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**President: Mr. Manuel PÉREZ GUERRERO**  
(Venezuela).

**AGENDA ITEM 9**

Reports of the World Bank Group and of the International Monetary Fund (concluded) (E/4593 and Add.1, E/4594 and Add.1, E/4596)

1. Mr. LOPEZ URZUA (Guatemala) said that the most encouraging feature of the statements of the Executive Heads of the World Bank Group and IMF (1571st meeting) was their emphasis on the new approach to development problems being adopted by their institutions. The Bank could boast of solid achievements in the financing of infra-structural projects and its growing readiness to consider other forms of economic aid was welcome. Some of the new approaches envisaged in its programme for the coming five years might not be of equal value in all developing countries, but the very fact that the international financial institutions were prepared to treat the development process as a series of interrelated problems was, in itself, a gratifying advance.

2. The Fund had continued to do highly effective work in maintaining harmony between domestic and international monetary affairs, and in helping to solve the balance-of-payments problems with which virtually all countries were faced in implementing their development programmes. The proposed changes in the Fund's Articles of Agreement<sup>1/</sup> would make it considerably easier for it to reconcile the requirements of stability in the international monetary system with those of world trade and development. The new arrangements would serve the needs of the developing countries better; in particular, they would be of great

<sup>1/</sup> See International Monetary Fund, Annual Report, 1968 (Washington, D.C.), appendix I; this report was transmitted to the Council by a note of the Secretary-General (E/4596).

benefit to the countries of Latin America, and to their national and regional financial institutions.

3. Dr. COIGNEY (World Health Organization) said that the President of IBRD, in the statement read out at the 1571st meeting, had expressed the Bank's readiness to explore the feasibility of a co-operative programme with WHO, comparable to those in existence with FAO and UNESCO, should an inter-disciplinary unit within or in conjunction with WHO be established to assist Governments with population policies and family planning programmes. WHO already had very satisfactory co-operative arrangements with the Bank and he assured the Council that he would bring the President's latest proposal to the Director-General of WHO. Dr. Candau would certainly wish to examine it more closely in the light of WHO's mandate.

4. That mandate, as far as population activities were concerned, authorized WHO to develop reference services on all aspects of human reproduction; to stimulate, co-ordinate and support research on the biological, medical and public health aspects of human reproduction, including family planning; and to provide advisory services, on request from Governments, on health aspects of fertility, sterility and fertility regulation methods. Under the relevant resolutions of the World Health Assembly, WHO could assist Governments, at their request, in the organization of family planning health services in the context of health services particularly their maternal and child health components, and assist Member States in national research and training projects relating to the health aspects of population.

5. Accordingly, WHO had for some time past been responding to requests for assistance in the health aspects of human reproduction and family planning; virtually all those requests related to the development of family planning services within general health services, and the number of requests for assistance of the same kind was expected to increase in the future. The advisory services provided by WHO were largely concerned with the administration aspects of the health services in question, and with training and the medical aspects of fertility regulation. WHO advocated no particular family planning policy, recognizing that such decisions were a matter for individual families, and in all its assistance it attached special importance to the social and cultural factors which influenced health.

6. In conclusion, he expressed the hope that the closer co-operation between the Bank and WHO referred to in the President's statement would cover not only population activities, but other activities essential to economic and social development, such as environmental sanitation and the training of medical and health personnel.

7. Mr. ABE (Japan) said that recent events in international monetary affairs clearly demonstrated the

importance of concerted, swift and effective international action, based on a spirit of close co-operation; without that spirit, the stability of the international monetary system, and hence the rapid and sustained growth of the world economy, would be imperilled.

8. The chief cause of the troubles of the previous twelve months had been the almost simultaneous occurrence of serious balance-of-payments difficulties involving two key currencies. While improvements in the balance-of-payments position of the two countries concerned were essential, they should be made with due caution, since drastic deflationary measures would inevitably have an adverse effect on the world trade and economy. It was also to be hoped that countries with substantial balance-of-payments surpluses would co-operate with deficit countries through such measures as the stimulation of imports.

9. As the report of IMF<sup>2/</sup> pointed out, total official reserves had shown a slower rate of increase in recent years. The special drawing rights were therefore welcome. His Government hoped to secure parliamentary approval of the proposed amendment to the Articles of Agreement of IMF at a very early date. The new facility would strengthen confidence in the future world monetary system and would be beneficial to the developing countries. The special drawing rights scheme should be used to create a truly stable monetary system, rather than for long-term transfers of real resources. Moreover, the new rights were in no sense intended to replace existing liquidities; gold and the reserve currencies would continue to play an important role and for that reason it might be appropriate to consider re-examining the present distribution of gold stocks.

10. Measures arising out of the balance-of-payments difficulties of several major countries had also contributed to a levelling-off in the flow of resources to developing countries. For that reason, the announcement by the President of IBRD that the World Bank Group intended to double its lending in the forthcoming five years was especially encouraging. His delegation was particularly gratified to note that the Bank's lending in Asia in the same period was expected to be more than double the previous level. Regrettably, Asia had so far ranked lowest among the continents in the amount of aid received per capita, a situation which the Bank's new policy should help to redress.

11. The need to improve the efficacy of aid was almost as urgent as the need to increase the volume of assistance. The World Bank Group's new emphasis on research and on the selection of truly effective development projects, together with better co-ordination of its activities with those of the regional development banks and of the United Nations organs concerned, would contribute greatly to that objective. The work of the Pearson Commission would also be extremely helpful and would advance the work of planning for the second United Nations Development Decade.

12. In conclusion, he said that his Government recognized the value of IDA as the principal source of soft-

term finance for the developing countries and was prepared to co-operate in replenishing its resources on a scale 60 per cent higher than the current level. Once parliamentary approval was secured for that step, Japan would contribute over \$60 million of untied resources to IDA over the coming three years.

13. Mr. VERCELES (Philippines) said that the statement of the President of the World Bank (1571st meeting) was an objective and far-sighted survey of world development problems; it was also courageous in its criticism of the growing indifference of the President's own country towards development assistance.

14. The intention of the World Bank Group to double its investments in agriculture was to be applauded. His delegation had always held that agriculture should be given the highest priority in the development process, since the people of developing countries, although they produced much of the world's food, suffered from hunger and indeed, had to spend \$4,000 million annually on food imports. If such amount could be invested instead in infra-structural projects, the effect on levels of living in those countries would be impressive. Greater assistance from the Bank would bring the benefits of the current "agricultural revolution" within the reach of many developing countries.

15. The increasing attention being paid to education by the Bank was equally gratifying. Only massive education could enable the illiterate three-fifths of mankind to play their full part in the development process.

16. Of the other areas mentioned as requiring intensified assistance in the Group's five-year programme, the development of industrial estates offered great potentialities for developing countries. The prospect of more support for regional development banks was also welcome; his delegation hoped that the omission of any mention of the Asian Development Bank from the statement by the President of the Bank had been merely an oversight.

17. As the President of the Bank had pointed out in his address to the Board of Governors on 30 September 1968, the balance-of-payments problem, which some developed countries had cited as an excuse for their failure to extend aid, was a problem of rich countries alone. Money lent to the poor countries returned to the lenders; the magnitude of the debt-service payments of the developing countries, in fact, was such that, if existing trends continued, net development lending would become negative by 1970. In the Philippines, for example, remittances on investment income during the period 1961-1967 had far exceeded the inflow of direct investment.

18. The World Bank Group's closer co-ordination of its work with that of other United Nations bodies and agencies was an assurance that it would play a decisive role in the second United Nations Development Decade. Its co-operation with UNDP had been particularly successful. Another very useful feature of its development aid work as the establishment of resident missions in certain countries to help with the preparation of project applications. One of the most valuable of the Bank's contributions to the solution of development problems, however, was the study being carried out under its auspices by the Pearson Com-

<sup>2/</sup> International Monetary Fund, *Annual Report, 1968* (Washington, D.C.); this report was transmitted to the Council by a note of the Secretary-General (E/4596).

mission, the results of which would be of inestimable value to those concerned with the planning of the second Development Decade.

19. It was gratifying to learn that, through the action of a minority of enlightened contributors, the funds of IDA were to be replenished in the near future. IDA, because of its concessionary terms, was a boon to many developing countries. Unfortunately, the Philippines was not considered eligible for IDA financing. The exclusion of countries which still had a multitude of development needs was manifestly unfair and the Bank institutions should give serious consideration to ways and means of granting a blend of concessionary credits and conventional loans to countries in a similar situation to his. A similar approach was desirable in bilateral lending, too; UNCTAD considered that by 1970 the bulk of bilateral lending should be on terms comparable with those applied by IDA.

20. In conclusion, his delegation welcomed the IMF stand-by arrangement described by the Managing Director of the Fund in his statement (1571st meeting). That arrangement, with associated programmes of technical assistance and other activities, would have a decisive influence on the achievement of development goals in the event of local monetary and foreign-exchange difficulties.

21. Mr. OUANGMOTCHING (Chad) expressed gratitude to the World Bank Group for its recent assistance in teacher training—a crucial problem in Chad, where primary school classes of more than a hundred pupils were not uncommon. Chad, 95 per cent of whose population was rural, welcomed the Bank's efforts to raise agricultural productivity. His delegation hoped that the capital resources of IDA would be increased and thanked all those countries that had agreed to make their contribution to IDA funds in advance.

22. The economic future of Chad depended on transport; it was essential that the transport problems of the developing countries, particularly those of them which were landlocked, should be given priority.

23. Serious concern had been expressed regarding the population explosion and it had been suggested that the short-term solution was birth control. But that could only be effective in the long term, and the problem in the poorer countries would be solved when international co-operation enabled their populations to reach a certain economic and social level. The solution must be left to the Governments of the countries concerned, and the activities of international organizations should be confined to providing Member States, at their request, with the facilities necessary to enable them to establish their own policies.

24. In addition to agriculture, transport and education, Chad was particularly interested in tourism. His delegation welcomed the optimistic targets which the Bank and its affiliates had set themselves for the next five years, including the intention to double their loans in that period. It agreed with the view that Bank loans should be distributed on a better geographical basis, with the balance being restored in favour of Africa.

25. Mr. KNAPP (Vice-President, International Bank for Reconstruction and Development) said, in reply

to various comments and suggestions, that the omission in his statement of any mention of the Asian Development Bank in no way meant that the Bank's relations with it were not extremely close and co-operative, as they were with all regional development banks and institutions.

26. He reassured the Swedish representative that, despite the interest rate of 6.5 per cent on Bank loans, agricultural and educational projects assisted by the Bank could usually be expected to yield an economic return of at least 8 to 10 per cent. While the return was not always easy to measure in the case of education, it was clear that the economic benefits derived in most cases far surpassed the costs of the loan. The economic benefits must be translated into financial benefits. In the case of agriculture, that could often be done through the direct earnings of, for example, fertilizer plants, while educational projects created a greater taxation base from which to earn the revenues needed for loan-servicing. IDA funds were used wherever appropriate and possible, but it must be remembered that they were not intended to subsidize particular projects but to avoid burdening a country's foreign exchange position. In recognition of the fact that many agricultural and educational projects were slow to mature, the amortization and grace periods of Bank loans for them were often extended.

27. Replying to the Swedish representative's second question, he stated that it was now the Bank's policy to lend not only to State-owned development banks but also direct to Government-owned enterprises, provided it was satisfied that the business management of the enterprises was sound. However, IFC was prevented by the provisions of its Charter from extending loans to such enterprises.

28. The Bank would display not only optimism and realism but also determination in attempting to bring about a convergence of the developing countries' aspirations and expectations.

29. Mr. SCHWEITZER (Managing Director, International Monetary Fund) said that the fact that the international monetary system had surmounted the extremely serious crises which it had recently undergone was evidence of its vitality, which was based on international co-operation. The special drawing rights facility must be used to supplement, and not to replace, existing reserve assets. While the international monetary system was not perfect, improvements must come about by evolution rather than revolution, and the Fund would continue to study all possible means of improving the system. The growing awareness of the dangers of inflation and its incompatibility with satisfactory economic development was encouraging.

30. The comments and suggestions made by members of the Council would be studied carefully. The representatives of Mexico and Argentina had referred to the use of their currencies by the Fund; the number of currencies used by the Fund was continually rising, thereby strengthening the system. In that respect a clear distinction could no longer easily be drawn between rich and poor countries.

31. The results of the study on commodity price stabilization might help in certain areas, but could not

provide a panacea that could replace efforts to finance balanced development. Development aid was indivisible, and co-ordinated efforts by all the specialized agencies and the United Nations itself were needed for economic development and social progress.

32. The PRESIDENT suggested that the Council should adopt a draft resolution taking note of the reports of IBRD and IDA and of IFC. A similar draft resolution taking note of the report of IMF might also be adopted.

33. Mr. DIALLO (Upper Volta) proposed that the Council should take note of the reports "with appreciation".

*It was so decided.*

#### AGENDA ITEM 15

General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system (E/4599 and Add.1 and 2)

34. Mr. LOBANOV (Union of Soviet Socialist Republics) agreed that the Council could take note of the report of the Enlarged Committee for Programme and Co-ordination (E/4599 and Add.1). His delegation assumed that, if it wished to make any comments, it could do so in the Second Committee. As the statement by the Secretary-General on the administrative and financial implications (E/4599/Add.2) had only just been circulated, there had been no time to study it and his delegation would reserve its position on the implications until the discussion in the Fifth Committee.

35. Mr. ALLEN (United Kingdom) said his delegation was prepared to take note of the report of the Enlarged Committee. He took the report on financial implications to be an illustrative statement of the financial requirements involved in the Enlarged Committee's recommendation but would reserve his position until the discussion in the Fifth Committee of the United Nations budget as a whole.

36. Mr. KOTSCHNIG (United States of America) said that document E/4599 and Add.1 was essentially a progress report containing little that called for prolonged debate. His delegation was satisfied with the Enlarged Committee's plans of work and agreed to the dates of the meetings proposed for 1969.

37. The Enlarged Committee was doing highly useful work, and a valuable contribution was being made by the developing countries that were members of it.

38. As to the financial implications (E/4599/Add.2), the Enlarged Committee obviously should have the necessary funds for its documentation and other needs, but those implications were a matter for the Fifth Committee. Since it wished to examine the implications in the light of the general financial needs of the United Nations for the following year, his delegation reserved its position.

39. Mr. BRADLEY (Argentina) expressed his delegation's appreciation of the excellent work being done by the Enlarged Committee. The financial implications

of the proposals did not appear excessive. Nevertheless, he agreed that the report should be discussed further in the Second Committee and the financial implications in the Fifth Committee.

40. Mr. VIAUD (France) believed that the Enlarged Committee had a very useful mandate although it had not yet come to grips with its work. Estimated costs should be discussed by the Fifth Committee but he had already formed the view that they were too high. If better working conditions had been adopted, it might have been possible to avoid a costly third session. That comment did not imply any criticism of the Enlarged Committee, which had done its best in the circumstances, but it had not been given the necessary means and encouragement. With such means and facilities it might be able to do its work more efficiently and economically in the future.

41. Mr. DIALLO (Upper Volta) said that, in general, Upper Volta was satisfied with the work done by the Enlarged Committee, but he reserved the right to comment further on the financial implications and agreed that, with better co-ordination and a more rational use of the resources and services available, the financial costs might be reduced.

42. Mr. DECASTIAUX (Belgium) pointed out that the three documents before the Council had been distributed less than one hour previously. He asked whether, if the Council took note of the Enlarged Committee's report, that would imply any stand on the substance. He could not take any such stand, since he had had no time to read the documents. Furthermore, it appeared that there would be subsequent discussion of the substance in the Second Committee and the Fifth Committee.

43. Mr. KASSUM (Secretary of the Council) said that, if the Council took note of the report, that would imply that it had agreed to the arrangement the Enlarged Committee had proposed regarding its plan of work for 1969, although it would not be committed in any way regarding the financial implications because the Fifth Committee would have to approve them.

44. Mr. BILLNER (Sweden) said that the Enlarged Committee had a very important part to play in strengthening and streamlining the United Nations system but it had been given a highly complicated mandate. It had been asked by the General Assembly to undertake, as a matter of priority, a review which would provide a clear and comprehensive picture of the existing operational and research activities of the United Nations family in the matter of economic and social development. The mandate contained elements that could give rise to controversy, in particular the aim of reviewing and evaluating the effects of United Nations operational and research activities, and the request by the General Assembly that the Enlarged Committee should recommend changes where appropriate. The Enlarged Committee had an opportunity of making a valuable contribution in a very broad field, but its work required thoroughness, tenacity and a great deal of time. Some representatives had suggested that the Enlarged Committee's work should be made more "problem oriented", which he took to mean that the Enlarged Committee would be well advised for the time being to lower its sights somewhat and concentrate on specific co-ordination problems.

that were not being dealt with elsewhere. He wished to make two suggestions in that connexion.

45. The first concerned the administrative arrangements and procedures applied by various United Nations organs. It might be very useful if the Enlarged Committee could work out a generally agreed formula to define the expression "administrative costs", in co-operation with the Joint Inspection Unit and the Advisory Committee on Administrative and Budgetary Questions. A generally agreed definition would facilitate the establishment of a unified system for showing administrative costs for all members of the United Nations family. In particular, the Enlarged Committee might consider whether or not such items as project planning, co-ordination measures, and evaluation exercises were to be regarded as administrative costs.

46. His delegation also considered that the Enlarged Committee might well prepare, in close co-operation with UNITAR, a general account of the various research activities under way in United Nations bodies. He was not suggesting that the Enlarged Committee should lay down specific guide-lines for future research activities, but a general picture would be helpful for making recommendations or drawing conclusions in the matter of research. The proposed study might cover such aspects as research management, the selection of research items, the allocation of resources and the evaluation of results. It would facilitate discussion in the various United Nations organizations of action-oriented as against research-oriented activities.

47. In connexion with the co-ordination of operational activities within the United Nations system, the Enlarged Committee faced the problem of how to avoid duplication with the work of other bodies concerned with co-operation. Sweden was accordingly happy to note that, as far as the capacity study being carried out for UNDP by Sir Robert Jackson and the general review undertaken by the Enlarged Committee were concerned, it had been agreed by the Enlarged Committee that every effort should be made to ensure that the two studies were complementary and did not overlap (see E/4599, paras. 9 and 10). The study by Sir Robert Jackson should aim, *inter alia*, at strengthening the role of UNDP in co-ordinating United Nations technical assistance and pre-investment activities. verge of the second United Nations Development Decade—administrative

48. Another factor creating difficulties for the Enlarged Committee was that the Secretariat apparently had only small resources for co-ordination. If the Council wished it to achieve useful results, adequate staff must be made available.

49. Turning to the role of the Secretary-General in the field of co-ordination he wished to recall that his delegation had on several occasions underlined the importance of giving the Secretary-General an adequate place in the extraordinarily broad co-ordinating machinery of the United Nations if that machinery was to work efficiently. As the range of United Nations activities became more complex—particularly on the verge of the second United Nations Development Decade—his delegation felt that there must be a more articulated management on the part of the Secretary-General.

50. At its last session, the Enlarged Committee had discussed a handbook of criteria and procedures for requesting technical assistance<sup>3/</sup> which should provide a useful tool for the authorities in both the developing and developed countries. But the handbook needed an introduction which would give a general picture of the assistance activities covered in it. In addition it should have an annex containing an index to all the areas of assistance dealt with by United Nations bodies. In view of the Second Committee's recommendation that UNCTAD should become a participating and executing agency of UNDP,<sup>4/</sup> the reference to UNCTAD should be in the body of the text, as for the other agencies.

51. The United States had submitted an interesting proposal concerning the use of modern management techniques and computers (see E/AC.51/GR/L.9), which Sweden supported. He was aware that the problem would be dealt with by the Advisory Committee and the Fifth Committee, but he wanted to stress that arrangements should be made for the various United Nations bodies to use common facilities of that type, so that each organization would not have to acquire its own equipment. In that connexion he welcomed the establishment of the Computer Users' Committee; it would help international organizations to co-operate on matters of general concern relating to computers.

52. Mr. KOTSCHNIG (United States of America) said that the matter of administrative costs was of great interest to the Enlarged Committee, but it was primarily a responsibility of the Advisory Committee and, so far as UNDP was concerned, a matter to be dealt with in Sir Robert Jackson's capacity study. The Enlarged Committee should co-operate but was not mainly responsible for that work. On the other hand, the question of research activities as opposed to operational activities was undoubtedly one for the Enlarged Committee, which was a programming and not a financial committee. The subject was in fact included in the list of items the Enlarged Committee wished to discuss in future, as item (v) in paragraph 16 of that Committee's report. The Enlarged Committee was already doing work of some depth on the question as it concerned the programme of the United Nations itself.

53. He expressed his appreciation, as a member of the Enlarged Committee, for the contribution to that Committee's work made by the Secretary-General and his representative.

54. He was glad to note that the United States proposal concerning computers was endorsed by Sweden. With the aid of the Computer Users' Committee and other bodies concerned, it should be possible to secure real co-ordination in that area. Obviously it was desirable to have a central computer bank and the principle had already been accepted by the specialized agencies.

55. The Enlarged Committee had been established for a period of three years ending in 1969. It would not be

<sup>3/</sup> Assistance for Economic and Social Development Available from the United Nations System: A Handbook of Criteria and Procedures (United Nations publication, Sales No.: E.69.I.23).

<sup>4/</sup> Subsequently adopted by the General Assembly as resolution 2401 (XXIII).

able to complete all its work by then, but presumably the Council could decide before the end of 1969 to merge the Committee for Programme and Co-ordination with the Enlarged Committee, so that the work could continue beyond 1969.

56. The PRESIDENT suggested that the Council should invite the representative of China to participate in its deliberations under rule 75 of the rules of procedure.

*It was so agreed.*

57. Mr. TSENG (China) said that his delegation attached great importance to the publication of the handbook, but regretted that the note on financial implications made no provision for a Chinese version. Chinese was one of the five official languages and, while aware of the financial burden of the United Nations, his delegation considered that it was entitled to require the use of Chinese. China was not represented either on the Economic and Social Council or on the Enlarged Committee, and he therefore reserved his right to express his delegation's views on the publication of the handbook in the Second Committee and the Fifth Committee.

58. Mr. VERCELES (Philippines) supported the view expressed.

59. The PRESIDENT suggested that the Council should take note of the report of the Enlarged Committee for Programme and Co-ordination (E/4599 and Add.1 and 2).

*It was so decided.*

#### Organization of work

60. The PRESIDENT pointed out that the Council would be reconvened on 18 December 1968 to deal

with the remaining four items on its agenda and any matters arising out of decisions taken by the General Assembly. The Council had originally planned to convene its Economic Committee on 9 December but since a draft resolution affecting the matters to be discussed at that time was still under consideration by the Second Committee, he suggested that the meeting of the Economic Committee should be deferred until the Council had completed the remainder of its work.

61. Mr. LOBANOV (Union of Soviet Socialist Republics) suggested that since the first of the proposed meetings of the Economic Committee would deal exclusively with procedural matters, the Council should adjourn and immediately afterwards reconvene as the Economic Committee. The representative of Sweden, as Chairman of that Committee, could be invited to make a short statement on the matters before the Committee and on arrangements for future substantive discussion of them. The meeting would, of course, be a very brief one.

62. Mr. BRADLEY (Argentina) said that the important subject to be discussed by the Economic Committee could not be disposed of in so short a time as the previous speaker had suggested; moreover, few, if any delegations, were in a position to consider it at such short notice. He therefore proposed that the Economic Committee should be convened on 19 December.

63. After a procedural discussion, in which Mr. VIAUD (France), Mr. COX (Sierra Leone), Mr. GALLARDO MORENO (Mexico), Mr. LOBANOV (Union of Soviet Socialist Republics), Mr. BRADLEY (Argentina) and Mr. VERCELES (Philippines) participated, the PRESIDENT suggested that the Council should adopt the proposal of the representative of Argentina.

*It was so decided.*

*The meeting rose at 1.25 p.m.*