There was thus a flagrant contradiction between the need to increase domestic markets by increasing the purchasing power of the masses and the retrograde character of certain Latin American taxation systems. On the other hand, the rate of consumer expenditure by the wealthier groups must be taken into account in determining the incidence of taxation imposed for the purpose of economic development.

41. The foregoing were but a few aspects of the problems arising from trends in the distribution of income within the context of a dynamic economic development. They had unfortunately not as yet received the attention they deserved, and ECLA might well consider them within the framework of its theoretical studies on Latin American economic development.

42. The analysis of the part to be played by public finance was only one aspect of a broader problem: that of government intervention in economic development. A study and definition of that problem would be important, not only for the rationalization of the activities of the State, but also for ensuring the freedom that private enterprise must enjoy in its specific field. The State must define clearly the purpose of its activities, the economic sectors that it reserved to itself for direct action, and the instruments it intended to use. Apart from that, the private sector should be free—untrammelled by useless controls on its activities—the State intervening only to guide it by means of the effective tools of economic policy—fiscal, monetary and foreign trade policy—towards the desired objectives, or to create conditions for effective competition. In the eyes of history, the State bore responsibility for imposing a social human content on economic development, but it should clearly define its aims, so as to ensure that inefficient and incoherent intervention was never allowed to frustrate the creative potentialities either of private enterprise or

of itself. It was to be hoped that ECLA would broach those other aspects of the problem of government intervention in the economic sector, in which respect the work on planning and economic development carried out by ECAFE had been most interesting.

43. ECLA had helped to clarify the problems of Latin American economic development; one of its greatest merits was that it had tried for the first time in Latin American history to provide an original interpretation of that development.

44. On behalf of his delegation, he wished to pay a tribute to the Executive Secretary of ECLA, Mr. Prebisch, and to his secretariat, which had helped him in his work. He would also like to pay a tribute to the executive secretaries of ECE and ECAFE.

45. Mr. CHRISTYAKOV (Union of Soviet Socialist Republics) said that the main function of the regional economic commissions was to promote economic co-operation between nations, with a view to increasing employment and raising the people's standard of living. The development of close economic relations was of great importance for the improvement of political relations.

46. The regional commissions had been working well; they had extended the scope of their work, most of their subsidiary bodies had increased their activity, the quality of their publications had improved, and more exchange visits had been arranged. All that had been made possible by the recent slackening of international tension.

47. In the case of ECE, the admission of the new members had enlarged the Commission's sphere of action and had enabled it to cope better with the problems facing Europe and the world at large. The agenda for its eleventh session had included such important items as the creation of an ECE organ to deal with matters relating to the peaceful uses of atomic energy, and the preparation within the framework of ECE of an all-European agreement on economic co-operation to normalize trade and other economic relations. ECE had also made a valuable start on promoting the exchange of information in science, technology and production. It was to be hoped that such exchanges would be extended to other sectors, and that a large number of States would take part in them.

48. To the common end, the Soviet Union advocated: more mutual exchanges of specialists and business men; more exchanges of scientific and technical information; the convening of an international conference on scientific, technical, trade and other economic matters; more reciprocal visits by scientists, artists and students; the organization of more international exhibitions and fairs; and the development of tourism. By continuing to work on those problems, ECE would make itself a still more effective instrument of the peaceful policies of the countries of Europe.

49. Nevertheless, there was still ground for ECE to explore in the performance of its task. Certain of its committees had been engaging in the discussion of, and the passing of resolutions on, excessively abstract topics.

50. He endorsed what previous speakers had said about the importance of the functions of the executive secretaries of the regional commissions, and particularly

stressed the valuable work done by the retiring Executive Secretary of ECAFE.

51. ECAFE had had some success in promoting economic co-operation in its region. The Soviet Union, for its part, had done everything it could to encourage economic relations between the countries of that region and other parts of the world on a basis of equality of rights and mutual benefit; it had been co-operating, with considerable success, with most of the countries of Asia and the Far East; and it would continue to help the work of the Commission.

52. The Soviet Union wished to develop its international relations and co-operation with all States, including those of Latin America. It maintained diplomatic relations with a number of the latter, and was ready to establish them with the remainder. It was also prepared to provide the Latin American countries with machinery and equipment of all kinds, including oil-field equipment; with machine tools, instruments, motor cars and agricultural machinery; with raw materials of various kinds and with other commodities. It could, if desired, also provide them with technical assistance and experts and exchange with them experience in the fields of industry, energetics, building, transport and agriculture. In return, it was prepared to import from them agricultural, animal and mining products.

53. The success of the regional commissions' work depended to no small extent upon their respecting the principle of universality. ECE and ECAFE fell short in that respect, in so far as the People's Republic of China and the People's Republic of Mongolia were excluded from membership of the latter and the Democratic Republic of Germany from membership of the former. The Soviet delegation considered that it was abnormal that up to that time the German Democratic Republic was not represented in ECE. If ECE was to be truly representative of all Europe, it must include the German Democratic Republic, which was a sovereign State and was already taking an active part in the work of the Commission's subsidiary bodies. The admission of the German Democratic Republic to ECE would undoubtedly increase the authority of the Commission, and would promote its more successful functioning. Similarly, ECAFE ought to admit the People's Republic of China, which was the largest State in the world, was playing a leading part in the economic and political development of Asia and the world at large, and had made huge political, economic and cultural strides. Only the representatives of the People's Republic could rightfully speak for China, and their exclusion from their lawful place in the United Nations was a gross violation of accepted standards of international behaviour.

54. The Soviet Union supported the application of the People's Republic of Mongolia for membership of ECAFE, because that country's participation in ECAFE's work would promote the general economic development of the region; because the Mongolian People's Republic had been recognized as complying with the conditions for membership of the United Nations by the General Assembly in its resolution 918 (X); because it was a democratic State with a long record of peaceful foreign policy; because it had received the recognition not only of the Soviet Union and the People's Republic of China,

but also that of India; because it possessed valuable natural resources and, since its change of regime, had made great strides in economic development and in improving the lot of its workers; and finally because, after many years under colonial rule, it had won the right to be a free and independent State. He was confident that the Council would, for those reasons, support the application of the People's Republic of Mongolia for membership of ECAFE.

55. The success which the regional economic commissions had had in promoting economic co-operation between the countries of their regions was not enough; the Council should recommend them also to co-operate increasingly with one another.

56. He deplored certain remarks which the United States representative had seen fit to make at recent meetings. Unless the Council conducted its business in an atmosphere of co-operation and mutual understanding it could not hope to make progress. Stress should be laid on what unified its members, not on what divided them. However, since the United States representative had raised a certain delicate question at the 936th meeting, it was necessary to remind him that, at the 939th meeting, the observer from Poland had shown that the recent events at Poznan had been provoked by armed bands directed from outside the country, and not by Polish workers. The Soviet Union delegation could not accept the United States representative's explanation of the supplementary appropriation of \$25 million voted by the United States Congress: the true purposes of that appropriation had already been exposed at the 937th meeting by the Soviet Union representative.

57. Lord John HOPE (United Kingdom), speaking to a point of order, asked the President whether it was in order for the representative of a third State to refer to a question at issue between the representatives of two sovereign States Members.

58. The PRESIDENT replied that the practice of allowing a certain amount of latitude in general statements had become fairly well established in the United Nations. Reference had been made to the point in question earlier in the debate, and other delegations had availed themselves of their right of reply. He would be deviating from normal practice if he ruled the reference out of order.

59. Mr. STANOVNIK (Yugoslavia) joined previous speakers in paying a tribute to the executive secretaries of the three regional commissions, and in particular to the Executive Secretary of ECAFE, who had made a great personal contribution to the pioneering role played by that Commission. The excellent and detailed studies of the regional economies formed a noteworthy supplement to the *World Economic Survey 1955*.

60. In the new political atmosphere, the scope of ECE's work had been broadened by the inclusion of new members, whose absence had hampered its past activity. It was to be hoped that the principle of universality would be fully applied in the very near future. The all-European co-operation now proceeding through ECE would not only restore the traditional geographical concept of Europe, but would also lead to its renaissance, based on the principle of the equal rights of States.

61. The proposal by the Committee on the Development of Trade concerning the establishment of European machinery for compensating clearing balances was to be welcomed. It would greatly encourage trade between eastern and western Europe, although it might be only an initial step towards the attainment of full multilateralism in European payments. That was undoubtedly why a majority of member governments had supported the proposal.
62. The Yugoslav Government welcomed the resolution adopted by the Expert Group on the Economic Development of Southern Europe, and hoped that the projects suggested therein would soon be put into practice.
63. It was equally satisfactory that what was known as the Yougelexport scheme had aroused the interest of the countries concerned—Austria, the Federal Republic of Germany and Italy—and that it was to be put into effect very shortly.
64. The work done by ECAFE's Working Party on Economic Development and Planning undoubtedly transcended the regional framework, and Yugoslavia, as a country in the process of development, had been extremely interested to learn of the experience of other regions. The time was coming not only for more intensive general co-operation, but also for more intensive co-ordination of national development programmes. It was to be hoped that the question of the representation of China in ECAFE would be settled as quickly as possible, for the Commission's efficiency would undoubtedly be enhanced by its proper solution.
65. ECLA had done equally useful work. During the eight years of its existence, a specific Latin American concept of integrated economic development had matured and developed.
66. There were problems in which all the regional commissions were interested—albeit from their own specific points of view—such as the utilization of nuclear energy for peaceful purposes, ECLA's study of which would undoubtedly be of interest to the other regions. The same was true of the problems of industrialization. The Council was likely to initiate at its current session a broad programme of United Nations activities in industrialization to supplement the work of the regional commissions.
67. The suggested decentralization of the administration of technical assistance programmes implied the admission of the regional commissions to the collective efforts of the United Nations and would enable them to become instruments for regional co-ordination and integration. The potential value of the regional commissions was even more encouraging than what they had achieved so far, and the time was fast approaching for the organization of similar regional co-operation in the Middle East and Africa. Only when the United Nations had at its disposal equally successful commissions operating in all parts of the world would it be able to establish, by supplementing those organs with the machinery for inter-regional or intercontinental co-operation, co-ordinated, world-wide economic machinery that would enable it to put into full effect the principles set forth in the Charter of the United Nations.
68. Sir Alec RANDALL (United Kingdom) said that the extent and value of the work done by the regional economic commissions had been made abundantly clear by the statements of their executive secretaries. He wished to pay a special tribute to the Executive Secretary of ECAFE, and to wish him well in his future work elsewhere. The regional commissions did a great deal to promote the development of, and economic co-operation among, their members, and the secretariats provided services which were of considerable assistance to member governments. Their meetings provided valuable opportunities for exchange of views and experience.
69. The United Kingdom Government, which was a member of all three regional commissions, in particular welcomed to full membership of ECE and ECAFE the countries which had been admitted to membership of the United Nations at the tenth session of the General Assembly. They would contribute much to the work of those bodies, and their admission would make membership in the two areas virtually universal.
70. The increasing extent to which the commissions were co-operating actively with other international bodies working in their respective regions was to be commended, especially the growing collaboration between ECAFE and the countries participating in the Colombo Plan. The work of those two associations of States was complementary to a remarkable and very satisfactory degree. Since the United Kingdom Government was convinced that ECAFE was doing such valuable work, it was glad to agree with the Secretary-General's proposals for the transfer from United Nations' Headquarters of additional staff for the Commission's secretariat, on the understanding that it was really a transfer and would not imply the engagement of fresh staff at Headquarters.
71. Project 37-09 in ECAFE's programme of work (E/2821, p. 41), relating to commercial arbitration facilities, gave rise to some concern. He assumed that there was no question of the Commission, which should reflect the views of all its members, advising countries to recommend to their business men that they should accept the views of the International Chamber of Commerce on the incorporation of a standard arbitral clause in trade contracts. The United Kingdom had always taken the line that the choice of an arbitrator in cases of commercial dispute was a matter for the parties to the dispute, and that commercial concerns should not be influenced in their choice. It was to be hoped that the Commission did not intend to promote facilities for enforcing international arbitral awards.
72. The United Kingdom Government took a particular interest in the work of ECE. He did not intend to imitate some previous speakers by giving an exhaustive list of the United Kingdom's commercial ties with other countries; he was content to let the record speak for itself. ECE might be described, without disrespect, as a pedestrian organization, since organizations always did their best work when they kept their feet firmly planted on the ground. It was concerned with certain practical problems which, although they might seem unspectacular or even humdrum, were well worth the time and attention given to them. At the same time, it provided a unique all-European forum where hundreds of experts from many countries were enabled to exchange views and informa-

tion, to gain an insight into one another's thinking and methods, and to perfect themselves in the art of international collaboration.

73. Such collaboration depended to a large extent on the supply of statistical information in equal measure by all member governments. It had been encouraging to hear from the Executive Secretary of ECE that he was confident that the position would improve, and that the Soviet Union and other countries of eastern Europe were preparing to fall into line with other members in that respect. It was to be hoped that they would soon be furnishing routine statistics as readily as did all the countries of western Europe. Until they did so, ECE could never be entirely effective or function as a truly all-European organization.

74. The United Kingdom delegation would support whole-heartedly the draft resolutions (E/L.730, E/L.731) before the Council, providing for the participation in a consultative capacity of the Federal Republic of Germany in the work of ECAFE and of Japan in the work of ECLA. When the majority of members of a regional economic commission so desired, it was quite right that other countries which, although not members of the United Nations, were otherwise wholly qualified to be members of the commission concerned, should be permitted to take part in its work on the same footing as Members of the United Nations which were not full members of the regional economic commission. The United Kingdom's views on the qualifications of Japan and the Federal Republic of Germany for membership in the United Nations had been made perfectly clear in the Security Council during the consideration of the admission of new Members at the tenth session of the General Assembly, and at the resumed twentieth session of the Council (899th meeting) when the admission of the Federal Republic of Germany to full membership of ECE was being considered.

75. In that connexion, a word of warning should be sounded about the extent to which some countries, when participating in the work of the regional economic commissions in a consultative capacity, sometimes exceeded the rights accorded to them by the commissions' terms of reference. At recent meetings of ECAFE, delegations from eastern Europe had intervened in the debates on the report of the Committee on Industry and Trade. The speeches had been long and had consisted of little but advertisement for the industrial achievements of the countries making them or, for that matter, of pure political propaganda. All those speakers had made a particular point of raising the question of the representation of China, and one of them had had to be called to order. The same kind of thing had also occurred in ECLA. Indeed, he had noticed that even in the Council itself observers had for some time been making speeches which did not strictly conform to the provisions of rule 75 of the rules of procedure. He would not at that stage make any formal proposal, but he did think that the point should be raised in the Council, since it was the parent body of the commissions. If the commissions' time was taken up with long statements which were largely irrelevant to their agenda, their work could not fail to suffer.

76. The United Kingdom delegation would oppose the application of the People's Republic of Mongolia for

membership of ECAFE. It was true that in the Security Council the United Kingdom representative had voted for the admission of the People's Republic of Mongolia to the United Nations, together with seventeen other applicants, at the tenth session of the General Assembly, when the question of the admission of new Members had been under consideration. It might, of course, be argued therefrom that the United Kingdom had admitted, however reluctantly, that the People's Republic of Mongolia was qualified for membership of the United Nations, and hence for that of ECAFE. Such an interpretation of the United Kingdom's actions could not be accepted, and it was unlikely that any other delegation which had voted in the same way would admit such an interpretation of its action. On the contrary, in voting for the People's Republic of Mongolia, together with the seventeen other applicants, the United Kingdom representative in the Security Council had stated that the United Kingdom had particular difficulty in satisfying itself that that Republic was a sovereign and independent State in the sense in which it understood those words. The United Kingdom Government had been prepared to judge the matter in the most conciliatory spirit in the circumstances then obtaining. The outcome was well known, and the situation was now quite different. He would therefore have no hesitation in voting against the admission of the People's Republic of Mongolia to ECAFE. Should the People's Republic of Mongolia ever be admitted to membership of the United Nations, the position would, of course, be changed, but at present the United Kingdom delegation did not favour its admission to membership of a regional economic commission as a special case.

77. The suggestion that the Democratic Republic of Germany should be admitted to membership of ECE had once again been raised. The matter had been discussed exhaustively in the Council during the past year, and in particular at the resumed twentieth session when the Federal Republic of Germany had been admitted to full membership of ECE. No more need be said than that the United Kingdom Government did not regard the eastern German regime as a sovereign, independent government, and did not think it proper for the Democratic Republic of Germany to take part in the work of the Commission, except as provided for in point 10 of ECE's terms of reference. Indeed, to admit the Democratic Republic of Germany would lend the authority of the Economic and Social Council to the continued division of Germany, which everyone deplored.

78. Mr. HEAPS (World Veterans Federation), speaking at the invitation of the PRESIDENT, said that mention was made in ECAFE's report of two matters of particular interest to his organization—rehabilitation and land settlement.

79. His organization was gratified to note that ECAFE recognized that rehabilitation of the handicapped was directly related to economic and social advancement, and in particular that it recognized the value of national rehabilitation centres such as the Solo Centre in Indonesia.

80. The Solo Centre was a truly international venture: experts from the United States of America, Finland, the Philippines and Australia were co-operating there with Indonesians under the auspices of TAA and non-



governmental organizations such as the World Veterans Federation, using equipment supplied under the Colombo Plan and by the Indonesian Government. It was the only institution in Asia—Japan excluded—which was providing comprehensive surgery, therapy, training, employment and school services for the handicapped. If it could be provided with some additional experts in physical and occupational therapy, in vocational training and in the teaching of handicapped children, it would be possible to transform Solo into a regional training and administration centre. The cost was not likely to exceed \$60,000 to \$70,000 a year, providing that the present staff was retained. His organization would continue to give the services of the orthopaedic surgeon and nurse whom it already provided. It was to be hoped that the Council might give the Centre the requisite additional

support through the Expanded Programme of Technical Assistance.

81. His organization supported the recommendation, made in ECAFE resolution 17 (E/2821, p. 32), about 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". The recommendation embodied the suggestion made by his organization's land settlement expert to the United Nations Seminar on Population in Asia and the Far East. The World Veterans Federation was prepared to help with the organization of the proposed seminar, and had already made the necessary budgetary provisions for that purpose.

The meeting rose at 12.50 p.m.