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President : Mr. Foss SHANAHAN (New Zealand).

Present :

Representatives of the following States: Afghanistan, Brazil, Bulgaria, Denmark, El Salvador, Ethiopia, France, Italy, Japan, Jordan, New Zealand, Poland, Spain, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Venezuela.

Observers for the following Member States: Argentina, Austria, Belgium, Chile, Colombia, Czechoslovakia, Hungary, Indonesia, Ireland, Portugal, Tunisia, Yugoslavia.

Observers for the following non-member States: Federal Republic of Germany, Switzerland.

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 Civil Aviation Organization, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization.

The representative of the International Atomic Energy Agency.

AGENDA ITEM 6

**Reports of the regional economic commissions
(E/3452/Rev.1, E/3466, E/3468, E/3486, E/3522)**

(continued)

1. Mrs. LOUKANOVA (Bulgaria) stressed the importance of General Assembly resolution 1518 (XV) on decentralization of the United Nations economic and social activities and strengthening of the regional economic commissions. That resolution would be particularly important for the work of ECE, the sole forum for economic discussions in which East and West European countries met and worked in a businesslike manner. It was regrettable, however, that the whole region was not represented in the Commission owing to the exclusion of the German Democratic Republic, although that matter had been discussed over a number of years. A similar lack of universality of membership was found in the Economic Commission for Asia and the Far East

(ECAFE), from which such important countries as the People's Republic of China, the Democratic People's Republic of Korea, the Democratic Republic of Viet-Nam and the Mongolian People's Republic were also excluded.

2. The technical and scientific work of ECE on a number of subjects of European concern had been of considerable value. In addition to its regular work, ECE was also considering such problems as the international division of labour and automation. The basic criterion for assessing the usefulness of its work should be whether it contributed to further progress in international co-operation and whether it helped to develop economic and commercial relations.

3. Although she did not question the value of the work done by ECE at its sixteenth session, the Commission had failed to tackle some important questions which might be of concern not only to Europe, but to other regions. One was the effects of closed economic groupings on European trade and on economic development in the rest of the world. The ECE should be the first to study that subject. At the sixteenth session several delegations had tried to explain the advantages of such groupings by quoting data on the economic growth of member countries. There were, however, the effects of regional groupings on third countries, as had been noted in the ECAFE report (E/3466, para. 325). The European Common Market had in fact had an adverse effect on the trade of the countries in Asia and the Far East. European tariffs on some of their exports had been increased and the Common Market countries had refused to negotiate. The general tariff reduction of twenty per cent, subject to reciprocity, within the European Economic Community brought no benefits to countries in Asia and the Far East. Furthermore, the unification of prices for agricultural products within the Community was bound to have an impact on the Community countries' imports from other regions. The same was true of the bilateral agreements relating to agricultural products negotiated under the European Free Trade Association.

4. A sound and realistic evaluation of the danger of the economic split in Europe and its implications, which went far beyond Europe, had also been made by ECA (E/3452/Rev.1, paras. 20-26). The European economic groupings might well have a disastrous effect on the prospects for industrialization in Africa. The time had therefore come to sum up the results of the research already conducted on the effects of the two groupings in question.

5. Operative paragraph 3 of General Assembly resolution 1518 (XV) enabled the regional economic commissions to deal with precisely that kind of problem. It was to be hoped that ECE resolution 5 (XVI) on developing and strengthening the work of the Commission

would facilitate assistance to the other regions. The matter had been very seriously discussed at the sixteenth session of ECE, and although arguments had been advanced to the effect that the Commission had enough problems of its own, resolution 2 (XVI), on co-operation with under-developed countries, and 4 (XVI), on decentralization of United Nations economic and social activities and strengthening of the regional economic commissions in the field of technical assistance, had clearly expressed the will of the European countries that ECE should be enabled to work for the less developed regions. The Executive Secretary of ECE had given a full account of the implications of those resolutions in introducing his report (1153rd meeting).

6. The ECE resolution 1 (XVI), on economic and social consequences of disarmament, was very important, since the members of ECE were precisely those countries which bore the main expense of armaments. Disarmament under effective international control would not only relieve those countries of that burden, but would also make it possible to supply the less developed countries with effective assistance.

7. Peaceful co-existence was based on trade between countries with different economic and political systems. Despite some growth in East-West trade, that trade was not yet commensurate with the high level of current and potential production. Barriers to international trade must be abolished. Such trade should be based on non-discrimination, long-term contracts and the use of the most-favoured-nation clause. The promotion of trade was still not being given first place in ECE's work. Resolution 9 (XVI), relating to the Committee on the Development of Trade, gave general instructions for the expansion of trade, but the danger still remained that the subject would continue to be passed from the Committee to working parties and back again without any positive results being achieved.

8. Great stress was laid in the reports of the regional economic commissions on the instability in the prices of primary commodities and the slow growth of demand for those commodities. One solution might be for the less developed countries to process part of those commodities, provided that the more highly industrialized countries did not impose higher customs duties on the processed goods.

9. In chapter V of the *Economic Survey of Europe in 1960* (E/ECE/419), an attempt had been made to analyse the contribution of Europe towards meeting the trade needs of the less developed countries. The conclusion had been drawn that if the existing trade policies continued, the less developed countries would remain mere appendages supplying the industrialized countries with raw materials. The need was for a long-term programme based on industrialization. Her delegation would discuss that matter in greater detail in connexion with other items of the Council's agenda. Another defect of ECE was that no bodies had yet been set up to consider such important subjects as oil, the machine-tool industry and the chemical industry. It was to be hoped that all members of ECE would eventually agree on the need for European co-operation in those matters.

10. The work of the regional economic commissions was gaining in depth each year, and General Assembly resolution 1518 (XV) provided wide possibilities for further expansion in appropriate areas.

11. Mr. DUPRAZ (France) said that the General Assembly and the Economic and Social Council gave the same directives to all four commissions, and it was the responsibility of each commission and its executive secretary to adapt those general instructions to the specific conditions prevailing in the region concerned. The similarity of their terms of reference naturally suggested to the commissions the establishment of similar machinery; ECA, for instance, had followed the general pattern of setting up a trade committee. It should also be noted, however, that each commission was developing its own distinctive characteristics in the light of the specific needs of the region it covered. Thus, the first concern of the ECA had been to establish basic documentation and information services; the Commission was to be congratulated on the determination with which it had set about that task. On the other hand, ECE had reached the stage of undertaking the most elaborate forms of economic analysis and of publishing studies which had by now given it an assured standing. The very nature of its particular task — that of bringing about better understanding and, if possible, co-operation between two different economic systems — led ECE to arrange meetings of experts and to make comparisons between different types of machinery. Thus it had convened a meeting of senior government economic advisers which had been, at any rate in principle, a notable development. On the other hand, the main concern of ECE was not to train staff, whereas ECLA, ECAFE and ECA assigned a very high priority to such training activities.

12. Another function of the regional commissions was to advise governments, a function which ECLA had discharged with conspicuous success.

13. The regional commissions were also concerned with organizing trade among the countries in their regions. In ECE's case it was mainly a matter of overcoming the obstacles to trade created by the existence of different economic systems, and of finding ways to develop East-West trade. In view of the difficulties involved, only modest results had so far been obtained in that direction, but ECE was to be commended on the perseverance it had brought to bear on that essential aspect of its work. The conclusion of the European Convention on International Commercial Arbitration (E/3468, para. 451) was a great achievement to that commission's credit.

14. Trade co-operation might also take more ambitious forms and lead to plans for regional integration. A tribute had rightly been paid to ECA for its work in that direction, but credit was also due to ECAFE for having shown the self-restraint which conditions in its region required. The significant work done by that commission in providing the States of Asia and the Far East with examples of the different preferential systems through which economic integration might conceivably be approached had enabled its members to form a clear idea of what was feasible. The ECA, which had to

keep abreast of various experiments in regrouping and integration, had approached those problems from two angles. First, it had studied — on the basis of an objective paper prepared by its secretariat — the consequences for Africa implicit in certain moves towards integration taking place elsewhere. Secondly, it had decided to study the problems of intra-African trade, in particular under its recently established standing Committee on Trade (E/3452/Rev.1, paras. 20-26 and 194-201). The future would show how successful that commission had been in steering a course between the temptations of symmetry with the other regional economic commissions and the imperatives of specific regional conditions.

15. With regard to the question of decentralization of the United Nations economic and social activities and strengthening of the regional economic commissions. The General Assembly had invited the Secretary-General to consult the regional economic commissions on that matter, and the French delegation had been struck by the lack of agreement among the replies received. Although there was no basic disagreement between the different commissions regarding their wish to play a more significant part within the United Nations, the views expressed nevertheless reflected a difference of outlook both on the scope and, indeed, the meaning of decentralization.

16. The ECLA, which had gone farthest along the road to decentralization, wished to play a more direct part in the preparation of development programmes that affected the Latin American countries, both from the regional and even from the individual standpoint. It also contemplated the decentralization of some administrative functions in the technical assistance field and was suggesting that it should take over the administration of certain funds appropriated for the execution of United Nations programmes. It also wished to be associated more closely with the recruitment of technical assistance experts for service in Latin America (E/3486, para. 363 (iv)).

17. In ECAFE there was more concern with strengthening co-operation between headquarters departments, the secretariats of the commissions and the specialized agencies, especially in the execution of technical assistance programmes and Special Fund projects. That commission, however, expressed the hope that the administrative measures adopted would not have the effect of increasing the complexity of procedures; in its view, the main concern of the different United Nations organs should be to make the most effective and speedy use of the available resources (E/3466, para. 422).

18. Decentralization was regarded by ECE as a means of making better use of the possibilities open to the regional commissions for making studies and carrying out economic programmes, and for the recruitment in the industrialized countries of the experts needed by the developing countries.

19. The divergencies of view were the natural consequence of the different missions of each of the commissions. The Council should accordingly avoid taking general decisions to be applied indiscriminately to all the regional commissions. Moreover, ECA, whose problems were

perhaps more acute because more recent, had not yet expressed its opinion.

20. Decentralization concerned not only the United Nations and its regional organs, but also the specialized agencies, particularly where the administration of technical co-operation programmes was involved. The heads of those agencies had thought it their duty to warn the Council of the danger of radically altering administrative arrangements which had been progressively built up through co-operation between the United Nations and the agencies and which had stood the test of time.

21. The French delegation still believed that measures for strengthening the work of the regional economic commissions were desirable, but those measures called for careful preparation in order to avoid procedural complications and a loss of efficiency in the use of available resources. Perhaps the solution might lie in a similar decentralization within the specialized agencies themselves with a view to strengthening their local organs or creating such organs where they did not yet exist.

22. It was, however, important to bear in mind that the regional commissions were not operational bodies. Their sphere was economic and social and, as far as possible, they kept aloof from political problems; they advised, co-ordinated and arbitrated, and they gave assistance by their studies and through their staff. The United Nations tackled such a multiplicity of tasks that the lines of responsibility must be kept clear if confusion and disappointments were to be avoided. Laudable though a spirit of initiative was, the Council must strictly uphold the established framework of functions and activities.

23. Mr. MICHALOWSKI (Poland) said that one stage in the struggle to place the regional economic commissions on a proper footing had come to an end after years of heated discussion by the adoption of a number of basic principles for which the socialist countries had long been fighting — namely, their independence and their right to do their own planning and to decide their own programmes. It was also gratifying to see that the commissions were not to be confined to research, but that they would be able to participate in technical assistance operations for the less developed countries.

24. There were certain prerequisites if the regional economic commissions were to be as effective as possible. Greater independence of action must be accompanied by systematic co-operation among their members; in fact, the greater the independence, the greater the need for such co-operation. If the maximum value was to be derived from multilateral and bilateral assistance to the less developed countries, the regional economic commissions must not adopt a piecemeal approach, but one based on long-term planning, in regard both to research and to the assistance itself.

25. The history of the twentieth century had shown that the tempo of development was faster in countries in which the economy was based on planning and established priorities, especially priorities for investment in the national interest, rather than for the benefit of individual undertakings. Economic planning and co-ordination

would increase as the State grew stronger. That was an irreversible trend, although the stages in its development naturally differed from country to country. The regional economic commissions should therefore become institutions for long-term planning and for the co-ordination of government plans at the regional level. They should so organize their work as to provide the necessary statistical and research material for long-term planning.

26. The question arose to what extent the economies of the various countries might ultimately become complementary and to what extent the economy of one region depended on the economies of other regions. The aim should be to speed up the economic development of a whole region without hampering the development of any one of them. That subject had been ably dealt with by the Tunisian representative at the 1154th meeting.

27. If the commissions were to play their rightful part, they must actively co-operate in the creation of a favourable atmosphere for the exchange of commodities. They should become centres where all countries might find solutions to their individual problems. They would not, however, be able to do so as long as they did not include all the countries in a given region.

28. It was particularly urgent that ECE should make every effort to meet the requirement he had outlined. Its secretariat deserved recognition for the way in which it had carried out some of its tasks, partly as a result of campaigns waged by the socialist countries, but it had shirked tackling some problems of basic importance to European growth as a whole. One of them was the economic integration of Europe. The blame for the failure to tackle that problem did not lie with the Commission itself or with the secretariat; the cause lay in the resistance of certain members of the Commission to the idea that ECE should be given greater powers and also in political discrimination, reflected in the refusal to seat the German Democratic Republic. The ECE needed to be strengthened not only for the sake of the European countries themselves, and not only because it was a meeting-place for countries with different economic and political structures, but also because of the influence of Europe on other regions, and especially on the less developed countries, an influence which had been demonstrated by the effects of West European integration. In order to plan their economic development, the less developed countries must be aware of developments in Europe as a whole. In that respect, ECE could be of great assistance. The ECLA had been able to make greater progress owing to the full co-operation of all its members.

29. The Council had considerable responsibility in promoting the work of ECA and assisting its secretariat to help countries which were suffering not only from poverty, but from the results of the selfish policies of the former colonial Powers. It would be possible to give an impression that work was being done for Africa, but he was not sure that such work would have the effect of raising living standards in that continent. If developments in ECA were allowed to take the same course as they had in ECE, the division of Africa into spheres of influence would be greatly facilitated. The same danger

faced ECAFE, though to a lesser extent: The absence of the People's Republic of China from its ranks undoubtedly impaired its efficiency.

30. The views he had expressed must not be construed as criticism of the secretariats of the regional economic commissions; quite the contrary. It was, however, imperative to extend the work and increase the influence of the commissions. His delegation would therefore be prepared to support any proposal put forward to that end and reserved the right to submit proposals of its own.

31. Mr. NAEGELI (Denmark) said that most of the major issues raised in the reports of ECA, ECAFE and ECLA would be more closely examined under other items of the agenda. He would therefore confine his statement to the report of ECE, of which his country was a member.

32. As in previous years, ECE had been engaged in preparing statistical material and making estimates of future trends on which policy makers could base their plans. It had also given its attention to the problem of developing trade between countries with a planned economy and those with a market economy, a problem of such a special nature that its solution should best be sought within the framework of that commission. Some progress had already been made; for example, a number of countries had signed the European Convention on International Commercial Arbitration, thus paving the way for the removal of one of the causes of friction in East-West trade. Although the flow of goods between Denmark and the East European countries had developed fairly satisfactorily during the past few years, Denmark was convinced that important trading opportunities were not being utilized on account of the remaining obstacles to East-West trade. The Danish delegation had therefore played an active part in the discussion of the question of the improvement of techniques of foreign trade at the Commission's sixteenth session and at the meeting of the governmental trade experts held in May, 1961. While problems had arisen over differences in the definition of terms, Denmark hoped that further discussions and personal contacts would eventually lead to a fruitful solution.

33. The Danish delegation had been extremely interested in the arguments advanced both for and against decentralization. As, however, the whole question of the organization of the Secretariat was to be debated in the General Assembly on the basis of the proposals made by the Committee of Experts established under General Assembly resolution 1446 (XIV), and since the Secretary-General's comments on those proposals would not be available until the Assembly's sixteenth session, his delegation preferred to reserve its comments until that time. In general, it shared the view expressed by the United Kingdom representative (1154th meeting) that all proposals should be considered from the standpoint of whether they furthered the purposes of the Organization.

34. Mr. CERULLI-IRELLI (Italy) thanked the executive secretaries of the regional economic commissions for giving the Council such a complete picture of the problems raised by the world economic situation.

35. He welcomed the conclusion of the European convention on International Commercial arbitration which had already been signed by several countries, including Italy. That was a diplomatic document of the highest importance which reflected the spirit of co-operation shown by all the members of ECE. Other significant developments in that commission's work were the discussion by its Committee on the Development of Trade of improvement of the techniques of foreign trade and the convening of a meeting of government economic advisers.

36. The Italian delegation would express its views at a later stage on the question of the decentralization of United Nations activities. For the time being he would merely stress how important it was for regional economic commissions to confine themselves strictly to the relevant aspects of the questions they dealt with, leaving the political aspects to be discussed in other United Nations organs.

37. Mr. KLUTZNICK (United States of America) said that the reports of all the regional economic commissions pointed to a desperate need for increased effective aid in the preparation of country programmes and plans. The United States representative in TAC had urged, in the statement he had made at the 232nd meeting of that committee, that steps should be taken to improve the quality of co-operation and the supply of expert manpower for country programming and planning. A better understanding of planning was indeed essential if the United Nations was to provide effective help in solving the problems of the under-developed countries.

38. It was gratifying to note that Cyprus had now become a member of ECE. He hoped that that commission, which was composed of some of the most economically advanced countries in the world, would continue to provide the kind of guidance which, perhaps, it was the only regional commission qualified to provide.

39. Where ECA was concerned, he wished to assure the Executive Secretary of his government's sympathy for the problems of the region and its desire to contribute to their solution. The United States, in particular, was anxious to co-operate with producing and consuming countries in improving the situation with regard to the prices of primary commodities. Despite certain suggestions that had been made in the Council, the *Economic Survey of Europe in 1960* showed that the East European countries took less than 10 per cent of their total imports from the less developed countries, whereas the corresponding figure for the West European countries was 27 per cent, and for the United States and Canada, 32 per cent. In absolute figures, the comparison was even more startling. He congratulated ECA on the fine start it had made and hoped it would make even greater progress in the future.

40. His delegation welcomed the signs of increasing strength being shown by ECAFE. The lower Mekong basin project was a splendid example of a co-operative effort. Excellent progress was also being made with the Asian Highway project.

41. Where ECLA was concerned, that commission was to be congratulated on the work programme it was developing and, more especially, on the co-operative arrangements it had entered into with the Organization of American States and the Inter-American Development Bank. The Commission was moving in the right direction for tackling the important problem of how to achieve the conversion from agricultural to industrialized societies with the minimum of damage to individuals and institutions. The United States delegation also welcomed the progress being made with the Latin American development planning institute.

42. With regard to the decentralization of United Nations economic and social activities and strengthening of the regional economic commissions, his delegation agreed with the view of the Secretary-General, expressed in his useful note (E/3522), that the regional commissions should have a significantly larger part in the economic and social activities of the United Nations, particularly at the planning and programming stages. It also agreed that occasional consideration might be given to the participation of the commissions in other aspects of United Nations operational activities, the relative merits of the supervision of a project by Headquarters or regional commission staff being weighed in each individual case. The United States had learnt two lessons from its long experience of decentralization problems. The first was that the issues raised were severely practical and in no sense theoretical. The second was there was no solution applicable to all times and every circumstance. Although, therefore, the United States delegation recognized the desirability and even the inevitability of increasing the role of the regional commissions, it considered that, in view of the wide differences between countries and regions, over-simplification of the issues would defeat the Council's objective. Continued and effective use of the supervisory and co-ordinating role of the Council remained an imperative necessity.

43. The United States did not consider that decentralization should involve increasing the staff of the regional economic commissions at the expense of Headquarters. That was particularly true where technical assistance activities were concerned. It also considered that any operational tasks assigned to the regional commissions, beyond those of planning, programming and evaluation, should be financed from EPTA funds and not from the regular budget.

44. Although it was necessary and advisable to increase consultations between the resident representatives and the regional commissions on many matters, it was necessary to remember that those officials were responsible to TAB and that too many masters were not conducive to efficiency. Where the specialized agencies and IAEA were concerned, it should not be forgotten that many of them had a long experience in international co-operation and that the decentralization of United Nations activities must take account of their role.

45. To sum up, he would stress his delegation's support for a progressive and sound decentralization process, with due recognition of the functions of Headquarters, the specialized agencies, IAEA and the TAB resident representatives.

46. Mr. ANIEL QUIROGA (Spain) congratulated the four executive secretaries on their statements outlining the main problems affecting their regions.

47. The example of ECE showed how collaboration in many activities could proceed continuously throughout a continent which was faced with the problem of the co-existence of two different economic systems. Its work gave grounds for hoping that it would succeed in overcoming the various obstacles to better economic co-operation and, in particular, to the development of economic and social exchanges. The Commission was to be congratulated on its objective annual surveys, which provided a valuable picture of economic developments during the year.

48. With regard to ECLA, his delegation welcomed the programmes undertaken by the Commission. The chances of their successful execution were increased by the similarity of the problems affecting the Latin

American countries and by their sharing a common outlook.

49. Satisfactory progress also seemed to have been made by ECAFE in dealing with the problems of its vast and densely populated region. The execution of practical projects appeared to be the best approach to the solution of those problems.

50. It was to be hoped that the manifold problems confronting Africa would be solved by means of constructive co-operation and that ECA would take advantage of the experience gained by the other regional commissions.

51. The Spanish delegation was generally in favour of administrative decentralization, but considered that it would not be wise to change the constitutions of the regional economic commissions.

The meeting rose at 1 p.m.