



CONTENTS

	Page
Agenda item 38:	
Financial implications of actions of the Council ( <i>continued</i> )	129
Agenda item 8:	
Economic and social consequences of disarmament	
Conversion to peaceful needs of the resources released by disarmament . . . . .	130

*President* : Sir Ronald WALKER (Australia)

*Present* :

Representatives of the following States, members of the Council: Algeria, Argentina, Australia, Austria, Chile, Colombia, Czechoslovakia, Ecuador, France, India, Iraq, Japan, Luxembourg, Senegal, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yugoslavia.

Representatives of the following States, additional members of the sessional Committees: Cameroon, Ghana, Indonesia, Iran, Italy, Mexico, United Arab Republic, United Republic of Tanganyika and Zanzibar.

Observers for the following Member States: Brazil, Bulgaria, Central African Republic, China, Ireland, Israel, Pakistan, Poland, Romania, Spain, Sweden, Uganda, Uruguay.

Observer for the following non-member State: Federal Republic of Germany.

Representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization.

The representative of the International Atomic Energy Agency.

AGENDA ITEM 38

**Financial implications of actions of the Council**  
**(E/3928, E/3941, E/3944, E/3946, E/3950; E/L.1055)**  
*(continued)*

1. Mr. HILL (Australia) recalled that at the 1329th meeting he had endorsed the proposal of the Special Committee on Co-ordination (E/3946, para. 9) that the Council should give consideration to the establishment

of a procedure for "screening" the United Nations work programme in the economic, social and human rights fields from the point of view of its budgetary implications. That was in fact the task to which the Council was now turning its attention. Referring to paragraph 8 of the Secretary-General's report on the work programme (E/3928), he expressed the hope that the installation of an electronic computer system would make that task simpler in 1965. His delegation agreed with the Special Committee on Co-ordination that the presentation to the Council, at a timely stage of the calendar year, of an integrated draft programme and budget, a practical step of considerable importance, would be of great assistance to the General Assembly in its examination of the budget of the Organization. At the present time the Secretary-General was obliged to revise his estimates to take account of the decisions taken by the Council at its summer session. Thus, it was only at the end of the year that Member States could obtain a complete idea of the programme and budget for the following year and hence of the size of their financial contributions. That practice of revising the initial estimates was hardly satisfactory from the administrative point of view. A great many Member States were thus unable to provide for the necessary appropriations until the beginning of the budgetary year during which they had to meet their commitment, which frequently delayed payments. His delegation therefore thought it would be better if Council decisions involving expenditure could be taken at the spring session, or in 1965, possibly in January. Projects which the Secretary-General could not include in his original estimates could be postponed until the following year, except in cases of special urgency, as for instance projects relating to national disasters.

2. He wished to make some preliminary observations about the provisional summary of financial implications of actions of the Council (E/3941). He noted (para. 10) that the Secretary-General intended to present to the General Assembly for its approval an appropriation of \$184,000 in respect of the preparatory work of the new bodies to implement the recommendations of the United Nations Conference on Trade and Development. Although the Council was not called upon to give its views on the size of that appropriation, he would like to have some information on the actual cost of the Conference compared with the appropriations made for the purpose for 1964. He thought that the cost of the Conference had perhaps exceeded the estimates but he would like to have more details on the subject.

3. His delegation felt it was important that the Advisory Committee on the Application of Science and Technology

to Development should work smoothly and was glad that the allocations would enable it to hold a second session in 1964. Like the United Kingdom delegation, it would like some explanation of the last sentence of paragraph 13. With regard to the calendar of conferences, his delegation approved of paragraph 17 of the provisional summary. Lastly, as far as the symposia on industrial development were concerned, without wishing to question the merits of the programme his delegation was somewhat concerned by the statement about their financial implications, which in fact meant (para. 24) that the Secretariat was not at present in a position to supply the necessary data. It hoped that the Secretariat would be able to give the Council the information before the end of the session.

4. Mr. VIAUD (France) reminded the Council that at the thirty-sixth session (1302nd meeting) his delegation had supported the proposal that the Council should have a preliminary discussion at the beginning of the session and a more thorough discussion at the end of the session on the financial implications of its decisions. It was a matter of associating the Council with the preparation of the budgetary documentation intended for the General Assembly, through the examination of a kind of economic and social budget. The documentation before the Council was inadequate in both content and presentation for that purpose. The foreword by the Secretary-General to the draft budget for 1965 (A/5805/Add.2) was helpful but it would have been useful, for instance, if the table in paragraph 5 could have shown what part of the expenditure relating to economic and social activities was earmarked for meetings, conferences, special missions and related activities. Similarly, it was essential that the functional budget should be related to the work programme of the Council and its subsidiary bodies, since the Council was responsible for co-ordinating the activities of the Organization in the economic and social fields and for giving directives to its subsidiary bodies. The Council must be in a position to determine the relation between the objectives of the work programme and the budgetary objectives. At the present time it was difficult for the Council to enter into a technical discussion on technical matters without the necessary data. The Council's deliberations on the matter would be more useful and more simple if that preparatory task was entrusted to the Special Committee on Co-ordination.

5. Like the Indian delegation (1332nd meeting), his delegation was surprised that the provisional summary contained no estimate for the work of the bodies whose establishment had been recommended by the United Nations Conference on Trade and Development. That omission would seem to imply that the old system under which no information on the financial implications of a decision was provided until immediately before the decision was taken was still being used. Without prejudice to the General Assembly's decisions, he hoped that the Council would have the necessary information before it as soon as possible. With regard to the proposed merger between EPTA and the Special Fund, he thought it proper that the Council should have estimates of expenses in that connexion, which would probably help to dispel certain misgivings.

6. With regard to the calendar of meetings and conferences, his delegation was not concerned solely with the financial aspect but would like to draw attention to the human aspect, namely the heavy burden that the increase in the number of meetings imposed on the Secretariat and on delegations. It would be useful for the Secretariat to supplement the table of planned meetings by showing the position over a three-year period, especially with regard to the main bodies and possible conferences.

7. The PRESIDENT said that the Council would revert to the question at a later stage in its proceedings, although it was possible that in the meantime the Secretariat would submit some observations.

#### AGENDA ITEM 8

##### Economic and social consequences of disarmament

##### Conversion to peaceful needs of the resources released by disarmament (E/3898 and Add.1 to 3)

8. Mr. WILLIAMS (United States of America) said that neither studies nor statistics were needed to convince anyone of the advantages that general and complete disarmament held for mankind. If such disarmament were achieved through effective international control, the financial, material, scientific and human resources now devoted to military purposes could be used to put an end to much distress. The United States Government was unremittingly pursuing that aim.

9. Owing to the complexity of national economies, the process of adjustment to disarmament could not be simple or automatic. When the time came, thought must be given to adopting policies and programmes in order to secure the maximum social benefits with a minimum of maladjustment or disruption. Although relatively few countries would be directly affected, the vast resources thus released would reshape their national economies and have indirect effects on the world economy: that was why the General Assembly and the Council had recommended that advance plans should be made at the national and the international level. The Secretary-General had provided valuable studies and reports on the subject in 1962 and 1963, and his latest report (E/3898 and Add.1 to 3), giving information transmitted by Governments together with his analysis, was indeed appreciated. The United States Government had replied comprehensively, frankly and in detail to all the requests addressed to it by the Secretary-General and he thought that most of the countries which had not replied considered that their production for direct military purposes was too insignificant to justify studies and reports.

10. In December 1963 the President of the United States had instructed a high-level committee to co-ordinate estimates by all federal agencies of the economic repercussions of disarmament and of the reallocation of military expenditure. The United States Government was also trying to appraise the influence of military expenditure on income and employment and to estimate the industrial and geographical effects of that expenditure. He was sure

that those efforts would yield useful results in helping the United States to reallocate resources from defence purposes when that became possible.

11. With regard to the studies being made by United Nations bodies, he hoped that the best possible use would be made of available personnel and financial resources, with a view to achieving the necessary efficiency. The ACC had agreed that the Secretary-General should be responsible for co-ordinating all those studies (E/3886, para. 67). The Secretary-General would be assisted in his task by a committee of ACC consisting of representatives of the different agencies. That system and the efforts of the countries whose military expenditure was sizeable made it unnecessary to establish an *ad hoc* group to accelerate activities in the field of conversion of resources (see General Assembly resolution 1931 (XVIII), para. 5), and the United States delegation hoped that the Council would submit a report to that effect to the General Assembly.

12. Studies of the economic and social consequences of disarmament were complex and entailed many imponderables. It was therefore important for the Secretary-General to keep national and international activities under constant review and to keep the Council informed of all noteworthy progress. The United States delegation felt, however, that the Secretary-General should be allowed some latitude with regard to the periodicity and nature of his reports. It would submit to the Council a draft resolution<sup>1</sup> embodying some of the ideas he had expressed.

13. Mr. KURKA (Czechoslovakia) said that his Government attached great importance to the Secretary-General's report on the conversion to peaceful needs of the resources released by disarmament. Although of necessity such studies had hitherto been hypothetical, it would be a mistake to underestimate the influence they might have on negotiations for general and complete disarmament and on the decisions that Governments would have to take in order to combat poverty and to help the developing countries to overcome their difficulties. All Member States had welcomed the increase in the number of independent countries, but they were also aware that the gap between rich and poor countries continued to widen. It had been calculated that in order to do away with that gap it would be necessary to provide \$14,000 million a year for the developing countries for a certain period. Moreover, even that assistance would only enable them to increase their national income by 2 per cent to 3 per cent a year. Thus a part of the money spent on armaments, which amounted to some \$150,000 million a year, would make it possible to raise the level of living of millions of human beings.

14. Another valuable aspect of such studies was that through specific and serious statements of fact they refuted the harmful propaganda of those who were endeavouring to discourage the efforts of the advocates of disarmament by exaggerating the difficulties of the

problem and who were thus liable to precipitate a thermo-nuclear disaster.

15. The Secretary-General's report showed that the cause of disarmament had made some progress. The work of the United Nations experts, the replies of Governments and the analyses of the regional economic commissions and the specialized agencies provided convincing arguments in favour of the necessity of disarmament and the possibility of conversion of military production to peaceful needs. In Czechoslovakia, for instance, that conversion would not give rise either to unemployment or to social upheavals and could only have favourable results.

16. It was regrettable, however, that in his report the Secretary-General had confined himself to general conclusions, whereas a detailed analysis of the effects of disarmament on international economic relations would be of great assistance in multilateral negotiations. It would certainly be useful to study the important effects of disarmament on the structure of world trade and the international division of labour.

17. The Czechoslovak delegation fully approved of the decisions on improving co-ordination of the economic and social activities of the various United Nations bodies. Such co-ordination should be approached from a sufficiently broad point of view, and should be extended also to United Nations studies on the economic and social aspects of disarmament, which could be most valuable to the 18-nation Committee on Disarmament. He did not share the United States representative's doubts about the expediency of establishing an *ad hoc* group as referred to in General Assembly resolution 1931 (XVIII), for the work of such a group would make it possible to carry out a more detailed study of the consequences of disarmament. The Czechoslovak delegation would support any proposal designed to give such a study its proper place among the activities of the United Nations.

18. Mr. STEIN (Chile) said that his Government had always tried to find legal solutions for problems which might engender international tension. Chile was a party to the Moscow Treaty of 1963 banning nuclear weapons tests in the atmosphere, in outer space and under water and to the Antarctic Treaty of 1959 banning nuclear tests in that region. In November 1959 it had invited the Latin American Republics to reduce their expenditure on armaments and to use the resources thus released for their development; lastly, in April 1963, together with Mexico, Brazil, Ecuador and Bolivia, it had signed a declaration proposing the denuclearization of Latin America.

19. All disarmament plans gave rise to difficulties, the greatest of which was the conversion to peaceful needs of the means of production used for the manufacture of armaments. The studies undertaken by the principal military Powers, the United Nations and the specialized agencies showed that those difficulties were not insurmountable. In any case, they seemed insignificant in comparison with the vast benefits of disarmament. On the other hand, the adverse effects that conversion might have on the prices of certain primary commodities of interest

<sup>1</sup> Subsequently issued as document E/L.1059.



to the developing countries deserved special attention. An adequate survey should be made of the problems to which price fluctuations might give rise, as envisaged by the Council in operative paragraph 5 of resolution 982 (XXXVI). The Chilean delegation wholeheartedly supported the proposal of the consultative group of experts, in its study (para. 133),<sup>2</sup> for the compensation of any reduction in demand for primary commodities resulting from disarmament through special aid to the countries concerned.

20. Since 85 per cent of world military expenditure was concentrated in seven countries, the release alone of the resources devoted to armaments would not benefit the vast majority of countries, and the gap between the industrialized countries and the less fortunate countries could not fail to widen alarmingly, contrary to the wishes expressed by the Council, particularly in resolution 891 (XXXIV). As the General Assembly, in resolutions 1710 (XVI) and 1837 (XVII), had recognized, the resources released by disarmament should be used first and foremost for the economic and social development of the developing countries. If approximately \$50,000 million of the \$120,000 million thus released could be allotted to a programme of outside aid, that sum would exceed by far the essential capital needs of the developing countries, which were estimated at some \$10,000 million a year.

21. Chile, for its part, could only benefit by such conversion, which would enable it to transfer skilled personnel to its industrial development. There could be no denying that comprehensive studies were essential, provided that they did not remain theoretical. The Chilean delegation approved of the proposal that the Secretary-General of the United Nations should co-ordinate all studies of the economic and social aspects of disarmament. It also considered that the regional economic commissions, in close collaboration with the specialized agencies, should play a preponderant part in the evaluation of programmes and their financing. In addition, it fully supported General Assembly resolution 1931 (XVIII), which requested the Council to consider the possibility of the establishment of an *ad hoc* group to accelerate activities in the field of study of the conversion of resources released by disarmament.

22. Although the Council was not, properly speaking, competent in the matter, there could be no doubt that any programme on the economic aspects of disarmament was closely linked with the programme on its political aspects. Although priority must be given to the political side of the question, since it was only after disarmament had become a reality that its economic and social consequences could usefully be considered, it was nevertheless essential to prepare forthwith the institutional channels through which projects could be transformed into specific achievements, disarmament could be supervised and the resources thus released could be distributed. Hitherto, the reductions in military expenditure announced in the Press had not actually been reflected in the assistance given to the developing countries. That meant either that the resolutions of the General Assembly

and of the Council on the use of the resources released for programmes of economic and technical assistance were a dead letter, or that disarmament had not yet begun.

23. Mr. KOPCOK (Yugoslavia) said that the problem of the economic and social consequences of disarmament was becoming more and more real and the armaments race increasingly burdensome for the industrialized countries. A detailed study of the economic and social consequences of disarmament might eliminate many obstacles.

24. Numerous scientific and political circles were becoming aware of the absurdity of expenditure on armaments, and in their replies to the Secretary-General's *note verbale* (E/3898/Add.1 to 3) Governments showed a positive attitude to that complex question. National studies of the conversion of military production to peaceful purposes had in many cases confirmed the view of the advocates of peace that disarmament not only contributed to economic and social development but was essential to prevent world-wide economic disaster.

25. Since the thirty-sixth session of the Council, fresh efforts had been made to reduce world tension: more than one hundred States Members of the United Nations had adhered to the Moscow Treaty; the General Assembly had adopted resolution 1884 (XVIII) welcoming the expression by the Union of Soviet Socialist Republics and the United States of America of their intention not to station in outer space any objects carrying nuclear weapons or other kinds of weapon of mass destruction; the Union of Soviet Socialist Republics, the United Kingdom and the United States of America had recently announced a reduction in their production of fissile material for military purposes. Thus the forces of peace were asserting themselves more and more on the international scene and it could be hoped that the constant efforts to arrive at agreement on disarmament would gain fresh impetus.

26. It was undeniable that general and complete disarmament would create certain problems, particularly in countries equipped with the most modern arms: the conversion of the arms industry, the redeployment of manpower, the problem of finding markets for increased civil production, the effects of conversion on trade in primary commodities. It was equally true, however, that once disarmament had been achieved those countries would have a large proportion of their national income available for the improvement of their social and cultural services and for economic progress both in the domestic and the world market. Finally, part of the resources released could be allocated to the economic and social development of the developing countries. Disarmament and economic and social development were two interdependent key problems which must be solved in the interests of world peace.

27. The analysis of the economic and social consequences of disarmament should be approached from a broader point of view, taking into account the negative consequences of armaments, in other words the extent to which they impeded economic and social progress

<sup>2</sup> *Economic and Social Consequences of Disarmament* (E/3593/Rev.1), United Nations publication, Sales No. 62.IX.1.

throughout the world and especially in the developing countries. That was a further reason for undertaking studies, and the Yugoslav delegation supported the establishment of the *ad hoc* group envisaged in paragraph 5 of General Assembly resolution 1931 (XVIII).

28. Yugoslavia had always actively supported all constructive proposals calculated to promote disarmament. Its foreign policy was based on the principles of active peaceful coexistence and on the right of every nation freely to establish its own social system.

29. The peace-loving countries, which were disturbed by the fact that the 1963 Moscow Treaty had not been followed by other concrete progress in the field of disarmament, hoped that a thorough study of the economic and social consequences of disarmament would help the world to enter upon the path of peace and of peaceful international co-operation.

30. Mr. REVOL (France) said that the Secretariat had carried out a most interesting and useful study, which made it possible, as far as the many countries which had replied to the Secretary-General's inquiry were concerned, to assess the place occupied by national defence activities in economic and social life. The French delegation accordingly thought it would be useful to repeat the inquiry every year. It welcomed the activities of the specialized agencies in that field, and endorsed the conclusions reached on that subject by ACC.

31. Nevertheless, it was essential to define the limits within which the Council and the specialized agencies could act. In the first place, the studies must be strictly economic and social in nature, since the question of disarmament itself was outside the Council's competence. While the French delegation did not under-estimate the economic and social advantages which would accrue to all countries in the event of disarmament, it thought it advisable to point out that the Council could not make recommendations to Member States concerning the policy they should follow with regard to disarmament itself. It did not, therefore, consider that the establishment of the *ad hoc* group mentioned in paragraph 5 of General Assembly resolution 1931 (XVIII) would be appropriate. There was, moreover, an unknown factor involved in any study of the consequences of disarmament; namely, when and under what conditions a general agreement on disarmament would be reached. Some of the information requested in the Secretary-General's *note verbale* (E/3898, annex I) depended on that unknown factor. France and

some other countries had drawn attention to the fact in their replies to the inquiry (see E/3898, para. 13). The strictly informative character of the information gathered by the Secretary-General should be emphasized, for when the time came every State would be the final judge of the use to which the resources released by disarmament should be put.

32. Subject to those reservations, the French delegation gave its entire approval to the inquiry conducted by the Secretary-General.

33. Mr. COEYTAUX (United Nations Educational, Scientific and Cultural Organization) said that, in accordance with the resolutions of the General Assembly and the Council, UNESCO had continued to co-operate, in the fields within its competence, with the Secretary-General in studies of the economic and social consequences of disarmament and would continue to do so. It was essential, as ACC had noted, that studies by the specialized agencies should be undertaken within the general framework of a concerted programme, with the Secretary-General acting as the central point of co-ordination. Moreover, studies to be undertaken by the international organizations would depend directly on the data provided by the Governments of Member States. Hence the data in question were of the greatest importance.

34. UNESCO also wished to draw attention to the part which could be played by non-governmental organizations of a scientific character, which were completely autonomous in respect of their research. The European Co-ordination Centre for Social Science Research and Documentation, in particular, which had been set up in Vienna under the auspices of the International Social Science Council and was operating with assistance from UNESCO, had included the problem of the economic and social consequences of disarmament in its research programme. That problem was also occupying the attention of the Standing Committee of Research Conferences on Peace and International Security and the so-called "Pugwash" conferences. The close relations which UNESCO maintained with those organizations would enable it, subject to approval by the General Conference, to promote, in its work programme for 1965/1966, research and study in the field of the economic and social consequences of disarmament.

The meeting rose at 12.50 p.m.